

ANNUAL ACCOUNTS

2023-2024



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Annual Accounts 2023/24

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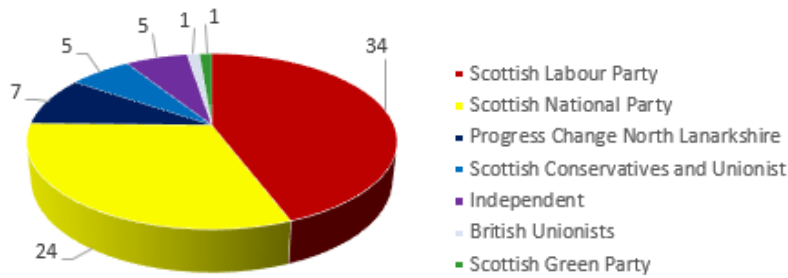
Management Commentary

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 340,930 residents and those who come to *Live, Learn, Work, Invest and Visit*.

Political Composition and Council Structure

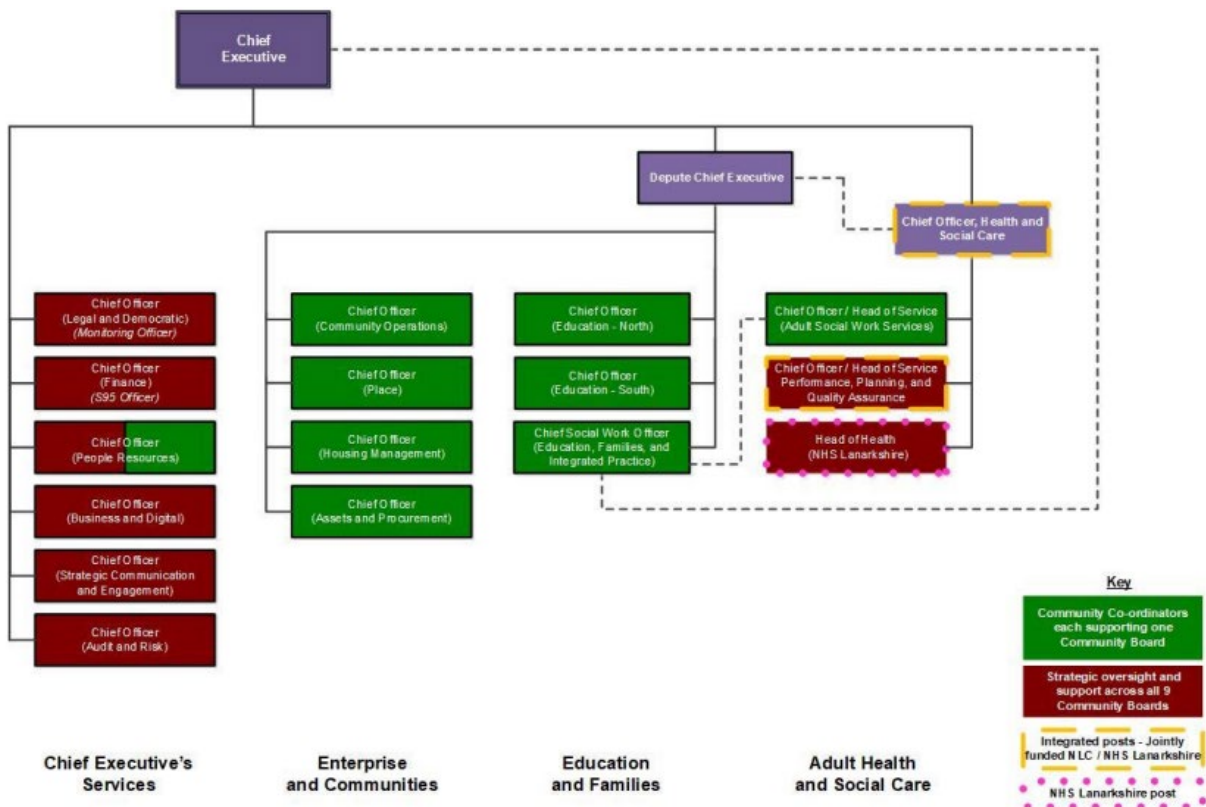
The Council was overseen by 77 elected members at the balance sheet date. The political composition of the elected members for North Lanarkshire Council is shown below:



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. 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. Councillor Roarty was appointed Depute Leader of the Council at the Council meeting of 22 June 2023.

Further information on the political composition of the Council, Committee membership and Councillors is available on the [Council’s website](#).

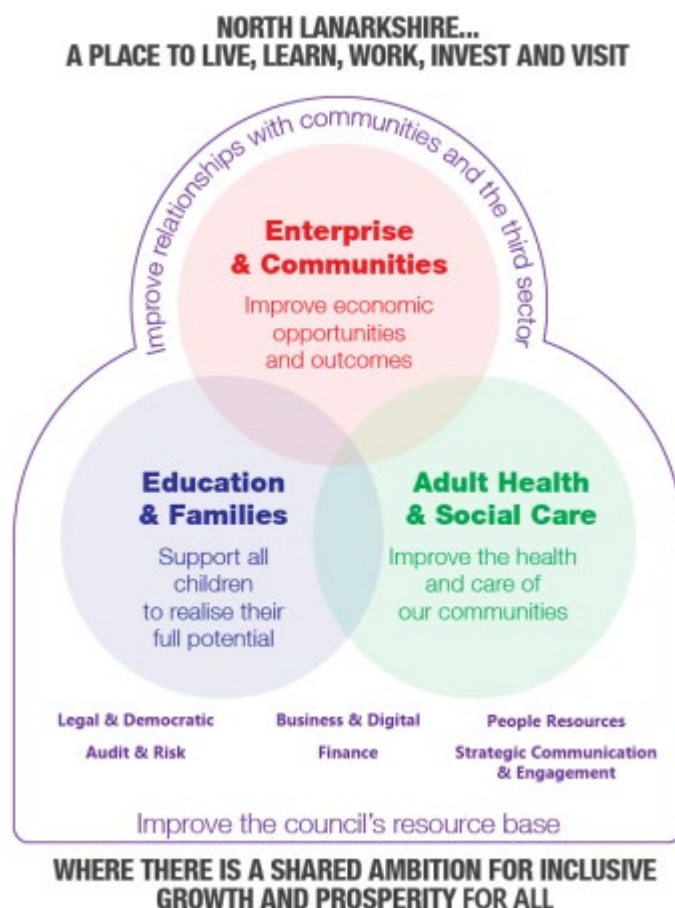
The Council’s reporting structure during 2023/24 is illustrated in the diagram below and is reflected in the Financial Statements.



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The vision for North Lanarkshire to be a place of inclusive growth and prosperity for all that brings equal benefits and a fairer distribution of wealth to all North Lanarkshire's people and communities 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.

The Council's operating framework as established in September 2018 is illustrated in the diagram below.



Since then, structural realignments have continued to enable The Plan for North Lanarkshire's narrative to become consistently embedded in everyday service delivery activities as well as strategic and financial decision making, strategy and policy development, 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 fully reflected the model established through the nine Community Boards.

Since then, an annual governance review of the Council's operating framework (reported to Committee in [December 2022](#) and [December 2023](#)) has focussed on the incremental structural refinements required to ensure ongoing alignment of vision, plan, governance, and operations in order to safeguard the sustainability of the organisation's capacity, ensure already challenged resources are maximised, and further strengthen the development and delivery of solutions through an integrated council and community approach. Creating single council operations, single Chief Officer portfolios, and single service accountability have underpinned approved structural refinements and changes to date have 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 oversight by the Depute Chief Executive of the services within both education, children, and families and

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enterprise and communities provide important opportunities to capitalise on existing synergies and ensure effective use of resources and economies of scale.

- Creating a single place based operation to move attention upstream of service delivery and focus on creating local place based conditions that support inclusive and green growth and enable people to thrive.
- Strengthening a single service approach to housing to improve the multi-dimensional health, economic, and social benefits for tenants and residents.
- Establishing a single front-line community operation (that comprises a resource base on similar working terms and conditions), allowing for greater integration and collaboration in terms of working practices and supporting appropriate consideration of synergies and economies of scale.

Financial Performance Overview

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 2024. 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), which is a set of accounting standards developed by the independent International Accounting Standards Board (IASB) in order to provide a global framework and general guidance to allow organisations to prepare and disclose financial statements. The Accounts also reflect the requirements of accounting and statutory guidance set by the Government.

Comprehensive Income and Expenditure Statement (CIES)

The CIES (page 18) 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 £1,060.101m and other corporate charges totalling £67.345m. These were funded by Taxation and Non-Specific Grant Income (including Council Tax, General Revenue Grant and Non Domestic Rates) of £967.501m. This resulted in an accounting deficit on the provision of services for the year of £159.945m.

Other net costs not related to the provision of services totalling £86.069m is also reported, resulting in the Total Comprehensive Income and Expenditure for the year showing a deficit of £246.014m. This is an increase of £193.192m from the deficit position reported in 2022/23, primarily due to an increase in the actuarial valuation of the Council's share of pension scheme assets.

Movement in Reserves Statement (MiRS)

The MiRS statement (page 20) 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 £34.021m.

The net General Fund surplus for the year has been added to the surplus of £249.872m brought forward from 2022/23 resulting in an overall surplus to be carried forward into 2024/25 of £283.893m. 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.

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The overall balance is represented by:

	£m
Earmarked for Service Expenditure	226.331
Change Management Fund	19.358
Contingency	8.000
Unallocated	30.204
Total General Fund Balance	283.893

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (Note 2 page 34) 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 20), with the Housing Revenue Account financial statements detailed on page 81. These reflect transactions linked to managing the Council's housing stock. The account shows an in-year deficit of £9.498m, which when added to the 2022/23 balance brought forward results in a cumulative surplus of £16.820m, shown within the Council's Usable Reserves. Of this surplus, £11.675m has been approved for specific purposes primarily Loan Charges of £9.072m and Council Ambition of £1.306m. In addition, there is an approved £1.742m contingency fund, which leaves an unallocated balance of £3.403m.

Capital Account

Details of Capital Expenditure and Capital Financing are shown on page 71. Total gross expenditure for Housing and General Fund Services amounted to £242.221m. This was funded as summarised below:

	£m
Sale of Council Assets	1.454
Contributions from Revenue Budgets	21.898
Capital Grants and Other Income	74.178
Loans Fund Advances	144.691
	<u>242.221</u>

The 2023/24 increase to loans fund advances of £144.691m 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).

A revised Strategic Capital Investment Programme for 2021/22 to 2025/26 was developed by the Council's Strategic Capital Delivery Group and plan approved by the Policy and Strategic Committee in March 2021. Financial year 2023/24 was the third year of the Council's approved programme, with the 2023/24 annual update taken to the Policy and Strategy Committee in March 2023.

During 2023/24 the Council's Strategic Capital Investment Programme continued to face a number of delivery challenges linked to the wider economic climate and the availability of materials and labour, and inflationary pressures. 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 resultant borrowing was incurred with the programme delivery reprofiled across the remainder of the five year capital planning period.

In March 2024, the Council approved a new Strategic Capital Investment Programme for the 5-year period from 2024/25 to 2028/29, with record levels of capital investment of £660m planned over the next five years as the

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Council continues the delivery of its long-term place shaping transformation of North Lanarkshire's towns and communities. Alongside record levels of investment in the Council's housing provision through the Housing Revenue Account, this represents potential investment of just under £1.5bn in North Lanarkshire's town and communities. [Strategic Capital Investment Programme 2024/25 to 2028/29](#)

Cash Flow Statement

The Council's cash and cash equivalents reported a net decrease of £27.305m during 2023/24 (page 22). This incorporates a net cash inflow from operating activities of £42.975m, a net cash outflow in investing activities of £180.695m and a net cash inflow from financing activities of £110.415m. In addition, a further non-cash adjustments of £0.043m in respect of accrued interest is reflected, resulting in a closing cash and cash equivalents balance of £48.289m on the balance sheet, which is a total reduction of £27.262m during 2023/24.

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 2023/24 were approved by the Finance and Resources Committee on 1 March 2023. 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 2023/24 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 60 to 65) for employers participating in the Strathclyde Pension Fund is based on a snapshot valuation as at 31 March 2024. 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 2023/24 took place as at 31 March 2020 with no change to the employer's contribution which remained at 19.3%. The 31 March 2023 valuation has subsequently been completed with the latest funding position as at 31 March 2023 showing 147% compared to the previous triennial review position at March 2020 of 106%. As a result, new employer contribution rates have been agreed at 6.5% in 2024/25 and 2025/26, and 17.5% from 2026/27. The improvement is as 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 continues to remain in a net asset position due to higher than anticipated return on investments. However, the accounting standard imposes a limit on the maximum amount of surplus which can be recognised. The Council's actuaries have calculated that the surplus in relation to funded plans of £858.492m 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 nil, therefore an asset ceiling adjustment of £858.492m has been applied. As a result, the net pension asset held on the Council's balance sheet in relation to funded plans is nil. In addition to this, a net pension liability of £119.490m is held on the Council's balance sheet in relation to unfunded liabilities. Further detail on this can be found in note 26 on page 60.

After reflecting updated assumptions on a number of variables by the pension actuaries, the movement in the Council's fund is made up of the estimated fair value of the fund's assets which has increased by £238.919m as shown in note 26.3 and the estimated fair value of future liabilities which has increased by £154.672m as shown in Note 26.2, which together with an increase in the ceiling adjustment of £137.411m as shown in note 26.4 results in a net increase in pension liabilities being recognised of £53.164m.

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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 £2,011.643m as at 31 March 2024, an increase of £175.595m 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 85 to 97.

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, North Lanarkshire's Working, Working Matters & Working for Families. The organisation provides a range of free employability services to North Lanarkshire residents, specialising in supporting unemployed residents and helping residents access vocational training. This has been a transition year for employability programmes with the end of EU funds and the introduction of the UK Shared Prosperity Fund in 2023.

Amey Public Services (APS) LLP continued to successfully deliver its contractual obligations and meeting the Council's service delivery expectations during 2023/24 including but not limited to the carriageway resurfacing and active travel programmes, provision of the winter service delivery, gully cleaning and delivery of the LED replacement programmes. The contract ended on 30 September 2024, with the company no longer providing services to the Council after this date. Work to wind up the company is ongoing and may extend beyond the 2024/25 financial year.

MEARS Scotland LLP continued 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 on expiry of the existing contract on 21 January 2024, an extension was granted for up to 6 months. The contract with Mears LLP expired on 30 June 2024 with the company no longer providing services to the Council after this date. Work to wind up the company is ongoing and may extend beyond the 2024/25 financial year.

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. During 2023/24, NLP partnered with NLP Growth Team to develop the existing Braidhurst Industrial Site in Motherwell, which will, include the upgrading to the existing industrial units within the site. The NLP loan facility agreement with Barclays Bank ceased on 31 October 2023 and a new funding arrangement was agreed on this date for the remaining balance.

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 letting of all remaining units at Gartcosh Business Park, the acquisition and completion of initial enabling works of Plot 1 of Ravenscraig Industrial Park, the completion of a second building at Link Park, and the completion of enabling works at Condor Park, Eurocentral.

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 2023/24 opening provision value of £4.975m comprised of £4.856m in relation to General Fund and £0.119m for HRA. Total claims paid out during 2023/24 equated to £0.006m 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 55 provides the detail of the 2023/24 closing provision for Equal Pay of £4.969m.

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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 for all to bring equal benefits and a fairer distribution of wealth across all local communities.

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 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.

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. The strategic planning process included an annual update of the Strategic Policy Framework (most recently approved in March 2024) to ensure that strategy and policy continue to remain connected to delivery.

The clear ambitious vision in The Plan for North Lanarkshire was recognised by the Best Value auditors in their new national thematic approach which considered the effectiveness of the leadership of the development of the Council's strategic priorities. In their [Thematic Report](#) (which was presented to Committee in December 2023) the auditors noted that the vision has been driven by effective leadership and was supported by a range of performance indicators and reporting arrangements. The report concludes positively on the Council's approach to citizen and community engagement and recognises the Council's commitment to reducing inequalities and tackling poverty. It also comments positively on the alignment of strategic and operational delivery plans (with the Council's financial, asset, and digital plans), the collaborative working between Elected Members and officers, and the Council's approach to self-evaluation which supports continuous improvement.

The extent of this external validation to the *one place one plan one council* approach, and the ongoing leadership and long-term commitment to The Plan for North Lanarkshire, demonstrates the very solid foundations which are now in place across the organisation to support and escalate the pace and depth of change that is critical to realise the successful delivery of the new Programme of Work to 2028. This is further evidenced by the extent of achievements which have been realised through the Programme of Work to date. Reported to Committee in March 2024 these [achievements](#) (summarised below) demonstrate the extent to which the Council has focussed efforts on delivering the priorities approved by the Policy and Strategy Committee in order to improve, change, and deliver services that improve the lives of local people.

- New hubs are in place at the heart of local communities to support a much wider offering to people and communities with more direct access to the services they need and access to earlier, more responsive, and more integrated whole family support.
- The range and affordability of homes has increased through the provision of high-quality housing.
- Environmental enhancements delivered to support added benefits to general health and wellbeing, social inclusion, physical and mental health, and public access.
- Transformations to town centres are starting to reshape North Lanarkshire to provide modern, attractive, and multi-use centres fit for local people today and in the future.
- Job creation has expanded by accelerating and attracting investment to create more and new business opportunities.
- Pathways developed and skills and knowledge enhanced to smooth the transition to further education, training, or employment.
- This is all supported by more joined up transport links, an enhanced digital infrastructure, and a network of more active travel routes for pedestrians and cyclists, all of which are boosting the local economy and securing improved opportunities and outcomes for employment, education, housing, and leisure, and creating a place where people want to Live, Learn, Work, Invest, and Visit.

Fulfilling the commitment made by the senior management team 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](#) (which was approved in March 2023) reflected the need to reframe the Programme of Work in line with the latest North Lanarkshire context to ensure a heightened and more strategic focus on not only sustaining local economic and community

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improvements to date, but also on ensuring a more targeted approach to improving social conditions and outcomes.

The Programme of Work to 2028 comprises seven priorities (summarised below) for which a single integrated council wide [Delivery Plan](#) was established in March 2024:

Transforming places - to plan and co-ordinate public and private sector investment to deliver transformational change across town centres and local communities at pace to attract more people to live, learn, work, invest, and visit within North Lanarkshire.

Invest in North Lanarkshire - to support and accelerate investment in North Lanarkshire, and the Council's own investment programme, through a collaborative and streamlined advisory service to help grow and sustain the economy and transform communities.

Sustainable Futures - to focus commitments to net zero carbon and climate resilience and the associated energy solutions and investments required to make it a reality.

Brighter Futures - to support and improve educational attainment, employment opportunities, entrepreneurship, and volunteering and prepare young people and the wider community for the future through education, voluntary work, and enterprise by giving them the skills, knowledge, and confidence to successfully transition to further education, training, or employment.

Resilient people - to deliver whole family support locally, when families need it, in a way that addresses the impact of poverty and reduces inequality, providing an integrated approach (working with partners) to an earlier and more effective response to need.

These five front facing Programme of Work priorities are supported by two priorities which are key to enabling their delivery:

Digital North Lanarkshire - to develop a skilled digital workforce, promote an innovative sustainable culture, and be the digital leader for a transformed North Lanarkshire. This programme is a key enabler in delivering the other programme of work priorities and driving economic growth as well as transforming the education and abilities of learners of all ages.

One Service - to ensure services are delivered, regardless of owner, in a streamlined, efficient, and supportive model. This programme is a key enabler in delivering the other priorities and ensuring the Council delivers services (regardless of structures or the alignment of functions) in line with the overall vision of inclusive growth and prosperity for all.

Strategy and Performance

Key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work (while ensuring each stage of delivery towards achieving the overall ambitions is appropriately aligned, planned, guided, implemented, monitored, and governed) are six inter-related strategic frameworks that aim to maintain a corporate one council approach across the organisation (these are listed below). To ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of Work, all are on a regular review and refresh programme.

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

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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 2024: [Strategic Performance Framework - the North Lanarkshire context](#). This highlights both the successes experienced across North Lanarkshire as well as the challenges that remain.

Successes:

- Last year's annual performance update reported that, for the first time ever, the gross weekly pay for local residents was higher than the national average. This position continues in the latest data in this year's update which shows the gross weekly pay for North Lanarkshire's residents has reached £705.70 in 2023 compared to £702.40 nationally; a difference of £3.30 per week. Gross weekly pay in North Lanarkshire has increased 7% (£47.80 per week) over the year. The gap in hourly pay for males and females has significantly narrowed over the period of The Plan for North Lanarkshire (from £2.36 to £1.22 per hour), with this gap now being narrower than it is nationally.
- The number of working age people claiming employment related benefits has continued the gradual downward trend that was first experienced towards the end of 2020 and is now lower than pre-pandemic levels. Latest figures show 7,320 claimants in North Lanarkshire, while this is only a 7% decrease from the December 2019 claimant count of 7,890 it does not reflect the impact of the pandemic years when claimant counts were 14,195 as at December 2020 and 9,580 as at December 2021. The current claimant rate in North Lanarkshire is 3.3% which is a decrease from pre-pandemic levels of 3.6% in 2019; the national average is 3% down from 3.2% over the same period.
- The proportion of the working age population who are economically active has shown signs of improvement for the last four consecutive quarters in a row, reaching 75%, the highest position for the last three years after much fluctuation. This represents 171,100 residents economically active in North Lanarkshire, this is an increase from March 2020 (170,700) albeit figures have not yet returned to the pre-pandemic level in 2019 (174,000).
- 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 with an increase in the number of businesses per head of population and jobs safeguarded through a range of support to businesses. Recent figures show the local economy continues to grow with North Lanarkshire's growth rate increasing significantly from the previous year.
- Latest figures show a significant improvement in breastfeeding with 30.4% of babies in North Lanarkshire breastfed at the 6-8 week review and getting the best start in life. This is an improvement from the previous year (26.6%) and The Plan for North Lanarkshire baseline of 23.1% in 2017/18.
- The change in total recorded crime shows a small increase from the previous year of 0.6% compared to a 1% increase nationally. Notwithstanding the impact of the pandemic on the number of recorded crimes, this remains a positive position in that the number of crimes in North Lanarkshire recorded by the police has not returned to pre-pandemic levels and remains lower than The Plan for North Lanarkshire baseline.

Challenges:

- While improvements had been noted in a reduction in the proportion of children in poverty over the period of The Plan for North Lanarkshire, the latest figures show a reversal in this respect with rates now reaching 26.6%. While this change in trend is in line with the national average, it 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.
- While the proportion and number of the working age population who are economically active has shown encouraging signs of improvement, the deep dive in this respect shows that there remains 45,000 people who are currently recorded as being economically inactive and not wanting a job (an increase from 36,800 pre-pandemic in 2019). These are in the main 37% long term-sick, 30% students, 10% looking after family / home, and 10% retired. 81% are recorded as not wanting a job. Following varying trends, a significant increase can be seen in the number of students over the period of The Plan for North Lanarkshire (from 13,100 to 16,700), as well as those long-term sick (from 15,800 to 20,600).
- An ongoing downward trend had previously been experienced up to 2020/21 in terms of a reduction in the number of the working age population with no qualifications (to 12.8%, which was around 27,600 people). The latest figures show a reversal of this trend to 18.6% in 2021/22 which equates to 40,100 of North Lanarkshire's working age population in a situation that restricts their ability to access developing employment opportunities. This significant change was examined in more detail at source, and nothing was found to be impacting on the data other than perhaps the size of the sample in the survey. However, to

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ensure ongoing accuracy in reporting the data for this indicator this will continue to be examined and monitored.

- While there is 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.
- The deep dive into the latest business survival rates in North Lanarkshire shows a varying position and a decrease to 54% from 58% in the previous year, albeit this trend does follow the national average. The deep dive into this data shows that the early years of implementing The Plan for North Lanarkshire was impacted by the pandemic. However, active businesses in North Lanarkshire still remains high though as the latest figures show 7,920 businesses, an increase over the period of The Plan for North Lanarkshire from 7,885. In addition, over the period of The Plan for North Lanarkshire, the number of abroad-owned registered private sector businesses in North Lanarkshire has increased from 310 in 2018 to 385 in 2023. This inward investment had a positive impact on Scottish employment, adding around 1,100 jobs.

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 onwards.

The 2023/24 performance information will not be available publicly until later in the year, however past performance results can be accessed through the [LGBF website](#). This online information also includes comparisons of the Council's performance with the national average and with similar councils. In 2022/23, areas where North Lanarkshire was among the top performing council in Scotland, and performance achieved shows continuous improvement, are noted below.

- 21% of A class roads (i.e. major and strategic roads) on the Council's network require to be considered for maintenance treatment; performance in this area over the years has remained consistently lower than the national average (27%) and that of similar councils (24%).
- The average number of working days taken to complete non-emergency repairs in council housing stock (just under 7 days) continues to remain lower than the national average of just under 10 days.
- 99% of North Lanarkshire's properties receive superfast broadband, compared to an average of 95.5% nationally.
- There are 94.5% 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 89.2% nationally. The gross cost of children looked after in a community setting in North Lanarkshire (per child per week) is the lowest in Scotland.
- Less than 8% of looked after children in North Lanarkshire have experienced more than one placement in the last year (compared to 17.2% on average nationally). This reflects the Council's commitment to maintaining the need to secure and maintain attachments in care planning.
- 30% of council spend on social work is for self-directed support that gives people, who require social care support, more choice and control over how their support needs will be met. Latest results follow a year on year trend in improvement and are considerably higher than the national average of 8.7%. North Lanarkshire has remained the top performing council in this indicator for the last four years.

During 2023/24 the Council continued to implement a structured programme of self-evaluation to underpin the duty to secure continuous improvement in line with the well-established Strategic Self-Evaluation Framework arrangements. This programme included a review of the Audit and Scrutiny Panel and how effectively it is discharging its role and a review of Partnership / Community Board effectiveness in line with their role in improving outcomes for local people and communities. Improvement plans were identified through this process and actions are in the progress of being implemented, with delivery scheduled to be completed during 2024/25.

In response to the Council's ambition to achieve net zero earlier than the national target of 2045, the Council developed its [Climate Plan ACT 2030](#). 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 (tCO₂e) 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 61,909 tCO₂e

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against a target of 64,733 tCO2e. This corresponds to a reduction of 1.4% from the previous year, and an overall reduction of 47.1% from the baseline year.

Risk Management

Risk management forms an important element of the Council's corporate governance arrangements and is underpinned by the [Risk Management Strategy](#).



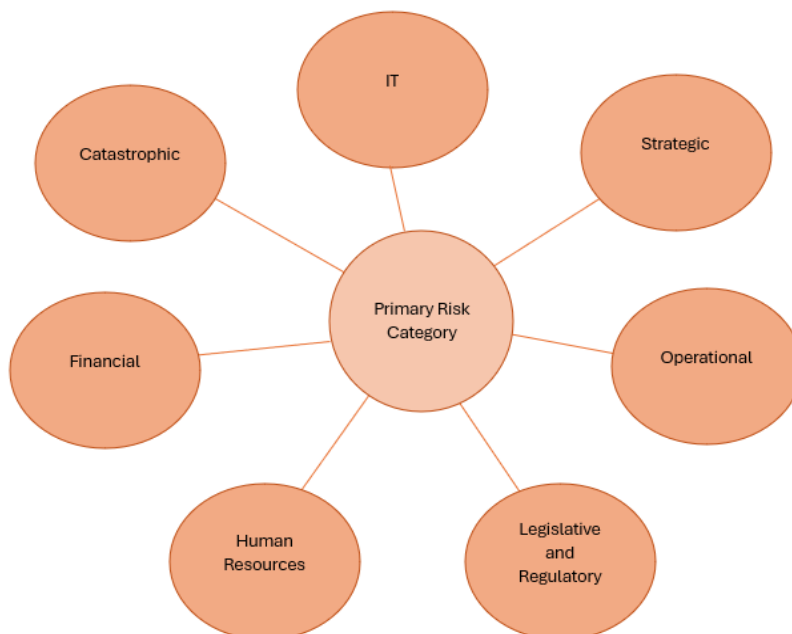
The Corporate Management Team receive regular reports on the Corporate Risk Register as well as updates on wider risk management arrangements.

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 seven overarching primary risk categories:

Primary Risk Categories



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The Corporate Risk Register is reflective of the what the Council is seeking to achieve at a strategic level and as such a range of potential risks are highlighted within it. Current risks include:

- Home support service delivery/sustainability - Failure to provide adequate levels of home support to service users.
- Information Security and Information Governance – Not managed securely or that information governance is ineffective, potentially leading to service disruption, 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.
- Human resources (workforce planning) - Not ensuring Council has sufficient number of capable and motivated staff to provide the full range of services required at present and in the future.
- 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; this includes Scottish Fire and Rescue Service changing their fire alarm call out attendance which impacts on certain Council properties.
- Engagement and Consultation with Communities– 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.
- Climate Change - Council fails to positively contribute to the protection and development of a sustainable environment.

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 Budget Strategy is integral to the Financial Strategy to ensure robust governance in financial planning, facilitating a more strategic approach to budgets setting, associated savings options and to ensure the Council remains financially sustainable. The key principles of the strategy are fully embedded in the Council's financial planning arrangements.

Financial Planning

This Council remains committed to taking a strategic and longer-term approach to financial planning and budget setting to ensure the Council remains financially sustainable. However, applying this strategy remains challenging particularly due to the absence of multi-year funding settlements and the ongoing challenging economic and financial environment, which presents new and additional challenges and risks on the Council's finances over an extended planning period. The volatile political landscape at both a UK and Scottish Government level will also likely have implications for national budgets with potential for reprioritisation of resources within both current and future spending plans. Such volatility increases the risk of an adverse impact on the Council's Medium Term Financial Plan, and therefore service delivery and financial sustainability. As such, the Council continues to consider that a 5 year plan is reasonable and appropriate for financial planning purposes.

An update to the [Medium Term Financial Plan](#) for the period 2025/26 to 2029/30, was approved by Committee on 6 June 2024. This plan reflects the 2024/25 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 continue to be modelled, highlighting optimistic,

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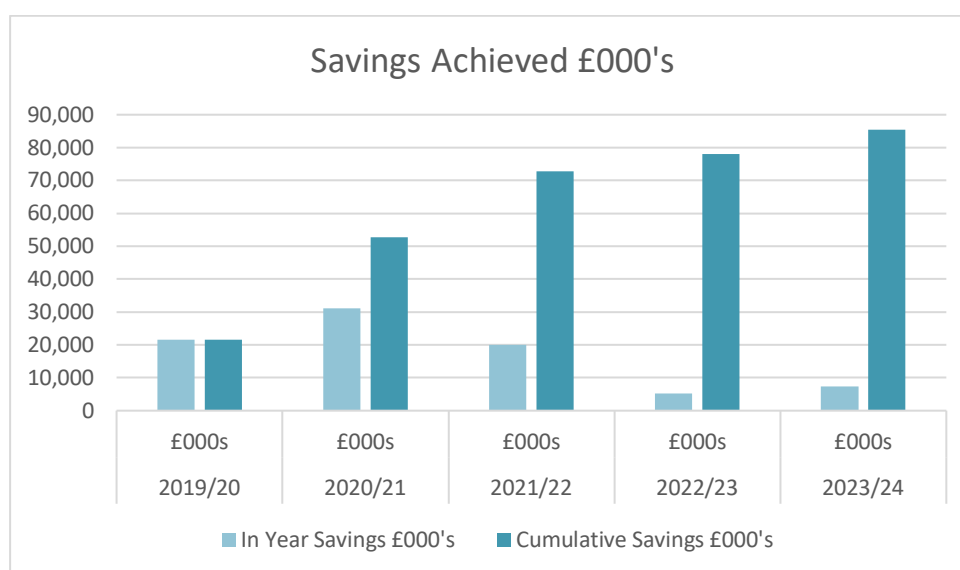
envisaged and pessimistic scenarios. Reflecting on most recent economic forecasts and the envisaged downward trajectory for inflation towards the Governments' longer-term target of 2%, it is anticipated that the more material adverse impacts of non-pay inflation including increased energy costs, experienced in more recent years, will not be so prevalent over the term of this plan. However, whilst the envisaged scenario remains the most appropriate for planning purposes, the budget gap range across the potential scenarios demonstrate the volatility and the extent of the fluctuation possible over the period of the plan.

The report on the updated Medium Term Financial Plan also incorporated an update on the implementation of the key principles of the Revenue Budget Strategy, which have continued to underpin decision making, ensuring elected members have information to assist them in making robust and financially sustainable decisions in setting a balanced budget. A review to consider further development of the key principles has also been undertaken to ensure the Council continues to develop strategic, robust and sustainable solutions, to manage the longer-term financial challenges. In addition, a Revenue Budget Framework to manage the 2025/26 budget position has been agreed. The updated principles of the Revenue Budget Strategy continue to recognise that the financial pressures facing the Council means Councillors are required to make difficult decisions to manage these challenges, requiring effective political leadership and communications. Recognising the extent of the uncertainties, the financial plan will be subject to ongoing review, with an update reported in future financial outlooks, as outlined in the Revenue Budget Framework.

Financial Sustainability

In further recognition of future challenges facing the Council a key principle of the Revenue Budget Strategy is that consideration be given to the planned, sustainable use of available balances, where it is prudent and affordable to do so. 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 fund 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 2024/25 budget setting, and this level continues to be considered appropriate. A full analysis of general fund reserves is presented at Note 27.1 on page 65. The general fund unallocated reserves will be available to support future budget challenges.

The following chart illustrates the significant value of savings already achieved over the past 5 years. For 2023/24, the budget incorporated £7.486m of net savings. Services achieved total savings of £7.418m against this target (99%), with the shortfall of £0.068m 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.



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Treasury Management

The Council's Treasury Management team is responsible for ensuring there is sufficient cash to meet revenue commitments and capital investment plans, whilst also managing investments and 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 maximise interest cost efficiencies. This includes robust cash flow management and forecasting, balance sheet analysis, weekly PWLB loan rate and interest rate trend analysis, debt maturity profiling and debt rescheduling. These techniques combined enable the Council to time its borrowing and take advantage of opportunities that may arise to achieve beneficial borrowing rates, thus minimising interest rate risk. In line with recent years, the strategy adopted has primarily been to use internal cash balances where possible whilst undertaking short-term and long-term borrowing, as required, and on advice from the Council's Treasury Management advisors, particularly while interest rates remain high relative to levels previously experienced over a number years.

Local Government Finance Circular 10/22 – Finance Leases and Service Concessions Arrangements, provides a temporary statutory override to the Code which allows Local Authorities to utilise a short-term financial flexibility with regard to the calculation of the statutory repayment of debt (principal element). This flexibility could only be applied in either 2022/23 or 2023/24 financial years, and could be applied either retrospectively or prospectively, with the annual charge for principal repayments calculated in accordance over the useful life of the asset(s), instead of linking to the contractual arrangements. The Council applied this flexibility in 2023/24, with a one-off retrospective benefit to General Fund of £44.600m. Provisions for future benefits and increased debt repayments have been incorporated in modelling forecast repayments.

Capital Strategy

The publication of the revised Prudential Code for Capital Finance in Local Authorities 2021 requires 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.

Therefore, 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. These facilitate the development of robust capital investment proposals and ensure resources are aligned with The Plan for North Lanarkshire, the Corporate Asset Management Plan, and the Medium Term Financial Plan, whilst ensuring delivery of best value, and compliance with Financial Regulations.

Following the approval of the Council's renewed Programme of Work to 2028 and previous commitments to review capital programme delivery, at its meeting in October 2022 Policy and Strategy Committee endorsed the development of a new five-year capital plan to commence from 2024/25. The Policy and Strategy Committee in March 2024 approved record levels of capital investment of £660m over the period 2024/25 to 2028/29 as the Council continues the delivery of its long-term place shaping transformation of North Lanarkshire's towns and communities. Alongside record levels of investment in the Council's housing provision through the Housing Revenue Account, this represents potential investment of £1.465bn in North Lanarkshire's town and communities.

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 2023/24, the Council was allocated general funding as follows:

- General Revenue Grant Funding (£622.417m): 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) (£121.640m): 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 (£35.310m); Pupil Equity Fund (£9.682m); and Offenders/ Criminal Justice Social Work (£5.353m). In addition, the Council receives grants out-with the settlement and these are disclosed within the accounts (Note 11, page 38). 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.

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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 2023/24 budget, the Council decided to increase Council Tax by 5%, resulting in a Band D charge of £1,320.78. The total net Council Tax income accounted for within the Comprehensive Income and Expenditure Statement for 2023/24 is £138.528m.

The Council Tax Income Statement for the year is provided on page 82 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 2023/24, the Council approved the proposed General Fund Revenue Budget of £978.624m (inc. specific grants of £50.586m), net of savings of £7.486m, on 23 February 2023. The approved budget was further updated throughout 2023/24 to take account of Scottish Government redeterminations/ additional funding made available including additional directed funding pay deals, 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 £978.844m.

The 2023/24 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 £13.234m on the General Fund and HRA, against the amended budget. The position reported that £9.279m on the general fund should be earmarked as a one-off solution, to help smooth the impact of forecast variances in respect of loan charge costs, reducing the combined surplus to £3.955m. There are a number of factors contributing to this position including the impact of higher interest rates on the cost of new borrowings, previously approved one-off debt re-profiling savings, and the increased forecast cost of use of balances in lieu of borrowing. The movement to final outturn position reported per the Movement in Reserves Statement is illustrated in the table below;

	Budget 2023/24	Provisional Outturn 2023/24	(Under)/ Overspend
	£m	£m	£m
Education, Children and Families	529.162	528.332	(0.830)
Enterprise & Communities	159.550	157.215	(2.335)
Chief Executives & Other Corporate Services	88.554	82.646	(5.908)
Social Work (non Integrated)	196.550	196.550	-
HRA	-	4.423	4.423
Financing Costs & Other Budgetary Issues	(45.558)	(54.142)	(8.584)
Total Expenditure (Provisional Outturn)	928.258	915.024	(13.234)
Sources of Funding	928.258	928.258	-
(Surplus)/Deficit (Provisional Outturn)			(13.234)
Use of Earmarked Reserves			77.152
Addition to Earmarked Reserves; Capital Investment – Service Concession Flexibility			(44.800)
Other Additions to Earmarked Reserves			(46.470)
Other net GF/HRA Movements & Use of Reserves			2.829
Movement on General Fund and HRA Services			(24.523)

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The Council's accounts also include spend in relation to the Social Work Integrated Joint Board (IJB). However, any difference between funding received and expenditure incurred is held as a creditor or debtor to the IJB, therefore, does not contribute to the Movement on General Fund and HRA Services. At Provisional Outturn, a surplus of £3.331m was reported. This combined with use of earmarked reserves totalling £9.265m resulted in a net reduction in the IJB creditor of £5.934m.

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 109 to 131.

2024/25 Budget

The Council approved a composite General Fund Revenue budget of £1,016.750m for 2024/25 at a Council meeting on the 15 February 2024 which includes £3.501m use of balances to manage the implementation of approved savings. In setting the 2024/25 budget, the Council agreed to implement the Scottish Government's Council Tax freeze to make use of the additional funding.

In addition, £8.000m continues to be provided as a contingency fund, £19.358m for Change Management and a further £226.331m earmarked to fund specific future commitments, which leaves a general unallocated balance of £30.204m. See details below:

	£m	£m
2024/25 Earmarked Funds		
Change Management Fund		19.358
Schools Future Contractual Obligations	60.968	
Strategic Capital Investment Programme	44.800	
Loans Charges – One-off Mitigation	17.905	
Strategic Workforce Planning	17.902	
Refugee Resettlement Programmes	8.324	
2024/25 – 2026/27 Budget One-off Use of Balances	8.119	
Temporary Accommodation	8.038	
Early Years & Childcare Expansion	5.213	
One Workforce Grading Pressures	5.000	
Whole Family Wellbeing	4.417	
Unmanaged burdens within Education, Children & Families	4.234	
Balances held by Schools under Devolved School Management	2.655	
Mobilisation of Strategic Contracts	2.179	
Pupil Equity Fund	2.153	
Shared Prosperity Grants	1.753	
Business Gateway and Business Recovery	1.697	
Economic Recovery	1.519	
Winter Reserve	1.500	
Teacher Induction Scheme Support	1.302	
Digital NL	1.222	
Temporary Teachers	0.823	
Other Earmarked Funds	24.608	226.331
Contingency Fund		8.000
Unallocated Balance		30.204
General Fund Surplus as at 31 March 2024		283.893

Key Challenges and Pressures Facing Local Government

Long-term underfunding of Scottish Local Government is widely reported with Audit Scotland's most recent report on Local Government Budgets 2024/25 published in May 2024, [Briefing: Local government budgets 2024/25 \(audit.scot\)](#) recognising the significant challenges facing Local Authorities. The report acknowledges that whilst revenue funding has increased in both cash and real terms from the initial 2023/24 Scottish Budget, it remains constrained as most of the funding is directed at delivering Scottish Government priorities and agreed

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pay deals. The report shows that Scotland's councils faced a collective gap of over half a billion pounds (£585 million) when setting their 2024/25 budgets, with additional challenges forecast over the medium term.

The reality right now has never been more challenging. The effect of years of real-terms cuts to core budgets have been compounded by additional policy commitments and less flexibility in how we allocate as a result of increasing directed budgets. This makes the ability to take local decisions on most of our budget, almost impossible. The Accounts Commission's report reinforces the severe challenges Scotland's Councils face in trying to balance the books. Local Authorities and COSLA Leaders continue to call for a financially sustainable solution to the long-term issue of the underfunding, in order to protect the essential front-line services for our communities.

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 CPFA
Chief Officer (Finance)
31 October 2024



Des Murray
Chief Executive
31 October 2024



Councillor James Logue
Council Leader
31 October 2024

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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'.

2022/23		Note	2023/24	
£000			£000	£000
	Property, Plant and Equipment	13, 14		
1,257,571	Council Dwellings		1,207,367	
1,341,925	Other Land and Buildings		1,351,782	
41,559	Vehicles, Plant and Equipment		52,278	
265,123	Infrastructure Assets		278,721	
15,809	Community Assets		16,229	
17,685	Surplus Assets		18,203	
140,049	Assets Under Construction		107,092	3,031,672
	Intangible Assets	15		
74	Software Licences		49	
10,781	Software/Solution Development		10,103	
8,035	Intangibles Under Development		6,313	16,465
1,328	Long-Term Debtors	16		2,459
1,148	Long-Term Investments	17		1,124
53,178	Other Long-Term Assets (Pensions)	26		-
3,154,265	Long-Term Assets			3,051,720
92	Short-Term Investments	17	94	
1,674	Inventories	18	1,865	
117,779	Short-Term Debtors (net of impairment)	19	109,945	
75,551	Cash and Cash Equivalents	20	48,289	
195,096	Current Assets			160,193
(281,225)	Short-Term Borrowing	17	(288,917)	
(211,253)	Short-Term Creditors	21	(204,573)	
(12,277)	Short-Term Provisions	22	(12,089)	
(7,304)	Short-Term Finance Lease Liabilities	24.1,25.3	(8,204)	
(512,059)	Current Liabilities			(513,783)
(476,130)	Long-Term Borrowing	17	(590,605)	
-	Long-Term Provisions	22	(586)	
(159,606)	Other Long-Term Liabilities (Finance Leases)	24.1,25.3	(151,401)	
(119,504)	Other Long-Term Liabilities (Pensions)	26	(119,490)	
(755,240)	Long-Term Liabilities			(862,082)
2,082,062	Net Assets			1,836,048
	Usable Reserves			
249,872	General Fund Reserve		283,893	
26,318	Housing Revenue Account Balance		16,820	
2,608	Capital Fund		2,951	
17,109	Repairs and Renewals Fund		20,763	
13,000	Insurance Fund		11,000	
16,466	Capital Grants Unapplied Account		7,204	
325,373	Total Usable Reserves	27		342,631
1,756,689	Unusable Reserves	28		1,493,417
2,082,062	Total Reserves			1,836,048

The unaudited accounts were issued on 27 June 2024 and the audited financial statements were authorised for issue on 31 October 2024

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

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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 2024

	Usable Reserves							Unusable Reserves	Total Reserves
	General Fund	Housing Revenue Account	Capital Repairs & Insurance Fund	Capital Renewals Fund	Capital Receipts Reserve	Capital Grants Unapplied Account			
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023	249,872	26,318	2,608	17,109	13,000	-	16,466	1,756,689	2,082,062
Movement in Reserves during 2023/24									
Surplus / (Deficit) on Provision of Services	(68,362)	(91,583)	-	-	-	-	-	-	(159,945)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(86,069)	(86,069)
Total Comprehensive Income and Expenditure	(68,362)	(91,583)	-	-	-	-	-	(86,069)	(246,014)
Adjustment to usable reserves permitted by Accounting Standards (Note 31)	35,198	2,935	-	-	-	-	-	(38,133)	-
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (Note 32)	49,087	-	-	-	-	-	-	(49,087)	-
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 33)	(10,991)	89,893	20,000	-	-	343	(9,262)	(89,983)	-
Net Increase / (Decrease) before Transfers to Other Statutory Reserves	4,932	1,245	20,000	-	-	343	(9,262)	(263,272)	(246,014)
Transfers to and from Other Statutory Reserves (Note 34)	29,089	(10,743)	(19,657)	3,654	(2,000)	(343)	-	-	-
Increase / (Decrease) in the Year	34,021	(9,498)	343	3,654	(2,000)	-	(9,262)	(263,272)	(246,014)
Balance at 31 March 2024 Carried Forward	283,893	16,820	2,951	20,763	11,000	-	7,204	1,493,417	1,836,048

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Movement in Reserves Statement

Comparative Figures for 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
Balance as at 31 March 2022	236,264	19,496	396	13,755	13,000	-	7,124	1,844,849	2,134,884
Movement in Reserves during 2022/23									
Surplus / (Deficit) on Provision of Services	(74,563)	37,395	-	-	-	-	-	-	(37,168)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(15,653)	(15,653)
Total Comprehensive Income and Expenditure	(74,563)	37,395	-	-	-	-	-	(15,653)	(52,822)
Adjustment to usable reserves permitted by Accounting Standards (Note 31)	(36,262)	172	-	-	-	-	-	36,090	-
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (Note 32)	-	-	-	-	-	-	-	-	-
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 33)	117,538	(20,496)	-	-	-	2,212	9,342	(108,596)	-
Net Increase / (Decrease) before Transfers to Other Statutory Reserves	6,713	17,071	-	-	-	2,212	9,342	(88,160)	(52,822)
Transfers to and from Other Statutory Reserves (Note 34)	6,895	(10,249)	2,212	3,354	-	(2,212)	-	-	-
Increase / (Decrease) in the Year	13,608	6,822	2,212	3,354	-	-	9,342	(88,160)	(52,822)
Balance at 31 March 2023 Carried Forward	249,872	26,318	2,608	17,109	13,000	-	16,466	1,756,689	2,082,062

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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.

2022/23		Note	2023/24	
£000			£000	£000
	OPERATING ACTIVITIES			
	Cash Inflows:			
92,212	Rents (after rebates)		94,344	
134,905	Council Tax receipts		137,862	
615,601	Revenue Support Grant		623,499	
77,572	DWP grants for Housing Benefits		73,788	
111,742	Non Domestic Rates Receipts		121,635	
85,907	Other government grants		110,307	
38,447	Cash received for goods and services		41,213	
93,674	Other operating cash receipts		147,552	
1,378	Interest received		2,914	
633	Transfer from CLNL		-	
1,252,071				1,353,114
	Cash Outflows:			
(624,892)	Cash paid to and on behalf of employees		(701,335)	
(476,991)	Other operating cash payments		(517,260)	
(32,799)	Housing Benefit paid out		(32,142)	
(15,738)	Precepts paid		(18,682)	
(40,124)	Interest Paid		(40,720)	
(1,190,544)				(1,310,139)
61,527	Net Cash Inflow / (Outflow) from Operating Activities	35		42,975
	INVESTING ACTIVITIES			
	Cash Inflows:			
3,223	Sale of non-current assets		1,797	
74,324	Capital grants received		56,856	
8,277	Other capital cash receipts		10,754	
18	Proceeds from Investments redeemed		20	
85,842				69,427
	Cash Outflows:			
(244,711)	Purchase of non-current assets		(250,122)	
-	Long- term Investments		-	
-	Investment in Subsidiary		-	
(244,711)				(250,122)
(158,869)	Net Cash Inflow / (Outflow) from Investing Activities			(180,695)
(97,342)	Net Cash Inflow / (Outflow) before Financing Activities	36		(137,720)
	FINANCING ACTIVITIES			
	Cash Inflows:			
345,499	New Loans Raised		418,300	
345,499				418,300
	Cash Outflows:			
(279,930)	Repayments of amounts borrowed		(300,581)	
(7,049)	Capital payments of finance leases		(7,304)	
(286,979)				(307,885)
58,520	Net Cash Inflow / (Outflow) from Financing Activities	36		110,415
(38,822)	Net Increase / (Decrease) in cash and cash equivalents	36		(27,305)
114,256	Cash and Cash Equivalents at the beginning of the year	36		75,551
117	Increase / (Decrease) Non-cash in cash equivalents	36		43
75,551	Cash and Cash Equivalents at the end of the year	36		48,289

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Notes to the Accounts

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. 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 2023/24, 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).

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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.

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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:

Property, Plant and Equipment:	
Council Dwellings	Existing Use Value for Social Housing using the Beacon approach (adjusted vacant possession in accordance with LASAAC guidance)
Other Land & Buildings	Current value, determined as the amount that would be paid for the assets in its be existing use. Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value
Vehicles, Plant & Equipment	Depreciated Historical Cost as a proxy for current value
Infrastructure Assets	Depreciated Historical Cost
Community Assets	Historical Cost
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	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

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 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.

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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 2024.

c) Depreciation

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

Property, Plant and Equipment:	
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 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.

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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.

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 *Leases* 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.

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;

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Notes to the Accounts

- 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.

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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.

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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 2023/24, 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. In addition, Local Government Finance Circular 6/2023 provides a temporary amendment for the 2023/24 financial year to allow transfer of a specific element of the General Capital Grant to the Capital Fund in order that it may be used to provide funding for the principal element of both General Fund and HRA Loans 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 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 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 2024.

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Notes to the Accounts

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, Children 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 4.8%. The discount rate used by the appointed actuaries to place a value on the liability is based on Corporate bond yields on high quality bonds and recognises the weighted average duration of the benefit obligation for the Council;

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Notes to the Accounts

- 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);
- 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.

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Notes to the Accounts

The Council has exercised the Service Concessions flexibility made through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements), with the statutory repayment of principal elements of the lease component of service concession arrangements being made over the estimated asset lives (up to 50 years), as opposed to the period of the contract. Payments made to operators remain unchanged, with differences between the actual amounts paid to the operator towards liability under the contracts and the principal repayments recognised through the Comprehensive Income and Expenditure Statement being held in the Capital Adjustment Account.

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.

2022/23			2023/24		
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
433,256	73,922	507,178	439,534	97,837	537,371
133,989	30,954	164,942	139,204	29,912	165,116
54	(54)	-	-	-	-
69,994	12,202	82,196	76,685	8,028	84,713
185,759	2,857	188,616	194,970	2,216	197,186
(506)	13,951	13,445	58	(3,002)	(2,944)
(30,803)	565	(30,238)	(23,345)	105,441	82,096
2,888	(4,080)	(1,192)	(1,502)	(5,935)	(7,437)
794,630	130,317	924,947	825,604	234,497	1,060,101
(818,413)	(69,366)	(887,779)	(831,781)	(68,375)	(900,156)
(23,783)	60,951	37,168	(6,177)	166,122	159,945
(255,760)		Opening General Fund and HRA Balance	(276,190)		
(23,783)		Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	(6,177)		
3,353		Transfers to/(from) other statutory reserves	18,346		
(276,190)		Closing General Fund and HRA Balance at 31 March*	(300,713)		

*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

2023/24	Adjustments for Capital Purposes ¹	Net Change for the Pensions Adjustments ²	Other Differences ³	Total Adjustments
Education & Families	97,951	1,119	(1,233)	97,837
Enterprise & Communities	30,081	806	(975)	29,912
Trading Accounts	-	-	-	-
Chief Executives & Other Corporate Services	7,769	404	(145)	8,028
Adult Health & Social Care (Non-Integrated)	2,216	-	-	2,216
Adult Health & Social Care (Integrated)	(2,922)	705	(785)	(3,002)
Housing Revenue Account	105,497	227	(283)	105,441
Other Segments	-	(5,935)	-	(5,935)
Net Cost of Services	240,592	(2,674)	(3,421)	234,497
Other Income and Expenditure	(69,585)	3,104	(1,894)	(68,375)
Surplus or Deficit	171,007	430	(5,315)	166,122

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Notes to the Accounts

2022/23	Adjustments for Capital Purposes ¹	Net Change for the Pensions Adjustments ²	Other Differences ³	Total Adjustments
Education & Families	48,775	22,518	2,628	73,921
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)	566
Other Segments	-	(4,080)	-	(4,080)
Net Cost of Services	67,493	60,739	2,085	130,317
Other Income and Expenditure	(80,113)	5,339	5,408	(69,366)
Surplus or Deficit	(12,620)	66,078	7,493	60,951

¹ 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.

² 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.

³ 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 2023/24 Code due to be adopted in future years and the possible impact.

IFRS16 *Leases* is due to be implemented no later than 1 April 2024, with the Council implementing from this date. It is estimated that this will result in recognition of a right of use of property assets and related liability of £1.712m. In addition, implementation of IFRS16 will have an impact on the outstanding liability of leases and service concession arrangements relating to PPP schools, with an estimated increase in liabilities of £86.4m.

In addition, the following list provides details of further standards issued but not yet adopted which have an effective implementation date on or after 1 April 2024. It is not anticipated that these will have a material impact on the Council.

- 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.

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.

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Notes to the Accounts

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 2024 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 2024. 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 an acceptable valuation sensitivity range of up to 15%. A review of the asset valuations undertaken indicated that there is no material change in carrying values for most asset classes.</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 £10.712m 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 £456.548m.</p>
Net Pension Asset/(Liability)	<p>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.</p>	<p>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 £739.002m consisting of a £858.492m net asset in relation to funded plans, offset by £119.490m 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 nil. As result, an asset ceiling adjustment applied of £858.492m was applied in 2023/24, therefore a decrease of at least 100% on the surplus in the defined benefit plan would be required to reduce the net pension asset held on the balance sheet.</p>

6. Events After the Balance Sheet Date

The Chief Officer (Finance) issued the Audited Statement of Accounts on 31 October 2024.

The Council entered into a new contractual arrangement with Mears Limited to provide Housing and Corporate maintenance and improvement services. The contract has an initial period of eight years with contract extensions available, at the Council's discretion, to a maximum contract duration of twelve years. The estimated upper financial limit of the contract, over the maximum duration of the contract, including contingency, is £1,800 million. Service delivery under the new contract commenced on 1 July 2024. This replaces the previous contractual arrangement whereby these services were provided to the Council by its Joint Venture company Mears Scotland LLP, which will be wound down in due course.

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In addition, the Council entered into a new contractual arrangement with Hochtief PPP Solutions GmbH to provide Roads and Infrastructure maintenance and improvement services. The contract has an initial period of eight years with contract extensions available, at the Council's discretion, to a maximum contract duration of twelve years. The estimated upper financial limit of the contract, over the maximum duration of the contract, including contingency, is £450 million. Service delivery under the new contract commenced on 1 October 2024. This replaces the previous contractual arrangement whereby these services were provided to the Council by its Joint Venture company Amey Public Services LLP, which will be wound down in due course.

No adjustments were required to the financial statements in respect of these events. There have been no other material events since the Balance Sheet date.

7. Restatement

There are no restatements of the 2022/23 figures within the core financial statements or notes to the accounts.

8. Other Operating Expenditure

	2022/23	2023/24
	£000	£000
(Gains) or losses on disposal of non-current assets	7,672	15,342
Total	7,672	15,342

9. Financing and Investment Income and Expenditure

	2022/23		2023/24	
	Expenditure	Income	Expenditure	Income
	£000	£000	£000	£000
Interest Payable and similar charges	46,314	-	59,404	-
Interest receivable and similar income	-	(5,879)	-	(15,664)
Pensions interest income on plan assets	-	(73,948)	-	(127,938)
Pension interest cost on defined benefit obligation	78,982	-	131,026	-
Surpluses on Trading Undertaking not included in Net Cost of Services	473	(121)	173	-
Financial Guarantee	-	(97)	825	(125)
Impairment of Financial Assets	4,234	-	4,303	-
Total	130,003	(80,045)	195,730	(143,727)

Financial Guarantee income relates to financial guarantees, underwriting the debt service costs of NLP LLP's original loan of £45.000m to the lender, and new loan facility of £30.000m 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

	2022/23	2023/24
	£000	£000
Income from Council Tax	(130,267)	(138,528)
Distribution from Non-Domestic Rates pool	(111,737)	(121,640)
General Revenue Grant	(615,619)	(622,417)
Recognised capital grants and contributions	(87,785)	(84,916)
Total	(945,408)	(967,501)

It should be noted that the General Revenue Grant recognised in the CIES has been adjusted from that shown in Local Government Finance Circular 2/2024 to reflect proper accounting practice. Income not included in the circular has been accrued of £1.329m in relation to the final 2023/24 Discretionary Housing Payment claim, and £1.344m in relation to Scottish Government contribution to the 2023/24 pay award. In addition, income received in relation to the final 2022/23 Discretionary Housing Payment claim exceeded that accrued by £0.135m.

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11. Grant Income

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

	2022/23	2023/24
	£000	£000
Credited to Comprehensive Income and Expenditure Statement		
General Revenue Grant	615,619	622,417
Distribution from Non-Domestic Rates pool	111,737	121,640
Capital - Scottish Government General Grant	25,180	42,799
Capital - Scottish Government Other Grants	58,400	37,117
Capital – Other Grants	4,205	5,000
Total	815,141	828,973
Credited to Services		
Housing Benefit	78,158	77,682
1140 Hours Early Years	34,842	35,310
Pupil Equity Fund	9,682	9,682
Scottish Attainment Challenge	7,482	6,002
Offenders / Criminal Justice Grant	6,704	6,709
City Deal 3 rd Party	8,740	5,639
No One Left Behind	1,059	4,877
Scotland's Schools for the Future	4,773	4,778
Shared Prosperity Fund	209	4,625
Vacant and Derelict Land Fund	1,389	3,685
Resettlement Programmes	7,339	2,589
SG Main Capital Grant - 3rd Party Write Offs	1,722	2,424
Home Energy Efficient Programme	209	1,652
RCGF Grant	-	1,474
Children & Young People's Mental Health	1,177	940
European Structural Fund	1,224	563
UK Renewal Fund	1,415	-
Young Person's Guarantee	1,046	-
Other Miscellaneous Grants and Contributions	8,971	9,169
Total	176,141	177,800

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 2022/23 annual accounts.

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Notes to the Accounts

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 2023/24 the Council collected and paid over £57.892m (2022/23 £55.737m) and received £1.302m (2022/23 £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 £0.001m (£25.576m in 2022/23), with a net creditor of £0.013m shown on the Council's balance sheet in relation to reimbursement outstanding as at 31st March 2024 (£0.004m net debtor as at 31st March 2023). Further detail is shown in the table below.

	Net Debtor/ (Creditor) at 31 March 2022	Payments Made in 2022/23	Funding Received in 2022/23	Net Debtor/ (Creditor) at 31 March 2023	Payments Made in 2023/24	Funding Received in 2023/24	Net Debtor/ (Creditor) at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Cost of Living	-	18,635	(18,635)	-	(3)	-	(3)
Business Grant Scheme	72	-	(72)	-	-	-	-
Retail, Hospitality Top Up Support	(1,128)	43	1,085	-	-	-	-
Child Bridging Payment	(35)	5,455	(5,433)	(13)	4	-	(9)
Taxi and Private Hire Vehicle Driver Support	1,405	275	(1,680)	-	-	-	-
Self Isolation	783	1,063	(1,846)	-	-	(1)	(1)
Other	(875)	105	779	9	-	(9)	-
Total Provisions	222	25,576	(25,802)	(4)	1	(10)	(13)

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13. Property, Plant and Equipment

13.1. Movement on Balances in 2023/24

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equip	Community Assets	Surplus Assets	AUC	Total	Infra-structure	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000		
Cost or Valuation									
At 1 April 2023	1,257,571	1,437,388	103,296	15,809	17,839	140,049	2,971,952		
Additions	75,088	26,962	15,567	870	-	102,670	221,157	19,543	240,700
Revaluation increases/(decreases) recognised in the revaluation Reserve	(70,605)	(17,169)	3,821	(47)	328	-	(83,672)	-	(83,672)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(103,412)	(23,029)	(281)	-	-	(332)	(127,054)	(17)	(127,071)
Derecognition – disposals	(15,805)	(85)	(2,161)	-	(1,235)	-	(19,286)	-	(19,286)
Assets reclassified (to)/from assets under construction (AUC)	64,530	59,817	3,417	67	-	(136,595)	(8,764)	8,764	-
Assets reclassified (to)/from Intangible Assets [see Note 15]	-	-	-	-	-	1,300	1,300	-	1,300
Assets classified (t)/from held for sale	-	(1,652)	-	-	1,652	-	-	-	-
Other movements in cost or valuation	-	(306)	306	(470)	-	-	(470)	470	-
At 31 March 2024	1,207,367	1,481,926	123,965	16,229	18,584	107,092	2,955,163		
Accumulated Depreciation and Impairment									
At 1 April 2023	-	95,463	61,737	-	154	-	157,354		
Depreciation charge	31,439	59,222	12,385	-	15	-	103,061	15,162	118,223
Depreciation written out to the revaluation reserve	(31,439)	(12,846)	(26)	-	-	-	(44,311)	-	(44,311)
Depreciation written out to the surplus/deficit on the provision of services	-	(11,483)	(261)	-	-	-	(11,377)	-	(11,377)
Impairment losses/(reversal) recognised in the revaluation reserve	-	-	-	-	-	-	-	-	-
Impairment losses/(reversal) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	-	-	-	-
Derecognition - disposals	-	-	(2,147)	-	-	-	(2,147)	-	(2,147)
Other movements in depreciation and impairment	-	(212)	-	-	212	-	-	-	-
At 31 March 2024	-	130,144	71,688	-	381	-	202,213		
Net Book Value									
At 31 March 2024	1,207,367	1,351,782	52,277	16,229	18,203	107,092	2,752,950	278,721	3,031,671
At 31 March 2023	1,257,571	1,341,925	41,559	15,809	17,685	140,049	2,814,598	265,123	3,079,721

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	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equip	Community Assets	Surplus Assets	AUC	Total	Infra-structure	Total Property, Plant & Equipment
Nature of Asset Holding at 31 March 2024									
Owned	1,207,367	1,079,862	52,277	16,229	18,203	107,092	2,481,030	278,721	2,759,751
Finance Lease	-	-	-	-	-	-	-	-	-
PPP	-	271,920	-	-	-	-	271,920	-	271,920

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.

13.2. Movement on Balances in 2022/23

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equip	Community Assets	Surplus Assets	AUC	Total	Infra-structure	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000		
Cost or Valuation At 1 April 2022	1,300,167	1,480,320	97,592	15,854	22,322	70,780	2,987,035		
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)
At 31 March 2023	1,257,571	1,437,388	103,296	15,809	17,839	140,049	2,971,952		
Accumulated Depreciation and Impairment At 1 April 2022	8,365	46,712	50,904	-	138	-	106,119		
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/(reversal) recognised in the revaluation reserve	-	2,374	-	-	-	-	2,374	-	2,374
Impairment losses/(reversal) 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)
At 31 March 2023	-	95,463	61,737	-	154	-	157,354		

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	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equip	Community Assets	Surplus Assets	AUC	Total	Infra-structure	Total Property, Plant & Equipment
Net Book Value									
At 31 March 2023	1,257,571	1,341,925	41,559	15,809	17,685	140,049	2,814,598	265,123	3,079,721
At 31 March 2022	1,291,802	1,433,608	46,688	15,854	22,184	70,780	2,880,916	262,561	3,143,477
Nature of Asset Holding at 31 March 2023									
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

13.3. Valuation of Non-Current Assets

The following statement shows the progress of the Council's 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	-	62,637	47,816	13,482	15	107,092	231,042
Valued at current value plus additions less depreciation as at:							
31 March 2024	1,207,367	364,176	3,361	303	-	-	1,575,207
31 March 2023	-	750,115	-	-	3,308	-	753,423
31 March 2022	-	54,738	835	-	540	-	56,113
31 March 2021	-	96,118	232	112	11,907	-	108,369
31 March 2020	-	23,998	33	2,332	2,432	-	28,795
Total Value as at 31 March 2024	1,207,367	1,351,782	52,277	16,229	18,202	107,092	2,752,950

The Council previously operated a rolling five-year revaluation programme which ended in 2022/23. The Council has therefore agreed a new asset valuation programme from 2023/24 onwards, and in doing so has considered the latest developments in respect of valuations. This resulted in a new valuation programme methodology incorporating all asset classes to be undertaken, with a representative programme of 20% of each asset category to be formally revalued. In subsequent years, valuation programmes will be determined to ensure all assets are formally valued at least once in a rolling 5-year period. In addition, Council Dwellings will be formally revalued each year. Discussions with the Council's surveyors indicated that valuations may be subject to an acceptable valuation sensitivity range of up to 15%.

All formal valuations were undertaken based on 31 January 2024 valuation date, with exception of Council Dwellings which was based on 31 March 2024 valuation date. 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 2024

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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	29
Museum Exhibits	1	9
Paintings	6	59
Sculptures	1	39
Total	9	136

During the year, the insurance value of Civic Regalia was valued at £0.029m (£0.025m 2022/23), an upward valuation of £0.004m. A review of Paintings resulted in a valuation of £0.089m (£0.139m 2022/23), a downward valuation of £0.050m. Both of these valuation movements have 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 19th and 20th 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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15. Intangible Assets

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

	2022/23				2023/24			
	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
Balance at 1st April	99	2,981	9,038	12,118	74	10,781	8,035	18,890
Additions in year	-	-	7,142	7,142	-	47	1,475	1,522
Transfers		8,442	(8,145)	297	-	1,897	(3,197)	(1,300)
Amortisation	(25)	(642)	-	(667)	(25)	(2,622)	-	(2,647)
Balance at 31st March	74	10,781	8,035	18,890	49	10,103	6,313	16,465
Represented by:								
Gross Carrying Amount	123	11,735	8,035	19,893	123	13,679	6,313	20,115
Accumulated amortisation	(49)	(954)	-	(1,003)	(74)	(3,576)	-	(3,650)
Balance at 31st March	74	10,781	8,035	18,890	49	10,103	6,313	16,465

At 31 March 2024, the Council had contractual capital commitments of £0.280m in respect of the acquisition of intangible assets.

16. Long-Term Debtors

	2022/23	2023/24
	£000	£000
Balance at the start of the year	1,519	1,328
Recorded debt	74	1,019
Bad debt provision	(265)	112
Balance at the end of the year	1,328	2,459

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

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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		Short-Term	
	At 31 March 2023	At 31 March 2024	At 31 March 2023	At 31 March 2024
Financial Liabilities	£000	£000	£000	£000
Borrowings at amortised cost:				
- Principal sum borrowed	476,130	590,605	273,087	276,332
- Accrued Interest	-	-	6,157	10,631
- EIR Adjustments	-	-	1,981	1,954
Total Borrowings	476,130	590,605	281,225	288,917
Other Long-term Liabilities at amortised cost:				
- Finance leases	1,289	1,056	218	233
- PPP and similar arrangements	158,317	150,346	7,086	7,971
Total Other Long-term Liabilities	159,606	151,402	7,304	8,204
Trade payables	-	-	176,901	177,941
Included in Creditors*	-	-	176,901	177,941
Financial guarantees	-	586	55	169
Included in Provisions	-	586	55	169
Total Financial Liabilities	635,736	742,593	465,485	475,231
Financial Assets:				
At amortised cost :				
- Principal Sum Invested	1,148	1,124	57,062	7,944
- Accrued Interest	-	-	61	18
Total financial assets at amortised cost	1,148	1,124	57,123	7,962
At fair value through profit & loss :				
- Principal Sum Invested	-	-	18,060	39,920
- Accrued Interest	-	-	90	175
Total financial assets at fair value	-	-	18,150	40,095
Trade receivables	-	-	68,542	71,037
Included in Debtors **	-	-	68,542	71,037
Total Financial Assets	1,148	1,124	143,815	119,094

* 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.

The total short-term borrowing includes £42.095m (2023: £36.753m) representing accrued interest, effective interest rate adjustments and principal repayments due within 12 months on long-term borrowing. This includes long-term debt related to Public Work Loans Board (PWLb) loans (£35.277m principal and £3.961 accrued interest), market loans (£0.655m accrued interest and £1.954m EIR adjustments) and Salix interest free loans (£0.248m principal). The remaining sums due for repayment in the short-term category relate to temporary borrowings.

The Financial Assets short-term category shown at amortised cost which are investments held for a period of less than one year, include bank current accounts / call accounts and investments with UK Treasury 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

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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 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 and 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 short-term, where appropriate, are included within the Cash and Cash Equivalents (Note 20).

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 £1.219m outstanding, shown as £1.124m long-term and £0.094m 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 2023				31 March 2024			
	Financial Liabilities Measured at amortised cost	Financial Assets Measured at amortised cost	Financial Assets Measured at FV through Profit and Loss	Total	Financial Liabilities Measured at amortised cost	Financial Assets Measured at amortised cost	Financial Assets Measured at FV through Profit and Loss	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest Expenses	(25,850)	-	-	(25,850)	(44,572)	-	-	(44,572)
PPP Unitary Charge Interest	(13,566)	-	-	(13,566)	(14,725)	-	-	(14,725)
Finance Lease Interest	(124)	-	-	(124)	(107)	-	-	(107)
Loss on Derecognition Financial Guarantee Premium	(6,774)	-	-	(6,774)	-	-	-	-
Impairment of Financial Assets	-	(4,234)	-	(4,234)	-	(4,303)	-	(4,303)
Total Expense	(46,314)	(4,234)	-	(50,548)	(60,229)	(4,303)	-	(64,532)
Interest Income	-	5,675	207	5,882	-	15,180	484	15,664
Financial Guarantee Premium	-	97	-	97	-	125	-	125
Total Income	-	5,772	207	5,979	-	15,305	484	15,789
Net (Loss) / Gain for the year	(46,314)	1,538	207	(44,569)	(60,229)	11,002	484	(48,743)

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 Value Level	31 March 2023			31 March 2024		
		Principal Amount	Carrying Amount	Fair Value Amount	Principal Amount	Carrying Amount	Fair Value Amount
Financial Liabilities		£000	£000	£000	£000	£000	£000
PWLB Debt	2	449,233	452,280	411,657	568,401	572,362	538,945
Non PWLB Debt	2	299,984	305,075	303,183	298,536	307,160	305,626
Financial Guarantee	3	55	55	55	755	755	755
Finance Leases	2	1,507	1,507	1,608	1,289	1,289	1,381
PPP and similar arrangements	2	165,402	165,402	162,101	158,316	158,316	158,938
Creditors ¹	-	176,901	176,901	176,901	177,941	177,941	177,941
Total Financial Liabilities		1,093,082	1,101,220	1,055,505	1,205,238	1,217,823	1,183,586
Financial Assets							
At Amortised Cost	2	58,210	58,271	58,271	9,068	9,086	9,086
At Fair Value through Profit and Loss	1	18,060	18,150	18,150	39,920	40,095	40,095
Debtors ²	-	68,542	68,542	68,542	71,037	71,037	71,037
Total Financial Assets		144,812	144,963	144,963	120,025	120,218	120,218

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

² 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 2024, 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 31st March 2024.
- 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 non-lease 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.

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- 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 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 2024 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 2024.

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 and 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 2023/24 have been calculated.

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Credit Risk

- Credit risk – the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.

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 2023/24 Treasury Management Strategy, prescribed that short-term deposits can 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 2023/24 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 2023			31 March 2024		
	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	7,103	15,462	5,942	8,818	23,228	4,113
Three to six months	1,619		888	1,628		417
Six to twelve months	2,121		621	2,158		725
More than one year	2,479		5,175	2,523		4,102
Debt Outstanding	13,322	15,462	12,626	15,127	23,228	9,357
Expected Credit Losses	(9,896)	-	(2,726)	(11,293)	-	(2,657)
Average allowance for Expected Credit Loss (%)	74.3%	0%	21.6%	74.7%	0%	28.4%
Total Debtors	3,426	15,462	9,900	3,834	23,228	6,700

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 considered 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 fully redeemed.

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During 2023/24, the Council agreed to provide a new financial guarantee to NLP LLP as part of re-financing arrangements undertaken by NLP LLP, with the Council providing similar underwriting of debt service costs, up to a limit of 80% of the total debt service, costs of the new long-term loan facility of £30.000m. The Council considers the likelihood of the guarantee being called as minimal, however the Council, in recognition of this financial guarantee has decided to make a provision of £0.825m.

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 within the accounts reflecting the higher of these two valuation bases. The Council has agreed with NLP LLP that the premium payable to the Council for providing this new guarantee will be paid in annual instalments on a fair value basis over the term of the loan, with £0.070m charged during 2023/24. The Council has therefore included a long-term debtor of £0.586m and a short-term debtor of £0.169m within the Balance Sheet to reflect this arrangement.

Soft Loans

The Council has recognised an amount receivable of £1.873m within Long-Term Debtors (2022/23 – £1.328m), 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 £2.927m of amounts recoverable (2022/23 - £2.494m) adjusted to reflect an expected credit loss allowance of £1.054m (2022/23 - £1.166m). 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 make contractual payments on time.

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.

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

	At 31 March 2023	At 31 March 2024
	£000	£000
Less than one year	273,087	276,332
Between one and two years	21,004	36,900
Between two and seven years	99,636	163,024
Between seven and fifteen years	136,176	185,566
More than fifteen years	219,314	205,115
Total	749,217	866,937

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 £3.000m 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 2024, the Council as permitted by its investment strategy, as outlined within section 17.1, has a total investment of £1.219m 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 £0.872m at 31 March 2024 which includes accrued interest due of £0.044m with the balance of £0.828m 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 £0.347m at 31 March 2024 which includes accrued interest due of £0.017m with the balance of £0.329m 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 an unplanned financial loss might arise for the Council because of changes in market variables such as interest rates, prices and foreign exchange rates.

Market Risk – Interest Rates

The Council is exposed risk in terms of its exposure 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 liabilities 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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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	30
Increase in interest receivable on variable short-term investments	(616)
Overall Impact on Comprehensive Income and Expenditure Statement	(586)
Share of Overall impact debited to the HRA	(244)

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	(30)
Decrease in interest receivable on variable short-term investments	535
Overall Impact on Comprehensive Income and Expenditure Statement	505
Share of Overall impact debited to the HRA	210

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%.

	+1%	-1%
	£000	£000
Total Movements in Fair Value of Fixed Rate Borrowings	(47,409)	56,427

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.

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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:

	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	2,529	1,675
Purchases	14,377	15,767
Donations	-	-
Recognised as an expense in the year	(15,211)	(15,577)
Write Off Balances	(20)	-
Closing Balance at 31 March	1,675	1,865

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:

	2022/23		2023/24	
	£000	£000	£000	£000
Central Government Bodies		35,211		23,463
Other Local Authorities		2,126		1,626
NHS Bodies		3,050		2,227
Public Corporations and Trading Funds		6		14
Trade Debtors, Other Entities and Individuals		67,129		71,037
Provision for Expected Credit Losses		(4,402)		(4,098)
House Rents Receivable:				
Rents Receivable	13,321		15,127	
Less Expected Credit Losses	(9,896)	3,425	(11,293)	3,834
Arrears in Local Taxation:				
Council Tax	118,885		123,692	
Less Provision	(107,920)	10,965	(112,259)	11,433
NDR Statutory Addition	5,500		5,889	
Less Provision	(5,231)	269	(5,480)	409
Total Debtors		117,779		109,945

20. Cash and Cash Equivalents

	2022/23	2023/24
	£000	£000
Cash held by the Council	370	326
Bank current accounts / call accounts	57,031	7,868
Money Market Funds	18,150	40,095
Net Cash and Cash Equivalents	75,551	48,289

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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:

	2022/23 £000	2023/24 £000
Central Government	(3,572)	(1,222)
Other local authorities	(2,206)	(2,069)
NHS Bodies	(2,010)	(2,250)
Public Corporations and Trading Companies	(1,349)	(709)
Trade Creditors, Other Entities and Individuals	(178,314)	(177,941)
Short-term compensated absences (1)	(23,803)	(20,382)
Total Creditors	(211,254)	(204,573)

- (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 31 March 2022 £000	Additional Provisions Made in 2022/23 £000	Amounts Used in 2022/23 £000	Balance at 31 March 2023 £000	Additional Provisions Made in 2023/24 £000	Amounts Used in 2023/24 £000	Balance at 31 March 2024 £000
Equal Pay (1)	5,048	-	(73)	4,975	-	(6)	4,969
Landfill (2)	7,493	-	(246)	7,247	-	(296)	6,951
Financial Guarantee (3)	152	-	(97)	55	825	(125)	755
Total Provisions	12,693	-	(416)	12,277	825	(427)	12,675

- (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) A provision is recognised for the future costs associated with the restoration of closed landfill sites. Anticipated costs are estimated by expert advisors on a three-yearly basis with the most recent review being undertaken in 2021/22.
- (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 2024 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 2024 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 30th 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

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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 the substantive FAI hearing held in September 2024, and a further procedural hearing held in October 2024. The final decision from the enquiry has not yet been issued. 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 2024.

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 2023/24.

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:

	2022/23	2023/24
	£000	£000
Finance lease liabilities		
▪ Current	218	233
▪ Non-current	1,289	1,056
Finance costs payable in future years	387	280
Minimum lease payments	1,894	1,569

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Not later than one year	325	325	218	233
Later than one year and not later than five years	1,299	1,244	1,038	1,056
Later than five years	270	-	252	-
Total	1,894	1,569	1,508	1,289

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 2023/24 were £3.616m (2022/2023 £3.286m). The Council also leases various vehicles, plant and equipment on lease terms that are typically between one and five years. The rentals payable in 2023/24 were £0.298m (2022/23 £0.580m). Rental charges for operating leases have been included in the

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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	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Not later than one year	660	611	161	53
Later than one year and not later than five years	2,008	1,800	53	-
Later than five years	386	92	-	-
Total	3,054	2,503	214	53

The Council no longer sub-lets operational buildings therefore no minimum lease payments are expected to be received in 2023/24 (2022/23 £0.017m).

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 2023/24 was £1.430m (2022/23 £1.166m) 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	
	2022/23	2023/24
	£000	£000
Within one year	885	2,371
Later than one year and not later than five years	1,459	3,892
Later than five years and not later than ten years	1,743	2,679
Later than ten years and not later than fifty years	12,096	12,894
Later than 50 years	7,783	7,501
Total	23,966	29,337

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 of 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.

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 Phase 2b 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.

The Council has exercised the Service Concessions flexibility made through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements), with the statutory repayment of principal elements of the lease component of service concession arrangements being made over the estimated asset lives (up to 50 years), as opposed to the period of the contract. Payments made to operators remain unchanged, with differences between the actual amounts paid to the operator towards liability under the contracts and the principal repayments recognised through the Comprehensive Income and Expenditure Statement being held in the Capital Adjustment Account. Further details are disclosed in Note 30.

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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:

	2022/23	2023/24
	£000	£000
Opening Net Book Value	282,100	276,428
Additions	-	-
Disposals	-	-
Depreciation charge for the year	(5,672)	(5,310)
Revaluations in year	-	802
Closing Net Book Value	276,428	271,920

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 2024 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	22,070	7,971	16,520	46,561
Payable within two to five years	93,324	35,816	67,446	196,586
Payable within six to ten years	144,684	48,377	80,069	273,130
Payable within eleven to fifteen years	122,065	44,904	53,883	220,852
Payable within sixteen to twenty years	76,535	19,931	5,175	101,641
Payable within twenty-one to twenty-five years	10,695	1,317	457	12,469
Total	469,373	158,316	223,550	851,239

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:

	2022/23	2023/24
	£000	£000
Balance outstanding at the start of the year	(172,194)	(165,402)
Additions during the year	-	-
Payments during the year	6,792	7,086
Balance outstanding at year-end	(165,402)	(158,316)
Included in Balance Sheet		
Current	(7,086)	(7,971)
Non-current	(158,316)	(150,345)

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 £932m of total NLC assets in the pension fund of £2.9bn (32%). 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 similar 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 £858.492m 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 nil, therefore an asset ceiling adjustment of £858.492m has been applied. As a result, the net pension asset held on the Council's balance sheet in relation to funded plans is nil. In addition to this, a net pension liability of £119.490m is held on the Council's balance sheet in relation to unfunded liabilities.

In 2023/24, the Council paid £44.031m (£40.300m in 2022/23) 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 2023/24, these amounted to £5.530m (£5.127m for 2022/23).

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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:

	2022/23	2023/24
	£000	£000
Comprehensive Income and Expenditure Statement (CIES)		
Included within Net Cost of Service within CIES:		
• Current service cost	117,143	60,272
• Past service cost/(gain) including curtailments	3,494	2,268
	120,637	62,540
Included within Financing and Investment Income & Expenditure in CIES:		
• Net interest expense	5,034	3,088
	5,034	3,088
Total Post-employment Benefit charged to Surplus or Deficit on the Provision of Services	125,671	65,628
Other Post-employment Benefits charged to the CIES:		
Re-measurement of the net defined benefit liability	(155,907)	52,734
Total Post-employment Benefits charged to the CIES	(30,236)	118,362
Less Employer's contributions payable to pension scheme	(59,594)	(65,198)
Movement in Pension Reserve	(89,830)	53,164

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:

	2022/23	2023/24
	£000	£000
Opening balance at 1 April	(2,892,704)	(2,043,325)
Current service cost	(117,143)	(60,272)
Interest cost	(78,982)	(96,775)
Contributions from scheme participants	(15,585)	(16,866)
Remeasurement (gains) and losses:		
Actuarial gains/losses arising from changes in demographic assumptions	22,673	30,790
Actuarial gains/losses arising from changes in financial assumptions	1,107,351	75,856
Actuarial gains/losses arising from changes in other experience	(136,089)	(176,592)
Past service cost including gains/losses on curtailment	(3,494)	(2,268)
Benefits paid	70,648	91,455
Closing Balance at 31 March	(2,043,325)	(2,197,997)

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

	2022/23	2023/24
	£000	£000
Opening balance at 1 April	2,736,548	2,698,080
Interest income	73,948	127,938
Return on assets	(116,947)	138,014
Contributions from employer	52,020	56,995
Contributions from scheme participants	15,585	16,866
Contributions in respect of Unfunded Benefits	7,574	8,203
Benefits paid	(70,648)	(91,455)
Effect of settlements	-	-
Actuarial gains/losses arising from changes in other experience	-	(17,642)
Closing Balance at 31 March	2,698,080	2,936,999

The net value of the scheme assets and liabilities is a net asset of £739.002m, however following the application of the asset ceiling of £858.492m as noted above, the net pension liability shown on the Council's balance sheet is £119.490m consisting of a net pension asset of Nil in relation to funded plans, together with a pension liability of £119.490m 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:

	2022/23	2023/24
	£000	£000
Cash and cash equivalents	51,114	54,444
Equity instruments (by industry type)		
• Consumer	121,040	135,681
• Manufacturing	150,447	169,260
• Energy utilities	13,505	26,638
• Financial institutions	57,439	84,306
• Health and care	95,974	78,396
• Information technology	93,302	99,545
Sub-total equity	531,707	593,826
Bonds (by sector)		
• Corporate	1	-
Sub-total bonds	1	-
Property	222,455	230,935
Private equity	663,156	701,182
Other investment funds		
• Equities	894,121	1,012,840
• Bonds	311,160	342,602
• Commodities	1,053	1,170
• Infrastructure	17,326	-
• Other	5,989	-
Sub-total other investment funds	1,229,649	1,356,612
Derivatives	(2)	-
Total assets	2,698,080	2,936,999

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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 £36.326m, £71.700m and £11.464m in respect of LGPS, Teachers' and Pre-LGR unfunded pensions. For unfunded liabilities as at 31 March 2024, it is assumed that all unfunded pensions are payable for the remainder of the member's life.

	2022/23	2023/24
	£000	£000
Fair Value of Employer Assets	2,698,080	2,936,999
Present Value of Funded Liabilities	(1,923,821)	(2,078,507)
Net (under)/Overfunding in Funded Plans	774,259	858,492
Present Value of Unfunded Liabilities	(119,504)	(119,490)
Net Asset/(Liability)	654,755	739,002
Amount in Balance Sheet:		
Liabilities	(2,043,325)	(2,197,997)
Assets	2,698,080	2,936,999
Asset Ceiling Adjustment	(721,081)	(858,492)
Net Asset/(Liability)	(66,326)	(119,490)
Balance Sheet presentation:		
Other Long-Term Assets (Pensions)	53,178	-
Other Long-Term Liabilities (Pensions)	(119,504)	(119,490)
Net Asset/(Liability)	(66,326)	(119,490)

26.5. Fund History

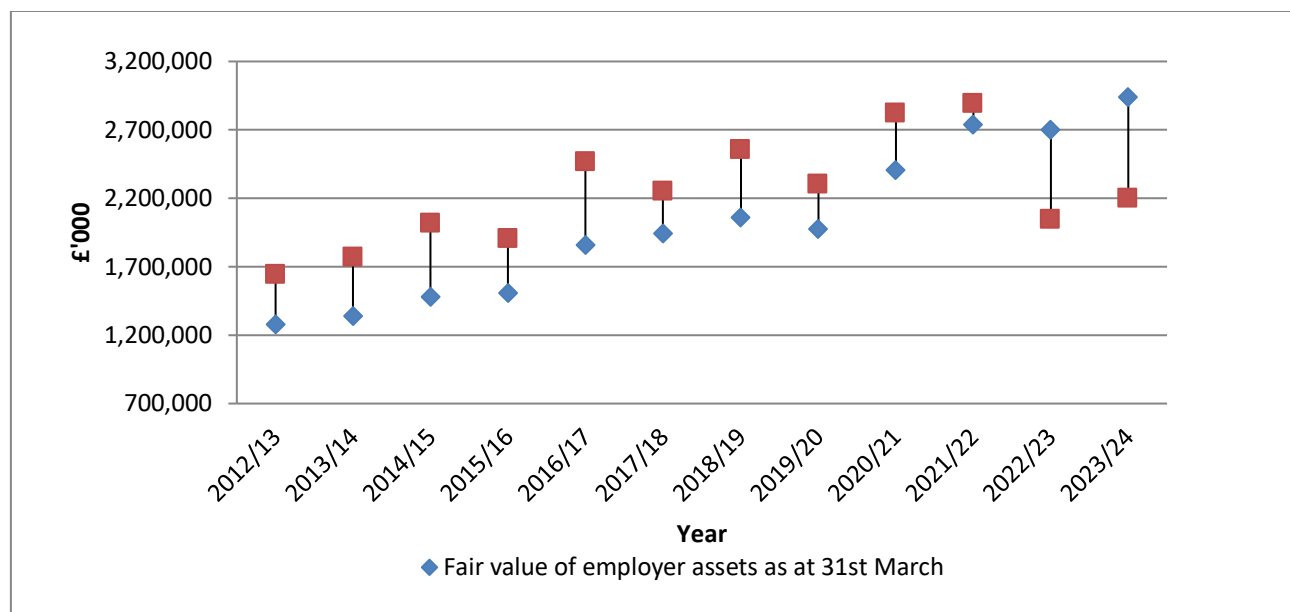
Triennial valuations provide one basis for assessing the overall position of funds (funding basis). Actuaries also prepare a valuation at 31st March each year on an accounting basis (IAS19 basis). This approach uses a lower discount rate for long-term liabilities and this tends to produce a more cautious 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 2023 shows a funding position of 147% therefore it is expected that future contributions will be sufficient to meet the liabilities. As a result, the Strathclyde Pension Fund Committee agreed employer contributions should reduce to 6.5% in 2024/25 & 2025/26 before increasing to 17.5% in 2026/27.

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 2024.

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	2022/23	2023/24
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
• Men	19.3	19.3
• Women	22.2	22.1
Longevity at 65 for future pensioners:		
• Men	20.5	20.2
• Women	24.2	23.8
Rate of increase in salaries	3.65%	3.50%
Rate of increase in pensions	2.95%	2.80%
Discount Rate	4.75%	4.80%

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%)	5,560	0%
Rate of increase in pensions (increase by 0.1%)	32,057	1%
Rate for discounting scheme liabilities (decrease by 0.1%)	37,026	2%
1 Year increase in the member life expectancy	87,920	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 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

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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 77% and 12%. The scheme also invests in properties (8%) and cash (2%), with comparative year's figures of 8% and 10% and other 1%

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 2025 is £18.567m. 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 16 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 2023), 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.

As indicated above, as a result of the most recent triennial valuation employer contributions remained at 19.3% for 2023/24, but will reduce to 6.5% in 2024/25 & 2025/26 before increasing to 17.5% in 2026/27. 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. General Fund Balance

	Balance at 31 March 2023 £000	Transfers Out £000	Transfers in £000	Balance at 31 March 2024 £000
Earmarked General Fund Reserves				
Change Management Fund	28,115	(13,257)	4,500	19,358
Schools Future Contractual Obligations	56,683	-	4,285	60,968
Strategic Capital Investment Programme	-	-	44,800	44,800
Loans Charges	5,000	-	12,905	17,905
Strategic Workforce Planning	13,000	-	4,902	17,902
Refugee Resettlement Programmes	5,699	(2,256)	4,881	8,324
2023/24 – 2026/27 Budget One-off Investment	21,075	(17,675)	4,719	8,119
Temporary Accommodation	9,288	(1,250)	-	8,038
Contingency Fund	8,000	-	-	8,000
Early Years & Childcare Expansion	7,312	(2,605)	506	5,213
One Workforce Grading Pressures	-	-	5,000	5,000
Whole Family Wellbeing	2,584	(513)	2,346	4,417
Unmanaged burdens within Education, Children & Families	4,755	(4,023)	3,502	4,234
Balances held by Schools under Devolved School Management	3,724	(3,724)	2,655	2,655
Mobilisation of Strategic Contracts	1,225	(366)	1,320	2,179
Pupil Equity Fund	3,851	(3,851)	2,153	2,153
Shared Prosperity Grants	-	-	1,753	1,753
Business Gateway and Business Recovery	1,379	(22)	340	1,697
Economic Recovery	3,554	(2,035)	-	1,519
Winter Reserve	1,500	-	-	1,500
Teacher Induction Scheme Support	-	-	1,302	1,302
Digital NL	1,960	(738)	-	1,222
Temporary Teachers	10,928	(10,105)	-	823
Non-Pay Inflation Mitigation	4,902	(4,902)	-	-
Other Earmarked Funds	16,311	(7,980)	16,277	24,608
Total Earmarked	210,845	(75,302)	118,146	253,689
Unallocated Balance	39,027	(8,823)	-	30,204
Total General Fund Balance	249,872	(84,125)	118,146	283,893

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 2022/23 annual accounts.

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27.2. HRA Balance

	Balance at 31 March 2023	Transfers Out	Transfers in	Balance at 31 March 2024
	£000	£000	£000	£000
Earmarked HRA Balance				
Welfare Changes and Financial Insecurity	610	(610)	-	-
Ambition	4,385	(3,079)	-	1,306
HRA Capital Programme (Energy Efficiency)	2,500	(2,500)	-	-
Contingency Fund	1,470	-	272	1,742
Loan Charges	-	(4,423)	13,495	9,072
Other	2,339	(4,726)	3,684	1,297
Total Earmarked	11,304	(15,338)	17,451	13,417
Unallocated/Held for Risks and Uncertainties	15,014	(14,371)	2,760	3,403
Total HRA Balance	26,318			16,820

27.3. Capital Grants Unapplied Account

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

	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	7,124	16,466
Capital grants received in the year but unapplied	15,014	6,039
Capital grants received in previous years now applied	(5,672)	(15,301)
Closing Balance at 31 March	16,466	7,204

27.4. 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.

	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	13,755	17,109
Transfers in year (see Note 34)	3,354	3,654
Closing Balance at 31 March	17,109	20,763

27.5. 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. In addition, Local Government Finance Circular 6/2023 provides a temporary amendment for the 2023/24 financial year to allow transfer of a specific element of the General Capital Grant to the Capital Fund in order that it may be used to provide funding for the principal element of both General Fund and HRA Loans repayments.

	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	396	2,608
Amounts expended on principal repayments	-	(20,000)
Transfer from Capital Receipts Reserve	2,212	343
Transfer of General Capital Grants	-	20,000
Closing Balance at 31 March	2,608	2,951

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27.6. Insurance Fund

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

	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	13,000	13,000
Amounts expended on claims settlements	(3,714)	(4,078)
Contributions to / from Insurance Fund	3,714	2,078
Closing Balance at 31 March	13,000	11,000

27.7. 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.

	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	-	-
Capital receipts received in the year	3,224	1,797
Amount applied to finance new capital investment	(1,012)	(1,454)
Amount transferred to Capital Fund	(2,212)	(343)
Closing Balance at 31 March	-	-

28. Unusable Reserves

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

	2022/23	2023/24
	£000	£000
Revaluation Reserve	603,687	521,945
Capital Adjustment Account	1,275,342	1,141,658
Financial Instruments Adjustment Account	(32,210)	(30,316)
Pensions Reserve	(66,326)	(119,490)
Employee Statutory Adjustment Account	(23,804)	(20,380)
Total Unusable Reserves	1,756,689	1,493,417

28.1. 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.

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	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	741,113	603,687
Upward revaluation of assets	57,412	26,399
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on Provision of Services	(228,972)	(59,734)
Surplus / Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on Provision of Services	(171,560)	(33,335)
Difference between fair value depreciation and historical cost depreciation	36,090	(38,133)
Accumulated gains on assets sold	(1,957)	(10,273)
Closing Balance at 31 March	603,687	521,945

28.2. 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 28.1 above.

	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	1,308,411	1,275,342
Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	(145,228)	(204,088)
• Net book value of non-current assets written off on disposal or sale	(10,896)	(17,139)
Adjusting amounts written out of the Revaluation Reserve	1,957	10,273
Net transfer to Capital Grants Unapplied Account	(9,343)	9,262
Capital financing applied in the year:		
• Use of Capital Receipts Reserve to finance new capital expenditure	1,012	1,454
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	87,786	64,916
• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (Loans Fund repayments)	6,995	28,828
• Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	-	(49,087)
• Capital expenditure charged against the General Fund and HRA balances	34,648	21,898
Closing Balance at 31 March	1,275,342	1,141,658

28.3. 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.

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	2022/23	2023/24
	£000	£000
Balance at 1 April	(26,803)	(32,210)
Premium for Early Settlement of Borrowing	(7,292)	-
Premiums / Discounts Annual Write-Off	1,867	1,867
Re-measurement of LOBO loans	18	27
Balance at 31 March	(32,210)	(30,316)

28.4. 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.

	2022/23	2023/24
	£000	£000
Balance at 1 April	(156,156)	(66,326)
Re-measurement of net defined pension liability	155,907	(52,734)
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	(125,671)	(65,628)
Employers' pensions contributions paid to Strathclyde Pension Fund	59,594	65,198
Balance at 31 March	(66,326)	(119,490)

28.5. 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.

	2022/23	2023/24
	£000	£000
Balance at 1 April	(21,717)	(23,804)
Settlement or cancellation of accrual made at the end of the preceding year	21,717	23,804
Amounts accrued at the end of the current year	(23,804)	(20,380)
Balance at 31 March	(23,804)	(20,380)

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29. Capital Commitments

At 31 March 2024, the Council was contractually committed to the following significant capital works.

	£000
HRA – New Build Programme	17,326
HRA – Heating	16,400
HRA – Roofing & Render	13,500
HRA – Bathrooms	4,000
HRA – Kitchens	3,500
HRA – Windows and Doors	7,000
HRA – Tower Strategy	4,660
HRA – Lead Pipe	250
HRA – Community Care	1,410
HRA – Security & DE Systems	1,250
HRA – Estate Regeneration	300
HRA – Fire Safety	1,400
HRA – Major Repairs	3,443
HRA – Rewiring	1,650
HRA – Overcladding	500
HRA – RAAC Remediation	700
HRA – General	100
School Alterations and Upgrades	7,697
Leisure Alterations and Upgrades	447
Redevelopment and Office Upgrades	165
Other Projects	89
Schools Modernisation	38,582
City Deal	7,673
Regeneration Capital Grant Fund	4,043
Place Based Improvement Programme	683
Other Regeneration Projects	205
Digital NL	328
Road Operations-Lighting	81
Road Operations-Roads/Bridges	8,101
Environmental Improvements	30
Flood Alleviation	83
Country Parks Upgrades	349
Biodiversity/Nature Trails	250
Play Areas	1,447
Parking Initiatives	125
Fleet Vehicles & Equipment	4,002

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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.

	2022/23	2023/24
	£000	£000
Net Book Value of Property, Plant & Equipment	3,143,477	3,079,721
Intangible Assets	12,118	18,890
Capital Adjustment Account	(1,308,411)	(1,275,342)
Revaluation Reserve	(741,113)	(603,687)
Opening capital financing requirement	1,106,071	1,219,582
Capital investment		
Property, plant and equipment	227,468	240,699
Intangible assets	7,141	1,522
Sources of Finance		
Capital Receipts	(1,012)	(1,454)
Government Grants and Other Contributions	(78,443)	(74,178)
Direct revenue contributions	(34,648)	(21,898)
Repayment of loans fund advances	(6,995)	(28,827)
Service Concessions – PPP principal repayment flexibilities	-	49,087
Closing capital financing requirement	1,219,582	1,384,533
Explanations of movements in year		
Increase in underlying need to borrow	113,511	115,864
Assets acquired under PPP contracts	-	49,087
Increase / (decrease) in capital financing requirement	113,511	164,951

During 2023/2024, the Council has exercised the Service Concessions flexibility through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements). This allows the Council to amend statutory repayment of principal elements of the lease component of service concession arrangements over the estimated asset lives instead of the contractual period. The value of this deferral is £49.087m benefit to the General Fund, consisting of retrospective elements of £44.600m of repayments relating to period ending 2022/23, and £4.487m relating to 2023/24.

The cumulative value of the liability charged to the General Fund prior to applying the permitted flexibility was £75.078m, the revised cumulative value of the liability charged to the General Fund in adopting the permitted flexibility is £25.991m and the balance of funds released to the General Fund as a result of applying this flexibility is £49.087m.

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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.

2023/24	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
Adjustments primarily involving the Revaluation Reserve:						
<i>Reversal of items debited or credited to the CI&E Statement:</i>						
Charges for depreciation and impairment of non-current assets	(35,198)	(2,935)	-	-	-	38,133
Total Adjustments	(35,198)	(2,935)	-	-	-	38,133

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
Adjustments primarily involving the Revaluation Reserve:						
<i>Reversal of items debited or credited to the CI&E Statement:</i>						
Charges for depreciation and impairment of non-current assets	(36,262)	172	-	-	-	36,090
Total Adjustments	(36,262)	172	-	-	-	36,090

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32. Adjustment to the Statutory Repayment of Debt for Service Concession Arrangements

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.

2023/24	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
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the CI&E Statement:</i>						
Permitted flexibility to the statutory repayment of debt for service concession arrangements	49,087	-	-	-	-	(49,087)
Total Adjustments	49,087	-	-	-	-	(49,087)

During 2023/2024, the Council has exercised the Service Concessions flexibility through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements) to amend statutory repayment of principal elements of the lease component of Service Concession arrangements over the estimated asset lives instead of contractual period. The value of this deferral is £49.087m benefit to the General Fund, consisting of retrospective elements of £44.600m of repayments relating to period ending 2022/23, and £4.487m relating to 2023/24.

This is the first year of application of this flexibility and as such there are no prior comparators to be shown.

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33. 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.

2023/24	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
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the CI&E Statement:</i>						
Charges for depreciation and impairment of non-current assets	71,983	132,105	-	-	-	(204,088)
Capital grants and contributions applied	(57,484)	(27,432)	20,000	-	(9,262)	74,178
Amounts written off as part of gain/loss on disposal	1,334	15,805	-	-	-	(17,139)
Statutory provision for the financing of capital investment	(17,086)	(11,742)	-	-	-	28,828
Capital expenditure funded from current revenue	(4,097)	(17,801)	-	-	-	21,898
Adjustments primarily involving the capital receipts reserve or capital fund:						
Transfer of capital receipts credited to CIES as part of gain or loss on disposal	(1,797)	-	-	1,797	-	-
Use of capital receipts to finance new capital expenditure	-	-	-	(1,454)	-	1,454
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Movements recognised under statutory provisions relating to Financial Instruments	(1,105)	(789)	-	-	-	1,894
Adjustments primarily relating to the Pensions Reserve:						
Reversal of items relating to retirement benefits charged to the CI&E Statement	61,083	4,545	-	-	-	(65,628)
Employer's pensions contributions and direct payments to pensioners payable in the year	(60,683)	(4,515)	-	-	-	65,198
Adjustment primarily involving the Employee Statutory Adjustment Account:						
Amount by which remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in accordance with statutory requirements	(3,139)	(283)	-	-	-	3,422
Total Adjustments	(10,991)	89,893	20,000	343	(9,262)	(89,983)

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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
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the CI&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)
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
Adjustments primarily involving the capital receipts reserve or capital fund:						
Transfer of capital receipts credited to CIES as part of gain or loss on disposal	(3,210)	-		3,210		-
Use of capital receipts/capital fund to finance new capital expenditure				(1,012)		1,012
Adjustment primary involving the Financial Instruments Adjustment Account:						
Movements recognised under statutory provisions relating to Financial Instruments	3,208	2,200	-	-	-	(5,408)
Adjustments primarily relating to the Pensions Reserve:						
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
Adjustment primarily involving the Employee Statutory Adjustment Account:						
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)
Total Adjustments	117,538	(20,496)	-	2,212	9,342	(108,596)

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34. 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 2023/24. Figures for 2022/23 are provided in an additional table for comparison purposes:

2023/24	Transfers to / (from) General Fund	Transfers (from) / to Other Statutory Reserves				
		HRA	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Receipts Reserve
	£000	£000	£000	£000	£000	£000
Contributions to Repairs & Renewals Fund from General Fund	(3,654)	-	-	3,654	-	-
Contributions to Insurance Fund	(2,084)	-	-	-	2,084	-
Amounts expended on claims settlements	4,084	-	-	-	(4,084)	-
HRA Contribution to General Fund	21,743	(21,743)	-	-	-	-
Contribution to Capital Fund	-	-	343	-	-	(343)
Amounts Expended on principal repayments	9,000	11,000	(20,000)	-	-	-
Total Adjustments	29,089	(10,743)	(19,657)	3,654	(2,000)	(343)

2022/23	Transfers to / (from) General Fund	Transfers (from) / to Other Statutory Reserves				
		HRA	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Receipts Reserve
	£000	£000	£000	£000	£000	£000
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 claims settlements	1,898	1,816	-	-	(3,714)	-
HRA Contribution to General Fund	10,249	(10,249)	-	-	-	-
Contribution to Capital Fund	-	-	2,212	-	-	(2,212)
Total Adjustments	6,895	(10,249)	2,212	3,354	-	(2,212)

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35. Reconciliation of 2023/24 Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities

	£000	£000
Surplus / (Deficit) on the Provision of Services		(159,945)
Non-Cash Transactions		
Items Relating to Loans Fund	4,406	
Adjustment relating to Provisions	399	
Adjustment relating to Non Domestic Rates	(5)	
Adjustment relating to Capital Items	200,685	
Adjustment relating to Pensions Reserve	430	205,915
Items on an Accruals Basis		
Increase in Inventories	(191)	
Decrease in Debtors	6,533	
Decrease in Creditors	(9,337)	(2,995)
Net Cash Inflow from Operating Activities		42,975

36. Reconciliation of Financing Activities to Balance Sheet

	Balance at 31 March 2023	Cash Flow	Non-Cash	Balance at 31 March 2024
Cash and Cash Equivalents	75,551	(27,305)	43	48,289
	75,551	(27,305)	43	48,289
Financing Activities:				
Borrowing short-term	281,225	(1,200)	8,892	288,917
Borrowing long-term	476,130	118,919	(4,444)	590,605
Finance leases short-term	7,304	(7,304)	8,204	8,204
Finance leases long-term	159,605	-	(8,204)	151,401
	924,264	110,415	4,448	1,039,127
Total cash outflow from financing activities		110,415		
Total cash inflow before financing activities		(137,720)		

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).

37. External Audit Costs

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

	2022/23	2023/24
	£000	£000
Agreed fee for the year	608	644
Total	608	644

The external audit costs include a fee of £4,186 (£4,186 2022/23) in relation to the audit of the Council's Charitable Trusts.

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38. 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 2023/24 is £0.168m. The financial results for the last three years of the Trading Operation can be summarised as follows:

		Turnover	Expenditure	(Surplus)/ Deficit	Adjustments from the CIES to General Fund	Net Expenditure Chargeable to the General Fund
		£000	£000	£000	£000	£000
Trading Operation	2021/22	(2,938)	3,014	76	(402)	(326)
	2022/23	(3,014)	3,165	151	(251)	(100)
	2023/24	(3,064)	3,232	168	(16)	152
(Surplus) / Deficit over 3 years		(9,016)	9,411	395	(669)	(274)

Over the three year period the overall deficit totals £0.395m. However, this incorporates IAS19 *Employee Benefits* adjustments totalling £0.669m which cannot be incorporated into charges to customers. Excluding the IAS19 adjustments the Trading Operation would have generated a three year surplus of £0.274m.

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

The Building Cleaning arm of the Trading operation provides a comprehensive cleaning service to external businesses and service partners across approximately 37 building locations, with an overall staffing complement of 227 staff (77.22 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 arm of the trading operation provides refuse collection and disposal services for approximately 900 traders. The service is provided by 10 staff (10 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 Town Centre Activities arm of the trading operation provides CCTV and Alarm monitoring to 5 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 arm of the trading operation is also fully accredited from Investors in People, and has successfully retained the relevant accreditations.

39. 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

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been delegated from the constituent Councils that comprise the area of each Board. The members of each Board are elected Councillors and appointed by the Councils in proportions specified in the legislation.

The Council has no shares, 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:

	2022/23	2023/24
	£000	£000
Strathclyde Partnership for Transport	5,425	5,528
Strathclyde Concessionary Travel Scheme	572	583
Lanarkshire Valuation Joint Board	2,103	2,004

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:

	2022/23		2023/24	
	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
Strathclyde Pension Fund	-	76,012	-	89,083

	2022/23		2023/24	
	Debtor	Creditor	Debtor	Creditor
	£000	£000	£000	£000
Strathclyde Pension Fund	-	9,049	-	10,927

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.

	2022/23		2023/24	
	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
Amey Public Services LLP	37	18,807	175	19,819
Fusion Assets Ltd	251	1,310	209	3,736
Mears Scotland LLP	3,588	65,839	3,616	66,203
North Lanarkshire Integration Joint Board	181,912	185,759	200,900	194,966
North Lanarkshire Municipal Bank Ltd	72	100	-	-
NL Properties	1,863	525	3,114	595
Routes to Work	46	3,569	48	4,145

Outstanding balances for each of these entities are as follows:

	2022/23		2023/24	
	Debtor	Creditor	Debtor	Creditor
	£000	£000	£000	£000
Amey Public Services LLP	59	1,212	164	1,511
Fusion Assets Ltd	48	-	53	-
Mears Scotland LLP	843	470	812	573
North Lanarkshire Integration Joint Board	-	35,767	-	24,805
North Lanarkshire Municipal Bank Ltd	-	-	-	-
NL Properties	1,294	15	2,411	26
Routes to Work	11	-	3	-

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Following closure of North Lanarkshire Municipal Bank Ltd in September 2022, the Council's financial statements show no debtor or creditor balances for the Bank. However, 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 2024 was £0.424m (£0.457m in 2022/23).

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 (financial risk not material to Coouncil)	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 Dunbarton.
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 (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 2023/24 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

2022/23		2023/24	2023/24
£000		£000	£000
140,499	Dwelling Rent Income	149,258	
1,081	Non-Dwelling Rent Income	1,134	
1,059	Other Income	1,045	
142,639	Total Income		151,437
55,046	Repairs and Maintenance	64,349	
36,594	Supervision and Management	33,192	
31,905	Depreciation	31,464	
(11,673)	Revaluations	103,576	
529	Other Expenditure	952	
112,401	Total Expenditure		233,533
(30,238)	Net (Surplus)/Deficit of HRA Services per Income and Expenditure Account		82,096
408	HRA Service Share of Corporate and Democratic Core	404	
(289)	HRA Share of other amounts included in the whole authority Net Cost of Services but not specifically allocated to specific services	(411)	
(30,119)	Net (Surplus)/Deficit of HRA Services		82,089
10,459	Gains or Losses on disposal of non-current asset	15,805	
13,387	Interest Payable (Including Amortisation of Premiums)	19,127	
(207)	Interest and Investment Income	(484)	
2,370	Impairment of Financial Assets	2,264	
357	Net Interest on the Net Defined Benefit Liability/Asset	214	
(33,642)	Recognition of Capital Grant	(27,432)	
(37,395)	(Surplus)/Deficit for the year on HRA Services		91,583

1.1. Statement of Movement on the Housing Revenue Account Balance

2022/23		2023/24	2023/24
£000		£000	£000
(19,496)	Balance on the HRA at the end of the previous year		(26,318)
(37,395)	(Surplus) / Deficit for the year on the HRA Income and Expenditure Statement	91,583	
(173)	Adjustment to usable reserves permitted by Accounting Standards (see Note 31)	(2,935)	
20,497	Adjustments between accounting basis and funding basis under regulations (see Note 33)	(89,893)	
10,249	Transfer (to) and from other statutory reserves (see Note 34)	10,743	9,498
(26,318)	Balance on the HRA at the end of the current year		(16,820)

1.2. Housing Stock

The Council's housing stock at 31 March 2024 was 36,581 (36,593 at 31 March 2023) in the following categories:

House Numbers 2022/23	Property Types	House Numbers 2023/24
302	1 Apartment	302
6,585	2 Apartment	6,501
18,883	3 Apartment	18,886
9,751	4 Apartment	9,815
1,039	5 Apartment	1,044
33	Other	33
36,593	Total	36,581

1.3. Rent Arrears

Current rent arrears outstanding as at 31 March 2024 amounted to £4.849m. This represented 3.25% of rents paid during the year (the comparative figures for the 2022/23 year were £5.411m and 3.91% respectively).

1.4. Impairment of Financial Assets

The expected credit losses at 31 March 2024 amounted to £8.129m (£7.636m as at 31 March 2023).

1.5. Void Rents

The level of income lost from unlet Council Dwellings during 2023/24 amounted to £1.426m (2022/23 £1.255m).

Annual Accounts 2023/24 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.

	2022/23	2023/24
	£000	£000
Gross Council Tax levied and contributions in lieu	184,958	195,743
Adjustments for prior years Council Tax	(2,518)	(1,652)
Adjusted for:		
Council Tax Benefits (Net of Government Grants)	-	-
Council Tax Reduction Scheme	(24,383)	(25,915)
Other discounts and reductions	(22,242)	(23,788)
Provision for Non-collection	(5,548)	(5,860)
Net Council Tax Income per the Comprehensive Income and Expenditure Account	130,267	138,528

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	52,502	2,548	(46)	7,149	405	42,446	0.66	28,294
Band B	38,084	941	1	4,280	323	32,540	0.77	25,306
Band C	20,509	421	8	2,081	158	17,840	0.88	15,856
Band D	18,291	185	(61)	1,394	99	16,674	1	16,674
Band E	17,524	130	44	848	97	16,405	1.31	21,554
Band F	10,491	47	95	336	34	9,980	1.63	16,217
Band G	3,163	22	53	97	11	2,979	1.96	5,835
Band H	170	3	1	5	0	161	2.45	394
				Total				130,130
				Provision for non-collection				4,229
				Council Tax Base				125,901

3. The Council Tax Charge

The charge for each band for 2023/24 was as follows:

	£ per Dwelling
Band A	880.52
Band B	1,027.27
Band C	1,174.03
Band D	1,320.78
Band E	1,735.36
Band F	2,146.27
Band G	2,586.53
Band H	3,235.91

Annual Accounts 2023/24

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.

	2022/23	2023/24
	£000	£000
Gross rates levied and contributions in lieu	146,982	155,513
Less:		
Reliefs and other deductions	(26,385)	(26,143)
Payments of interest	-	-
Provision of bad and doubtful debts	(3,618)	(3,881)
Net Non Domestic Rate Income	116,979	125,489
Adjustment to previous years' NNDR	(6,009)	(2,388)
Contribution to Non Domestic Rates	110,970	123,101
Distribution from Non Domestic Rate Pool	111,737	121,640
Adjustment for the years prior to the introduction of the pool	-	-
Income credited to the Comprehensive Income and Expenditure Statement	111,737	121,640

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 2023/24 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.

Analysis of Rateable Values as at 1 April 2023

	Number of Subjects	Rateable Value
		£000
Industrial and Freight	3,276	110,462
Commercial Subjects		
Shops (inc. Restaurants)	2,594	62,497
Offices	2,109	34,063
Hotels, Boarding Houses etc.	34	3,365
Others	1,214	26,916
Miscellaneous and Formula Valued Subjects	1,276	65,951
Total	10,503	303,254

Annual Accounts 2023/24

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 £0.178m and the Marshall (Education) Trust at £0.592m, 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 2024 was £0.959m (£0.979m at 31 March 2023) and is shown at book value on the balance sheet £0.032m (£0.032m 2022/23).

Summary Income and Expenditure Account

	2022/23	2023/24
	£000	£000
Education Trust Funds:		
Income		
Interest on Investments, etc.	43	74
Expenditure		
Grants, Prizes, Awards, etc.	(29)	(34)
Surplus / (Deficit) for the year	14	40
Other Sundry Trust Funds:		
Income		
Interest on Investments	-	1
Expenditure		
Grants, Prizes, Awards, etc.	-	-
Surplus / (Deficit) for the year	-	1

Balance Sheet at 31 March 2024

2022/23		2023/24	2023/24
£000		£000	£000
32	Investments	32	
1	Education Trust Funds	1	
	Sundry Trust Funds		
33			33
740	Advances to Council Loans Fund		781
79	Current Assets		83
852	Net Assets		897
32	Education Trust Funds		
	Capital	32	
745	Revenue	786	
777			818
1	Sundry Trust Funds		
	Capital	1	
74	Revenue	78	
75			79
852	Total Reserves		897

Annual Accounts 2023/24

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.

2022/23			2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
611,712	(104,534)	507,178	639,633	(102,262)	537,371
221,344	(56,402)	164,942	230,773	(61,657)	169,116
2,914	(2,914)	-	-	-	-
168,047	(85,851)	82,196	173,910	(89,197)	84,713
188,616	-	188,616	197,186	-	197,186
252,648	(239,203)	13,445	260,914	(263,858)	(2,944)
112,401	(142,639)	(30,238)	233,533	(151,437)	82,096
(558)	(633)	(1,191)	2,071	(9,508)	(7,437)
1,790	(4,933)	(3,143)	3,718	(7,079)	(3,361)
1,558,914	(637,110)	921,805	1,741,738	(684,998)	1,056,740
-	7,672	7,672	-	15,342	15,342
131,757	(80,231)	51,526	197,725	(144,192)	53,533
-	(945,408)	(945,408)	-	(967,501)	(967,501)
		35,595 (Surplus) or Deficit on the Provision of Services			158,114
		8,484 Associates and Joint Ventures accounted for on an Equity Basis			3,790
		44,079 Group (Surplus) or Deficit			161,904
		Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
		171,560 (Surplus) or deficit on the revaluation of non current assets			33,335
		(155,907) Re-measurement of the net defined Liability			52,809
		2,781 Share of Other Comprehensive Income and Expenditure of Associates and Joint Ventures			1,041
		18,434 Other Comprehensive Income and Expenditure			87,185
		62,513 Total Comprehensive Income and Expenditure			249,089

Annual Accounts 2023/24 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 2023		31 March 2024	
£000		£000	£000
	Property, Plant and Equipment		
1,257,571	Council Dwellings	1,207,367	
1,341,924	Other Land and Buildings	1,351,782	
41,559	Vehicles, Plant and Equipment	52,278	
265,123	Infrastructure Assets	278,721	
15,809	Community Assets	16,229	
17,685	Surplus Assets	18,203	
140,049	Assets Under Construction	107,092	3,031,672
	Intangible Assets		
74	Software Licences	49	
10,781	Software/Solution Development	10,103	
8,035	Intangibles Under Development	6,313	16,465
70,399	Investment Property		76,141
124,314	Investments in Associates and Joint Ventures		117,561
2,188	Long-Term Investments		2,164
1,328	Long-Term Debtors		2,459
53,178	Other Long-Term Assets (Pensions)		-
3,350,018	Long-Term Assets		3,246,462
92	Short-Term Investments	94	
4,558	Inventories	5,479	
118,209	Short-Term Debtors (net of impairment)	109,769	
87,433	Cash and Cash Equivalents	57,613	
210,292	Current Assets		172,955
(282,320)	Short-Term Borrowing	(289,417)	
(213,032)	Short-Term Creditors	(206,455)	
(12,380)	Short-Term Provisions	(12,241)	
(7,304)	Short-Term Finance Lease Liabilities	(8,204)	
-	Revenue Grant Receipts in Advance	-	
(515,036)	Current Liabilities		(516,317)
(508,721)	Long-Term Borrowing	(619,980)	
-	Long-Term Provisions	(586)	
-	Liabilities in Associates and Joint Ventures	-	
(159,606)	Other Long-Term Liabilities (Finance Leases)	(151,401)	
(119,504)	Other Long-Term Liabilities (Pensions)	(119,490)	
(787,831)	Long-Term Liabilities		(891,457)
2,257,443	Net Assets		2,011,643
	Usable Reserves		
249,872	General Fund Reserve	283,893	
26,318	Housing Revenue Account Balance	16,820	
2,608	Capital Fund	2,951	
16,466	Capital Grants Unapplied Accounts	7,204	
13,000	Insurance Fund	11,000	
17,109	Repairs and Renewals Fund	20,763	
325,373	Total Usable Reserves		342,631
1,756,689	Unusable Reserves		1,493,417
175,380	Group Reserves		175,595
2,257,443	Total Reserves		2,011,643

The unaudited accounts were issued on 27 June 2024 and the audited financial statements were authorised for issue on 31 October 2024

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

Annual Accounts 2023/24

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 2024	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
Balance at 31 March 2023	249,872	26,318	49,183	1,756,689	2,082,062	51,067	124,313	2,257,443
Adjustments to opening balances to reflect audited accounts	-	-	-	-	-	5,211	(804)	4,407
Adjustments to opening balances to reflect use of IAS28 in Joint Ventures	-	-	-	-	-	-	(1,117)	(1,117)
Revised Balance at 31 March 2023	249,872	26,318	49,183	1,756,689	2,082,062	56,278	122,392	2,260,732
Movement in Reserves during 2023/24								
Surplus / (Deficit) on Provision of Services	(68,362)	(91,583)	-	-	(159,945)	1,831	(3,790)	(161,904)
Other Comprehensive Income and Expenditure	-	-	-	(86,069)	(86,069)	(75)	(1,041)	(87,185)
Total Comprehensive Income and Expenditure	(68,362)	(91,583)	-	(86,069)	(246,014)	1,756	(4,831)	(249,089)
Adjustment to usable reserves permitted by Accounting Standards	35,198	2,935	-	(38,133)	-	-	-	-
Adjustments between Accounting Basis and Funding Basis under Regulations	49,087	-	-	(49,087)	-	-	-	-
Adjustments between Accounting Basis and Funding Basis under Regulations	(10,991)	89,893	11,081	(89,983)	-	-	-	-
Net Increase or Decrease before Transfers to Other Statutory Reserves	4,932	1,245	11,081	(263,272)	(246,014)	1,756	(4,831)	(249,089)
Transfers to and from Other Statutory Reserves	29,089	(10,743)	(18,346)	-	-	-	-	-
Increase or Decrease in the Year	34,021	(9,498)	(7,265)	(263,272)	(246,014)	1,756	(4,831)	(249,089)
Balance at 31 March 2024 Carried Forward	283,893	16,820	41,918	1,493,417	1,836,048	58,034	117,561	2,011,643

IAS 28 Investments in Associates and Joint Ventures requires that where NLC's share of an associate or joint venture's liabilities exceed its share in their assets, the body is excluded from the group statements. In 2022/23, both Amey and Mears made a surplus, however Amey are now reporting a loss and have been excluded from the group statements for 2023/24.

Annual Accounts 2023/24
Movement in Group Reserves Statement

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
Balance at 31 March 2022	236,264	19,496	34,275	1,844,848	2,134,883	48,672	135,580	2,319,135
Adjustments to opening balances to reflect audited accounts	-	-	-	-	-	820	(2)	818
Revised Balance at 31 March 2022	236,264	19,496	34,275	1,844,848	2,134,883	49,492	135,578	2,319,953
Movement in Reserves during 2022/23								
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)
Total Comprehensive Income and Expenditure	(74,563)	37,395	-	(15,653)	(52,822)	1,575	(11,265)	(62,511)
Adjustment to useable 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)	-	-	-	-
Net Increase or Decrease before Transfers to Other Statutory Reserves	6,713	17,071	11,554	(88,159)	(52,822)	1,575	(11,265)	(62,511)
Transfers to and from Other Statutory Reserves	6,895	(10,249)	3,354	-	-	-	-	-
Increase or Decrease in the Year	13,608	6,822	14,908	(88,160)	(52,822)	1,575	(11,265)	(62,511)
Balance at 31 March 2023 Carried Forward	249,872	26,318	49,183	1,756,689	2,082,062	51,067	124,313	2,257,443

Annual Accounts 2023/24 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.

2022/23		2023/24	2023/24
£000		£000	£000
61,260	Net Cash Inflow / (Outflow) from Operating Activities		40,417
	INVESTING ACTIVITIES		
	Cash Inflows:		
3,765	Sale of non-current assets	1,797	
74,324	Capital grants received	56,856	
8,277	Other capital receipts	10,754	
18	Investments redeemed	20	
86,384			69,427
	Cash Outflows:		
(244,768)	Purchase of non-current assets		(250,122)
-	Long-term investment		-
-	Investment in subsidiary		-
(158,384)	Net Cash Inflow / (Outflow) from Investing Activities		(180,695)
	FINANCING ACTIVITIES		
	Cash Inflows:		
345,499	New loans raised	418,300	
-	Net Agency Grants	-	
345,499			418,300
	Cash Outflows:		
(279,930)	Repayments of amounts borrowed	(300,581)	
-	Donation	-	
(7,049)	Capital payments of finance leases	(7,304)	
-	Net Agency Grants	-	
(286,979)			(307,885)
58,520	Net Cash Inflow / (Outflow) from Financing Activities		110,415
(38,604)	Net Increase / (Decrease) in cash and cash equivalents		(29,863)
125,920	Cash and Cash Equivalents at the beginning of the year		87,433
(38,604)	Net Increase / (Decrease) in cash and cash equivalents		(29,863)
117	Increase / (Decrease) Non-cash in cash equivalents		43
87,433	Cash and Cash Equivalents at the end of the year		57,613

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
Surplus/(Deficit) on the Provision of Services		(147,371)
Non-Cash Transactions		
Items Relating to Loans Fund	4,405	
Adjustment relating to Provisions	302	
Adjustment relating to Capital items	190,297	
Adjustment relating to National Non-Domestic Rates	(5)	
Adjustment relating to Pension Reserve	355	195,354
Items on an Accruals Basis		
Increase in Inventories	(613)	
Decrease in Debtors	7,067	
Increase in Creditors	(14,020)	(7,566)
Net Cash Inflow from Operating Activities		40,417

Annual Accounts 2023/24

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

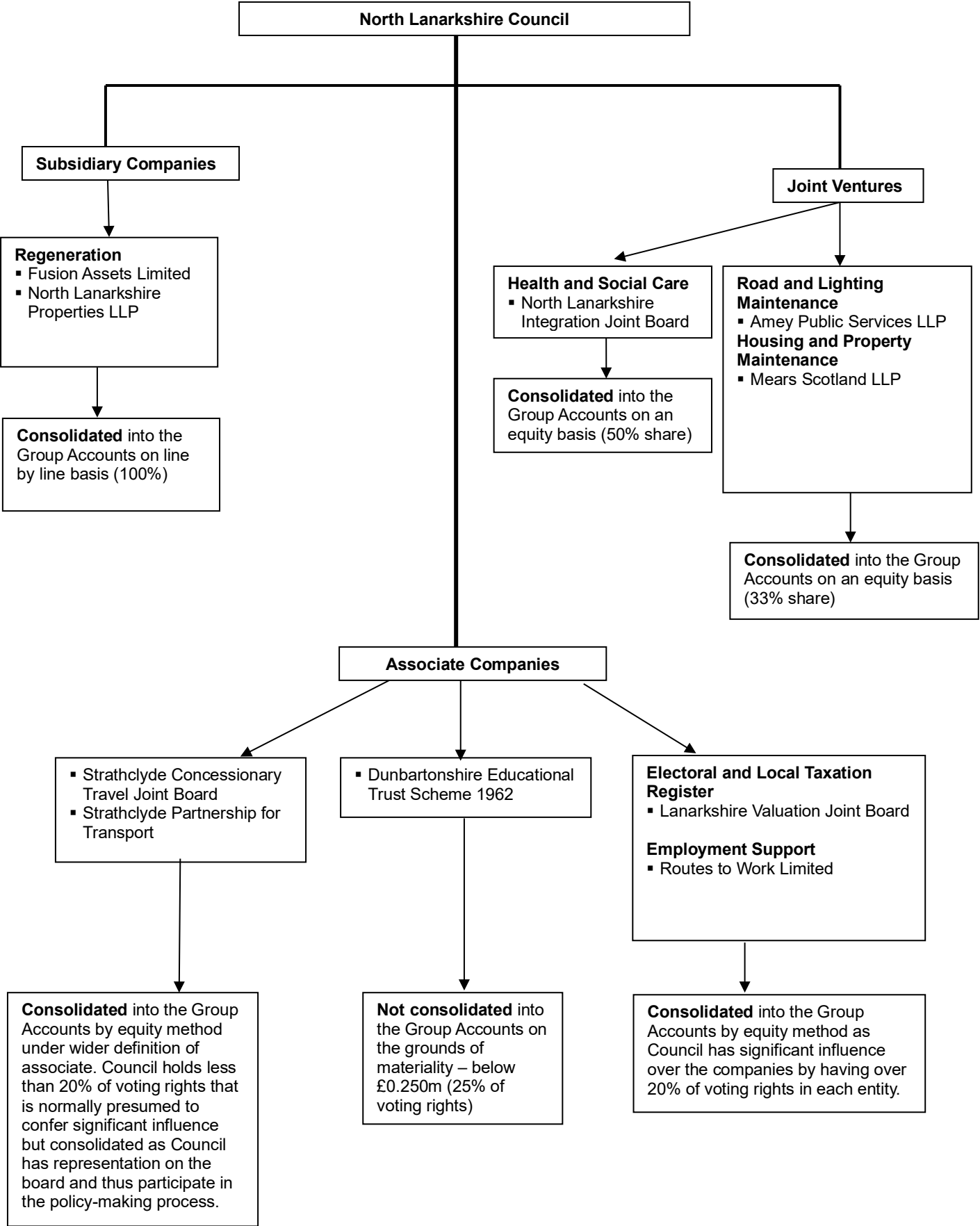
Subsidiary Companies: Entity controlled by the Council. Council has 100% interest in its subsidiaries.

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 2023/24
Notes to the Group Accounts



Annual Accounts 2023/24

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 2024 with the only exceptions being in respect of Amey Public Services LLP and Mears Scotland LLP which report to 31 December 2023. 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 2023-24, however work is ongoing to wind up both Amey Public Services LLP and Mears Scotland LLP following the end of their contracts with the Council's on 30 September 2024 and 30 June 2024 respectively.

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

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

2022/23		2023/24
£000		£000
52,822	Total Comprehensive Income and Expenditure on the Council's Comprehensive Income and Expenditure Statement	234,035
(1,575)	(Surplus)/Deficit arising from other entities included in the Group Accounts	(1,926)
(1,087)	Subsidiaries	(5,866)
9,571	Associates	9,656
	Joint Ventures	
	Other Comprehensive (Income) and Expenditure	
-	Subsidiaries	75
2,781	Associates	1,041
62,513	Group total Comprehensive Income and Expenditure for the year	237,015

Annual Accounts 2023/24
Notes to the Group Accounts

6.2 Council Balance Sheet to Group Balance Sheet

31 March 2023		31 March 2024
£000		£000
2,082,062	Net Assets on Council Balance Sheet	1,848,026
	Long Term Assets in Group Balance Sheet	
74,159	Investments in Associates	78,244
50,155	Investments in Joint Ventures	39,317
71,439	Subsidiary Non Current Assets	77,181
	Current Assets	
15,196	Subsidiaries	12,762
	Current Liabilities	
(2,978)	Subsidiaries	(2,439)
	Long Term Liabilities	
-	Associates	-
(32,591)	Subsidiaries	(29,375)
2,257,443	Net Assets on Group Balance Sheet	2,023,716
	Total Reserves on Council Balance Sheet	1,848,026
	Group Income and Expenditure and Other Reserves	
50,155	Joint Ventures	39,317
74,159	Associates	78,244
51,066	Subsidiaries	58,129
2,257,443	Total Reserves on Group Balance Sheet	2,023,716

Annual Accounts 2023/24

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.

	2022/23		2023/24	
	Fusion Assets Ltd	North Lanarkshire Properties LLP	Fusion Assets Ltd	North Lanarkshire Properties LLP
	£'000	£000	£'000	£000
Comprehensive Income and Expenditure Statement				
Surplus/ (Deficit) on Provision of Service	(99)	1,674	777	1,149
Other Comprehensive Income and Expenditure	-	-	-	(75)
Balance Sheet				
Non-Current Assets	3,035	68,404	3,235	73,946
Current Assets				
Inventories	2,884	-	3,614	-
Short-Term Debtors	648	(218)	569	(745)
Cash and Cash Equivalents	2,716	9,166	2,236	7,088
Current Liabilities				
Short-Term Creditors	(159)	(1,724)	(303)	(1,636)
Short-Term Borrowing	-	(1,095)	-	(500)
Long Term Liabilities				
Long Term Borrowing	-	(32,591)	-	(29,375)
Deferred Income	-	-	-	-
Capital Grants Received in Advance	-	-	-	-
Pensions	-	-	-	-
Reserves				
Income and Expenditure	(7,636)	(18,487)	(7,568)	(18,818)
General Fund	-	-	-	-
Pension	-	(207)	-	(132)
Revaluation Reserve	(394)	(23,248)	(594)	(29,827)
Other	(1,094)	-	(1,189)	(1)

Annual Accounts 2023/24

Notes to the Group Accounts

7.2 Joint Ventures

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

	2023/24	
	Council Payments to Entity	% of Entity's Annual Turnover
	£000	%
Amey Public Services LLP	19,819	91.28
Mears Scotland LLP	63,866	100
NL Integration Joint Board	194,966	24.66

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.

	2022/23			2023/24		
	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
Comprehensive Income and Expenditure Statement						
Gross Income	21,056	59,163	715,467	21,713	63,866	790,688
Net Profit/ (Loss) before Taxation	393	3,309	(21,506)	(286)	4,671	(24,422)
Taxation	-	-	-	-	-	-
Net Profit/ (Loss) after Taxation	393	3,309	(21,056)	(286)	4,671	(24,422)
Balance Sheet						
Non-Current Assets	342	24	-	83	32	-
Current Assets	3,307	17,877	97,946	3,474	18,891	75,524
Liabilities due within one year	(3,049)	(13,321)	-	(3,491)	(9,991)	-
Liabilities due after more than one year	(152)	(687)	-	-	(333)	-
Net Pension Asset	-	-	-	-	-	-
Provision for Liabilities	-	-	-	-	-	-
Capital and Revenue Reserves	(448)	(3,893)	(97,946)	(66)	(8,599)	(75,524)

IAS 28 Investments in Associates and Joint Ventures requires that where NLC's share of an associate or joint venture's liabilities exceed its share in their assets, the body is excluded from the group statements. In 2022/23, both Amey and Mears made a surplus, however Amey are now reporting a loss and have been excluded from the group statements for 2023/24.

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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.

	2023/24		
	Council Payments to Entity	% of Entity's Annual Turnover	Council Share of Net Assets/ (Liabilities)
	£000	%	£000
Strathclyde Concessionary Travel Scheme Joint Board	583	13.20	719
Strathclyde Partnership for Transport	5,528	4.59	76,221
Lanarkshire Valuation Joint Board	2,005	49.20	763
Routes to Work Limited	4,145	94.14	541

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.

	2022/23		2023/24	
	Routes to Work Ltd.	Lanarkshire Valuation Joint Board	Routes to Work Ltd.	Lanarkshire Valuation Joint Board
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Gross Income	4,368	4,237	4,403	4,075
Net Surplus / (Deficit)	107	(266)	119	757
Balance Sheet				
Non-Current Assets	1	424	(1)	113
Current Assets	1,178	1,914	1,937	2,098
Liabilities due within one year	(256)	(267)	(933)	(193)
Long-Term Liabilities	16	-	-	-
Retirement Benefit Asset / (Liabilities)	-	-	1,702	(493)
Accumulating Compensated Absences	-	74	-	70
Capital, Revenue & Pension Reserves	(939)	(2,145)	(2,705)	(1,595)

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

Annual Accounts 2023/24

Notes to the Group Accounts

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 25% voting rights on the Board however on the grounds of materiality it has not been consolidated as part of the group.

Annual Accounts 2023/24

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.

All information included in sections 2 to 5 in this Remuneration Report have been audited by the Council's appointed auditor, Audit Scotland. The other sections of this Remuneration Report have been reviewed by Audit Scotland to ensure they are consistent with the Financial Statements.

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 £46,902. For 2023/24 the salary for the Leader of North Lanarkshire Council was £46,706. The Regulations permit the Council to remunerate one Provost with a maximum salary of £35,177. For 2023/24 the salary for the Provost of North Lanarkshire Council was £35,027.

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 2023/24 was £525,141. 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 £515,334 in 2023/24.

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 2023/24 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
69	64.11

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%	26
1-50%	41
51-99%	0
100%	2

Percentage of the total pay bill spent on facility time

Total cost of facility time (£)	163,395
Total pay bill (£)	675,231,888
Percentage of the total pay bill spent on facility time	0.02%
Hours used on Facility Time	4,782

Annual Accounts 2023/24 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 (£)	2022/23			2023/24		
	Officers	Teachers	Total	Officers	Teachers	Total
50,000 - 54,999	194	203	397	277	352	629
55,000 - 59,999	85	228	313	147	226	373
60,000 - 64,999	45	151	196	64	133	197
65,000 - 69,999	25	111	136	33	156	189
70,000 - 74,999	20	58	78	19	92	111
75,000 - 79,999	1	16	17	26	41	67
80,000 - 84,999	1	8	9	7	21	28
85,000 - 89,999	2	3	5	-	7	7
90,000 - 94,999	1	7	8	1	7	8
95,000 - 99,999	3	1	4	2	5	7
100,000 - 104,999	1	2	3	-	2	2
105,000 - 109,999	14	-	14	-	3	3
110,000 - 114,999	1	-	1	13	-	13
120,000 - 124,999	-	-	-	1	-	1
130,000 - 134,999	-	-	-	1	-	1
140,000 - 144,999	1	-	1	-	-	-
145,000 - 149,999	-	-	-	1	-	1
180,000 - 184,999	1	-	1	-	-	-
190,000 - 194,999	-	-	-	1	-	1
	395	788	1,183	593	1,045	1,638

Annual Accounts 2023/24 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	2022/23 Total Remuneration	2023/24 Total Remuneration
		£	£
James Logue	Leader of the Council	38,123	46,706
Paul Kelly	Depute Leader of the Council (Until 22 nd June 23)	24,950	9,796
Louise Roarty	Depute Leader of the Council (From 22 nd June 23)	22,426	34,368
Kenneth Duffy	Business Manager (Until 22 nd June 23)		
	Provost	22,699	35,027
Bob Burgess	Depute Provost	16,917	29,840
Tracy Carragher	Leader of the SNP Group	24,674	29,705
Tom Fisher	Business Manager (From 22 nd June 23)	21,488	32,953
Martin McCulloch	Convener of Finance & Resources Committee		
	Convener of Adult Care and Social Work Committee	15,717	29,705
Nicky Shevlin	Convener of Planning Committee	19,758	29,705
John McLaren	Convener of Regulatory Committee	19,758	29,705
Sophia Coyle	Chair of the Licensing Board	19,552	29,705
Kevin Docherty	Convener of Local Review Body	15,717	29,705
Angela Campbell	Convener of Education, Children & Families Committee (From 25 th August 22 to 28 th March 24)	21,488	32,135
Michael McBride	Convener of Education, Children & Families Committee (From 28 th March 24)	-	327
Ayeshah Khan	Convener of Enterprise, Growth & Fair Work Committee (From 25 th August 22 to 22 nd June 23)	15,717	8,230
Alex McVey	Convener of Enterprise, Growth & Fair Work Committee (From 22 nd June 23)	349	21,475
	Convener of Lanarkshire Joint Valuation Board (Until 5 th May 22)		
Heather Brannan-McVey	Convener of Housing Committee (From 25 th August to 22 nd June 23)	22,426	9,137
Michael McPake	Convener of Housing Committee (From 22 nd June 23)		
	Convener of Environment & Climate Change Committee (Until 5 th May 22)	4,042	29,404
Helen Loughran	Convener of Environment & Climate Change Committee	15,717	32,047
Alexander Watson	Convener of Audit & Scrutiny Panel	20,535	29,705
Kenneth Stevenson	Convener of Communities Committee	17,447	32,953
Geraldine Woods	Convener of Wellbeing and Tackling Poverty Committee	15,717	29,705
James Reddin	Depute Convener of Lanarkshire Joint Valuation Board	4,363	5,029
Total		399,580	597,067

Note

1. 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).
2. 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.
3. The full-time equivalent salaries for 2023/24 were as follows: Leader £46,902, Depute Leader & Provost £35,177, Depute Provost £29,917, Business Manager, Convener of Finance & Resources, Housing, Communities, Environment & Climate Change and Education, Children & Families Committees £33,179, Convener of Audit & Scrutiny Panel £29,917, all other Senior Councillors £29,917 (£45,669, £34,254, £31,028, £32,000 and £28,827 for 22/23 respectively).

Annual Accounts 2023/24 Remuneration Report

4. 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.
5. 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 2023/24:
 - Councillor J Reddin was the Depute Convener of the Lanarkshire Joint Valuation Board from 27th June 22 and the Council was reimbursed £5,029 for 2023/24 (£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	2022/23	2023/24
	£	£
Salaries	1,703,414	1,762,664
Expenses	26,939	27,113
Total	1,730,353	1,789,777

Note: The annual return of Councillors' Remuneration for 2023/24 is available for any member of the public to view on the Council's website at www.northlanarkshire.gov.uk. Please follow the link on the Council's website as follows: [Councillor Remuneration 2023/24](#)

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c. Remuneration of Council Senior Employees

Name	Post Title	2022/23	2023/24		
		Total Remuneration	Salaries, fees and allowances	Compensation for loss of office	Total Remuneration
Desmond Murray	Chief Executive	£ 183,634	£ 193,136	£ -	£ 193,136
Derek Brown	Depute Chief Executive (Until 3 rd September 2023)	141,984	62,966	-	62,966
Andrew McPherson	Depute Chief Executive (From 4 th September 2023)	-	85,801	-	88,546
Elaine Kemp	Chief Officer (Finance) (Section 95 Officer)	104,485	115,896	-	115,896
Katrina Hassell	Chief Officer (Business & Digital)	104,420	115,713	-	115,713
Fiona Whittaker	Chief Officer (People Resources)	104,085	115,716	-	115,716
Stephen Penman	Chief Officer (Strategic Communication & Engagement)	107,785	116,986	-	116,986
Ross McGuffie	Chief Officer (Health and Social Care)	112,098	124,425	-	124,425
Alison Gordon	Chief Social Work Officer (Education Families Justice and Integrated Practice)	104,074	114,469	-	114,469
Archie Aitken	Chief Officer (Legal and Democratic)	107,785	116,986	-	116,986
Ken Adamson	Chief Officer (Audit & Risk)	92,067	103,038	-	103,038
Total		1,162,417	1,265,132	-	1,265,132

- Total remuneration disclosed relates to salary, fees and allowances and compensation for loss of employment.
- The 2023/24 remuneration in the table above includes election payments: Desmond Murray £438 (2022/23 £6,893) Elaine Kemp £180 (2022/23 £400), Katrina Hassell £0 (2022/23 £400), Stephen Penman £1,270 (2022/23 £3,700), Archie Aitken £1,270 (2022/23 £3,700) and Ken Adamson £350 (2022/23 £200).

d. Remuneration of Council's Subsidiary Bodies Senior Employees

Name	Post Title	2022/23	2023/24		
		Total Remuneration	Salaries, fees and allowances	Compensation for loss of office	Total Remuneration
Kenneth McDonald	Surveying and Technical Manager, North Lanarkshire Properties (Until 10 th November 23)	£ 47,051	£ 33,723	£ -	£ 33,723
Murray Collins	Managing Director, Fusion Assets	76,245	83,914	-	83,914
Total		123,296	117,637	-	117,637

- 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 2023/24 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 2024 at the rate on the following bands of pay:

Band	Range	Contribution Rate
1	On earnings up to and including £25,300	5.50%
2	On earnings above £25,301 and up to £31,000	7.25%
3	On earnings above £31,001 and up to £42,500	8.50%
4	On earnings above £42,501 and up to £56,600	9.50%
5	On earnings above £56,601	12.00%

The pension entitlements for Senior Councillors, Senior Employees of the Council and Subsidiary Bodies for the year to 31 March 2024 are shown in the tables below, together with the contribution made by the Council or the Subsidiary Body during the year.

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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 31 March 2023	For year to 31 March 2024	As at 31 March 2023	Movement In Year	As at 31 March 2024
	£	£	£000	£000	£000
James Logue	7,732	9,032	Pension 12	3	15
			Lump Sum 3	1	4
Paul Kelly	5,836	4,466	Pension 9	1	10
			Lump Sum 2	-	2
Louise Roarty	-	5,749	Pension -	1	1
			Lump Sum -	-	-
Kenneth Duffy	5,639	6,825	Pension 3	1	4
			Lump Sum -	-	-
Bob Burgess	-	-	Pension 2	-2	-
			Lump Sum -	-	-
Tracy Carragher	5,592	5,749	Pension 2	1	3
			Lump Sum -	-	-
Tom Fisher	5,372	6,377	Pension 3	1	4
			Lump Sum -	-	-
Martin McCulloch	4,878	5,749	Pension 2	2	4
			Lump Sum -	-	-
Nicky Shevlin	4,991	5,749	Pension 8	1	9
			Lump Sum 2	-	2
John McLaren	4,991	5,749	Pension 5	2	7
			Lump Sum -	-	-
Sophia Coyle	5,111	5,749	Pension 6	2	8
			Lump Sum 2	-	2
Kevin Docherty	4,878	5,749	Pension 4	1	5
			Lump Sum -	-	-
Angela Campbell	5,372	6,377	Pension 3	1	4
			Lump Sum -	-	-
Michael McBride	-	3,871	Pension -	1	1
			Lump Sum -	-	-
Ayeshah Khan	4,609	4,244	Pension 1	-	1
			Lump Sum -	-	-
Alex McVey	3,834	5,376	Pension 3	1	4
			Lump Sum -	-	-
Heather Brannan-McVey	5,461	4,372	Pension 6	2	8
			Lump Sum -	-	-
Michael McPake	3,880	5,876	Pension 6	1	7
			Lump Sum -	-	-
Helen Loughran	4,878	6,249	Pension 1	1	2
			Lump Sum -	-	-
Alexander Watson	5,080	5,749	Pension 3	1	4
			Lump Sum -	-	-
Kenneth Stevenson	5,259	6,377	Pension 2	2	4
			Lump Sum -	-	-
Geraldine Woods	4,878	5,749	Pension 2	1	3
			Lump Sum -	-	-
James Reddin	4,335	5,527	Pension 2	1	3
			Lump Sum -	-	-
Total	102,606	126,710	94	27	121

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b. Pension Benefits of Council Senior Employees

Name	In-year pension contributions		Accrued pension benefits		
	For year to 31 March 2023	For year to 31 March 2024	As at 31 March 2023	Movement in Year	As at 31 March 2024
	£	£	£000	£000	£000
Desmond Murray	35,343	36,838	Pension 64	9	73
			Lump Sum 65	4	69
Derek Brown (Until 3 rd September 23)	27,731	-	Pension 22	3	25
			Lump Sum -	-	-
Andrew McPherson (From 4 th September 23)	-	25,922	Pension 47	16	63
			Lump Sum 62	24	86
Elaine Kemp	20,346	21,986	Pension 42	6	48
			Lump Sum 56	4	60
Katrina Hassell	20,344	21,986	Pension 52	7	59
			Lump Sum 85	7	92
Fiona Whittaker	20,346	21,986	Pension 11	3	14
			Lump Sum -	-	-
Stephen Penman	20,344	21,986	Pension 26	5	31
			Lump Sum -	-	-
Ross McGuffie	21,903	23,640	Pension 12	4	16
			Lump Sum -	-	-
Alison Gordon	19,429	22,901	Pension 36	5	41
			Lump Sum 29	2	31
Archie Aitken	20,346	21,986	Pension 49	7	56
			Lump Sum 69	6	75
Ken Adamson	18,007	19,513	Pension 42	6	48
			Lump Sum 64	5	69
Total	224,139	238,744		833	956

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 31 March 2023	For year to 31 March 2024	As at 31 March 2023	Movement in Year	As at 31 March 2024
	£	£	£000	£000	£000
Kenneth McDonald (Until 10 th November 23)	9,067	-	Pension 3	5	8
			Lump Sum -	-	-
Murray Collins	25,081	27,117	Pension -	-	-
			Lump Sum -	-	-
Total	34,148	27,117		3	8

5. Exit Packages

North Lanarkshire Council terminated the contracts of a number of employees in 2022/23 and 2023/24 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.

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- 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.
- 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 2023/24

Banding	Employees No.	Redundancy Lump Sums	CAY Lump Sums	Strain Costs	Estimated CAY Liabilities	Total Exit Package Costs
		£000	£000	£000	£000	£000
£0-£20,000	46	573	-	4	-	577
£20,001-£40,000	72	1,938	-	149	-	2,087
£40,001-£60,000	37	1,429	-	306	-	1,735
£60,001-£80,000	20	739	13	530	102	1,384
£80,001-£100,000	22	576	38	976	391	1,981
£100,001-£150,000	38	1,061	129	2,175	1,298	4,663
£150,001-£200,000	20	564	74	1,711	1,059	3,408
£200,001-£250,000	6	107	35	643	560	1,345
£250,001-£300,000	1	30	12	136	104	282
	262	7,017	301	6,630	3,514	17,462

Comparative Exit Packages 2022/23

Banding	Employees No.	Redundancy Lump Sums	CAY Lump Sums	Strain Costs	Estimated CAY Liabilities	Total Exit Package Costs
		£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
£250,001-£300,000	-	-	-	-	-	-
	28	653	54	832	238	1,777

Des Murray

Des Murray
Chief Executive
31 October 2024

James Logue

Councillor James Logue
Council Leader
31 October 2024

Annual Accounts 2023/24 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 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

31 October 2024

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 2024, and its income and expenditure for the year ended 31 March 2024.



Elaine Kemp, CPFA

Chief Officer (Finance)

31 October 2024

Annual Governance Statement 2023/24

1. Purpose

1.1 The council is required to produce an Annual Governance Statement in line with the Local Authority Accounts (Scotland) Regulations 2014:

- Regulation 5(2) requires an authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control.
- Regulation 5(3) states that the findings from the review at 5(2) “*must be considered at a meeting either of the local authority or of a committee of the local authority whose remit includes audit or governance functions*”.
- Regulation 5(4) requires that for a local authority in Scotland the statement is an annual governance statement.
- Regulation 5(5) states that the annual governance statement must be signed by the Chief Executive and Leader of the Council.

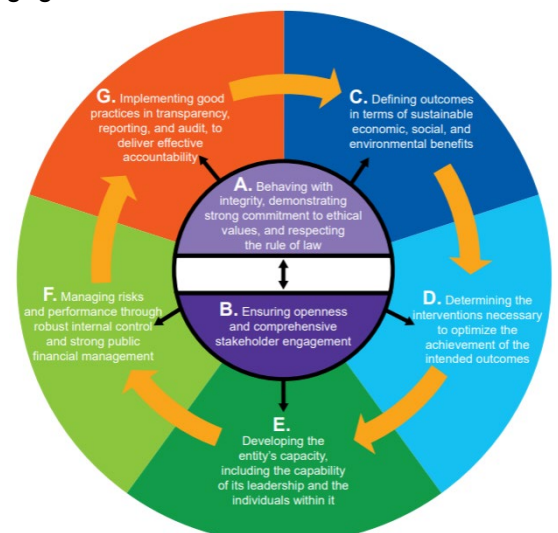
1.2 The Annual Governance Statement is required to outline the council’s governance arrangements for the last financial year and demonstrate how the council complies with the principles of good governance. The principles of good governance in the public sector are defined by the International Framework: Good Governance in the Public Sector which was jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC). The International Framework offers the definition that: *“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”*

1.3 The fundamental function of good governance is to ensure that governing bodies (and individuals working for public sector entities) achieve their intended outcomes while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders, and requires:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest (as noted in principles **A.** and **B.** above), achieving good governance also requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good principles in transparency, reporting, and audit, to deliver effective accountability.



1.4 The principles in the International Framework have been interpreted for the local government environment. This is set out in the Delivering Good Governance in Local Government: Framework (2016) and accompanying Guidance Notes for Scottish Local Authorities (2016) which was published by CIPFA in association with the Society of Local Authority Chief Executives

(SOLACE):

- The Delivering Good Governance in Local Government: Framework details the 7 principles within the International Framework along with a set of 21 supporting sub-principles and 91 examples of behaviours and actions which CIPFA consider demonstrate good governance.

1.5 In practice, governance comprises the combination of structures, strategies, policies, plans, frameworks, systems, processes, rules, codes, procedures, cultures, and values that are used to direct, control, and manage a local authority's operations and activities. This includes political, economic, social, environmental, legal, and administrative structures and processes, and other arrangements, as encapsulated in the principles defined in the Delivering Good Governance in Local Government: Framework. These define roles and responsibilities and accountabilities and establish mechanisms to enable a local authority to pursue its vision effectively and ensure that the vision is underpinned with control and the management of risk. The list of items referred to in this paragraph are hereinafter referred to as elements and mechanisms. Through these elements and mechanisms the overall aim is for the council to ensure:

- Resources are directed in accordance with agreed policy 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.

1.6 The purpose of the Annual Governance Statement is therefore to report publicly on the extent to which the council's arrangements are consistent with the principles in the Delivering Good Governance in Local Government: Framework. This includes how the effectiveness of the governance arrangements have been monitored and evaluated over the previous year, and any planned changes for the year ahead.

1.7 The Annual Governance Statement set out in this document therefore comprises the following sections:

- Section 2: Scope of responsibility - to ensure that there is a sound system of governance in place.
- Section 3: The local context - which takes into account the economic, societal and environmental aspects within which the council operates and the improvements made in this respect to drive forward achievement of the organisation's strategic objectives.
- Section 4: Annual review - to assess the effectiveness of the council's governance arrangements and system of internal control through 11 sources of assurance that incorporate improvements from current and previous years issues.
- Section 5: Certification of assurance - on the level of assurance that the governance arrangements provide.

2. Scope of responsibility - to ensure that there is a sound system of governance in place

2.1 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.

2.2 As such, 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) in order to ensure its governance arrangements remain sound and the highest standards continue to be met.

2.3 The council is required, in line with the Delivering Good Governance in Local Government: Framework, to test its governance arrangements (local code) against these principles by:

- Maintaining an up to date local code of governance that takes into account the environment within which it operates and includes arrangements for ensuring ongoing effectiveness.
- Reviewing existing governance arrangements once a year to ensure that the local code

operates effectively in practice.

- Reporting publicly on compliance on an annual basis, including how the governance arrangements have been monitored for effectiveness in the year and identifying planned changes.

2.4 As such, the council has:

- a) Set out its local code of governance in the Strategic Governance Framework. The Strategic Governance Framework was initially approved by the Audit and Scrutiny Panel in February 2020 and has been subject to an annual 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 which demonstrate North Lanarkshire Council's commitment to the principles of good governance.
- b) A well-established assessment process which reviews the council's governance arrangements and systems of internal controls on an annual basis. This assessment - which provides the evidence that informs the Annual Governance Statement - aims to:
 - Ensure the council can demonstrate ongoing compliance with the principles in the Delivering Good Governance in Local Government: Framework and that the governance arrangements operate effectively in practice.
 - Identify any improvement actions and/or future planned developments required in relation to the council's key governance arrangements and continuous improvement activity.
- c) A well-established annual process that enables Chief Officers and Elected Members to discharge their duties through their specific responsibilities for determining and implementing the council's governance arrangements, ensuring the local code (the Strategic Governance Framework) is reviewed and assessed on an annual basis, identifying any improvement actions and/or future planned developments required in relation to key governance arrangements to ensure continuous improvement, and ensuring that the outputs from the annual assessment are reported publicly (to the Audit and Scrutiny Panel and through the council's [website](#)).

2.5 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.

2.6 As 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 summary Group Accounts to be included 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. As such, the Annual Governance Statement also covers the organisations consolidated in the council's Group Accounts.

3. The local context - which takes into account the economic, societal, and environmental aspects within which the council operates and the improvements in this respect to drive forward achievement of the organisation's strategic objectives.

3.1 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, financial decision making, strategy and policy development, corporate governance approaches, and service delivery across the organisation.

- 3.2 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 reviewed by the Policy and Strategy Committee in March 2024, this reported that 50% of the indicators show improvement over the period of The Plan for North Lanarkshire and, as such, the suite of indicators continue to play an important role in informing the strategic planning process through the Programme of Work.
- 3.3 As the delivery vehicle for the shared ambition, the Programme of Work provides a roadmap for work across council services and with partners and has been instrumental in stabilising the strategic direction of the council, while allowing for appropriate flexibility in the operational delivery of many complex inter-connected programmes, projects, and plans to ensure a dedicated focus on improvement, change, and delivering services that improve the lives of local people. An annual review process enables a recurring and dynamic approach to realising the shared ambition and has ensured that the Programme of Work has continued to remain current, relevant, and deliverable. This also enables delivery of the long-term vision to be informed by a 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 targeted and cohesive approach to establishing the programmes, projects, and activities required to achieve the intended outcomes.
- 3.4 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.
- 3.5 While 2023/24 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) has also had implications on the ability of the council to maintain a seamless approach to delivering services and progressing capital programmes that 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, this backdrop was critical in informing development of the delivery priorities in the Programme of Work to 2028.
- 3.6 The Programme of Work to 2028 approved in March 2023 was followed by a supporting single integrated one council Delivery Plan reported to the Policy and Strategy Committee in March 2024. This is underpinned by a governance framework which sets out, inter alia, roles and responsibilities, alignment across other corporate processes, and the corresponding monitoring, reporting, internal controls, and quality assurance arrangements.

- 3.7 Programme of Work achievements to date (reported to the Policy and Strategy Committee in March each year) 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 and show how the one place one plan one council approach and ongoing leadership and commitment to the Programme of Work are making a difference:
- New hubs are in place at the heart of local communities to support a much wider offering to people and communities with more direct access to the services they need and access to earlier, more responsive, and more integrated whole family support.
 - The range and affordability of homes has been increased through the provision of high-quality housing.
 - Environmental enhancements have been delivered to support added benefits to general health and wellbeing, social inclusion, physical and mental health, and public access.
 - Transformations to town centres are starting to reshape North Lanarkshire to provide modern, attractive, and multi-use centres fit for local people today and in the future.
 - Job creation has been expanded by accelerating and attracting investment to create more and new business opportunities.
 - Pathways have been built and skills and knowledge enhanced to smooth the transition to further education, training, or employment.
 - This is all supported by more joined up transport links, an enhanced digital infrastructure, and a network of more active travel routes for pedestrians and cyclists, all of which are boosting the local economy and securing improved opportunities and outcomes for employment, education, housing, and leisure, and creating a place where people want to Live, Learn, Work, Invest, and Visit.
- 3.8 The council's commitment made in 2022 - for itself and the area of North Lanarkshire - in respect of achieving net zero through the Action on Climate Together Plan, aims to further support delivery of the place based ambition and an update on this was reported to the Environment and Climate Change Committee in February 2024.
- 3.9 The role of Elected Members is key to ensuring the continuing and long-term commitment to delivering The Plan for North Lanarkshire through the Programme of Work and ensuring strategic oversight through the Policy and Strategy Committee in terms of its ongoing development, co-ordination, and monitoring. To support this role, the Policy and Strategy Committee maintain oversight of the following in relation to the Programme of Work:
- An annual review process - to ensure the council continues to (a) be able to adapt the Delivery Plan to changing circumstances, (b) absorb the impact of major unpredictable situations in order to keep plans relevant and the timescales therein realistic, and (c) assess incremental changes and impacts arising from updates to the results for the 28 Health Check Indicators.
 - Three related annual reports - that look back at the achievements to date, that review the current North Lanarkshire context through the 28 Health Check Indicators, and that look forward at future plans (following the annual review process). These are presented to the Policy and Strategy Committee in cycle 1 each year.
 - Six monthly interim reporting - to enable the Policy and Strategy Committee to maintain their strategic oversight and monitoring role for The Plan for North Lanarkshire.
- 3.10 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 2024. 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.

- An improvement planned for 2024/25 is to undertake a lite touch assessment on all strategies, policies, and plans updated during the year to ascertain compliance with the Strategic Policy Framework guidance. The outputs from this assessment will be built into the annual position statement update to the Audit and Scrutiny Panel in line with their role to provide an “*independent review of the council's governance, risk management, performance, and control frameworks*”. This will also support implementation of the improvement action identified by Audit Scotland in their Best Value thematic work which states that “*the council should look to improve its existing processes for engaging Elected Members on the overall strategic planning process*”.

3.11 Key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work (while ensuring each stage of delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, monitored, and governed) are six inter-related corporate frameworks that aim to maintain a corporate one council approach across the organisation:

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

3.12 To ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of 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. Updates in respect of these frameworks are captured in the Strategic Governance Framework review programme each year. This includes the following:

Strategic Self-Evaluation Framework

- 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 through a single strategy for improvement that (a) is in line with the Best Value duty to secure continuous improvement, and (b) ensures self-evaluation is undertaken within the context of fulfilling the vision set out in The Plan for North Lanarkshire.
- The Strategic Self-Evaluation Framework is reviewed and refreshed annually. The 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.
- Minor changes to the latest update to the Strategic Self-Evaluation Framework and rolling review programme in February 2024 ensured ongoing alignment with the new national approach to auditing Best Value through thematic audit work as well as ongoing compliance with Best Value guidance in terms of the council using self-evaluation to identify areas for improvement.
- Since the Strategic Self-Evaluation Framework and rolling review programme was formally established (and approved by the Audit and Scrutiny Panel) in 2021, nine self-evaluation exercises have been undertaken. A summary of each exercise has been included in previous year’s Annual Governance Statements and an annual monitoring process is in place to capture the status of implementing the improvement actions arising from each self-

evaluation exercise:

- The nine self-evaluation exercises resulted in 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.
- The improvement actions arising from the 2023 self-evaluations (in terms of the Audit and Scrutiny Panel and how effectively it is discharging its role, and of Partnership / Community Board effectiveness in line with their role in improving outcomes for local people and communities) are in the process of being delivered and are scheduled to be completed during 2024/25.
- The remaining improvement actions from the Data Governance Board self-evaluation undertaken in 2021 have been integrated within the senior information risk owner annual performance and assurance process for implementation and monitoring.
- A self-evaluation scheduled to be undertaken in 2025 aims to support the governance arrangements for the Programme of Work to 2028 and will focus on the operation of the supporting Strategic Boards following their implementation in 2023 to ensure they are effective in supporting delivery of the council's long-term vision in The Plan for North Lanarkshire.

Project Management Framework

- A review and refresh of the council's project management model in 2022 was supported by a self-evaluation exercise. This was required to ensure the council's arrangements remained fit for purpose and able to effectively support delivery of The Plan for North Lanarkshire and 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) has continued throughout 2023 and is in place to the end of 2024. 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 2024.
- Delivery of The Plan for North Lanarkshire is subject to a set of Quality Assurance arrangements in line with the corporate Project Management Framework. These arrangements have been aligned to the governance supporting the new Programme of Work to 2028 to ensure the council can (a) demonstrate compliance with the Project Management Framework, and (b) monitor delivery of projects and activities supporting the Programme of Work.
- The review programme to assess compliance with the Project Management Framework was finalised and implemented during 2023 with an overview of the results and findings arising following the analysis of the completed baseline self-assessment forms informing the improvement plan and next steps in order to progress the areas for improvement identified through the review programme during 2024.

- As good practice recommends that a council's audit and scrutiny committee play an important role in providing independent assurances about the delivery of major programmes and projects, a [report](#) to the Audit and Scrutiny Panel in February 2024 provided an initial overview in this respect in advance of future assurance reports that will support Elected Member oversight in terms of the quality assurance process and review programme for the Project Management Framework.

Strategic Performance Framework

- The Strategic Performance Framework is supported by a Performance Reporting Schedule which sets out the performance reporting, monitoring, review, and scrutiny arrangements for The Plan for North Lanarkshire by way of a reporting schedule and set of non-negotiable standards. During 2023/24, information regarding items on the Performance Reporting Schedule (i.e. Chief Officers six monthly performance reviews at service committees, service specific reporting to meet business and/or statutory obligations, and corporate reporting) was made available to the Audit and Scrutiny Panel through quarterly performance assurance reports in order to support the Panel's scrutiny and strategic oversight role.
- Since its implementation the Performance Reporting Schedule has been regularly reviewed and updated. The latest [update](#), reported to the Audit and Scrutiny Panel in February 2024, differs to previous years in that it also incorporates Programme of Work performance management and progress monitoring. This follows work to update the Strategic Performance Framework and develop Delivery Plans and performance measures for each of the seven Programme of Work priorities, while ensuring further alignment and formalisation of the corporate arrangements that support monitoring and governance of The Plan for North Lanarkshire.
- During 2023 there were 83 performance reports produced in line with the Performance Reporting Schedule. A very small number of reports did not make the scheduled reporting cycle, but clear rationales were provided by way of explanation that were found to be logical and sensible, and an agreement was reached on an appropriate subsequent reporting cycle. It should be noted that as the Reporting Schedule is developed only once a year as at a moment in time, it is expected that national changes or changes in local operating contexts and priorities may have an impact on subsequent reporting requirements and dates.
- During 2023/24, Chief Officers' six-monthly reports in line with the Strategic Performance Framework followed the standard template. This ensured that all reports consistently (a) set out the current context within which the service is operating, (b) highlighted areas of good performance that could be evidenced in the accompanying data, and (c) provided a summary of areas of performance requiring improvement along with narrative that gives an explanation for the level of performance achieved and summarises the remedial action implemented (or to be implemented) to bring performance back on track. Moving forward, reports will be required to demonstrate that the loop has been closed in terms of implementation and monitoring of both improvement actions and subsequent performance levels. This is required to provide a clear evidence trail that demonstrates continuous improvement in performance in line with the requirements of Best Value.
- The extent of the action undertaken by each audience when reviewing and scrutinising the performance information before them has been varied. Moving forward, the ask of the audience reading the report will be specifically (and appropriately) referenced in performance reports to service committees moving forward. This practice is already in place for Audit and Scrutiny Panel reports for the scrutiny function of the Panel. Specific training to be held in 2024, in relation to the scrutiny of performance, will further complement awareness raising and roles and responsibilities (as identified through the Audit and Scrutiny Panel's self-evaluation in November 2023).
- Reporting of the Local Government Benchmarking Framework (LGBF) measures were integrated into the Strategic Performance Framework when it was initially approved. This ensured appropriate alignment to The Plan for North Lanarkshire and Programme of Work, and also ensured that scrutiny did not focus on a single performance indicator which rarely provides a complete picture of performance when considered in isolation. This meant that during 2023/24 LGBF measures were integrated into reports to service committees alongside the wider suite of measures within each Chief Officers' area of responsibility. This approach will continue to ensure that reports contain a suite of all relevant performance indicators in order to provide a complete picture of performance. The council's website hosts a new dashboard for LGBF measures which was launched by the Improvement Service in 2023.

This provides an easy way to view a live picture of the most up to date performance for a benchmarking measure as at a point in time. It also enables North Lanarkshire's performance to be compared with other local authorities and the national average. Moving forward, this [dashboard](#) will be signposted in performance reports to service committees.

4. Annual review - to assess the effectiveness of the council's governance arrangements and system of internal control through 11 sources of assurance that incorporate improvements from current and previous years issues.

Sources of assurance

4.1 As noted in paragraph 2.3 above, the annual review process is an important aspect of the work undertaken each year to assess the effectiveness of the council's governance arrangements and systems of internal control and establish the evidence base to inform the Annual Governance Statement. As such, various elements and mechanisms, and roles and responsibilities, play a key role in this process. These sources of assurance are listed below:

- 1) Compliance with the CIPFA Position Statement: Audit Committees in Local Authorities (2018).
- 2) Compliance with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).
- 3) Compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016).
- 4) Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).
- 5) Compliance with the Public Sector Internal Audit Standards (PSIAS).
- 6) Chief Officers year end good governance assurance certificates and checklists.
- 7) Arm's length external organisations (ALEOs) year end good governance assurance certificates and checklists.
- 8) Annual review and update of the local code of governance review programme (i.e. the Strategic Governance Framework).
- 9) The Annual Audit Report (AAR) process undertaken by the external auditors, together with the national approach to auditing Best Value through thematic audit work.
- 10) Findings from other audit, scrutiny, or inspection bodies in relation to service specific assessments.
- 11) The role of the council's senior management team structure of meetings in respect of good governance, assurance, and continuous improvement.

Assessment of assurance

4.2 Each of the assurance sources listed in paragraph 4.1 has undergone a review and assessment process to ensure the information reported in the Annual Governance Statement reflects the most up to date position and provides the relevant assurances in respect of the council's governance arrangements and system of internal control. A summary of these assurance assessments is noted in paragraph 4.3 below at points (1) to (11).

4.3 While individually each of these 11 sources of assurance are supported by separate processes and arrangements, collectively they provide an evidence base that is aligned in support of the one council approach that underpins implementation of The Plan for North Lanarkshire. As such, where improvements have been made during the year, or found to be required moving forward, these are highlighted within each item.

- 1) **Compliance with the CIPFA 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 2023/24 the purpose of the Audit and Scrutiny Panel, as set out in the [Scheme of Administration](#) (March 2024), reflects the standards set out in the CIPFA Statement in that its role 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”.

The Scheme of Administration confirms that the Audit and Scrutiny Panel is responsible for *“providing an independent review of the council's 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.”*

The Scheme of Administration also sets out the Audit and Scrutiny Panel's specific duties in relation to the Annual Governance Statement which is 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.”*

During 2023/24, the Audit and Scrutiny Panel held its meetings as scheduled once every cycle, with a special meeting held at the end of June 2023 and the end of October 2023 to support the council in discharging its duties in respect of the year end Annual Accounts. A summary of agenda items considered by the Audit and Scrutiny Panel during the year is contained in the extract below.

Summary of Audit and Scrutiny Panel agenda items during 2023/24

- **Internal Audit** - four progress reports following 21 audits which resulted in 62 recommendations, four follow up reports of actions previously agreed by management in response to audit recommendations, a range of follow up in-depth reports from Chief Officers in relation to audits (mandatory training, pre-employment checks, debt recovery, equality audit progress, use of teaching supply staff, and school funds and school trips), an update on the National Fraud Initiative, two reports in relation to Accounts Commission publications (the annual local government overview and local government financial bulletin), the Internal Audit annual plan, and the Internal Audit annual report and audit opinion.
- **Risk management** - four risk management updates in respect of the Corporate Risk Register, with one report providing the updated Corporate Risk Register for 2023/24 and another report advising of a new approach to include a summary of key service risks from service risk registers to enable Elected Members to have sight of those risks with the highest residual risk scores, and one risk deep dive into raising educational attainment and closing the attainment gap.
- **Financial management** - one report in relation to the unaudited Annual Accounts for 2022/23 and one in relation to the audited Annual Accounts for 2022/23.
- **External audit** - with reports in relation to the Audit Scotland annual audit plan, the council's Annual Audit Report (AAR) and accompanying year end statements, and an outcome report from the Best Value thematic audit.
- **Scrutiny** - four reports arising from Panel member led scrutiny (in relation to supported businesses, provision of a payment solution for laundries in towers, compensation for compulsory purchase orders, and housing refurbishments), four quarterly performance assurance review reports providing a composite summary of all performance reports considered by the council committees in the previous cycle, two reports providing an assurance update in terms of the governance, financial governance, and risk management arrangements within each arm's length external organisation (ALEO), an annual performance report in complaints handling, two updates in relation to the scrutiny work programme, an update on the new national approach to auditing Best Value, and five reports providing an update in relation to aspects of the frameworks supporting The Plan for North Lanarkshire and Programme of Work (the Strategic Governance Framework, Strategic Self-Evaluation Framework, Project Management Framework and future quality assurance role of the Panel, Performance Reporting Schedule, and the corresponding Annual Position Statement for the frameworks), and the Annual Governance Statement.

A self-evaluation of the Audit and Scrutiny Panel was undertaken in 2023 and the resultant outcome report and improvement plan was approved by the Panel in November 2023. This followed an Internal Audit review in 2021 which recommended that the Audit and Scrutiny Panel should, in line with good practice, periodically undertake a self-evaluation of how effectively it is discharging its role.

The improvement plan set out two areas for improvement for implementation during 2024 in

relation to (i) formally establishing a regular face to face learning and development programme for the Audit and Scrutiny Panel to ensure members of the Panel have the appropriate skills and knowledge and (where required) access to relevant training and resources to effectively undertake their role, and (ii) ensuring the Audit and Scrutiny Panel continues to effectively discharge its duties and can demonstrate that it adds value to the organisation.

The improvement plan also noted that the Audit and Scrutiny Panel agreed to continue to evaluate the effectiveness of the Panel in discharging its duties - in line with the principles set out in CIPFAs Position Statement: Audit Committees in Local Authorities (2018), the supporting Audit Committees Practical Guidance for Local Authorities (2018) document, and the Best Value Guidance (2020) - initially through an annual self-evaluation exercise, with the frequency of follow up self-evaluations to be determined by the extent of improvements required following the 2024 self-evaluation exercise.

In December 2023, the Council meeting formally agreed one of the improvement actions in respect of amending the governance arrangements and removing the scope for substitute members to attend Audit and Scrutiny Panel meetings given the importance of Panel members having appropriate training, knowledge, and understanding and recognising the role that consistency in involvement has in terms of ensuring ongoing Panel effectiveness. This improvement action aims to ensure that Members attending Panel meetings have appropriate training, knowledge, and understanding of the work of the Panel and that this is enhanced over time through ongoing and consistent involvement in the Panel's business.

2) **Compliance with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).**

To enable the Acting Chief Officer (Audit and Risk) to fulfil the role in this respect, the council's senior management team is 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 sets out the role of Internal Audit and depicts in a diagram the steps in the annual review process which informs the content of the Annual Governance Statement. The Strategic Governance Framework undergoes a review and refresh exercise each year to ensure it remains up to date in reflecting the council's governance arrangements and it is reviewed and endorsed annually by the council's senior management team.

In line with the CIPFA statement, the Acting Chief Officer (Audit and Risk) has also provided an annual opinion for 2023/24 on the "*overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control*" through the Internal Audit annual report. In line with the Public Sector Internal Audit Standards (PSIAS), and the council's Internal Audit Charter, the council's senior management team (through both the Business Management Team and Corporate Management Team) considered and noted the Internal Audit annual report 2023/24 and annual opinion from the Acting Chief Officer (Audit and Risk) on 30th May 2024 and 7th June 2024 respectively. The Internal Audit annual report 2023/24 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 2023/24 states that it is the opinion of the Acting 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 31st March 2024*".

The CIPFA Statement considers the annual opinion from Internal Audit to be the most important output and one of the main sources of objective assurance that the Chief Executive and the council's senior management team has to support the Annual Governance Statement. The annual Internal Audit opinion is set out in more detail in paragraph 4.3 (5) below.

During 2023/24, an External Quality Assurance Review (EQAR) of the council's Internal Audit function assessed compliance with the Public Sector Internal Audit Standards (PSIAS). An important element of the PSIAS is a requirement for an independent EQAR to be conducted at

least once every five years and reported to key stakeholders including senior management and an audit committee; the results of the latest EQAR were reported to the Audit and Scrutiny Panel in May 2024. This includes an action plan with findings, responses, and planned actions that have been agreed by Internal Audit management for implementation during 2024/25.

- 3) **Compliance with 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 Acting Chief Officer (Audit and Risk), referenced in paragraph 4.3 (2) above. In this respect the annual opinion of the Acting Chief Officer (Audit and Risk) has reported in the Internal Audit annual report 2023/24 that their work “*suggests that, despite the ongoing significant and increasing challenges, key financial controls and financial management arrangements continued to operate to a generally high standard within the council.*”

The extent of the council’s compliance in this respect (and the role of the Chief Financial Officer therein) is further demonstrated through the self-evaluation exercise (undertaken in 2022/23) which concluded that the council’s financial management practices comply with all aspects of the CIPFA Financial Management Code. The self-evaluation also confirmed that the council’s Chief Financial Officer operates in a way that is consistent with the CIPFA Statement. The improvement actions identified through this self-evaluation (to ensure future budget engagement exercises with the public and external stakeholders are more focussed so that consultation around budget setting is more meaningful, and to develop robust training for stakeholders to help build capacity, knowledge, and accountability for financial provision across the council) were fully implemented by the end of 2022/23.

More recently, the external auditors Annual Audit Report (AAR) in October 2023 has continued to report positively on the council’s approach to financial management and financial sustainability.

- 4) **Compliance with 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.

The Strategic Governance Framework sets out the evidence in this respect and shows that the council has a number of policies and procedures in place which are kept under review and regularly updated as required. The key policies and procedures are listed below:

- Counter Fraud Policy - following a review of the council’s anti-fraud arrangements, an updated Counter Fraud Policy was approved by the Policy and Strategy Committee in September 2023. This sets out the council’s expectations (that extend to all individuals and organisations with whom it deals) in terms of acting honestly and with integrity and in safeguarding public resources.
- National Fraud Initiative (NFI) - the council actively seeks to detect fraudulent activity through participating in the NFI, this is a comprehensive data matching exercise between public bodies to highlight potential frauds and errors. Internal Audit plan and co-ordinate the submission of data and investigation of matches identified. The latest report in respect of the progress made in the follow up of matches was reported Audit and Scrutiny Panel in May 2024.
- Whistleblowing Procedure - an annual review process is in place in respect of the use of the procedure and to identify any amendments required to the procedure. An updated Whistleblowing Procedure was approved by the Policy and Strategy Committee in March 2023, and the outcome of the latest annual review is scheduled to be reported to Committee in June 2024.
- Gifts and Hospitality and Conflicts of Interest procedures for employees - guidance in this respect was incorporated into the Employee Code of Conduct in 2018. Since then, a process has been in place whereby Chief Officers are required to submit their up to date Service Registers annually (as part of the Chief Officer’s Assurance Certificate and Checklist process) for independent review and reporting to the council’s senior management team. E-mail announcements (in April 2024) reminded all employees of their obligations in respect of

- conflicts of interest and gifts and hospitality; this also provided links to the supporting guidance and employee declaration forms. The 2023/24 review of Registers found no significant trends or issues of concern that required to be reported to the senior management team.
- Employee Code of Conduct - the latest update was approved in March 2021. Findings reported in May 2023 from an Internal Audit corporate governance review show an update was underway and due to be completed by October 2023. Work is now currently underway with Chief Officers to review and update the content of the existing council Code of Conduct with a view to seeking approval of the revised policy at Committee in cycle 3 of 2024.
 - Code of Conduct for Chief Officers - the latest update in this respect was approved by the Policy and Strategy Committee in June 2023. The Code of Conduct for Chief Officers provides a framework within which Chief Officers of the council are expected to undertake their duties in a manner which meets the required standards for good governance.
 - Councillors Code of Conduct - this is approved by the Scottish Parliament and issued by Scottish Ministers. The Standards Commission for Scotland is responsible for the enforcement of the code of conduct. It also has responsibility for issuing guidance to assist local authorities and councillors about the code of conduct and also for hearing complaints about a councillor. The latest code and relevant guidance was published in December 2021 and was shared with new and returning Elected members following the local government elections in May 2022 with training provided on the content; this Code of Conduct available from the council's website.
 - Information Security Policy - the latest update in this respect was approved by the Policy and Strategy Committee in June 2023. The Information Security Policy, which includes cyber security, aims to protect the council's information systems and physical assets including supporting processes, networks, and equipment. As a biennial policy this is next scheduled to be updated in 2025.
 - Cyber security - a review and assessment was undertaken in 2023 through 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 outcome report from this assessment was submitted to the Audit and Scrutiny Panel in February 2023.
 - Risk Management - the identification of risks is carried out in line with the council's Risk Management Strategy (which was updated in March 2023) 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 specific risk.

The CIPFA statement also requires responsibility to be acknowledged. In this respect the Internal Audit annual report 2023/24 from the Acting 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 counter 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 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 2023/24 from the Acting Chief Officer (Audit and Risk) has confirmed that *"Audit investigations of suspected fraud and/or irregularities are reported to the Panel in line with the agreed Internal Audit reporting protocol. Apart from the whistleblowing allegations received by Audit Scotland regarding the existing Mears LLP housing and property maintenance contract, details of which were reported as part of the routine progress report at the May 2024 Panel, I am pleased to be able to report that there were no other weaknesses, material frauds or irregularities identified during 2023/24 that I require to bring to your attention."*

As reflected in the Internal Audit annual report 2023/24, the weaknesses noted above were reported to the Audit and Scrutiny Panel in May 2024. The [audit report](#) in this respect lists the issues arising, key findings, and conclusions. It also sets out five recommendations for action which are accompanied by the agreed management response in terms of the next steps,

responsibilities, and deadlines.

- 5) **Compliance with the Public Sector Internal Audit Standards (PSIAS).** This requires the Chief Officer (Audit and Risk) to provide the Audit and Scrutiny Panel (and the Chief Executive and the council's senior management team) with an annual summary of the work undertaken by Internal Audit and an annual independent opinion on the council's corporate governance, risk management, and internal control arrangements.

The independent and objective assurances provided by Internal Audit are 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).

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.

In Internal Audit annual report for 2023/24, the Acting Chief Officer (Audit and Risk) provides an overview of the activities of the Internal Audit section for the year 2023/24. This included highlights of issues arising from Internal Audit activity during the year and an extract in this respect is set out in the table below.

Extract from the Internal Audit annual report for 2023/24, May 2024

In the Internal Audit annual report for 2023/24, presented to the Chief Executive and both the Business Management Team and Corporate Management Team in May and June 2024 respectively, the Acting Chief Officer (Audit and Risk) provided an overview of Internal Audit activity against the 2023/24 Annual Plan and includes details of when each assignment was reported to the Audit and Scrutiny Panel (where not yet formally reported, status and expected dates are given). Key issues arising from Internal Audit outputs are highlighted in the Internal Audit Progress report tabled at each meeting of the Panel.

In the Internal Audit annual report for 2023/24, the Acting Chief Officer (Audit and Risk) also highlights issues arising from Internal Audit activity during the year; an extract from this report is noted below.

- a) A small number of audit assignments were reported during 2023/24 which offered only *limited assurance*. In all cases, management committed to a range of relevant improvement actions, some of which have already been completed, and we will continue to monitor progress on these issues during 2024/25 to provide senior management and the Panel with further assurance that relevant key controls are operating effectively.
- b) In addition, it is worth highlighting our work on the procurement and single bidder risk mitigation aspects of the Housing and Corporate Repairs contract award processes, which contains a non-standard audit conclusion because of the scope and nature of that work. Our report concluded that the governance arrangements in place for the Enterprise Project were adequate and appeared robust, and that the project was being managed in line with corporate expectations in a manner consistent with good practice. However, we identified the need for management to ensure a comprehensive and objective performance management framework is established with supplier performance assessed using clear, objective, and meaningful metrics supported by an adequately resourced, balanced contract management team with an appropriate range of skills.
- c) Overall, I am satisfied that the council's internal control and governance arrangements remained adequate and appropriately robust throughout 2023/24.
- d) The results from our detailed 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 generally positive with no significant weaknesses or areas of concern highlighted.
- e) Our work also suggests that, despite the ongoing significant and increasing challenges, key financial controls and financial management arrangements continued to operate to a generally high standard within the council.
 - f) 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. Apart from the whistleblowing allegations received by Audit Scotland regarding the existing Mears LLP housing and property maintenance contract, details of which were reported as part of the routine progress report at the May 2024 [Audit and Scrutiny] Panel, I am pleased to be able to report that there were no other weaknesses, material frauds or irregularities identified during 2023/24 that I require to bring to your attention.
 - g) Our report detailing the findings and conclusions arising from our work on the whistleblowing allegations received by Audit Scotland contained several recommendations designed to address the identified weaknesses and to seek to ensure that any future contract management and oversight arrangements are more robust. Many of the recommendations in this report are broadly consistent with, or cover similar aspects to, those raised at b) above. In response to both reports, management have committed to a range of detailed improvement actions, and we will monitor progress on these issues during 2024/25.
 - h) Although there are no issues that require me to qualify my annual opinion, there are a small number of areas that I would wish to highlight, and which will continue to be the focus of future audit coverage:
 - Given the key role effective contract and supplier management plays in ensuring that the council can deliver against its operational and strategic ambitions, we will undertake early and ongoing work, as necessary, to provide assurance on the adequacy and effectiveness of the council's management arrangements surrounding the mobilisation and implementation of new contract management arrangements for both recently approved contracts awarded via the Enterprise Project. With regards the new housing and corporate property maintenance contract, this will also involve specific, detailed follow-up of agreed actions arising from the investigation report on the Audit Scotland whistleblowing allegations.
 - The last year has seen the development of new internal governance structures designed to ensure the delivery, co-ordination, direction, and oversight of planned activities for the refreshed Programme of Work to 2028. These developments have also incorporated progression of an audit action, that has been outstanding for some time, around 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. Internal Audit will undertake specific work in the year ahead regarding the implementation and effectiveness of these arrangements now they are operational.
 - In last year's annual report, it was commented that, in recent years, we had identified several areas in respect of the council's arrangements for paying staff, where controls were inadequate or not operating as intended, which meant that at that time it was assessed that risks in this area remained high. Although some management action has been taken in the last 12 months to begin to address these issues, my assessment in this area remains the same, and as such, this will be subject to further audit coverage in 2024/25.
 - In a number of areas, in recent years, Internal Audit reports have 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 in accordance with the *Three Lines of Defence Model*, we will again this year continue to challenge management across the range of our planned audit work about how they themselves routinely gain assurance on compliance and the effectiveness of identified key controls.

Traditionally, the Annual Governance Statement outlines issues identified during the Internal Audit programme of work for the previous year (2022/23) and includes an update providing details of the actions taken to address each issue. In the annual opinion provided by the Chief Officer (Audit and Risk) for 2022/23, there were no issues that required the Chief Officer to qualify their opinion. A small number of areas were highlighted which were noted would continue to be the focus of future audit coverage during 2023/24. As such, the extract from the Internal Audit annual report for 2023/24 sets out the latest position in this respect.

- 6) **Chief Officers year end good governance assurance certificates and checklists.** This requires Chief Officers to review various aspects within their service areas and advise of any specific issues which require to be identified in the Annual Governance Statement.

Through this process Chief Officers have reviewed the effectiveness of governance arrangements during the year within their area of responsibility by completing a Certificate of Assurance and updating a 73 point Checklist to support the preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2024.

Following a review of the 14 certificates and checklists completed for 2023/24, 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.

Following recommendations from an Internal Audit review of corporate governance in 2023, the process to obtain the relevant assurances from Chief Officers was reviewed and refreshed in advance of the 2023/24 year end process. This resulted in the following improvements being implemented:

- Each of the 73 points (questions) was reviewed and updated (where required) to ensure clear alignment to one or more of the principles and/or sub principles in the CIPFA Framework. This approach supported the information that already exists in the Strategic Governance Framework Review Programme by ensuring the questions that are asked in the Checklist do not duplicate information that can already be obtained from other existing sources and/or processes. Where appropriate for added context, alignment to the governance and accountability theme in the national Best Value guidance (2020) was also reflected.
- For each question there is now a clear differentiation between (a) asking for a tangible item that can clearly be evidenced (e.g. documents, plans, procedures, etc), and (b) asking for an opinion that will require supplementary context to substantiate its point (i.e. asking if something is systematically deployed across a service or is operating effectively). For questions in respect of (a) the evidence that a tangible item exists was not (in the main) required be submitted as part of the annual Checklist process. The onus is on each Chief Officer to ensure that this evidence is readily available and can be produced should it be requested at a later date for any specific purpose or audience.
- Where it is appropriate to do so, questions follow certain aspects of a self-evaluation type structure, i.e. they ask if there is an approach in place, and/or if an approach has been systematically deployed and implemented in all relevant areas of the council and understood by all, and/or if the approach and its deployment are regularly reviewed to assess effectiveness.

In addition, Chief Officers were asked two specific questions in relation to improvements within their area of service which sought (a) their opinion if the recommendations from the work of others (internal audit, external auditors, and external audit and inspection bodies, etc) had informed positive improvement(s) within their service, and (b) if all improvement / corrective actions recommended through the work of others had been implemented / acted upon within their service. The review of the 14 checklists completed for 2023/24 showed that where there had been recommendations made Chief Officers responded positively in respect of both of these aspects. It should be noted though that not all improvement / corrective actions had yet been implemented as they were not yet scheduled to be so and while it was considered that recommendations made from the work of others are in the main helpful in addressing areas for improvement within the service, there are a small number of examples whereby corrective actions could have a negative impact on the resources required for small gain.

- 7) **Arm's length external organisations (ALEOs) year end good governance assurance certificates and checklists.** This requires the Chief Executive or Senior Representative of each ALEO to review various aspects within their service areas and advise of any specific issues which require to be identified in the Annual Governance Statement.

Through this process the council's five arm's length external organisations (ALEOs) have also reviewed the effectiveness of governance arrangements during the year within their organisation by completing a Certificate of Assurance and updating a 70 point Checklist to support the

preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2024.

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. The exception to this, is the matter in relation to the whistleblowing allegations received by Audit Scotland already covered in the Internal Audit annual report in paragraph 4.3 (5) above.

The improvements made to the Chief Officer year end Checklist noted in paragraph 4.3 (6) above, were also implemented for the ALEOs checklist.

In line with previous years good practice, six monthly reporting continued during 2023/24 to provide the Audit and Scrutiny Panel with oversight and assurance of governance, financial governance, and risk management arrangements within each ALEO.

8) **Annual review and update of the local code of governance review programme (i.e. the Strategic Governance Framework).**

The council's local code of governance has been developed taking into account the local environment within which the council operates which is set out above. 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.

The council's local code of governance is set out in the Strategic Governance Framework which is one of six inter-related strategic frameworks that aim to maintain a corporate one council approach across the organisation. These frameworks are key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work, while ensuring each stage of delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, monitored, and governed.

As such, the Strategic Governance Framework:

- Gathers together all existing governance arrangements into a list of elements and mechanisms that demonstrates the council's compliance with the 7 principles, 21 sub principles, and 91 behaviours and actions contained within the CIPFA Framework. By collating all existing elements and mechanisms (produced by the respective Chief Officer) into the one local code for annual review, assessment, assurance, and reporting purposes, the Strategic Governance Framework and its Review Programme provides an efficient mechanism through which the annual review can be undertaken. This also ensures appropriate oversight and governance of The Plan for North Lanarkshire and supporting Programme of Work and enables the council to monitor the delivery of its ambitions while ensuring arrangements for corporate governance, risk management, and internal financial controls are sound. A summary of the current position regarding the elements and mechanisms in the Strategic Governance Framework review programme is set out in the table below.
- Sets out the role of the Chief Officers and senior management team, Elected Members, and the Audit and Scrutiny Panel who are responsible for determining and implementing the council's governance arrangements, ensuring the local code is assessed on an annual basis to ensure ongoing effectiveness and compliance, and identifying any improvement actions and/or future planned developments required in relation to the council's key governance

arrangements and continuous improvement activity.

- Comprises a diagram that depicts the steps in the annual review process which ensures that the council's governance arrangements are regularly assessed for ongoing effectiveness within the context of The Plan for North Lanarkshire and provides evidence to inform the content of the Annual Governance Statement.
- Remains under review through the annual review process whereby each of the elements and mechanisms in the review programme are examined and updated as required to reflect the relevant documentation and hyperlinks, as well as the review timeframe, and date of next update.
- Is supported by an annual assessment of the current position of the elements and mechanisms in the review programme to ensure they remain timely and effective in supporting delivery of The Plan for North Lanarkshire. This involves assigning a corresponding RAG status to provide a method by which to identify and prioritise items requiring to be reviewed and updated further. The latest position following the 2023/24 year end review identified no Red elements or mechanisms, two Amber, and the rest were Green. For the two assessed as Amber (i.e. Employee Code of Conduct and employee engagement and wellbeing), there is a commitment by the respective Chief Officer to ensure an update is undertaken during 2024/25.

Extract summarising the current position regarding the elements and mechanisms
in the Strategic Governance Framework review programme

- The council's long-term strategic ambition and priorities in The Plan for North Lanarkshire and ensuring the vision therein - for inclusive growth and prosperity for all (to bring equal benefits and a fairer distribution of wealth to all North Lanarkshire's people and communities) - is embedded throughout policy statements agreed by the council, as well as strategic and financial decision making, strategy and policy development, everyday service delivery activities, and corporate governance approaches across the organisation.
- Six inter-related strategic frameworks (Policy, Governance, Performance, Self-Evaluation, Project Management, and Demonstrating Improved Outcomes for Communities) which ensure a one council corporate approach to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work (while ensuring each stage of delivery towards achieving the overall ambitions is appropriately aligned, planned, guided, implemented, monitored, and governed). To ensure these frameworks remain fit for purpose, and aligned to The Plan for North Lanarkshire and Programme of Work, all are on a regular review and refresh programme.
- 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. While stabilising the strategic direction of the council, the Programme of Work allows for appropriate flexibility in the operational delivery of many complex inter-connected programmes, projects, and plans to ensure a dedicated focus on improvement change, and delivering services that improve the lives of local people. A supporting governance framework and annual review process enables a recurring, dynamic, and cohesive approach to the ongoing development of the Programme of Work and ensures it remains current, relevant, and deliverable.
- A Strategic Policy Framework which sits beside the Programme of Work in the strategic planning process to ensure 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.
- Standing Orders that allow the council to delegate decision making to committees, sub-committees, or officers and which set out the rules that apply to the running and operation of council and committee meetings.
- 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, including reference to any Officer listed as being provided with a delegation is, de facto, deemed to hold a politically restricted post (in accordance with legislation).
- 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 maintenance of a Corporate Risk Register, Service Risk Registers, Project Risk Registers, and regular oversight of the council's risk management arrangements and management of key corporate risks by the Audit and Scrutiny Panel and Corporate Management Team, and other governing bodies as required.
- 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.
- A Counter Fraud Policy 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 (Public Interests Disclosure) 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 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 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 council's senior management team structure of meetings and Elected Members at committee.
- 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, six Strategic Programme of Work Boards, 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.
- Strategic Workforce Plans, supported by service specific workforce plans, which identify the actions required to address workforce gaps and set out detailed service level actions to address 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 now and 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.

The annual review and update of the Strategic Governance Framework is reviewed and endorsed each year by the council's senior management team (through both the Business Management Team and Corporate Management Team) in line with their respective governance, strategic oversight, assurance, and continuous improvement roles in respect of the council's governance arrangements and delivery of The Plan for North Lanarkshire.

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*".
- This audit also reported 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*".

More recently, the Internal Audit annual report 2023/24 and annual opinion from the Acting Chief

Officer (Audit and Risk) concludes that “*The results from our detailed 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 generally positive with no significant weaknesses or areas of concern highlighted.*”

9) **The Annual Audit Report (AAR) process undertaken by the external auditors, together with the national approach to auditing Best Value through thematic audit work.**

Published in May 2019, the North Lanarkshire BVAR comprised eight recommendations for action by the council. Various updates have been provided to committee since and the external auditors Annual Audit Report (AAR) has provided updates every year in terms of completed recommendations. The Annual Audit Report (AAR) in October 2023 reported that all eight recommendations had been fully implemented and were now complete.

The outcome report following the introduction of the new national approach to auditing Best Value in 2023 through thematic audit work (on the leadership of the development of new local strategic priorities) was reported to the Audit and Scrutiny Panel in October 2023 and the Policy and Strategy Committee in 2023. This recognised the clear ambitious vision in The Plan for North Lanarkshire and found that the vision has been driven by effective leadership and is supported by a range of performance indicators and performance reporting arrangements. The report concludes positively on the council’s approach to citizen and community engagement and recognises the council’s commitment to reducing inequalities and tackling poverty. The report also comments positively on the alignment of strategic and operational delivery plans (with the council’s financial, asset, and digital plans), the collaborative working between Elected Members and officers, and the council’s approach to self-evaluation which supports continuous improvement.

The outcome report following the Best Value thematic audit work contained a small number of audit recommendations and management responses, including planned actions, responsible officers, and timescales. Progress in terms of implementing these actions is monitored by Internal Audit and reported to the Audit and Scrutiny Panel.

- The council should look to improve its existing processes for engaging elected members on the overall strategic planning process.
- The council should consider how it measures the level of engagement with communities and equalities groups.
- The council should work with members to understand the reasons for the poor attendance to ensure its training and development programme is fit for purpose.

The external auditors latest Annual Audit Report (AAR), reported to the Audit and Scrutiny Panel in October 2023 presented key matters arising from each of the main areas of work undertaken by the external auditor. This included the audit of the financial statements and issues relating to the council’s financial management and financial sustainability, vision leadership and governance, best value arrangements, and the use of resources to improve outcomes. The report contained the external auditor’s audit opinion on the 2022/23 financial statements as well as a number of issues where action was required during the audit process and/or scope for further improvement existed. The report also contained a small number of audit recommendations and management responses, including planned actions, responsible officers, and timescales. Progress in terms of implementing these actions is monitored by Internal Audit and reported to the Audit and Scrutiny Panel.

10) **Findings from other audit, scrutiny, or inspection bodies in relation to service specific assessments.**

A dedicated page on the council’s website provides a central location for reporting on findings and recommendations from all national audits and inspections. This continues to be kept up to date as and when new reports become available nationally. Inspection reports published during 2023/24 include the following:

- Progress visit to evaluate the effectiveness of the community learning and development partnerships’ approach to self-evaluation and planning for improvement, and consider progress made against identified priorities in their community learning and development plans - February 2024. Inspectors noted that no further action was required following this inspection

and also identified some aspects of effective practice that the council were asked to share with HMIE to support practitioners elsewhere. The report suggests some minor areas of potential improvement which will be taken into consideration when reviewing and updating the community learning and development plan in 2025.

- Joint inspection of services for children and young people at risk of harm in North Lanarkshire community planning partnership led by the Care Inspectorate in collaboration with Education Scotland, Health Improvement Scotland, and His Majesty's Inspectorate of Constabulary in Scotland - October 2023. As there were no specific recommendations made by inspectors based on their assessment that the partnership had not already identified and were acting on, the recommendations were incorporated into the Child Protection Committee business and improvement plan and will be monitored through this Committee accordingly.
- Annual assurance statement produced for the Scottish Housing Regulator (SHR) to demonstrate the council meets all legal obligations associated with housing and homelessness services, equality and human rights, and tenant and resident safety - August 2023. As per the SHR's requirements the Annual Assurance Statement for 2022/23 was signed off by the Housing Committee in August 2023.

11) **The role of the council's senior management team structure of meetings in respect of good governance, assurance, and continuous improvement.**

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.

Following implementation of a single integrated corporate forum for all Chief Officers in April 2021, a subsequent self-evaluation exercise in 2022 to review the effectiveness of the revised arrangements, concluded there was a clear vision and effective leadership with a sound approach that provides clear direction and several aspects of the new arrangements were highlighted as working well. The combination of responding to and recovering from the pandemic while resuming business as usual activities at pace - had however intensified the volume of business that required to be discussed by the senior management team of the council which - along with the impact of workforce pressures, industrial action, inflationary pressures, the cost of living, external financial pressures, and large scale public sector reform - significantly added to the agenda and to the risks facing the council. For this reason, new arrangements in respect of the council's senior management team and supporting structure of meetings were developed and implemented from January 2023. This comprises four aspects, as follows:

- A Business Management Team whose role is *"To monitor the efficient and effective operation of the council"* and to secure the relevant assurances that *"the council is able to effectively pursue the long-term ambition set out in The Plan for North Lanarkshire by ensuring this is underpinned with the relevant assurances and controls in terms of corporate governance [including performance, legal, and hr matters], risk management, and financial management.* This means the Business Management Team role is that of assurance, not directing or monitoring delivery unless the ongoing assessment of assurance requires improvement in this respect. A four weekly Business Management Team meeting is held which comprises standing agenda items for finance, governance, risk, performance, and human resources and further demonstrates the ongoing commitment to ensuring corporate governance arrangements are in place and remain effective.
- The Chief Executive, Depute Chief Executive, Section 95 Officer, and Monitoring Officer are members of the Business Management Team as well as the Chief Officers of Audit and Risk, Business and Digital, People Resources, and Strategic Communications and Engagement.
- A Corporate Management Team whose role is *"To consider the strategic context and environment within which the council is operating, understand the position of the organisation,*

and consider the future direction. To consider the implementation of strategic decisions at a council wide level and the impact on the delivery of The Plan for North Lanarkshire and Programme of Work. To agree the one council approach required in order to deliver on the council's priorities (in partnership where required) in line with the strategic direction and monitor the delivery of the Programme of Work.” This means the Corporate Management Team role has a focus on improvement over time in delivering the council's strategic priorities through the Programme of Work.

- The Chief Executive, Depute Chief Executive, and all other Chief Officers are members of the Corporate Management Team.

Both the Business Management Team and the Corporate Management Team input to the annual Strategic Governance Framework review process and to the review of the evidence that informs the Annual Governance Statement (with a view to ensuring the council's governance arrangements and systems of internal controls remain effective) and to identify any improvement activity or future developments required to support continuous improvement. This ongoing commitment from the Business Management Team and the Corporate Management Team ensures that good governance is supported from the top of the organisation.

- Four Service Management Teams (SMTs) - the [annual governance update report](#) in December 2023 reiterated the four service groupings which were originally established in September 2018, and which have continued to operate effectively since, i.e. Chief Executive's services, Enterprise and Communities, Education and Families, and Adult Health and Social Care.
- The focus for these four SMTs is therefore to manage the operational delivery of service remits. They are also required to consider the implementation of strategic and corporate decisions at a service and/or service grouping level and to consider the context within which the service / service grouping is operating and ensure decisions made in terms of operational delivery are in line with good governance and support the successful delivery of the Programme of Work and The Plan for North Lanarkshire.
- Operational Management Team - formally established in April 2021, this forum comprises all senior managers and head teachers across the council. It operates under the principles of engage, develop, support, and inform to connect managers and enable them to strengthen and support their teams to deliver on the Programme of Work in line with The Plan for North Lanarkshire. This forum aims to provide a collaborative forum for discussions on the practical aspects of delivering the Programme of Work. This group is not a decision making body; it is an information sharing forum. Its focus is on providing opportunities to share and discuss significant strategic and corporate developments with the wider operational management team environment across the council.

5. Certification

- 5.1 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.
- 5.2 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.
- 5.3 Having considered all the principles, I am 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
31 October 2024

E. Logan

Leader of the Council
31 October 2024

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 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council only Comprehensive Income and Expenditure Statements, the group and council only Movement in Reserves Statements, the group and council only Balance Sheets, the group and council only Cash Flow Statements, the council only Housing Revenue Account Income and Expenditure Statement, the Council Tax Income Statement, the Non Domestic Rates Income Statement, the Sundry Accounts Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2024 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 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 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 councils 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. 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 FCPFA
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT
31 October 2024

Annual Accounts 2023/24

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.

Annual Accounts 2023/24

Glossary of Terms

Depreciation

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 2023/24

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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Gus iarrtas a dhèanamh, cuir fios gu Conaltradh Corporra aig:
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