

DRAFT
Annual Accounts
2022/23



**Clackmannanshire
Council**

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Comhairle Siorrachd
Chlach Mhanann

CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2022/23

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Be the
CUSTOMER

Be the
TEAM

Be the
LEADER

Be the
COLLABORATOR

Be the
INNOVATOR

Be the
FUTURE

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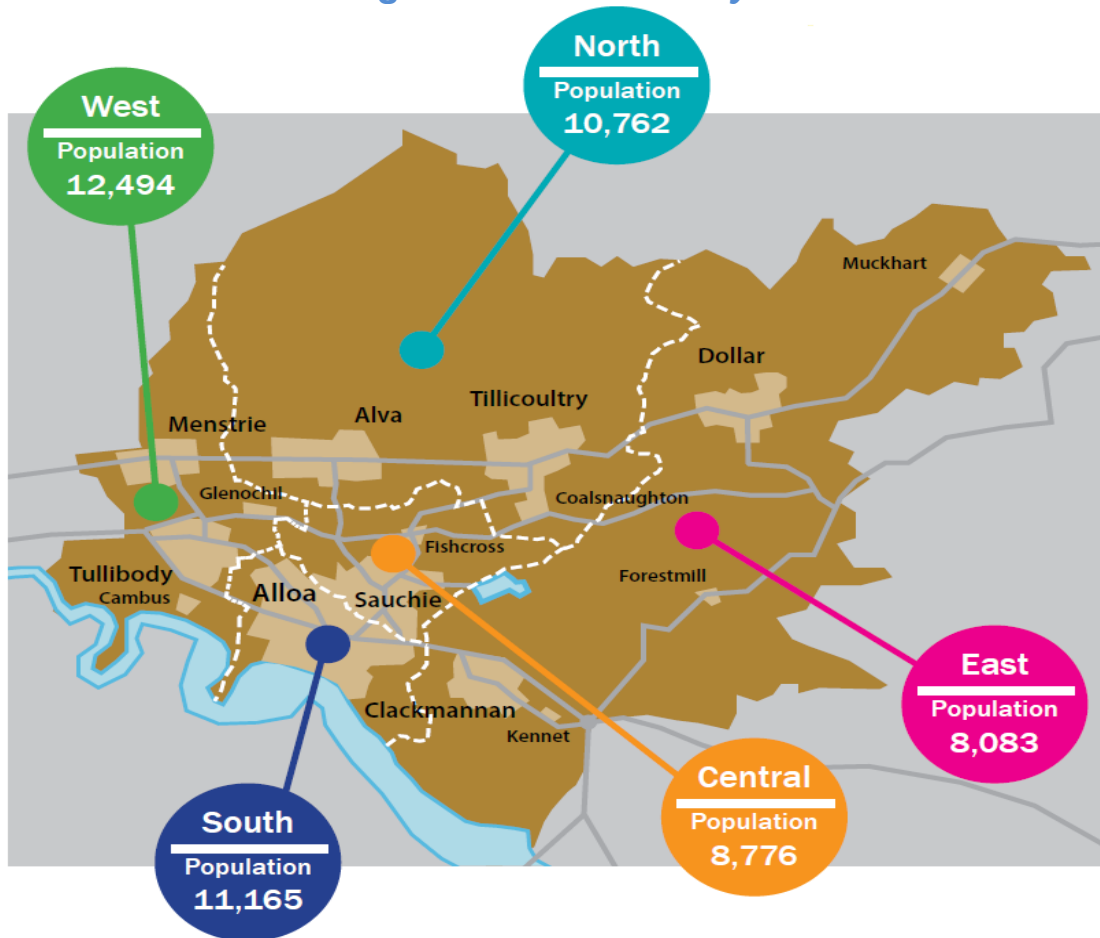
Introduction

This commentary sets the scene and context for the Financial Statements for Clackmannanshire Council, for the year ended 31 March 2023 and provides specific details in relation to the Council's financial position, its priorities and performance and strategies and plans for achieving these objectives. The commentary is compliant with The Local Authority Accounts (Scotland) Regulations 2014. The Management Commentary is required to present the collective view of those charged with governance and apply relevant sections of the Companies Act 2006 in respect of the preparation of a Strategic Report. The Financial Statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which sets out the format and content contained within them.

2022/23 has again been a challenging year for everyone as work continues on the recovery from the Covid-19 pandemic and the current cost of living crisis. The Council continued to play a key role in supporting the residents and businesses within Clackmannanshire, reviewing and reshaping services and supports that it provides. Further detail of how the Council is supporting its communities through the Cost of Living Crisis and pandemic recovery through its services is provided on page 31.

Clackmannanshire is located in Scotland's central belt, sharing administrative borders with Stirling, Perth and Kinross and Fife, and with natural boundaries provided by the Ochils and the River Forth. Clackmannanshire is the smallest mainland Council in Scotland, covering 61 square miles and serving a population of 51,280 (as at 2018). The Council employs 2,695 (headcount) staff (2021/22 2,727).

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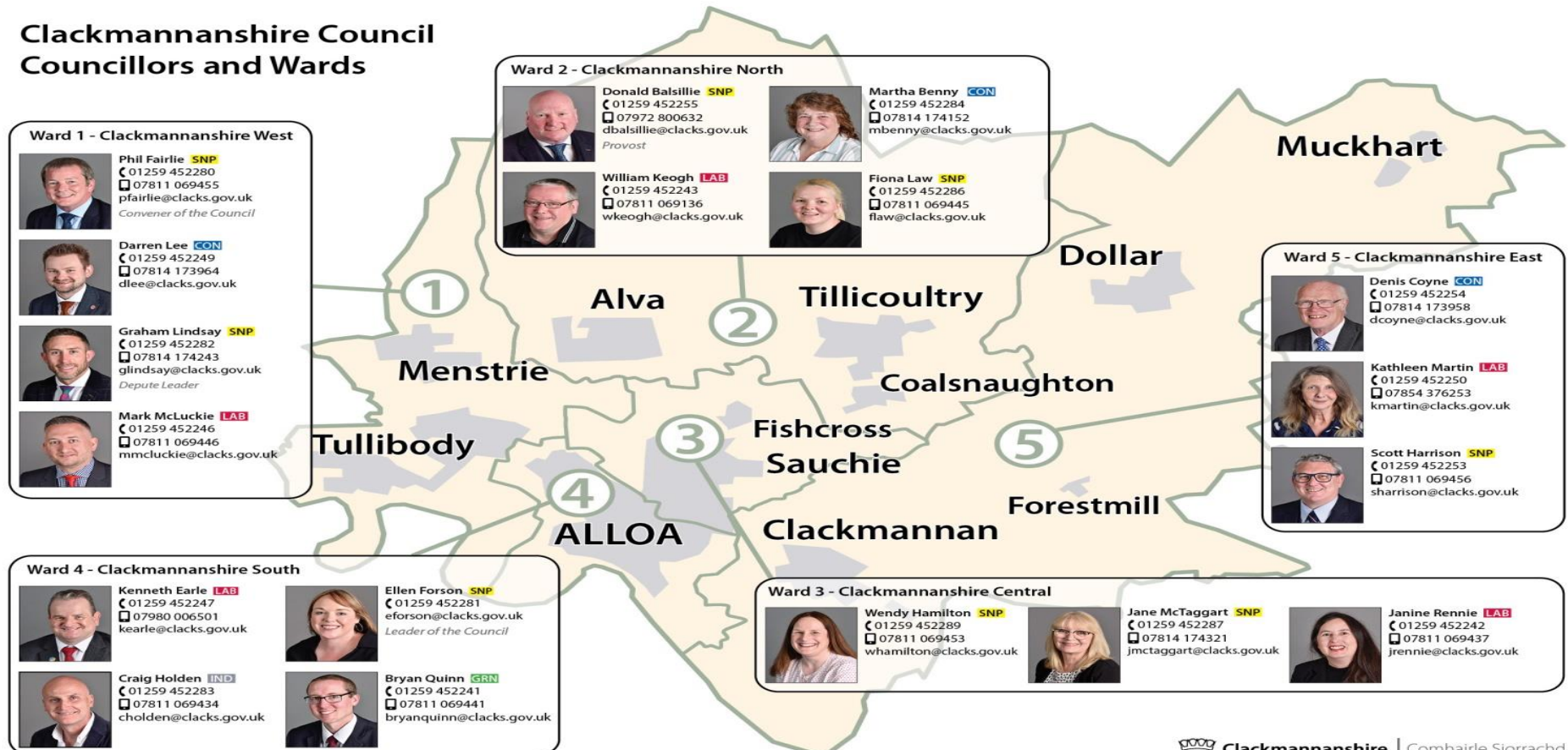


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Local Government

Clackmannanshire Council consists of 5 wards, each represented by 3 or 4 elected members. The Council has 18 Councillors whose current political make-up following the local elections in May 2022 and changes to date are: 8 SNP, 5 Labour, 3 Conservative, 1 Green and 1 Independent. The Councillors for each ward are presented in the diagram below. Further information on Senior Councillors can be found in the Remuneration Report commencing page 56.

Clackmannanshire Council Councillors and Wards



For further information, contact: Members' Services, Clackmannanshire Council, Kilncraigs, Alloa. FK10 1EB
Tel: (01259) 450000 Email: membersservices@clacks.gov.uk



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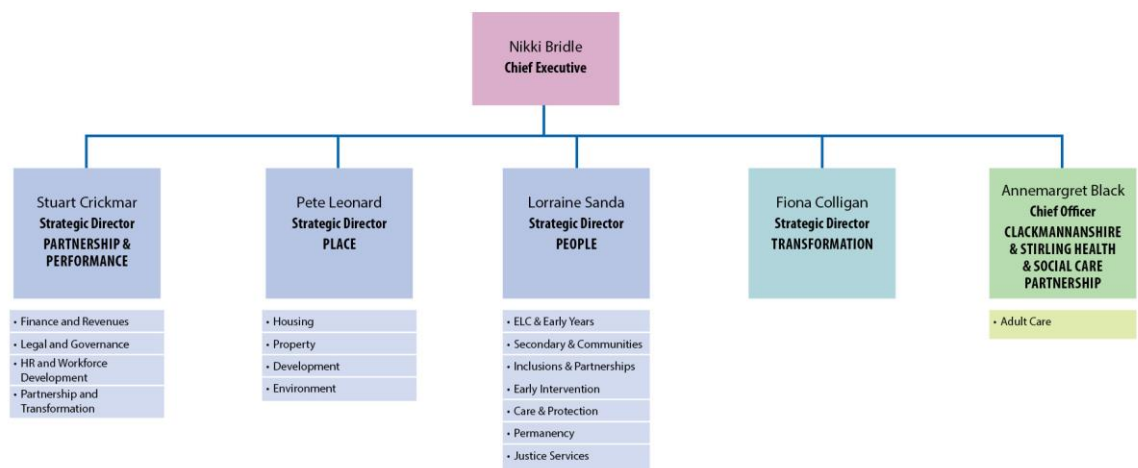
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Management Structure & Service Areas

The Council continued to embed its Organisational Redesign programme during 2022/23. The Council's Management Structure and service areas are set out in the diagram below:

Strategic Management



Throughout 2022/23, Clackmannanshire Council's Chief Executive was Nikki Bridle. The Chief Executive is the Head of Paid Service who leads and takes responsibility for the work of the Council and who runs the local authority on a day to day basis. The Chief Executive provides leadership, vision and strategic direction, and effective management of the Council.

During 2022/23 the Chief Executive was supported by four Strategic Directors and the Chief Officer for the Clackmannanshire and Stirling Health & Social Care Partnership. At the 1 April 2023, this reduced to three Directors as the post of Strategic Director for Transformation was removed as this was only a fixed term post to 31 March 2023. For 2023/24 the work on Transformation is still continuing at pace and is managed directly by the Chief Executive.

The Council also has four Statutory officers: Chief Finance Officer (S95 Officer), Monitoring Officer, Chief Education Officer and Chief Social Work Officer.

The post holders at Strategic Management level as well as statutory post holders in place during 2022/23 upto 31 March 2023 are shown in the diagram below. At the date of signing of these accounts, all postholders remain in post with the exception of the Strategic Director for Transformation who left on 31 March 2023 as noted above. Further information can be found in the Remuneration Report commencing page 56.

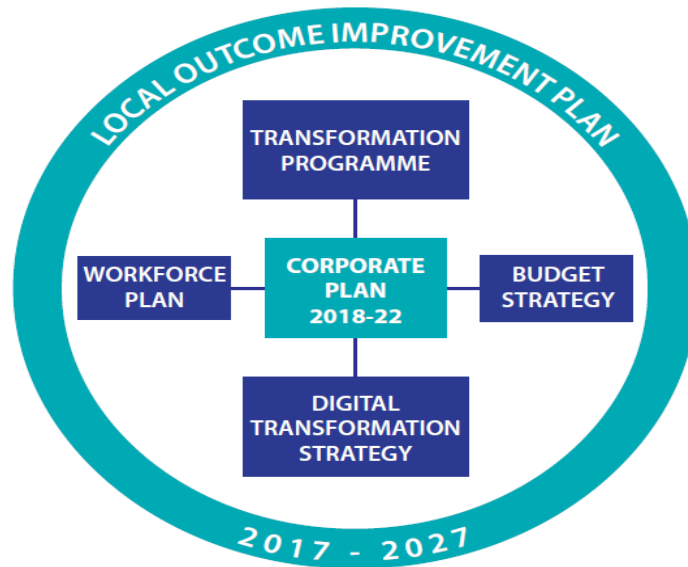
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Strategic Management and Statutory Post Holders



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The “**Local Outcomes Improvement Plan (LOIP) 2017-2027**” sets out the vision of the Clackmannanshire Alliance for the 10 years to 2027 and builds upon the successes of our previous plan the Single Outcome Agreement for Clackmannanshire 2013-2023. A central theme of this Plan is a joint commitment to tackling the inequalities that exists in Clackmannanshire as a result of poverty and socio-economic disadvantage.



The LOIP was developed by the Clackmannanshire Alliance and sets out the ambitions for change for Clackmannanshire over the period to 2027. This plan sets out the commitment to reducing inequality and renewed focus to work together to secure better outcomes for Clackmannanshire. In developing the LOIP, the Alliance chose to focus collective efforts on a core set of priorities based on discussions with partners and communities so that the plan is based on a sound understanding of local need and circumstances. The LOIP is supported by four long term strategic outcomes which drive the direction of the strategic partnership:

Strategic Outcomes for Clackmannanshire

- 1** Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all.
- 2** Our families; children and young people will have the best possible start in life
- 3** Women and girls will be confident and aspirational, and achieve their full potential.
- 4** Our communities will be resilient and empowered so that they can thrive and flourish.

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For clarity and consistency the Alliance chose to develop these locality plans based on the three priorities that have been identified for Clackmannanshire. Investing the collective resources and efforts on these three areas aims to enable the partnership to secure the best outcomes for Clackmannanshire over the 10 year plan.

Locality Priorities for Clackmannanshire



Each community planning partner in Clackmannanshire is committed to these priorities and reflects these in their own strategic plans to ensure all efforts drive improved outcomes for Clackmannanshire, particularly in light of the challenges that partners face over the period to 2027.

A review of the LOIP is underway and a plan for refreshing this to reflect the Council and Alliance commitment to developing a wellbeing Economy has been agreed with Alliance partners. The revised LOIP is expected to be presented to Council in late 2023.

More detailed analysis can be found in the full LOIP at:

<https://www.clacks.gov.uk/community/loip/>

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The Corporate Plan

The current Corporate Plan covered the period 2018-2022 and was approved by Council in December 2018, entitled 'Be the Future'. This plan set out the Council's vision, priorities and values against which all aspects of the Council's work will be measured and aligned. The vision is focused on collaboration, inclusive growth and innovation. Following a Council decision on 29 June 2023, the Corporate Plan will be replaced by a streamlined performance management framework with greater emphasis on Be the Future programme priorities, business plans and the LOIP.

Be The Future

Over the last three years there has been considerable investment in creating the conditions which allow us to set out ambitious longer term plans to transform the way in which public services are delivered in Clackmannanshire. These ambitions are integrated with the development of our longer term financial planning approach which took a significant step forward in 2021/22 with the establishment of a 20 year capital budget, organised around the Council's Be the Future Programme priorities. This plan was reviewed as part of the 2022/23 budget process and will be reviewed going forward on an annual basis as part of a rolling 20 year plan.

'Be the Future' sets out a streamlined range of corporate priorities and outcomes fully aligned with the LOIP detailed above. The vision and streamlined priorities aim to provide a much clearer focus for Council investment and delivery.

'Be the Future' – Corporate Values

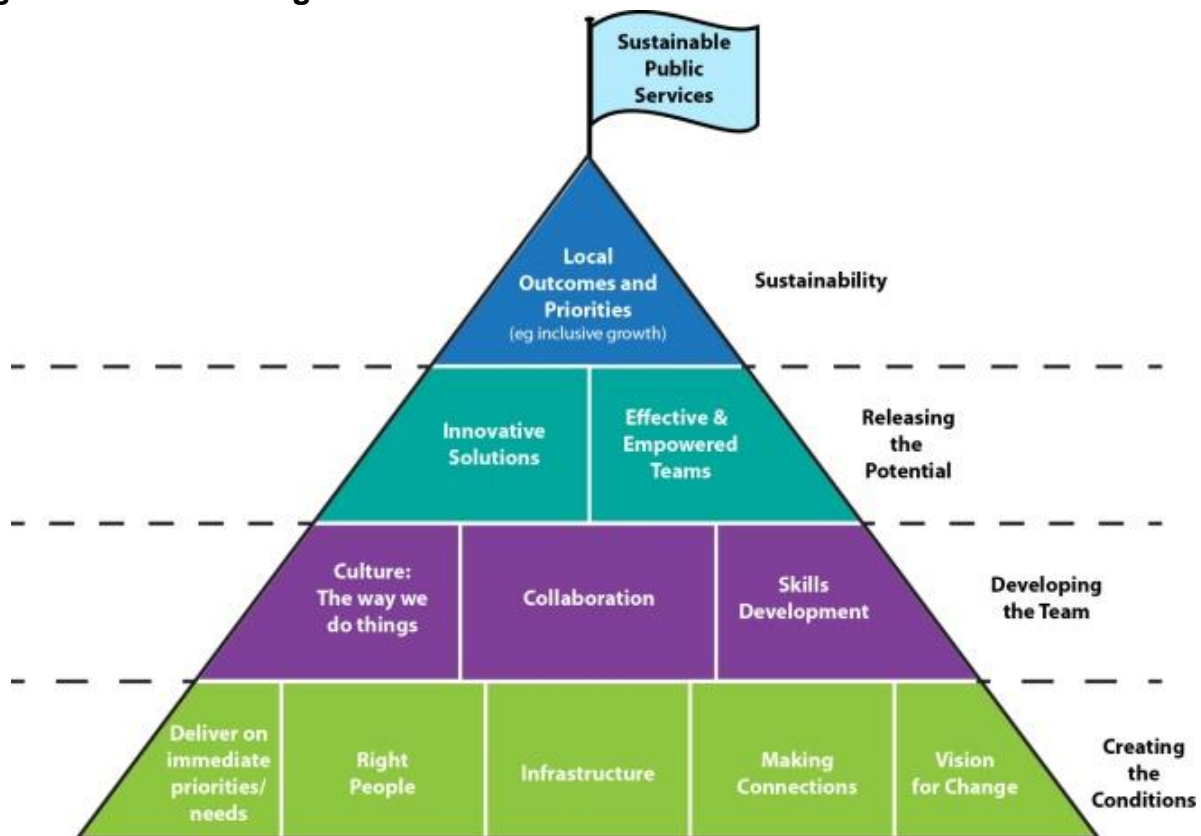
Values	Descriptor
Be the customer	Listen to our customers; communicate honestly and with respect and integrity.
Be the Team	Respect each other and work collectively for the common good.
Be the Leader	Make things happen, focusing always on our vision and outcomes, and deliver high standards of people leadership and corporate governance.
Be the Collaborator	Work collaboratively with our partners and communities to deliver our vision and outcomes.
Be the Innovator	Look outwardly, be proactive about improvement and strive always for innovation and inclusive growth.
Be the Future	Work always towards ensuring that we deliver our vision and live our values, so that we become a valued, responsive Council with a reputation for innovation and creativity.

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Organisational Redesign

In 2019, Council agreed its approach to Organisational Redesign, establishing a framework and a supporting action plan to focus on how we improve and develop our organisation to support sustainable change. The Organisational Redesign Framework provides a clear basis from which Council monitors and evaluates progress and provides the opportunity for the refinement of planned activity based on learning, progress and feedback. The Framework comprises four key phases as can be seen in the diagram below, which need to be progressed to allow the Council to deliver medium to long term service and financial sustainability. The phases are not designed to be sequential but run concurrently.

Organisational Redesign Framework



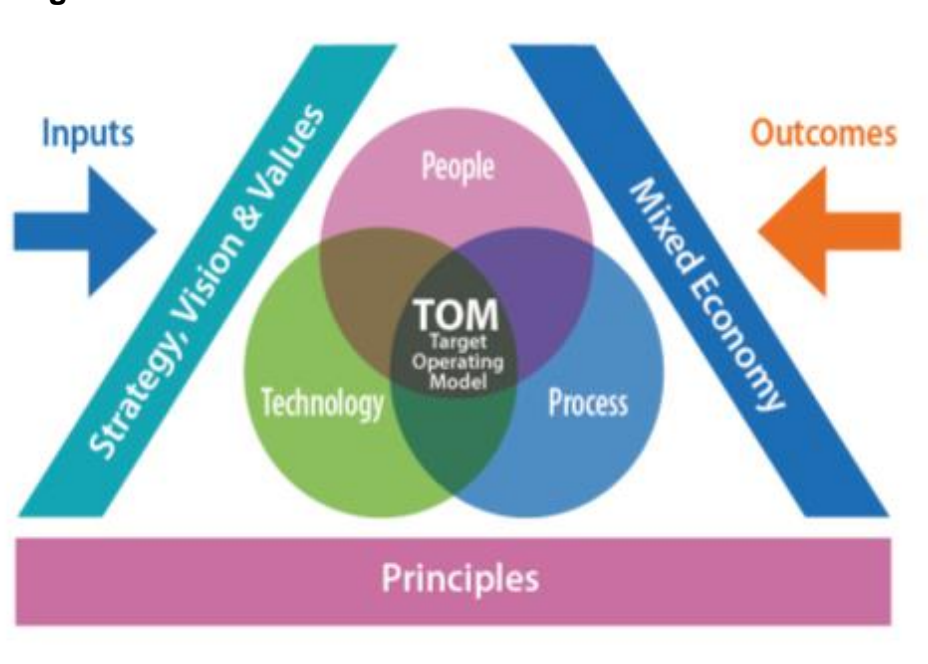
Work has been progressed to integrate and embed the Organisational Redesign Framework actions included within the Workforce Programme of activity. Progress has been disrupted due to the Covid-19 pandemic and Cost of Living crises response, however, a renewed focus is increasingly being brought to bear on Be the Future transformation activity.

In August 2022, Council agreed to establish a Target Operating Model (TOM) that will provide a consistent foundation and framework within which future organisational change and redesign can be developed and accelerated. The proposed TOM, set out in the diagram below, prioritises getting the basics right for the users of our services by placing the needs of residents, communities and businesses at the heart of Council decision-making. It also reflects a mixed economy model of service delivery, underpinned by

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objective analytical evaluations of the most effective ways of addressing customer needs, delivering outcomes, ensuring resilience in service delivery and securing financial sustainability. The TOM approach reflects the valuable learning gained through the period of the pandemic and will guide the organisation through the next stage of its Transformation journey.

Target Operating Model



The framework and activity set out above is therefore complementary to, and aligned with the Council's Transformation Programme, Be the Future, which is also aligned and integrated with the Council's other key strategic plans and priorities.

The 10 year Be the Future Programme incorporates the Be the Future Aims and has distilled our planned LOIP outcomes and Corporate Plan priorities into three Be the Future Programmes of activity:

- Sustainable Inclusive Growth;
- Empowering Families and Communities, and
- Health and Wellbeing.

The Be the Future Aims and Programme themes are set out in the diagram on page 13.

Since the production of the Be the Future Plan, which was agreed as part of the 2020/21 Budget Process in February 2020, the case for change remains compelling and has gathered renewed focus. In developing the Be the Future Plan, significant effort was invested in seeking to integrate vision and priorities across these key strategic planning documents. This was a conscious aim of seeking to simplify and streamline the planning framework whilst ensuring strategic alignment of the key strategic planning elements: creating a Golden Thread that ensures that there is a consistent core and focus on priorities

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and outcomes, and which allows resources to be targeted effectively. There is, therefore, an existing agreed set of strategic priorities and outcomes.

A key design feature of our transformation work has been the commitment to be innovative in how we do things and not just what we do. Whilst there is a shared commitment to the principle that how we do things is just as important as what we do, to date this element has not been as well developed or implemented as was originally planned.

The impact of the Covid-19 pandemic is recognised in that planned work to raise awareness, take feedback and communicate ambition has significantly curtailed activity, with only a small number of staff and stakeholder sessions taking place as resources were redeployed to support critical civil contingencies activities. In recognition of this, Council agreed at its meeting in August 2022, to the preparation of a consultation and engagement strategy to take this work forward looking at both short and long term activities.

Further detail on both the TOM and the Consultation and Engagement Strategy can be found in the following document:

<https://www.clacks.gov.uk/document/meeting/1/1150/7366.pdf>

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Be the
Future



**Clackmannanshire
Council**

Aims and Programme Themes

Aims	We will transform our organisation and approaches
<p>to:</p> <ul style="list-style-type: none"> ● empower people and places to improve their wellbeing, skills and prosperity; <p>and</p> <ul style="list-style-type: none"> ● ensure that environmental, social and financial needs of our people and places are met and that future generations thrive. 	
Sustainable Inclusive Growth	We will take steps to tackle poverty and inequality. We aim to maximise the opportunities for local people and businesses through our improved economic performance. We will also establish standards, delivery models and strategies which allow Clackmannanshire to play a leading role in meeting the climate challenge and protecting our built and natural environment.
Empowering Families & Communities	We will place people at the heart of service delivery. We aim to prioritise service users, family and community participation and leadership in developing and delivering solutions. We will work in partnership to build individual; family and community skills in support of social and financial independence.
Health & Wellbeing	We aim to improve the environment, quality of life and ease of access to services. Enhanced wellbeing will also provide greater participation opportunities as a consequence of improving economic performance in Clackmannanshire. Delivering increased wellbeing also aims to promote equitable growth.

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Financial Planning

Changes in public sector funding have been a key issue facing all Councils for a number of years and this will continue to impact on what Councils do and how they do it. While the financial context is challenging, such challenging times also provide significant opportunities for real improvement. The Council and its partners are working in a more collaborative way by pooling their collective resources to be more efficient. Similarly, legislative changes are making it easier for communities to become more involved in finding solutions and engage more directly in service delivery.

The Council is continually reviewing its processes and procedures and financial planning continues to adapt to the changing economic climate. Regular medium term financial planning information is reported to Council via Budget Strategy Update reports to ensure that its policy, investment and financial decisions are informed by the wider financial context.

The Council's approved Budget Strategy sets out the planning assumptions and indicative savings figures for a rolling four year period. The Strategy focuses on a framework which aims to:

- reduce expenditure;
- maximise income;
- transform service provision, including more joint working, and
- implement other targeted initiatives to deliver high quality services from a sustainable cost base.

The 2023/24 Budget Report approved by Council in March 2023 presented a financial planning scenario which indicated a potential funding gap of £11.6m for 2024/25 rising to a cumulative gap of £22m by 2026/27. This is clearly a challenging position but one which also provides significant opportunities to look at how services are delivered by the Council and in conjunction with its partners.

Over the last five years the Council has achieved £16.6m of savings with a further £3.8m approved for 2023/24. Continually achieving savings year on year is challenging, however in 2022/23 the Council achieved £1.6m (88%) of the £1.8m planned savings approved in the 2022/23 budget. As noted above, the Council still faces a significant funding gap of £22m over the next three years, with any unachieved savings and use of one off reserves adding pressure and increasing the gap in future years.

During 2022/23, Chief Officers worked closely with the members of each political Administration to develop savings proposals which were included in the 2023/24 budget setting process. The budget preparation process considers both the capital and revenue implications of change proposals for financial planning purposes. The resultant proposals are focused on delivering services that are financially sustainable and manage changing profiles of demand and service user expectations.

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The annual budget process is also supported by the Be the Future Board set up to focus on transformation. The Board is made up of members of the Administration and the two opposition groups along with Senior Officers. The Board supports the development and progress of the transformation programme and reviews transformation and savings proposals.

Although the financial position is difficult, the management team believe that the continuation of the approved Be the Future Transformation Programme and the more recent Target Operating Model (TOM) to underpin Organisational Redesign will ensure the Council remains financially sustainable. The financial position presented in these Annual Accounts provides a platform from which to address the challenging times ahead and support the necessary transition to new, more efficient models of service delivery for the future and achieve the Be the Future aims.

Health & Social Care

The Council is part of the Clackmannanshire and Stirling Health and Social Care Partnership (HSCP) along with Stirling Council and NHS Forth Valley. 2022/23 has been another extremely challenging year for the Partnership as it deals with recovery from the pandemic.

Previous funding provided in 2021/22 by the Scottish Government to support Covid activity was carried forward to be used in 2022/23 which resulted in higher reserve balance for the Partnership at the 2021/22 year end. Early monitoring forecasts indicated that not all the funding would be required and as a result the Scottish Government set out to clawback any unused funding. Final clawback figures will be based on the final outturn position for 2022/23.

Further information on the Clackmannanshire and Stirling Health and Social Care Partnership can be found at the following webpage:

<http://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/>

City Region Deal

The Council is actively delivering ambitious plans in a joint City Region Deal with Stirling Council and Stirling University. Both Westminster and Scottish Governments have been working closely with the city region partners to develop proposals to unlock investment and secure transformational growth in the regional economy. Focus is on key priorities such as socially-inclusive growth; enabling infrastructure (such as roads, social housing and schools); business development opportunities; town centre regeneration; tourism; employability support and renewable energy.

In the case of Clackmannanshire initial priorities were informed by a series of Stakeholder Workshops and refined as part of the joint-working with Stirling Council and both Governments to form a coherent regional bid. Following further stakeholder engagement and approval by both Councils, including formal governance arrangements between the Councils, the 'Heads of Terms' was agreed in June 2018 and full deal sign off was achieved in February 2020.

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The Covid-19 pandemic has had an impact on the deliverability of the initial City Region Deal plan and a revised delivery plan was presented to the Scottish and UK governments. The Partnership are now working towards that plan with regular updates provided to the Stirling & Clackmannanshire City Region Deal Joint Committee. Several projects are now underway, notably £0.750m investment in the Japanese Garden as part of the Clackmannanshire Fund which was completed during 2022/23.

Further information about the City Region Deal can be found here:

<https://www.clacks.gov.uk/citydeal/>

Performance

The context in which the Council operates is ever-changing and as contexts change, it is important that the Council is able to change with them, to make sure it is doing everything it can to improve people's quality of life and to make Clackmannanshire a better place to live and work.

The Council monitors and measures its performance in a number of ways, including:

- review of Local Outcome Improvement Plan (LOIP) performance which is scrutinised by both the Alliance and the Audit & Scrutiny Committee;
- review of the Corporate priorities, which is reported to the Council;
- progress of the Council's Be the Future Transformation programme, through update reports to Council and Trade Union Forums;
- annual reporting of the Local Government Benchmarking Framework to the Audit & Scrutiny Committee;
- Quarterly reporting of service performance and risks and the Council's overall financial reports being presented to the Audit & Scrutiny Committee;
- reporting of corporate risks to the Audit & Scrutiny Committee every six months, and
- review of the Statement of Preparedness which covers those Emergency Planning risks set out in the Community Risk register and developed by the Forth Valley Local Resilience Partnership.

A progress report by the Accounts Commission on Best Value Assurance published in June 2019 recognised the positive progress being made by the Council since the previous report in 2018. The report also recognised the ongoing challenges in the ability to deliver financial sustainability and this framework will provide a basis on which the progress acknowledged by Audit Scotland can be evaluated. That report set out a number of recommendations on which the Council has prepared an action plan to take forward and this work has continued during the 2021/22 financial year. Significantly, the themes and recommendations from the Best Value report have been embedded into the Be The Future Transformation programme and progress has been reported through regular update reports to Council.

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Local Government Benchmarking Framework





The Local Government Benchmarking Framework (LGBF) represents part of Councils' statutory duties for Public Performance Reporting. The framework represents a set of performance indicators developed for Scottish councils to compare performance and encourage shared learning and continuous improvement.

The latest report showing the 2021/22 data was presented to the Audit & Scrutiny Committee in April 2023 and can be accessed here:

<https://www.clacks.gov.uk/document/meeting/295/1186/7591.pdf>

The key highlights from the report are shown in the tables below. These show how the Council performed in 2021/22 across all its indicators (table 1), and how it compares to other authorities in its ranking (table 2).

Table 1






Indicator Type	Overall Summary				
	 Green	 Amber	 Red	 Unknown	Total
Total 2021/22	38	43	19	4	104

The main highlights relating to the Council's performance from this data are:

- 81 (78%) of indicators showed a positive result or may require review, and
- 19 (18%) of indicators were underperforming.

*previous years data not available in the same format

Table 2

Indicator Type	Ranking Quartile					Total
	 Top	 Second	 Third	 Bottom	 No Rank	
Total 2021/22	27	23	19	31	4	104
Total 2020/21	29	18	23	29	1	100

The main highlights relating to the Council's performance from this data are:

- 50 (48%) of indicators were in the top or 2nd quartile, and
- 31 (30%) of indicators were in the bottom quartile.









Compared to the previous year, there was a slight movement in performance with 70% of indicators now in the top, 2nd and 3rd quartiles compared to 66% the previous year.

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Key:

Overall Summary	An 'average' of the red/amber/green results for Trend, Status and Quartile, showing an overall summary of performance in the indicator. This gives equal weighting to all three factors, though some may be of greater importance in certain services/processes, as well as consideration being given to whether efficiency, effectiveness, satisfaction, or a balance of all three is the main priority in any particular function.	 Positive results  May require attention  Underperforming  Data not available
Rank & Quartile	Authorities' results are ranked best (1 st) to worst (32 nd) to support learning from strong performers. Rankings are grouped into four quartiles to provide a higher-level summary. If not all authorities report, quartiles are smaller (e.g. 6 do not report Housing due to differing arrangements).	 Top quartile 1 st to 8 th place  Second quartile 9 th to 16 th  Third quartile 17 th to 24 th  Bottom quartile 25 th to 32 nd

LGBF data for all Scottish local authorities is published by the Improvement Service at the start of each calendar year on the 'My Local Council tool' which can be accessed through the following link: <http://scotland.mylocalcouncil.info/>.

Public Performance Reports

The Council publishes a wide range of Public Performance Report to fulfil its performance reporting duties and these are reported through Council and its Committees which includes Directorate Business Plans, financial performance and a range of strategies and updates. The most recent reports can be found at: <https://www.clacks.gov.uk/council/performance/>

Financial Performance 2022/23

The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom with the objective of presenting a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2023. A brief explanation of each statement and its purpose is provided at the beginning of each statement. The main statements appear in the accounts followed by a series of additional statements to give the reader a full analysis of the funding received and how this is spent. The Expenditure and Funding Analysis (Note 6) brings together the net expenditure based on the management reporting structure and compares this against the net expenditure that is reported in the Comprehensive Income and Expenditure Statement in line with the Accounting Framework.

Within the General Fund for 2022/23, against a background of reducing resources, the Council has successfully delivered services within budget, which included utilisation of £1.0m of capital receipts towards permitted revenue expenditure. This position, along with consideration of the reserves utilised during the year, results in a reduction in General Fund reserves of £3.0m to £21.0m (2021/22 £24.0m). Of this total, £17.6m (2021/22 £17.9m) is earmarked for specific purposes, leaving £3.1m of uncommitted reserves.

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The Council has a material interest in a number of bodies and prepares group accounts which include its appropriate share of these entities assets and liabilities. The group accounts can be found at the end of these statements, with details of the entities within the group.

Key Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain financial ratios are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and of the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

Financial Indicator	Notes	2021/22	2022/23
Reserves			
Uncommitted General Fund Reserve proportion of Net Actual Expenditure	1	4.28%	2.26%
Movement in the Uncommitted General Fund Balance	2	(6.26%)	(44.6%)
Council Tax			
In-year collection rate	3	96.00%	96.83%
Ratio of Council Tax Income to Overall Level of Funding	4	17.25%	17.03%
Actual Outturn compared to Budgeted Expenditure	5	92.52%	96.53%
Actual contribution to/(from) Unallocated General Fund Balance compared to Budget		1.9%	0.6%
Capital Financing Requirement (CFR) for the current year	6	£144.8m	£146.0m
External Debt Levels for the current year		£137.9m	£133.7m
Ratio of financing costs to net revenue stream		3.74%	3.03%

- 1 Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy for 2022/23 was 2.4% of net expenditure which is considered appropriate in the context of the Council's financial and ongoing risk profile, however this was reduced to 2% for 2023/24 in light of current financial volatility.
- 2 Reflects the extent to which the Council is using its Uncommitted General Fund Reserve. The movement is mainly due to the use of uncommitted reserves to support the 2023/24 budget.
- 3 Reflects the Council's effectiveness in collecting Council Tax debt and financial management.
- 4 Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within Local Authority control.
- 5 Reflects how closely expenditure compares to budget showing the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year.
- 6 External debt levels are lower than the CFR. These two indicators complement the assurances of borrowing only being for capital purposes. The ratio of financing costs to net revenue stream provides an indication of the Council's ability to afford the borrowing costs.

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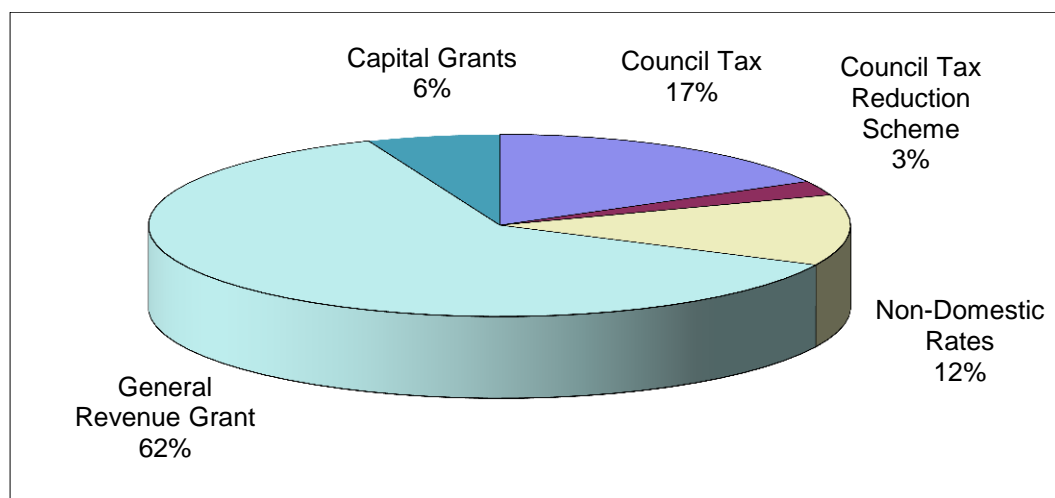
General Fund Results for the year

The General Fund covers all the areas of the Council's service provision with the exception of the management of its own housing stock which is covered within the Housing Revenue Account (HRA). General Fund services are financed by government grant and local taxation (i.e. council tax).

The largest source of funding the Council receives is the General Revenue Grant received from the Scottish Government including Non-Domestic Rates (NDR) which amounted to £106.6m for 2022/23, (2021/22 £104.3m). NDR income is collected by local authorities, and remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to Councils within the General Revenue Grant. (This is described in more detail in the National Non Domestic Rates Income Account on page 150).

Income from Council Tax in 2022/23 was £24.4m (2021/22 £24.0m). Funding was also received from the Scottish Government for the Council Tax Reduction Scheme for which the Council received income of £3.7m (2021/22 £3.7m). In 2022/23 capital grants totalled £8.8m (2021/22 £7.0m). The proportions of funding received by the Council in each of these categories are shown in the following chart and table:

Proportion and source of funding received in 2022/23



Sources of Income	2021/22		2022/23	
	£'000	%	£'000	%
Council Tax	23,974	17.2	24,432	17.0
Council Tax Reduction Scheme	3,714	2.7	3,686	2.6
Non-Domestic Rates (plus BRIS)	13,650	9.8	18,065	12.6
General Revenue Grant	90,682	65.3	88,508	61.7
Capital Grants	6,977	5.0	8,764	6.1
	138,997	100.0	143,455	100.0

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Revenue and Capital Expenditure

The Council's expenditure is split between the categories of capital and revenue. In broad terms expenditure for capital purposes relate to costs incurred on the acquisition or creation of tangible assets needed to provide services, such as houses, schools, vehicles etc. This is in contrast with revenue expenditure, which is spent on the day-to-day operation of services such as employee costs and supplies and services.

The Council invested £19.697m (2021/22 £16.415m) during the year; the table below shows some of the main projects:

	2021/22	2022/23
	£'m	£'m
School Development	0.540	0.184
Clackmannan Town Hall	-	0.915
IT Investment	1.145	1.936
Village & Small Town Alva	1.039	0.621
Park Primary Development	1.881	0.000
Tullibody South Campus	0.512	0.000
Bowmar Community Hub	0.598	0.021
Street lighting	0.205	0.450
Clackmannanshire regeneration	0.718	0.229
Roads, foot paths, cycleways etc.	1.917	2.979
Fleet Vehicles	0.577	0.556
City Deal	-	0.879
Park, Play Area & Open Space Improvements	-	0.512
Wellbeing Hub	-	0.222
Housing New Build and Off the shelf purchases	0.607	3.084
Housing - replacement of kitchen & heating	1.408	1.084
Housing - replacement of roofs/windows	1.928	2.687
Other Projects	<u>3.340</u>	<u>3.338</u>
TOTAL	<u>16.415</u>	<u>19.697</u>

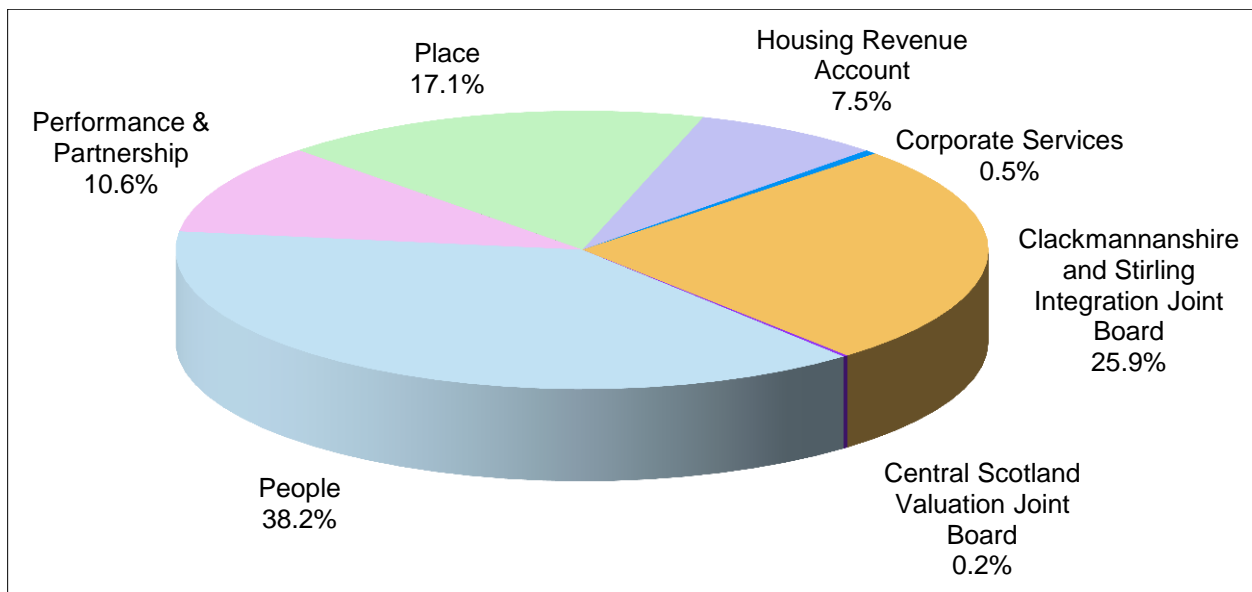
Revenue Expenditure

Proportion of 2022/23 Revenue Expenditure by Service

In 2022/23 the total operating expenses for service delivery was £254m (2021/22 £244m) as detailed in Comprehensive Income and Expenditure statement on page 69. This level of expenditure indicates the significant size and complexity of the organisation.

The chart below shows the expenditure apportioned by portfolio, with the People portfolio having the highest level of spend.

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Outturn Position

At the end of the year, the Council reported an underspend of £5.335m on its management accounts. This is a favourable increase of £4.043m on the previously forecasted underspend of £1.292m as at December 2022 reported to Audit & Scrutiny Committee in April 2023. Included within the final underspend is a number of earmarked underspends for areas of ring-fenced spend such as Pupil Equity Funding (PEF), Devolved School Management (DSM) and Housing, that are not recognised until the year end. These underspends are then carried forward to be used in the following year. After removal of earmarked reserves, this results in a net underspend of £0.654m compared to budget that contributes to reserves.

At the end of 2022/23, the Clackmannanshire locality of the HSCP reported an underspend of £0.923m. However, the final outturn reflects a nil variance as the Council's full approved budgeted contribution for 2022/23 is paid over to the Partnership. Of the £0.923m, £0.572m was used to offset the overspend on the Partnership as a whole and the remaining £0.351m was added to reserves to be carried forward to 2023/24.

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The outturn position per the Management Accounts per portfolio area as reported to Committee is shown below:

Council Summary 2022/23			
	Annual Budget 2022/23 £'000	Actual to March 2023 £'000	Variance Budget to Actual £'000
People	79,384	76,490	(2,894)
Place	32,823	30,064	(2,759)
Partnership & Performance	10,811	10,517	(294)
Transformation	500	500	-
Health & Social Care Partnership	25,167	25,167	-
Corporate Centrally held	1,684	1,181	(503)
Corporate Services	2,868	3,987	1,119
Central Scotland Valuation Joint Board	453	453	-
	153,690	148,359	(5,331)
Sources of Funding	(143,280)	(143,284)	(4)
	10,410	5,075	(5,335)

The Council Summary presents the expenditure of general fund services which are funded by government grant and local taxation. The Comprehensive Income and Expenditure Statement on page 69, which also includes the Housing Revenue Account is prepared in accordance with proper accounting practices and, as such, can lead to differences in presentation of certain items of expenditure.

The table below reconciles the Council Summary to the (Surplus) or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis in Note 6 on page 94.

	Note	£'000
Council Summary		5,075
Add (Surplus) chargeable to HRA balances		(331)
Add contribution to Insurance Fund		(7)
(Surplus)/Deficit chargeable to GF & HRA Balances	Note 6	4,737
Adjustments between Funding & Accounting basis	Note 6	14,625
(Surplus) or Deficit on Provision of Services	Note 6	19,362

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Council Reserves

The overall position on Council's Usable Reserves is shown in the table below:

2022/23 Summary of Council reserves

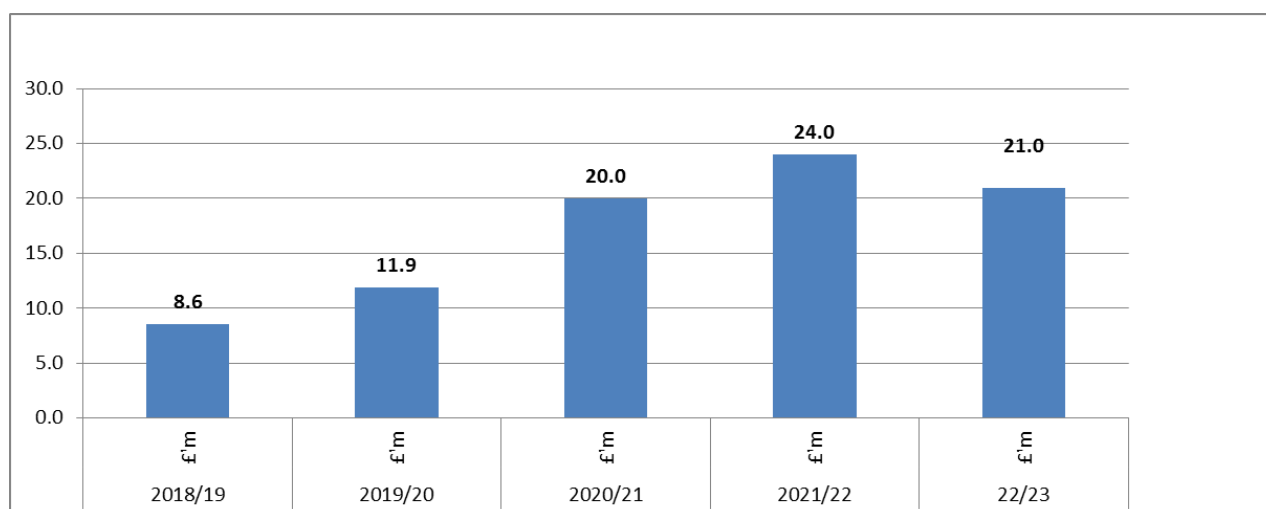
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Insurance Fund £'000	Capital Grants & Receipts Unapplied £'000	Total £'000
As at 1 April 2022	(23,972)	(9,552)	(801)	(1,250)	(3,302)	(38,877)
Comprehensive Income & Expenditure	22,632	(3,270)	-	-	-	19,362
Adjustments between funding & accounting basis	(17,564)	2,939	(262)	-	(589)	(15,476)
Transfers	(2,046)	1,168	(113)	(7)	1,797	799
As at 31 March 2023	(20,950)	(8,715)	(1,176)	(1,257)	(2,094)	(34,192)

Total usable reserves have decreased to £34.2m (2021/22 £38.9m) at 31 March 2023. A comprehensive analysis of the Council's reserves is provided in the Movements in Reserves Statement on page 70 and supporting notes.

Total Usable Reserves

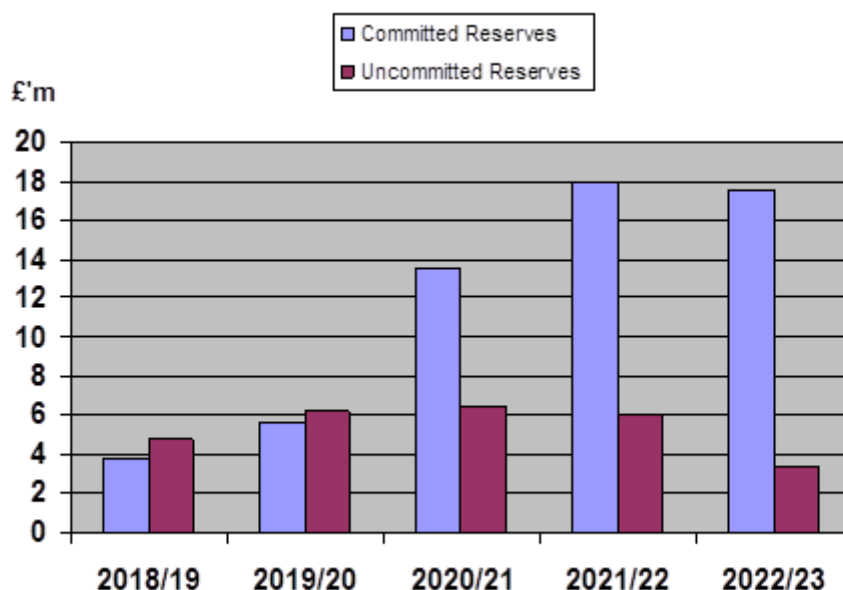
In 2022/23 the General Fund reserve has decreased to £21.0m (2021/22 £24.0m). For the five years from March 2019 to March 2023 total General Fund reserves have increased by £11.2m or 116%. The large increase from 2019/20 is mainly due to additional Covid-19 funding received in 2020/21 and 2021/22 that has been carried forward on a reducing basis to fund Covid-19 support and recovery.

Total General Fund Reserves 2018/19 to 2022/23



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Level of Committed and Uncommitted General Fund Reserves 2018/19 to 2022/23



Committed (Earmarked) General Fund Reserves

Of the £21.0m general fund reserves at 31 March 2023, £17.6m is earmarked for specific purposes, either by individual services or to meet corporate liabilities. The committed balance can be summarised as follows:

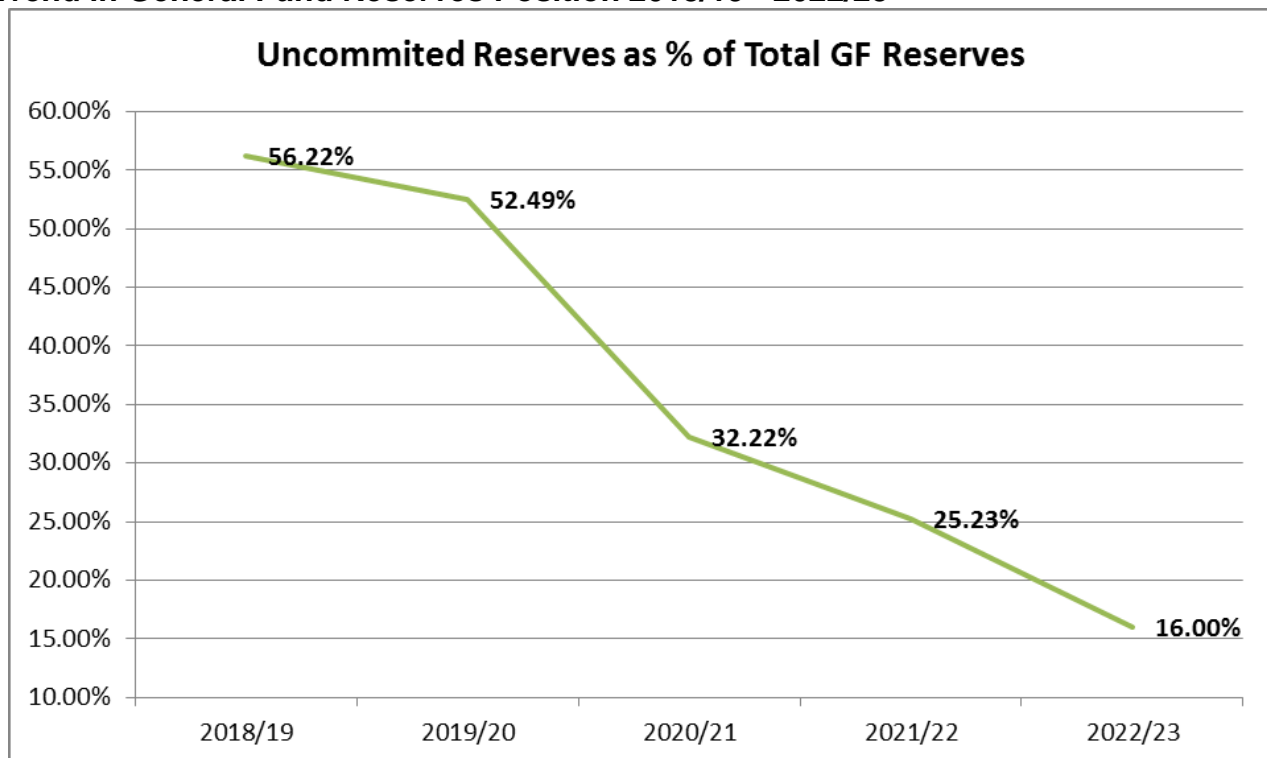
	2021/22 £'m	2022/23 £'m
Devolved School Management	(0.6)	(0.6)
Organisational Change Fund	(0.2)	(0.2)
Employment Fund	(0.9)	(0.8)
Pupil Equity Funding (PEF)	(0.7)	(0.8)
Early Learning & Childcare (ELCC)	(0.2)	-
Education Covid-19 recovery	(0.5)	(0.2)
Contractual repairs & maintenance	(0.3)	(0.3)
Ring-fenced Housing Grants	(1.0)	(1.1)
Transformation Fund	(1.8)	(1.8)
Other Miscellaneous Commitments	(2.2)	(2.2)
Covid-19 General Funding	(2.6)	(1.6)
Covid-19 Specific Funding	(1.3)	(0.4)
Amount to support Revenue Budget	(3.9)	(4.6)
Specific employability funding	(0.8)	(0.6)
Developer Contributions	(0.9)	(0.8)
Ukrainian Refugee Support	-	(0.5)
Homeless Accommodation	-	(1.1)
Net Committed Reserves	(17.9)	(17.6)

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The uncommitted element of General Fund Reserves at 31 March 2023, which are generally available to support future expenditure, stood at £3.4m (2021/22 £6.0m). For 2023/24, the Council's Reserves Strategy stipulates that it should retain uncommitted general fund reserves at a minimum level of 2% of net expenditure. The current general fund reserves represent a level of 2.2% (2021/22 4.3%) of the 2023/24 net budgeted expenditure.

The movement in the Council's uncommitted reserves position compared to total General Fund reserves since March 2017 is shown below:

Trend in General Fund Reserves Position 2018/19 - 2022/23



Capital Expenditure

The Council invested £19.697m (2021/22 £16.415m) in capital projects during the year, the table below shows some of the main projects:

	2021/22	2022/23
	£'m	£'m
IT Investment	1.145	1.936
School Development	0.540	0.184
Tullibody South Campus	0.512	-
Park Primary Development	1.881	-
Street Lighting	0.205	0.450
Clackmannanshire Regeneration	0.718	0.229
Village & Small Town Alva	1.039	0.621
Clackmannan Town Hall	-	0.915

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Bowmar Community Hub	0.598	0.021
Roads, Foot paths, Cycleways etc.	1.917	2.979
Park, Play Area & Open Space Improvements	-	0.512
City Region Deal	-	0.879
Wellbeing Hub	-	0.222
Fleet Vehicles	0.577	0.556
Housing – new build and off the shelf purchases	0.607	3.084
Housing - replacement of kitchen/heating	1.408	1.084
Housing - replacement of roofs/windows	1.928	2.687
Other Projects	3.340	3.338
	16.415	19.697

The Prudential Code for Capital Finance in Local Authorities governs the level of capital expenditure taking into account affordability, sustainability, the management of assets and the achievement of strategic objectives. Capital spending in 2022/23 on General Fund Services (including grants to third parties) was £9.928m (2021/22 £10.659m) and on Housing was £9.769m (2021/22 £5.755m).

Expenditure	£'m	Financed by	£'m
Compliance & Operational Resilience	5.687	Government grant & contributions	10.088
Empowering Individuals, Families & Communities	1.941	Capital Receipts	0.169
Health & Wellbeing	1.166	Capital Finance from Revenue	6.655
Sustainable Growth	1.134	Borrowing	2.785
Housing Business Plan	9.769		
	19.697		19.697
Capital programme underspend	13.471		
Capital Budget	33.168		

During 2022/23 the Council invested £19.697m in Capital projects, £18.588m of this expenditure was on Council assets and £1.109m was granted to third parties including £0.750m to the Japanese Garden at Cowden. Capital expenditure in the year has been financed by: government grants and contributions (£10.088m) direct revenue funding (£6.655m) and capital receipts (£0.169m) leaving a balance of (£2.785m) which was financed from borrowing.

At the end of the year there was an overall underspend of £13.471m on the budgeted programme. £10.657m of this related to the general fund and was mainly due to delays as a consequence of lockdown and the resulting rephasing of spend on large projects spanning multiple financial years such as School Estate £2.015m, IT investment projects £2.366m Clackmannan Regeneration £1.333m and Wellbeing Project £2.700m. The underspend on the HRA capital programme of £2.814m is mainly due to delays on the following projects: new build development in Clackmannan £1.385m, Electrical Refurbishment £0.829m, Roof and Render work £0.674m and Kitchen replacement £0.533m due to lockdown restrictions, contractor availability and supply chain issues. There were also additional costs associated

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with Off the shelf purchases of £1.217m that were funded through grant from the Scottish Government. Only £0.530m of the unspent budget will be carried forward to 2023/24.

The impact of COVID and economic uncertainty has contributed to the underspend during the last few years. With the defined 20 year capital plan and additional resources approved in the 2023/24 budget, It is hoped that projects will continue at pace in 2023/24.

Capital Receipts, Grants and Contributions

Receipts of £0.801m were held in Capital Receipts at the start of the year. £0.198m was used to fund permitted spend and £0.311m was transferred from Capital Grants Unapplied. Receipts of £0.262m were also received in the year. The balance held in the capital receipts reserve at 31 March 2023 totals £1.176m.

Receipts of £3.302m were held in the Capital Grants & Receipts Unapplied Reserve at 31 March 2022. £1.010m was utilised in the year to fund Transformation projects with the remaining balance on this fund of £0.311m was released to general capital receipts as the flexibility to use capital receipts ended on 31 March 2023. £0.561m was also utilised against capital projects in the year and £0.675m of additional grants were received but not applied. The remaining balance of £2.095m is held in the reserve to be applied against specific projects in line with the conditions of the grants.

Housing Revenue Account

The Housing Revenue Account, which funds the provision of Council housing, achieved a surplus in the year on the management accounts of £7.0m against a budgeted surplus of £5.6m. From this surplus and the HRA Reserve a revenue contribution to capital of £6.7m was made in accordance with the Housing Business Plan to maintain the Scottish Housing Quality Standard and the Enhanced Clackmannanshire Standard.

This has resulted in a decrease of £0.8m to reserves at the year end, as shown in the Movement in Reserves Statement. Working balances available to the Housing Revenue Account have therefore decreased to £8.7m as at 31 March 2023. This balance will continue to be earmarked to support the delivery of the Housing Business Plan in line with the Council's approved strategy.

A further £9.8m was invested in the housing stock over the year. This builds on previous investment commitments and continues to sustain and consolidate the Council's position in terms of compliance with the Scottish Housing Quality Standard. The government introduced the new Energy Efficiency Standard for Social Housing (EESH) with compliance required by December 2020. A further milestone has been set for December 2032 which will be formally reviewed in 2025 to assess progress.

Debt

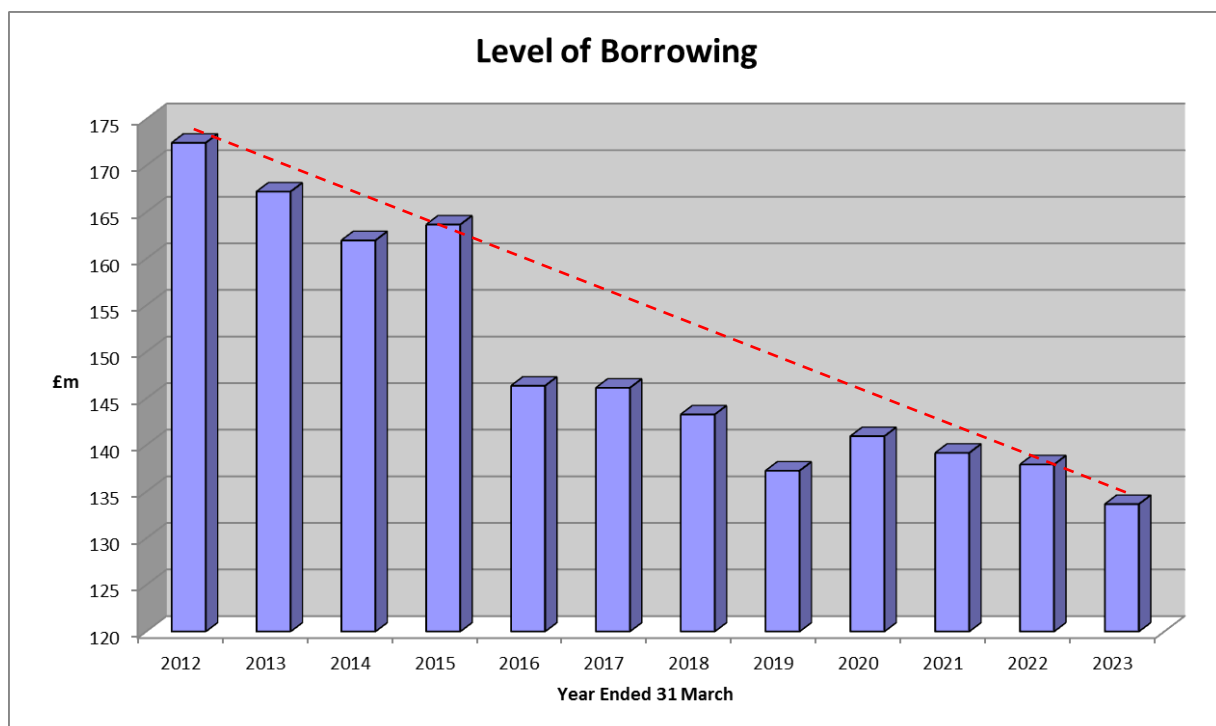
The Council's gross external debt as at 31 March 2023 which supports its investment and development of long-term assets totals £133.7m and consists of:

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	2021/22	2022/23
	£'m	£'m
External Borrowing	101.247	98.228
PFI and other finance leases	36.672	35.435
	137.919	133.663

This is a decrease of £4.3m on the previous year's external debt position of £137.9m. This movement is made up of repayments on borrowing of £3.019m and repayments were made to PFI and other Finance leases of £1.237m. The Council continues to work towards reducing overall external debt in line with its policy set out in the Treasury Management Strategy.

In the year, £9.2m (2021/22 £8.6m) external interest and principal repayments of £3.0m were paid in relation to this borrowing.



Overall there has been a reduction in cumulative external debt of 22.5% between 2012 and 2023, showing that over the longer term the Council is not increasing its level of debt to finance its capital programme. Repayments towards PFI liabilities also continue to reduce the Council's overall level of external debt on an annual basis.

In line with the Prudential Code and Treasury Management Strategy any borrowing undertaken is required to be prudent, affordable and sustainable. As at 31 March 2023 the Council was in an under-borrowed position which meant that its level of borrowing was less than its capital expenditure. Further detailed information including performance indicators can be found in the Council's Annual Treasury Management Strategy Statement (TMSS) 2022/23 set by Council on 4th March 2022.

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Secondary Schools PFI Scheme

The Council's three secondary schools are recorded within the long-term assets of the Council, along with a liability for the financing provided by the PFI operator. The outstanding finance liability at March 2023 is £35.435m and this sum is included within the Council's overall borrowing position referred to above.

The unitary charge paid to the operator in 2022/23 was £8.601m (2021/22 £8.570m) and will increase annually by inflation over the 30 year term of the contract. The Scottish Government provides additional funding towards the project of £3.553m per annum. The total cost of the contracted project is set out in Note 33 – Private Finance Initiative and Similar Contracts on page 133.

Net Pension Liability /Asset

Pension Fund reporting regulations require an annual valuation of the Pension Fund by fund actuaries which is included in the Councils Balance Sheet. The calculation as at 31 March 2023 disclosed a surplus of £63.4m (2021/22 deficit £88.9m). The calculation is prepared for the purposes of International Accounting Standard 19 (IAS 19) reporting requirements and is not relevant for funding purposes i.e. does not have a direct impact on council tax or housing rent payers. This is simply a snapshot of the position at that time.

The latest long-term triennial funding valuation of the Pension Fund for the purpose of setting the employers' actual contributions was at 31 March 2020. In line with the valuation and actuarial advice, the employers' contribution rates remained the same for 2021/22 and 2022/23 and were increased by 0.5% for 2023/24. Employers' contribution rates for 2024/25 and beyond will be reviewed following conclusion of the next triennial valuation as at 31 March 2023.

Provisions

Provisions are made where an event has taken place which creates a legal or constructive obligation that more likely than not requires some form of transfer of economic benefits or service and a reliable estimate can be made about the amount of the obligation. As at 31 March 2023, two provisions are included in the Financial Statements, see Note 20.

Contingent Liabilities and Assets

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They arise where the Council has a possible obligation but this will only be confirmed or otherwise by uncertain future events not entirely within the control of the Council. They can also arise where a provision might otherwise have been made but it is not probable that resources will transfer, or if the obligation cannot be measured reliably. In 2022/23, four contingent liabilities are disclosed, see Note 36. The Council has no material contingent assets at the Balance Sheet date.

Group Accounts

The Council's group accounts consist of: Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board and Common Good. Further detail on the Councils Group Accounts and accompanying notes can be found on pages 154-162.

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Covid-19 and Cost of Living

The Covid-19 pandemic and ensuing Cost of Living crisis has had a significant impact on the Council and its communities over the past 3 years. Since March 2020, the Council has put actions in place and reprioritised services to safeguard its communities. The year 2021/22 saw further waves of the virus and lockdown restrictions being put in place, and the emergence of significant cost pressures on the Council and its communities. Over the past year, focus has been directed to continue to support vulnerable individuals and communities and businesses, with wider recovery action increasingly embedded into business as usual as well as Cost of Living supports to those affected by increasing inflationary pressures.

To support recovery from the Pandemic and to ease the cost of living crisis, the Scottish Government introduced a number of grants for individuals which Councils administered on their behalf. In 2022/23, Clackmannanshire Council paid out £1.104m (2020/21 £6.736m) of support funding on an agency basis as detailed below:

Support Grants to Individuals	Total £'000
Scottish Child payment- Bridging payments	907
Self Isolation Support Grants	197
TOTAL	1,104

The Council also supplemented through the use of its own funds with an additional payment to low income households in receipt of Council Tax Reduction (CTR). It is expected that the pandemic the Cost of Living crisis will continue to impact on performance beyond 2022/23.

Staff wellbeing was a key focus for the Council through the pandemic. As most services have now returned to some pattern of hybrid working, there is a continued emphasis on supporting mental wellbeing. Significant resources have been made available to staff through our Keeping Staff Connected pages as well as a number of guides for managers aimed at ensuring ongoing engagement and promoting positive conversations. The Council also continued to offer and deliver, virtually, maximising attendance sessions to managers throughout 2022/23.

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Business Environment and Risks

There are 2 key economic variables that have affected the Council during 2022/23 and which will continue to impact the Council going forward into 2023/24 and likely beyond. Recovery from the recent Covid-19 pandemic and the related service and financial pressures continues to impact. Instability in the wider economy and inflation is also having a direct impact on Council service provision, priorities, expenditure and funding.

The Bank of England (BoE) has made numerous increases in interest rates in an attempt to reduce the rising level of inflation. The target for inflation had been set at 2% and interest rates, which had previously been held at a low level for some time, have steadily risen during 2022/23 to the highest level in a number of years. At April 2023, inflation stood at 8.7%, with further increases expected during 2023/24.

Increases in inflation have a potential impact on the prices of procured and commissioned goods and services and future wages. After a period of low wage increases for a number of years, particularly in the public sector, pressure is growing for higher wage increases to mitigate the effects of increased inflation. As part of its budget setting process for 2022/23 a staggered pay rise was agreed equating to an average of 5% for Council staff. For 2023/24, no pay increase has been agreed and discussions are ongoing with trade unions and COSLA at a national level. Any agreed pay award over and above the funding provided by the Scottish Government will lead to further pressures for Local Authorities.

As in recent years and even more so as a result of Covid-19 and the rising cost of living, this operating environment presents the key challenge of developing and sustaining medium to longer term financial planning. A key area of uncertainty for the Council remains the future levels of grant from the Scottish Government it will receive on which it relies for a significant proportion of its funding.

There is much uncertainty around funding for future years. It is expected that the next Scottish Budget will be a 3 year settlement which should help to inform medium term financial planning and get a clearer sense of the Scottish Government's spending priorities that will assist the Council in prioritising its own finances.

Given this operating context, the preparation of medium to long term financial plans are subject to a number of key risks and uncertainties which will have an impact on budget assumptions. With funding static at best and potential increased costs of service provision due to the Covid-19 pandemic and rising cost of living and inflationary pressures, managing the effects of these increased costs will be a challenge for the public sector. This also places additional pressure on the Council to transform services and reduce its operating costs further to maintain a balanced budget in future years.

Audit Scotland continues to promote the importance of medium to long term financial planning. In Clackmannanshire, the Council continues to promote medium to longer term financial planning over a number of Budget rounds, the key features of the approach being:

- The use of financial scenario planning to provide a range of potential financial outcomes relative to changes in the key financial assumptions made; and

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- The Budget setting process provides indicative budgets for future years and identifies specific Business cases and / or new areas for review to be developed. This provides a multi-year view of the programme of activity and how it relates to Budget setting and indicative funding gap forecasts in individual financial years.
- The implementation of the Be the Future programme identifying areas for Transformation to increase efficiency and reduce costs over a 10 year period.
- A rolling 20 year Capital Investment Plan as first approved in the 2021/22 budget, setting out investment priorities over the medium to longer term.

Medium to long term planning assists the Council in managing the financial and service delivery risks associated with the impact of real and potential cash term reductions in public sector funding, balanced against increasing demand for services and new responsibilities.




Principal Risks and Uncertainties



















Along with the challenge of financial resilience, the Council also faces a number of non-financial risks. The Council maintains a Corporate Risk Register which is reported to the Audit & Scrutiny Committee (previously the Audit Committee) at every meeting. The latest report was reported to Audit & Scrutiny Committee on 20 April 2023 and can be found here: <https://www.clacks.gov.uk/document/meeting/295/1186/7592.pdf>

The Council's approach to managing each risk is:

















- Treat: we will take action to reduce the risk;
- Tolerate: actions within our control have been completed and plans are in place;
- Transfer: the risk will be passed to another party, such as insurers, and
- Terminate: the activity that is causing the risk will be ceased.

The Council currently has 17 key corporate risks, each assigned to an appropriate officer. Each risk is scored out of 25 based on likelihood and impact. A traffic light system is also used to highlight the risk.

Low: 9 or less  Medium: 10 – 15  High: 16 or more 

Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25		Treat	
COU CRR 005	Impact of Poverty, Inequality & Changing Demographics	20		Treat	
COU CRR 034	Insufficient Pace and Scale of Organisational Transformation	20		Treat	
COU CRR 050	Supply Chain & Labour Market Disruption	20		Tolerate	
COU CRR 012	Health & Safety Breach	20		Treat	
COU CRR 022	Public Health Emergency	20		Tolerate	
COU CRR 048	Increasing Attainment Gap	16		Treat	
COU CRR 009	Information Not Managed Effectively	16		Treat	
COU CRR 046	IT System Failure	15		Treat	

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Code	Title	Score	Status	Approach	Change
COU CRR 023	Industrial Unrest	15		Tolerate	
COU CRR 040	Failure of Public Utility Supply	15		Tolerate	
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	15		Treat	
COU CRR 047	Inadequate Workforce Planning	12		Treat	
COU CRR 011	Harm to Child(ren)	12		Treat	
COU CRR 037	Failure to Address Serious Organised Crime	12		Treat	
COU CRR 031	Failure to Prepare for Severe Weather Events	12		Tolerate	
COU CRR 049	Continued Contribution to Climate Change	10		Treat	

There were 17 risks on the Corporate Register at the end of financial year 2022/23, which currently remain in place.

Insufficient Financial Resilience remains as the risk with the highest score of 25.

- **Risk** - the Council does not have a balanced budget to meet essential service demands, customer needs, or external agendas.
- **Potential impact** - reputational and legal implications and severe, extended loss of service provision. Possibility of Alliance with Health & Social Care and other partners also experiencing budget pressures contributes to potential impact, given the interdependencies.
- **Mitigation** - Use the agreed strategic change framework and organisational design principles to implement a whole organisation redesign. Balance the drive for savings with the need for sufficient officer time and skills to support change and consider how to make more use of external assistance to support improvement.

Five risks have the next highest score of 20 with a high risk status (red) and two further high risks have a score of 16. The remaining nine risks have a medium risk status (yellow) and a score of between 10 and 15. All risks are regularly monitored and reviewed and action taken as required.

Where to find more Information

An explanation of the Financial Statements which follow and their purpose are shown at the top of each page. Further information about Clackmannanshire Council can be obtained from the Council's website (www.clacks.gov.uk) or from Finance Services, Kilncraigs, Greenside Street, Alloa, FK10 1EB.

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Management Commentary

Conclusion and Acknowledgements

The continued prudent financial management and medium term financial planning have allowed the Council to successfully manage its financial affairs and the financial objectives prescribed. The Council continued to progress major strategic initiatives such as the new Wellbeing Hub, City Region Deal, Organisational Redesign, Learning Estate Development and partnership working with the Health and Social Care Partnership. Alongside these, the Council also continues to support the Community through redesigning delivery of its services.

The Council would like to acknowledge the significant effort in producing the Annual Accounts and the Annual Governance Statement and to record thanks to colleagues for their continued hard work and support throughout 2022/23. The Council greatly appreciate the significant efforts of all who were involved, elected members of the Council and colleagues in every Service, all of whose efforts in managing the resources available have contributed to the financial position disclosed by the 2022/23 Annual Accounts.

Ellen Forson
Leader of the Council
10 August 2023

Lindsay Sim
Chief Finance Officer
10 August 2023

Nikki Bridle
Chief Executive
10 August 2023

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Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguards 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); and
- approve the annual accounts for signature.

I confirm that the Draft Annual Accounts were considered by Council at its meeting on 10 August 2023.

Signed on behalf of Clackmannanshire Council

Ellen Forson
Leader of the Council
10 August 2023

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The Chief Finance Officer's Responsibilities

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

In preparing the Annual Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

I certify that the draft Financial Statements give a true and fair view of the financial position of the Council and its group at the accounting date and the transactions of the Council and its group for the year ended 31 March 2023.

Lindsay Sim
Chief Finance Officer
10 August 2023

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Annual Governance Statement

Introduction

The purpose of the Annual Governance Statement (AGS) is to provide assurance to the people of Clackmannanshire, Elected Members, staff, partner agencies and other stakeholders that the Council:

- is well run;
- operates in a lawful, open, inclusive and honest manner;
- manages resources effectively, and
- provides a high standard of service to our customers.

The AGS explains the extent to which the Council has complied with its Local Code of Governance during the past year, the progress it has made on improvements identified in the previous year's AGS, and actions it plans to take to ensure that it continues to improve.

Governance is important - good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately, better outcomes for citizens and service users.

Corporate governance is not directly about strategy, policy, service standards, or performance; it is about the systems that make sure these things are done well and in an open, transparent and accountable way, reinforcing a culture of good governance across the organisation. Good governance enables an authority to pursue its aims effectively, while controlling and managing risk.

Local Code of Governance

Our Local Code of Governance is made up of the key Council policies and strategies that together determine how the Council is directed, controlled, led and held to account, including the culture and values that shape the decision-making and behaviour of councillors and employees. Councils are guided in this by the "Delivering Good Governance in Local Government Framework" (CIPFA, 2016). The framework sets out 7 principles, with supporting sub-principles and illustrations of good practice, that together constitute good governance.

Our Local Code is underpinned by a framework of systems and processes, based on legislative and regulatory requirements, guidance and good practice principles that guide our day to day activities.

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Local Code of Governance, linked to CIPFA good governance principles

		A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B. Ensuring openness and comprehensive stakeholder engagement	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 practices in transparency, reporting, and audit to deliver effective accountability
Leadership, values & culture	Scheme of Delegation	✓			✓	✓	✓	
	Standing Orders	✓			✓	✓	✓	
Strategy & performance management	Corporate Plan			✓	✓		✓	
	Performance Management Framework				✓		✓	✓
	Corporate Risk Management Guidance	✓	✓		✓	✓		
Working in Partnership	Alliance Governance Framework & Memorandum of Understanding (MOU)			✓	✓			
Communication & engagement	Communications Strategy		✓		✓			✓
Sustainability and climate change	Climate Change Strategy				✓		✓	
Financial management	Financial Regulations	✓	✓				✓	✓
	Contract Standing Orders	✓		✓	✓			✓
Information management	Digital Strategy	✓				✓		
Workforce management	Interim Strategic Workforce Plan	✓				✓		

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Leadership, Values and Culture

This section of our Local Code covers the arrangements we have for ensuring that the Council's leadership – senior managers and elected members – set and communicate a clear direction, are transparent and accountable, and act as role models for the Council's values and ethics.

Local Code approaches in this area are:

- Scheme of Delegation, and
- Council Standing Orders.

The Scheme of Delegation sets out the duties and responsibilities of the Council, its committees, sub-committees and officers. It explains the key functions of senior officers, including statutory posts, and explains their roles in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also in providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues.

Council Standing Orders set out the framework within which the Council conducts its business, and includes the timing of Council meetings, the order of business, rules of debate and matters of procedure.

Both the Scheme of Delegation and Standing Orders are currently under review, following the Council restructuring and changes arising from the local government election in May 2022.

Strategy and Performance Management

This covers how we make sure that strategies, policies and supporting processes reflect the Council's responsibilities and ambitions, and that they are communicated, implemented and followed through.

Local Code approaches in this area are:

- Council Corporate Plan;
- Performance Management Framework, and
- Corporate Risk Management Guidance.

At the Council meeting on 18th May 2023, it was agreed that the Council will no longer prepare a Corporate Plan and that instead the Council's Strategic Planning Framework will retain the Golden Thread performance model with an enhanced focus on Business Plan monitoring and scrutiny. Business plans will align with a new Wellbeing Economy Local Outcomes Improvement Plan.

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The Council's Performance Management Framework covers the strategies, plans and reports that take direction from the LOIP to make sure that resources are focused on Council priorities. Progress and performance are reported publicly and to regulatory bodies and the Scottish Government.

Corporate Risk Management Guidance explains the principles, processes and scrutiny arrangements used by the Council for managing risk. Senior management identify the key risks to achieving the Council's vision, outcomes and priorities. These are assessed together with the controls we have in place to manage the risks, and mitigating actions are agreed to bring the risks within a tolerable range. A similar process is carried out within services. Risk registers are regularly reviewed and challenged by senior management and Members.

Working in Partnership

This theme covers how we work with partners to achieve mutual benefit, by sharing expertise, resources and knowledge. The Clackmannanshire Alliance, our Community Planning Partnership, brings together the key organisations that can make a difference to people's lives in Clackmannanshire.

Local Code approaches in this area are:

- Alliance Governance Framework & Memorandum of Understanding

Key underpinning policies and guidance in this area are:

- Local Outcomes Improvement Plan (LOIP) 2017-2027, and
- Community Planning processes.

A new Wellbeing Economy LOIP is currently being developed and community and stakeholder engagement on the plan is underway. A set of draft outcomes and priorities are being consulted on as part of this work with the final LOIP anticipated to be finalised in Autumn 2023 and presented to both the Alliance Board and Council later in the year. . This approach is being jointly led by Community Planning Partners on behalf of the Clackmannanshire Alliance. The Alliance Board has agreed to review the Memorandum of Understanding and Community Planning processes following agreement of the Local Outcomes Improvement Plan.

Communication and Engagement

The Corporate Communications & Marketing Strategy aims to ensure that:

- both internal and external communications and marketing approaches are effective and responsive to the needs of all groups, and

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- digital communications develop in line with advancing technology and customer needs.

The Council use the online survey tool Citizen Space to consult on issues such as service satisfaction, policy proposals and strategies. During 2022/23, 28 surveys were undertaken an increase of 9 from 2021/22. During the reporting period a review of the Council's Consultation Toolkit was undertaken and this guidance has been published and shared with employees.

The Corporate Communications Strategy, related policies and Communications channels are in the process of being refreshed in 2023/24. This includes the Customer Charter and Customer Contact Policy which is currently subject to a process of employee and customer consultation.

Sustainability and Climate Change

The Council's Environmental Policy sets out Council commitments to continuously improve its environmental performance and take the lead in encouraging others in Clackmannanshire to do the same.

An Interim Climate Change Strategy was approved by Council in August 2022. The strategy sets out a framework for achieving net zero greenhouse gas emissions by 2040 at the latest for the Council's own operations and by 2045 at the latest for the Clackmannanshire area. A full Climate Change Strategy will be presented to Council in Autumn 2023.

A member/officer Climate Emergency Board was established during 2022, with the aim of progressing the Council's Climate Change actions. This is supported by an officer Climate Change Working Group.

Five Climate Change Forums have been set up to facilitate engagement with communities and promote sustainability across the county.

Asset management plans covering, for instance, buildings, vehicles and ICT equipment generally aim to ensure that assets are:

- fit for purpose;
- used efficiently, maximising value for money;
- environmentally and energy efficient and contribute to delivering reductions in greenhouse gas emissions, and
- employed flexibly and responsibly.

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Financial Management

Financial Regulations set out roles and responsibilities in relation to sound financial management, to ensure the highest standard of probity in dealing with public money and to assist and protect staff in such dealings. Underpinning guidelines and instructions ensure robust and effective financial control.

Key underpinning policies and guidance in this area are:

- Financial Regulations
- Contract Standing Orders
- Procurement Strategy

A review of Financial Regulations has been completed and the revised regulations have been considered and approved by Council in June 2023. Contract Standing Orders and the Procurement Strategy reviews are to be undertaken during 2023.

Information Management

Effective Information Management is vital for ensuring that the right information is available to the right people, at the right time, to support and inform decision making, while ensuring appropriate storage, access and protection of information and data.

Key underpinning policies and guidance in this area are:

- Digital Strategy 2019-25;
- Data Protection Policy, and
- Records Management Plan.

Information and data management forms an important element of the Council's Digital Transformation strategy and roadmap. This work has seen investment in specialist resources to accelerate modernisation and transform our approaches to digital, data and the way's in which we manage information. Work has commenced to review a number of supporting policies as part of our migration to the Microsoft 365 environment including information security and records management.

Workforce Management

The Strategic Workforce Plan 2019-22 sets out the Council's workforce planning priorities, which are to:

- Create a positive and inclusive organisational culture;
- Have a sustainable and resilient workforce;
- Ensure our workforce feels supported, empowered, respected and engaged, and

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- Ensure our workforce has the knowledge, skills and behaviours capable of meeting future demands.

The Workforce Plan is underpinned by a range of related policies and processes, covering all aspects of Workforce Management. These are reviewed on a rolling basis to ensure that they provide the best support for the Council.

A number of developments in Workforce Management approaches have taken place during 2022/23, including:

- Development of materials for hard to reach staff groups including video briefings for mandatory training and pod casting/video content;
- Development and implementation of the Health and Safety Strategy and Wellbeing Strategy;
- Development of the Constructive Conversations programme, which replaces the Performance, Review and Development (PRD) process.

An interim Workforce Plan is currently being developed and will be presented to Council in September 2023 with a fuller Strategic Workforce Plan for 2025-28 planned thereafter.

Statutory Roles

Councils are required to make a number of statutory appointments, as shown below. Further information on the statutory appointments of officers can be found in the Scheme of Delegation.

Head of Paid Service	The Chief Executive is the most senior Council officer, and is also the Head of Paid Service. They are the senior adviser responsible for the smooth running and co-ordination of Council services.
Section 95 Officer	The Chief Finance Officer (Section 95 Officer) is responsible for the proper administration of the Council's financial affairs.
Monitoring Officer	The Monitoring Officer is responsible for ensuring that the Council complies with the requirements of the law and any statutory Codes of Practice. The Senior Manager Legal & Governance is the Council's Monitoring Officer,
Chief Social Work Officer	The Chief Social Work Officer is responsible for making sure the Council is providing all social work services properly.
Chief Education Officer	The Chief Education Officer is responsible for ensuring the delivery of Education services.

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Audit and Assurance

There is a range of arrangements that seek to provide assurance on the Council's system of internal control.

1. The Audit and Scrutiny Committee has an important role in the Council's governance. The committee remit covers two broad areas:

Audit & Finance:

- Receive, review and consider reports on the Council's finances;
- Receive, review and consider reports on value for money and best value;
- Consideration and monitoring of the Council's Annual Governance Statement;
- Consider internal audit reports and results of internal audit investigations;
- Consider external audit and resultant action plans;
- Monitor and review actions taken on internal and external audit recommendations;
- Consider the effectiveness of the Council's risk management procedures and the control environment, and
- Receive and consider reports on countering fraud and corruption.

Scrutiny:

- Monitor council services, including the Health and Social Care Partnership (H&SCP) against agreed outcomes, standards and targets;
 - Monitor the achievement of organisation-wide agreed outcomes, standards and targets;
 - Monitor the achievement of agreed outcomes, standards and targets by the community planning partnership;
 - Monitor Police and Fire performance against Plans approved by the Council;
 - Scrutiny of Council decision-making, with the ability to call in decisions;
 - Initiate or undertake scrutiny reviews, and
 - Deal with matters referred by the Council for scrutiny purposes.
2. The role of Council's **Internal Audit** function is to provide a balanced and evidence based opinion to elected members on the adequacy of the Council's arrangements for risk management, governance, and control. To do this, the Internal Audit team must be:
 - independent;
 - objective in performing audit work; and
 - adequately resourced, experienced, qualified, and knowledgeable.

The Internal Audit service is delivered via a joint working arrangement with Falkirk Council.

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The Public Sector Internal Audit Standards 2017 (PSIAS) require the preparation of a risk based Internal Audit Plan setting out the team's annual work programme. The Internal Audit plan for 2022/23 was agreed by the Audit & Scrutiny Committee in October 2022. It proposed sixteen assignment areas, including two covering other bodies (the Clackmannanshire and Stirling Integration Joint Board, and the Central Scotland Valuation Joint Board).

Internal Audit provides regular progress reports to the Audit and Scrutiny Committee and an annual Assurance report, which gives an overall opinion on the Council's risk management, governance, and control arrangements, based on the assignments agreed within the audit plan and undertaken over the course of the year.

The Annual Assurance Report by Internal Audit will be presented to the Audit & Scrutiny Committee later in 2023.

3. The Council is externally audited by Deloitte LLP who conduct an audit in accordance with the Code of Audit Practice approved by the Accounts Commission. Their responsibilities include assessing the Council's system of internal control to gain assurance that the Council:
 - has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements;
 - has systems of internal control which provide an adequate means of preventing and detecting material misstatement, error, fraud or corruption, and
 - complies with established policies, procedures, laws and regulations.
4. Many individual services and functions are subject to review by external agencies and inspectorates.

Review of Effectiveness

We have a responsibility for reviewing, at least annually, the effectiveness of our governance framework, including the system of internal control. The review is informed by a wide range of evidence, including:

- The work of the members of the Extended Strategic Leadership Group, who have responsibility for the development and maintenance of the governance environment;
- The Internal Audit Annual Assurance Report;
- Reports provided by our External Auditor (currently Deloitte LLP);
- Reports from other external review bodies, agencies and inspectorates;
- Output from self-assessment undertaken by service managers evaluating the extent to which services comply with the local code, and identifying areas for improvement;

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- The completion of signed Certificates of Assurance by Executive Directors confirming their opinion that the identified areas for improvement and associated action plan will address any current issues or risks, and
- A two-stage internal Governance review process involving senior and service managers. Stage one reviews the local code to make sure that it reflects the approaches that are most significant to the achievement of Council priorities and desired outcomes, and that the approaches are fit for purpose. The second stage of the review is to check that the approaches are implemented in all relevant areas.

The annual Governance review identifies areas for improvement. Resulting actions are tracked using the Council's performance management system.

Significant Governance Issues

The 2021/22 Annual Report, provided by our external auditor (at that time Audit Scotland, now Deloitte LLP) found that the Council had made limited progress in implementing their prior year audit recommendations, owing to capacity issues and to staff being abstracted on to pandemic and cost of living response Actions to address the recommendations were included in last year's AGS, and progress is reported later in this document. The issue areas identified were:

1. Finance team capacity;
2. Delay in completing the year end bank reconciliation;
3. Non-current asset accounting;
4. Management commentary and annual governance statement;
5. Financial systems of internal control and key supporting documents, and
6. Prevention and detection of fraud and error.

The 2021/22 report also identified a risk relating to the revised Audit and Scrutiny Committee arrangements, in that elected members may not have sufficient time to review papers and deliver effective scrutiny. The external auditor recommended that the arrangements are kept under review.

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Progress made on areas for improvement contained in the 2021/22 AGS

Code	Description	Carried forward from	Latest Note
AGS 020 003	An updated Risk Management Framework will be finalised	31-Mar-2023	Advanced draft completed – anticipated final completion by October 2023 following consideration by Council.
AGS 020 004	Covid Recovery plans will be reviewed to ensure alignment with Be the Future	31-Mar-2023	This work is ongoing and is being integrated into the Councils Be the Future planning. It is progressing in the context of a refresh of the Councils Target Operating Model and also through a range of transformational initiatives such as Future Ways of Working and Digital Transformation which aim to optimize service design as part of post pandemic recovery.
AGS 020 006	Action will be taken to ensure that new Hate Crime legislation is reflected in key Council policies.	31-Mar-2021	Hate Crime is a key action in the Councils Mainstreaming Equalities and Diversity Outcomes approved in 2021, and is reflected in appropriate employee and partnership strategies. Information on 3 rd party reporting is provided on the Councils website alongside the range of partners across Forth Valley that we work alongside as part of wider equalities work.
AGS 020 011	The review of the Sustainability and Climate Change Strategy will be completed, followed by engagement with key stakeholders.	31-Mar-2023	An Interim Climate Change Strategy was approved by Council in August 2022. A full Climate Change Strategy will be considered by Council in Autumn 2023. Five Climate Change Forums have been set up to facilitate engagement with communities and promote sustainability across the county.

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Code	Description	Carried forward from	Latest Note
AGS 020 015	A Digital Transformation Delivery Plan and Road Map will be developed, informed by the Audit Scotland report and the outcome of the Digital Maturity Assessment.	31-Mar-2021	This major work is ongoing and remains a key priority for the Council as set out in Be the Future and our Target Operating Model. A digital transformation strategy is in place, and whilst we have plans to refresh the strategy, significant work is being taken forward around digital, data and ICT modernisation which is reflected in the strategy. This work is being progressed in partnership with a range of industry experts, and whilst significant progress is planned in 2023/24, the overall delivery plan is under constant review.
AGS 021 001	The Governance assurance process will be reviewed, to ensure it is effective and proportionate.	31-Mar-2023	The Governance assurance process has been reviewed and changes implemented.
AGS 021 002	The review of the Scheme of Delegation will be completed after the conclusion of the Council restructure.	31-Mar-2023	The review of the scheme is at an advanced stage and is expected to conclude and be considered by Council by October 2023.
AGS 021 003	A detailed review of Standing Orders will be undertake, with the aim of consolidating incremental changes that have been made in recent years, improving clarity and ensuring Standing Orders remain fit for purpose. Training will be provided for elected members.	31-Mar-2023	An officer/elected member working group was agreed by Council in 2022. Work continues; it is expected that this work will complete in late 2023 on conclusion of the refreshed Scheme of Delegation.
AGS 021 005	Options for enhancing arrangements for Fraud Risk Management will be investigated as part of the restructure of the Legal & Governance service.	31-Mar-2023	This work is ongoing beyond the projected target date, expected to conclude in late 2023.
AGS 021 006	The Local Outcome Improvement Plan will be refreshed and a Wellbeing Local Outcome Improvement Plan will be developed	31-Mar-2023	The present LOIP 2017-27 remains current. Community and stakeholder engagement to develop the wellbeing LOIP is underway. A set of draft outcomes and priorities are being consulted on as part of this work with the final LOIP anticipated to be finalised in Autumn 2023. This approach is being jointly led by Community Planning Partners on behalf of the Clackmannanshire Alliance.

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Code	Description	Carried forward from	Latest Note
AGS 021 007	Clackmannanshire Alliance operating arrangements and structures, including the Memorandum of Understanding, will be refreshed.	31-Mar-2023	This will be reviewed following completion of the LOIP refresh.
AGS 021 008	The Council's Customer Charter will be refreshed.	31-Mar-2023	A review of the Customer Charter has been completed and following a period of stakeholder consultation will be considered by Council in October 2023, along with a refreshed Unacceptable Behaviour policy.
AGS 021 009	The refresh of the Communications Strategy will be finalised.	31-Mar-2022	Ongoing. A high level corporate communications strategy has been drafted. The intention is to finalise this in 2023 following Council's approval of a revised Target Operating Model and a period of consultation.
AGS 021 012	Information on Sustainable Asset Management on the Council website will be improved to make it clearer and more accessible.	31-Mar-2023	Significant work has been done to develop and improve website information on Sustainability, with pages covering the Interim Climate Change Strategy, Climate Change Forums and annual climate reports, as well as links to external organisations.
AGS 021 013	Further guidance and training on Financial Governance and financial system processes will be rolled out, including promoting awareness of the management information produced by the finance system to assist decision making	31-Mar-2023	In progress. Initial training has been rolled out to the Accountancy team who will then roll out to Budget Holders. Further specific training to be identified and delivered throughout the year. A session on Governance including Financial Regulations and Contract Standing Orders is planned to be held with the Senior Leadership Forum during the year.
AGS 021 015	Debt recovery processes will be reviewed to ensure Council is recovering debts due.	31-Mar-2022	A Credit Controller has been employed to complete a focussed review of outstanding debt and recovery options and to update processes. To be completed by September 2023.
AGS 021 016	Additional support will be secured for Procurement and Community Wealth Building work.	31-Mar-2022	Additional supports are in place within economic development to support Community Wealth Building. Ongoing market conditions continue to make securing additional procurement resources challenging.

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Code	Description	Carried forward from	Latest Note
AGS 021 017	The Information and Communication Technology (ICT) Strategy and ICT Asset Management Plans will be finalised.	31-Mar-2022	This work is being taken forward as part of the Council's Digital Transformation Roadmap and Microsoft 365 migration project implementation plan, which is ongoing.
AGS 021 018	Remaining outstanding actions in the Workforce Programme will be completed.	31-Mar-2022	The workforce programme was closed down following report to Strategic Oversight Group. Due to capacity, some communication actions remain outstanding, however, these will be included in both a refreshed interim workforce plan and corporate communications strategy, due to be considered by Council in September 2023.
AGS 021 019	The feasibility of introducing a structured approach to the publication of policies and strategies will be investigated, to ensure they are accessible and up to date.	31-Mar-2022	Ongoing, to be wrapped up in wider M365 deployment work. Sharepoint anticipated to provide the platform. Policies and guidance is being developed for deployment over 23/24.
AGS 022 001	Financial Regulations Review	31-Mar-2023	Revised Financial Regulations have been reviewed and have been considered and approved by Council in June 2023.
AGS 022 002	Contract Standing Orders Review	31-Mar-2023	Ongoing. Planned for 2023.
AGS 022 003	Procurement Strategy Review	31-Mar-2023	Ongoing. Planned for 2023.
AGS 022 004	Corporate Plan refresh will be undertaken	31-Mar-2023	Council agreed in May 2023, that it will no longer prepare a Corporate Plan and that instead service business plans will align and report with strategic priorities. Refreshed guidance will be provided to directorates, with revised business plans due to be considered by Council in October 2023.
AGS 022 005	Information and knowledge management programme of work will be scoped and capacity, resources and roles and responsibilities identified	31-Mar-2023	Ongoing. A cross service team are actively progressing this work as part of M365 deployment, supported by additional M365 and data transformation project resource. Additional posts have also been identified and resourced.

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Code	Description	Carried forward from	Latest Note
AGS 022 006	The Strategic Workforce Plan 2019–2022 will be replaced with an updated and refreshed Strategic Plan covering 2022–2025. This will be jointly developed in line with review of the LOIP and Corporate Plan	31-Mar-2023	An Interim strategic workforce plan will be considered by Council in September 2023.
AGS 022 007	A communication plan will be developed to roll out across the Council in order to raise awareness of the new Strategic Workforce plan and underpinning workforce programme	31-Mar-2023	See AGS 021 009 above.
AGS 022 008	Workforce Planning events will be undertaken within each Directorate and the outputs of these will inform the overall Strategic Plan	31-Mar-2023	Service working planning workshops have taken place over 2022 and 2023. All directorates plan to put these to Council for consideration in autumn 2023.
AGS 022 009	Focused SLF sessions regarding good corporate governance e.g. procurement, financial regulations, Legal, HR processes	31-Mar-2023	SLF forward plan now in place, with governance session being planned and deployed. For example, information security and governance training and health and safety training has been provided for all senior managers.
AGS 022 010	Continue to develop approaches to engaging 'hard to reach groups', both through training and development provision, career progression, and ongoing engagement with the Council	31-Mar-2023	The Workforce Development & Learning team continue to develop 'offline' approaches for learning programmes such as mandatory training in order to address hard to reach groups. Further work to be defined within the Interim Workforce Plan.
AGS 022 011	Implement and track progress with the outputs of the Trueman Change Capacity and Skills Audit, ensuring that recommendations where applicable are included within the Strategic Workforce Plan 2022-25	31-Mar-2023	Recommendations will be incorporated into the Interim Workforce Plan for 2023-25 scheduled to be considered by Council in September 2023.
AGS 022 012	Financial reconciliations will be completed more regularly, with review and evidencing of reconciliations strengthened	31-Mar-2023	In progress throughout 2022/23.
AGS 022 013	A schedule for reviewing access to core systems will be introduced	31-Mar-2023	Planned for 2023/24
AGS 022 014	Training in combating fraud and corruption for Directors, Senior Managers and other key officers will be rolled out	31-Mar-2023	Planned for 2023/24 following Council approval of revised Whistleblowing policy.

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Code	Description	Carried forward from	Latest Note
AGS 022 015	A new Whistleblowing Policy will be introduced	31-Mar-2023	Policy has been refreshed following a review of practice elsewhere, due to be considered by Council in October 2023.
AGS 023 001	Complete the review of the social media policy and guidelines.	31-Mar-2024	Following approval of the Corporate Communications Strategy, Customer Charter and Unacceptable Behaviour Policy, a review of the Council's Social Media Policy and Guidelines will be undertaken. This is included in the improvement plan below.

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Improvement Plan

The following improvement actions have been agreed for delivery during 2023/24:

Agreed action	Due by	Lead
A full Climate Change Strategy will be presented to Council in Autumn 2023.	Autumn 2023	Senior Manager Development
Development of the interim 2 year workforce plan (2023-25)	August 2023	Organisational Development Adviser
Development of the 3 year Strategic Workforce plan (2025-28)	March 2024	Organisational Development Adviser
Portfolio workforce planning events	August 2023	Organisational Development Adviser
Focused SLF sessions regarding good corporate governance e.g. procurement, financial regulations, Legal, HR processes	March 2024	Organisational Development Adviser
Continue to develop approaches to engaging 'hard to reach groups', both through training and development provision, career progression, and ongoing engagement with the Council	March 2024	Organisational Development Adviser
Implement and track progress with the outputs of the Trueman Change Capacity and Skills Audit, ensuring that recommendations where applicable are included within the Strategic Workforce Plan 2023-25. These will be incorporated in the Interim Plan.	August 2023	Organisational Development Adviser
Complete refresh of the wellbeing economy Local Outcome Improvement Plan 2023-2033.	December 2023	Senior Manager Partnership and Transformation
Complete update of the Clackmannanshire Alliance Memorandum of Understanding and related operating arrangement.	March 2024	Senior Manager Partnership and Transformation
Finalise the Corporate Communications Strategy following consultation on the draft.	December 2023	Senior Manager Partnership and Transformation
Complete the review of the social media policy and guidelines.	March 2024	Senior Manager Partnership and Transformation
Finalise and publish the Customer Charter and Unacceptable Behaviour Policy.	October 2023	Senior Manager Partnership and Transformation

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Annual Governance Statement

Statement of Assurance

We are satisfied that Clackmannanshire Council's Governance arrangements remain fit for purpose.

Areas for improvement set out above will be addressed to further improve the effectiveness of our Governance arrangements and will include an update on progress in our 2024 AGS.

Nikki Bridle
Chief Executive
10 August 2023

Ellen Forson
Leader of the Council
10 August 2023

CLACKMANNANSHIRE COUNCIL

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Remuneration Report

General

Elements of the remuneration report are subject to audit, throughout the report the relevant sections have been noted as audited where applicable. The other sections of the Remuneration Report have been reviewed by the External Auditors as detailed in the Independent Auditor's Report. The results presented in the tables comprising Clackmannanshire Council's Remuneration Report for 2022/23 reflect the following contextual factors:

- Pay award of 5% or £1,872 (whichever is larger) from 1 April 2022 is included in the 2022/23 figures for those earning up to £60k. Anyone earning over £60k was awarded 5% pay award.
- As at 31 March 2023 there were 7 Senior Councillors in post. The maximum allowed for Clackmannanshire Council is 8;
- The corporate management structure during the year was: Chief Executive, Strategic Director Place, Strategic Director People, Strategic Director Partnership & Performance and Strategic Director Transformation; and
- The committee structure includes the Audit & Scrutiny Committee aligning with the CIFPA guidance for Audit Committees in Local Authorities.

Remuneration Arrangements

Councillors

The remuneration of Councillors is regulated by the Local Government (Scotland) Act 2004 (Remuneration) and Regulations 2007 (SSI No. 2007/183), amended by SSI 2019/23 and SSI 2021/18. The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the 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 is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority Councillors.

In line with the Regulations the following maximum salaries attributable are:

- Leader of the Council £32,622 (2021/22 £31,010);
- Civic Head (Provost) £24,467 (2021/22 £23,257) maximum remuneration is 75% of the sum payable to the leader, and
- Senior Councillors £22,019 (2021/22 £20,931).

The Regulations also set out that Clackmannanshire Council (Band A) is eligible to appoint a maximum of 8 Senior Councillors. Total remuneration available for Senior Councillors is

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Remuneration Report

based on a calculation detailed in Councillors' Remuneration Guidance. The total annual amount payable by the Council for remuneration to all its Senior Councillors shall not exceed £176,150 (2021/22 £167,446).

The remuneration paid to Senior Councillors in 2022/23 covering the year 1 April 2022 to 31 March 2023 totalled £157,766 (2021/22 £154,264). This includes £312 paid to Councillor Holden for serving as Vice Convenor on the Central Scotland Valuation Joint Board until 5th May 2022 (2021/22 £3,278). Also included are payments for serving on the Association of Public Service Excellence (APSE) for Councillor Sharp £183 until 4th May 2022 (2021/22 £2,471). Both these amounts are recoverable from the respective organisations. The net cost to Clackmannanshire Council in relation to Senior Councillors is £157,271 (2021/22 £148,515). This complies with current regulations.

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 members of the pension scheme.

The Scheme which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the full Council on 21 June 2007, and details are available on the Council's website at: www.clacksweb.org.uk under 'Elected Members' Remuneration'.

Joint Boards

In addition to the Senior Councillors of the Council the Regulations also set out the remuneration payable to Councillors with the responsibility of a Convenor or a Vice-Convenor of a Joint Board. For Clackmannanshire, two joint boards exist; the Central Scotland Valuation Joint Board (CSVJB), and the Clackmannanshire and Stirling Integration Joint Board.

The regulations require the remuneration to be paid by the Council of which the Convenor or Vice-Convenor (as the case may be) is a member. The Council is also required to pay any related pension contributions arising from this appointment.

As noted above, Clackmannanshire Council made payments of £312 in 2022/23 (2021/22 £3,278) to Councillor Holden for his role as the Vice-Convenor of the CSVJB. This amount is recovered in full from the CSVJB.

No Councillors undertook the roles of Convenor or Vice-Convenor of the Clackmannanshire and Stirling Integration Joint Board in 2022/23 or 2021/22 therefore no additional payments were made.

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Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/152 sets the amount of salary for the Chief Executive of Clackmannanshire Council for the period April 2022 to March 2023. Senior employees do not receive any other benefits.

Disclosure of Remuneration for Relevant Persons

The following tables provide details of the remuneration paid to the Council's Senior Councillors and Senior Employees.

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Table 1 (Audited): Remuneration of Senior Councillors and Convenors and Vice Convenors of Joint Boards

Post holder	Position	Dates	Total Remuneration	
			2021/22 £	2022/23 £
Ellen Forson	Leader of the Council Spokesperson for Partnership, Third Sector and Digital Strategy	from 12/4/18 to 4/5/22 & from 22/5/22 from 2/2/23	31,010	30,976
Tina Murphy	Provost	from 1/6/17 to 4/5/22	23,257	2,374
Donald Balsillie	Spokesperson for Audit and Finance Chair of Planning Committee Provost	from 1/2/19 to 4/5/22 from 1/6/17 to 4/5/22 from 25/5/22	20,931	22,995
Denis Coyne	Chair of Planning Committee	from 25/5/22	-	18,771
Graham Lindsay	Spokesperson for Education	From 28/6/17 to 4/5/22 & from 22/5/22	20,931	20,908
Les Sharp	Spokesperson for Health & Social Services	from 12/4/18 to 4/5/22	23,402	2,137
Craig Holden	Spokesperson for Environment & Housing Valuation Joint Board - Depute Convenor Spokesperson for Partnership, Third Sector and Digital Strategy	from 25/06/20 to 4/5/22 from 26/6/17 to 4/5/22 from 25/5/22 to 9/12/22	24,209	14,051
Helen Lewis	Spokesperson for Partnership and Third Sector	To 4/5/22	20,931	2,137
Martha Benny	Chair of Audit Committee	from 23/08/20 to 30/06/21	5,233	-
Dave Clark	Chair of Audit Committee	from 1/07/21 to 4/5/22	15,698	2,137
Kenny Earle	Chair of Licensing Board Chair of Audit and Scrutiny Committee	from 20/6/17 to 04/5/22 and from 25/5/22 from 25/5/22	20,931	20,908
Phil Fairlie	Convener of Council	from 25/5/22	-	18,771
Scott Harrison	Spokesperson for Sport, Leisure and Active Living	from 25/5/22	-	18,771
Fiona Law	Spokesperson for Environment and Net Zero	from 25/5/22	-	18,771
Jane McTaggart	Spokesperson for Housing and Property	from 25/5/22	-	20,402
Total Remuneration			206,531	214,109

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Remuneration Report

Notes

1. There were no Taxable Expenses or Benefits other than in cash paid to any of the Senior Councillors in 2022/23 or 2021/22.
2. During 2022/23 there were no changes to the political administration of the Council which has been led by the SNP from 9 March 2017 to present.
3. During 2022/23 there was a Local Election on 4th May 2022 which resulted in changes to the leadership and roles of the Council from 25th May 2022. From this date the new leader of the Council was confirmed as Ellen Forson and six new roles were introduced, including Convener of Council which will support the administrative arrangements for conducting the Council's business. The other new roles were; Spokesperson for Partnership, Third Sector and Digital Strategy, Spokesperson for Sport, Leisure and Active Living, Spokesperson for Environment and Net Zero, Spokesperson for Housing and Property and Chair of Audit and Scrutiny Committee
4. Councillor Sharp received £753 (2021/22: £8,930) remuneration from NHS Forth Valley for serving on the regional Health Board during 2022/23. This is paid directly by the NHS to each individual and are not included above.

Remuneration Paid to Councillors

Clackmannanshire Council currently has 18 Councillors in total who serve under the following structure as at 31 March 2023:

Leader of the Council	1
Provost/Civic Head	1
Senior Councillors	7
Councillors	9
Total Councillors	18

Councillors are no longer paid allowances; where a Councillor is entitled to a special responsibility payment, for example, for serving as a committee convenor, this is reflected in the salary band applied. The Council paid the following salaries and expenses to all Councillors during the year:

Type of Remuneration (Audited)	2021/22	2022/23
	£	£
Salaries	375,658	385,017
Employer's NIC and Pension	95,046	111,156
Expenses	3,970	4,350
Total	474,674	500,523

The annual return of Councillors' salaries and expenses for 2022/23 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's web site: <https://www.clacks.gov.uk> under 'Remuneration to Elected members'.

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Table 2 (Audited): Remuneration of Senior Employees of the Council

Name and Positions held during the year	Total Remuneration 2021/22	Total Remuneration 2022/23
	£	£
Nikki Bridle <ul style="list-style-type: none"> Chief Executive 	111,497	116,862
Stuart Crickmar <ul style="list-style-type: none"> Strategic Director - Partnership & Performance 	96,872	101,506
Pete Leonard <ul style="list-style-type: none"> Strategic Director – Place 	96,872	101,506
Fiona Colligan <ul style="list-style-type: none"> Strategic Director – Transformation 	96,739	101,506
Lorraine Sanda <ul style="list-style-type: none"> Strategic Director - People 	96,872	101,506
Catherine Quinn <ul style="list-style-type: none"> Chief Education Officer (Interim) from 21/12/20 to 31/08/22 (Annual Salary £86,457) 	82,540	35,651
Colin Bruce <ul style="list-style-type: none"> Chief Education Officer from 1/8/22 (Annual Salary £86,457) 	-	57,638
Sharon Robertson <ul style="list-style-type: none"> Chief Social Work Officer 	78,319	82,235
Lindsay Sim <ul style="list-style-type: none"> Chief Finance Officer 	78,588	82,236
Lindsay Thomson <ul style="list-style-type: none"> Monitoring Officer to 31/08/21 (Annual Salary £67,759) 	28,466	-
Lee Robertson <ul style="list-style-type: none"> Monitoring Officer (Acting) from 01/09/21 and Monitoring Officer and Senior Manager Legal from 31/01/22 (Annual Salary £71,147) 	52,445	71,147
Total	819,210	851,793

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Notes to Remuneration of Senior Employees of the Council

1. The senior employees in the table include all those employees who have responsibility for management of the Council to the extent that the person has power to direct or control the major activities of the Council (including activities involving the expenditure of money) during the year to which the Report relates whether solely or collectively with other persons, or who hold a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989.
2. Pay award of 5% or £1,872 (whichever is larger) from 1 April 2022 is included in the 2022/23 figures for those earning up to £60k. Anyone earning over £60k was awarded 5% pay award.
3. The Chief Executive remuneration is in line with national agreement between Scottish Joint Negotiating Committee (SJNC) and Association of Local Authority Chief Executives (ALACE) includes a pay award of 5% or a £1,978 uplift whichever is larger, the annual salary is £116,862.
4. The table includes salaries paid by Scottish Care Inspectorate for the Chief Social Work Officer Sharon Robertson who was on secondment.
5. Total remuneration for senior employees' remuneration includes salary, fees and allowances. There was no bonuses, taxable expense, compensation for loss of office or benefits other than in cash paid to any of the Senior Employees in 2022/23 or 2021/22.

General Disclosure by Pay Band (Audited)

The number of employees, whose remuneration in the year was greater than or equal to £50,000 (grouped in rising bands of £5,000).

Remuneration Band	No of Employees 2021/22	No of Employees 2022/23
£50,000 - £54,999	62	68
£55,000 - £59,999	29	24
£60,000 - £64,999	28	39
£65,000 - £69,999	13	20
£70,000 - £74,999	2	16
£75,000 - £79,999	1	6
£80,000 - £84,999	2	2
£85,000 - £89,999	1	-
£90,000 - £94,999	1	2
£95,000 - £99,999	4	1
£100,000 - £104,999	-	4
£105,000 - £109,999	-	-
£110,000 - £114,999	1	-
£115,000 - £119,000	-	1
	144	183

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Remuneration Report

Pension Benefits

Pension Benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS).

The LGPS in Scotland changed on 1 April 2015 to a Career Average Revalued Earnings (or CARE) scheme. In a CARE scheme the pensionable pay for each year of membership is used to calculate a pension amount for that particular year. The pension amount is increased (revalued) each year in line with inflation. These individual pension amounts are then added together to arrive at the total pension payable from the scheme. The LGPS is classed as a defined benefit scheme.

From 1 April 2015 Councillors and local government employees have been in the same pension scheme although there are some provisions of the LGPS 2015 that do not apply to Councillors. Councillors' pension benefits built up to 31 March 2015 are protected.

Local Government employee pensions to 31 March 2015 are protected and worked out on final pay when leaving. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme to 31 March 2015. From 1 April 2015 the normal retirement age will be the same as an individual's state pension age with a minimum of age 65.

From 1 April 2015 contribution rates were:

Whole Time Pay 2022/23 (2021/22) For pay between:		Contribution rate 2022/23 (between %)	Contribution rate 2021/22 (between %)
£0	£23,676 (£22,955)	5.5	5.5
£23,677 (£22,956)	£30,765 (£29,857)	5.6 - 6.0	5.6 - 6.0
£30,766 (£29,858)	£38,635 (£37,474)	6.1 - 6.5	6.1 - 6.5
£38,636 (£37,475)	£54,488 (£52,876)	6.6 - 7.5	6.6 - 7.5
£54,489 (£52,877)	£61,386 (£59,569)	7.6 - 8.0	7.6 - 8.0
£61,387 (£59,570)	£82,194 (£79,762)	8.1 - 9.0	8.1 - 9.0
£82,195 (£79,763)	£124,346 (£120,666)	9.1 – 10.0	9.1 – 10.0
£124,347 (£120,667))	And above	10.1 & over	10.1 & over

*Source: Scottish Public Pensions Agency, Contributions.

If a person works part-time their contribution rate is worked out on their actual pensionable pay and matched to the appropriate band in the contribution table.

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

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From 1 April 2015 the accrual rate guarantees an annual credit to members' Pension Accounts based on 1/49 of pensionable pay received in that scheme year. In those cases where members have transferred pension entitlements from previous employments, the pension figures shown relate to the benefits that the person has accrued as a consequence of their total government service, and not just their current appointment.

The pension entitlements for Senior Councillors who have elected to join the pension scheme for the year ended 31 March 2023 are shown in the table below, together with the contribution made by the Council to each Senior Councillors' pension during the year.

Table 3 (Audited): Senior Councillors Pension Benefits

Post Holder	Position	Pension Contributions		Accrued Pension Benefits			
		2021/22	2022/23	Difference to 2021/22		As at 31 March 23	
		£	£	Pension £'000	Lump Sum £'000	Pension	Lump Sum
Ellen Forson	Leader of the Council	6,977	7,199	1	-	6	-
Tina Murphy	Provost	872	-	-	-	-	-
Donald Balsillie	Spokesperson for Audit and Finance Chair of Planning Committee Provost	4,709	5,403	1	-	7	2
Denis Coyne	Chair of Planning Committee	-	2,816	-	-	1	-
Graham Lindsay	Spokesperson for Education	4,709	4,934	1	-	3	-
Les Sharp	Spokesperson for Health & Social Services	4,709	481	-	-	11	-
Helen Lewis	Spokesperson for Partnership & Third Sector	4,709	481	-	-	2	-
Martha Benny	Chair of Audit Committee	4,317	4,404	1	-	3	-
Dave Clark	Chair of Audit Committee	4,579	481	-	-	3	-
Kenny Earle	Chair of Licensing Board Chair of Audit and Scrutiny Committee	4,709	4,934	1	-	6	-
Phil Fairlie	Convener of Council	-	4,453	-	-	-	-
Scott Harrison	Spokesperson for Sport, Leisure and Active Living	-	4,453	-	-	-	-
Fiona Law	Spokesperson for Environment and Net Zero	-	4,453	-	-	-	-
Jane McTaggart	Spokesperson for Housing and Property	-	4,880	1	-	2	-
Total		40,290	49,373	6	-	44	2

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

CLACKMANNANSHIRE COUNCIL
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Remuneration Report

Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2023 are shown in the table below, together with the contribution made by the Council to each Senior Employees' pension during the year.

Table 4 (Audited): Senior Employees Pension Benefits

Name and Post Title	Pension Contributions		Accrued Pension Benefits			
	2021/22	2022/23	Increase/(decrease) from 31 March 2022		As at 31 March 2023	
	£	£	£'000	£'000	£'000	£'000
			Pension	Lump Sum	Pension	Lump Sum
Nikki Bridle Chief Executive	25,087	26,294	6	4	56	72
Stuart Crickmar Strategic Director - Partnerships & Performance	21,796	22,839	5	3	48	63
Pete Leonard Strategic Director - Place	21,796	22,839	3	-	8	-
Fiona Colligan Strategic Director – Transformation	21,766	22,839	2	-	4	-
Lorraine Sanda Strategic Director - People	21,796	22,839	3	-	12	-
Catherine Quinn Chief Education Officer (Interim) from 21/12/20 to 31/08/22	18,572	7,719	1	-	6	-
Colin Bruce Chief Education Officer from 1/8/22	-	12,969	1	-	1	-
Sharon Robertson Chief Social Work Officer	13,314	13,980	3	3	37	54
Lindsay Sim Chief Finance Officer	17,682	18,503	4	2	30	27
Lindsay Thomson Monitoring Officer to 31/08/21	6,390	-	-	-	-	-
Lee Robertson Monitoring Officer (Acting) from 01/09/21 and Monitoring Officer and Senior Manager Legal from 31/01/22	11,800	16,008	2	-	6	-
Total	179,999	186,829	30	12	208	216

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Remuneration Report

Notes

1. All Senior Employees employed by Clackmannanshire Council shown in the tables above are members of the Local Government Pension Scheme (LGPS).
2. Where employees have joined the Council and transferred previous employment pension benefits into the Falkirk Pension Fund, the pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service and not just their current employment.

Termination Benefits (Audited)

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision committing to the termination of employment of the offer to an officer or to a group of officers to encourage voluntary redundancy.

A number of employees left the Council through voluntary redundancy and voluntary severance during 2021/22 and 2022/23. The number of employees and costs of exit packages per pay band is shown in the table below.

Disclosed costs include, where applicable: redundancy and pension costs in relation to lump sum, strain payments and capitalised added years. Any early terminations which might arise on the grounds of health or dismissal fall outside the regulatory disclosure requirement and would not be disclosed.

Cost Bands	Total Number of exit packages by Cost band		Total Cost of exit packages by Cost band	
	2021/22	2022/23	2021/22	2022/23
			£	£
£0 £20,000	2	1	2,253	1,713
£20,001 £40,000	-	1	-	27,374
£40,001 £60,000	-	1	-	48,147
£60,001 £200,000	2	1	255,986	76,505
Total	4	4	258,239	153,739

Paid Time-off provided to Trade Union Representatives

The undernoted information is provided in line with the requirements of the trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) introduced by the Trade Union Act 2016.

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Remuneration Report

Relevant Union Officials

During the year 14 employees took part in union activities, as relevant union officials, some of whom were part time:

	2022/23	
	Central Function	Education Function
Number of employees	13	2
Full-time Equivalent	12.29	1.6

Facility time

The employees spent the following percentages of their time on facility time:

% of time	Employees 2022/23	
	Central Function	Education Function
0%	4	-
1-50%	9	1
51-99%	-	1
100%	-	-

Of the total pay bill, £100k (0.10%) related to facility time undertaken during the year.

	2022/23	
	Central Function £'000	Education Function £'000
Facility time cost	55	45
Total pay bill	99,863	99,863
% of pay bill	0.06%	0.05%

Paid trade union activities

The percentage of the total paid facility time that relates to relevant union officials was 6.24%.

Nikki Bridle
Chief Executive
10 August 2023

Ellen Forson
Leader of the Council
10 August 2023

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Independent Auditor's Report

The Draft Financial Statements are subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is

Deloitte LLP

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Comprehensive Income & Expenditure Statement
For the year ended 31 March 2023

This statement shows the accounting cost in the year of providing services in accordance with proper accounting practices rather than the amount to be funded from taxation. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

				Note	2022/23	
Gross Expenditure	2021/22 Gross Income	Net Expenditure /(Income)			Gross Expenditure	Net Expenditure /(Income)
£'000	£'000	£'000			£'000	£'000
102,799	(6,515)	96,284	People		97,072	(6,854)
29,307	(22,597)	6,710	Partnership and Performance		26,892	(23,282)
34,142	(12,674)	21,468	Place		43,469	(12,923)
17,884	(20,392)	(2,508)	Housing Revenue Account		19,119	(20,516)
1,232	-	1,232	Corporate Services		1,214	(1)
58,116	(36,391)	21,725	Clackmannanshire and Stirling Integration Joint Board		65,739	(38,754)
445	-	445	Central Scotland Valuation Joint Board		453	-
243,925	(98,569)	145,356	Cost of Services		253,958	(102,330)
11	-	11	(Gain)/ loss on sale of Non current assets		(201)	-
12,157	(383)	11,774	Financing and Investment Income and Expenditure	9	12,878	(1,488)
-	(138,997)	(138,997)	Taxation and Non-Specific Grant Income	10	-	(143,455)
256,093	(237,949)	18,144	(Surplus) or Deficit on Provision of Services		266,635	(247,273)
		(24,659)	(Surplus) or Deficit on revaluation of non-current assets	24		(62,233)
		2,494	Impairment (gain)/ loss on non-current asset to the revaluation reserve	24		4,391
		(78,341)	Remeasurement of the net defined benefit liability / (asset)	24		(165,285)
		(100,506)	Other Comprehensive (Income) and Expenditure			(223,127)
		(82,362)	Total Comprehensive (Income) and Expenditure			(203,765)

The Council acted as an agent on behalf of the Scottish Government in the administration of grants to business and individuals during the Covid-19 pandemic and the Cost of Living Crisis. This amounted to £1.104m (2021/22 (£6.733m of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement above.

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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 unusable 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.

This is different from the statutory amounts required to be charged to the General Fund Reserve and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease, before Transfers to Earmarked Reserves line, shows the statutory General Fund Balance and Housing Revenue Account Balance, before any discretionary transfers to/ from earmarked reserves, undertaken by the Council.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Movement in Reserves Statement
For the year ended 31 March 2023

	Notes	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Insurance Fund £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
2022/23									
Balance Brought Forward		(23,972)	(9,552)	(801)	(1,250)	(3,302)	(38,877)	(164,411)	(203,288)
Movement in Reserves during 2022/23									
Total Comprehensive Income and Expenditure		22,632	(3,270)	-	-	-	19,362	(223,127)	(203,765)
Adjustments between accounting basis & funding basis	7	(17,564)	2,939	(262)	-	(589)	(15,476)	15,476	-
Net increase/decrease before transfers to Earmarked Reserves		5,068	(331)	(262)	-	(589)	3,886	(207,651)	(203,765)
Transfers to/ (from) Earmarked Reserves	8	(2,046)	1,168	(113)	(7)	1,797	799	(884)	(85)
(Increase)/Decrease in 2022/23		3,022	837	(375)	(7)	1,208	4,685	(208,535)	(203,850)
Balance carried forward		(20,950)	(8,715)	(1,176)	(1,257)	(2,094)	(34,192)	(372,946)	(407,138)

	Notes	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Insurance Fund £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
2021/22									
Balance Brought Forward		(20,025)	(7,610)	(1,333)	(1,276)	(2,850)	(33,094)	(87,832)	(120,926)
Movement in Reserves during 2021/22									
Total Comprehensive Income and Expenditure		19,674	(1,530)	-	-	-	18,144	(100,506)	(82,362)
Adjustments between accounting basis & funding basis		(22,268)	(719)	(943)	-	(198)	(24,128)	24,128	-
Net increase/decrease before transfers to Earmarked Reserves		(2,594)	(2,249)	(943)	-	(198)	(5,984)	(76,378)	(82,362)
Transfers to/ (from) Earmarked Reserves		(1,353)	307	1,475	26	(254)	201	(201)	-
(Increase)/Decrease in 2021/22		(3,947)	(1,942)	532	26	(452)	(5,783)	(76,579)	(82,362)
Balance carried forward		(23,972)	(9,552)	(801)	(1,250)	(3,302)	(38,877)	(164,411)	(203,288)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Balance Sheet as at 31 March 2023

The Balance sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves 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. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £'000			31 March 2023 £'000
		Note	
394,489	Property, Plant & Equipment	11	452,033
805	Heritage Assets	12	805
7,711	Investment Properties	13	7,532
310	Intangible Assets	14	206
1	Long-Term Debtors		1
-	Pension Assets	35	63,386
403,316	Non-Current Assets		523,963
204	Investment Properties held for Sale	13	242
-	Assets held for Sale	15	-
535	Inventories	16	598
17,779	Short-Term Debtors	17	13,968
32,001	Short-Term Investments	18	34,000
9,234	Cash and Cash Equivalents	18	5,889
59,753	Current Assets		54,697
(31,653)	Short-Term Creditors	19	(35,927)
-	Short-Term Provisions		(125)
(4,919)	Short-Term Borrowings	21	(3,032)
(36,572)	Current Liabilities		(39,084)
(60)	Provisions	20	(65)
(98,238)	Long-Term Borrowing	21	(97,754)
(36,052)	Other Long-Term Liabilities	22	(34,619)
(88,859)	Pension Liabilities	35	-
(223,209)	Long-Term Liabilities		(132,438)
203,288	Net Assets		407,138
(38,877)	Usable Reserves		(34,192)
(164,411)	Unusable Reserves	24	(372,946)
(203,288)	Total Reserves		(407,138)

The unaudited financial statements were issued on 10 August 2023.

Lindsay Sim
Chief Finance Officer

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Council and Group
Cash Flow Statement
For the year ended 31 March 2023

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 of 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. As the impact of the consolidation on the Councils' Cash Flow Statement is immaterial, this statement covers both Council only and Group disclosure requirements.

2021/22			2022/23
£'000		Notes	£'000
(18,144)	Net (deficit) on the provision of services	CIES	(19,362)
42,770	Adjustments to net deficit on the provision of services for non-cash movements	25b	39,773
(17,535)	Adjustments for items included in the net deficit of the provision of services that are investing & financing activities	25c	(32,611)
7,091	Net cash flows from Operating Activities		(12,200)
(12,908)	Investing Activities	26	13,094
(1,896)	Financing Activities	27	(4,239)
(7,713)	Net increase (decrease) in cash and cash equivalents	18	(3,345)
16,947	Cash and Cash equivalents at the beginning of the reporting year	18	9,234
9,234	Cash and Cash equivalents at the end of the reporting year	18	5,889

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

The Notes present information about the basis of preparation of the Financial Statements and the specific accounting policies used, along with the disclosure of information required by the Code that is not presented elsewhere in the Financial Statements.

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CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

Note 1 - Accounting Policies

a) General Principles

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

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets. The accounting policies have been applied consistently in the current and prior years.

b) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for the provision of services or the sale of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Revenue from Council Tax and Non Domestic Rates is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably. Revenue is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates;
- 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 those rendered 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, and
- 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.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are 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.

d) Prior Period Adjustments, Changes in Accounting Policies and 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 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 by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

e) Charges to Revenue for Non-Current Assets

Services 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; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover 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 equal to loans fund principal charges. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by loans fund principal charges in the General Fund Balance by way of adjusting transactions with the Revaluation Reserve and Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

f) Employee Benefits Payable During Employment

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements or any form of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

g) Termination Benefits

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

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 pensions 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.

Post Employment Benefits

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

- The Teachers' Pension Scheme administered by the Scottish Public Pension Agency; and
- The Local Government Pensions Scheme administered by Falkirk Council.

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

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

The Local Government Pension Scheme

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

The liabilities of the Falkirk Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected 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 projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate utilised by the actuaries to place a value on the liability.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

The assets of the Falkirk Pension Fund attributable to the 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 pension's liability is analysed into seven components:

- 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 arising from current year decisions 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 as part of Non Distributed Costs;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited/credited to Other Comprehensive Income and Expenditure; and
- contributions paid to the Falkirk Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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, there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Discretionary Benefits

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

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

h) Events after the Reporting Period

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 Annual Accounts are 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 Annual accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are 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.

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial asset measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows.

Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

The Council does not hold financial assets measured at fair value through profit or loss (FVPL) or financial assets measured fair value through other comprehensive income (FVOCI).

Financial Assets Measured at Amortised Cost

Financial assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for Short-Term Debtors held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

j) 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.

CLACKMANNANSHIRE COUNCIL
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Notes to the Financial Statements

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account 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 (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Business Improvement Districts

Two Business Improvement District (BID) schemes apply in Alloa Town Centre and Business Parks respectively within the Council. The schemes are funded by a BID levy paid by non-domestic ratepayers. The Council operates as an agent on behalf of the BID bodies and as a consequence the income and expenditure is not shown in the Comprehensive Income and Expenditure Statement.

k) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are maintained principally for their contribution to knowledge and culture.

Wherever possible heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. Heritage assets are complex and difficult to value and obtain in a cost effect manner. In circumstances where values cannot be obtained, either due to the nature of the assets or the prohibitive cost of obtaining a valuation, the regulations under which these accounts are prepared permit the Council not to recognise the assets on the face of the Balance Sheet. The Council is required however to disclose full details of any assets treated in this manner in a note to the Financial Statements. The Council's collections of heritage assets are accounted for as follows:

Recognised in Balance Sheet at Valuation

- Art Collections
- Public Art statues
- Civic Regalia
- Museum Collections (including equipment & ephemera)
- Commemorative Room

CLACKMANNANSHIRE COUNCIL
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Notes to the Financial Statements

Not recognised in Balance Sheet

- War Memorials
- Glassworks & Mosaics
- Listed Building

An impairment review of heritage assets is carried out whenever there is evidence of physical deterioration with the carrying value of the asset and any associated reserve being adjusted as necessary. Heritage assets are not subject to depreciation.

l) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at cost less amortisation and any provision for impairment. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and any sale proceeds posted to the Capital Receipts Reserve.

m) Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of associates and jointly controlled entities. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for impairment.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

n) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

o) 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.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are reviewed annually according to market conditions at the year-end. The review is not a full revaluation but a Desk Valuation Impairment Review of a sample investment properties for the 2021/22 financial statements. The assets were selected as a typical representative of a group of similar properties and the revaluation gains and losses flowing from these revaluations were extrapolated to the group of properties and accounted for in 2021/22. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account with any sale proceeds posted to the Capital Receipts Reserve.

p) Leases

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

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

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Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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. A gain, representing the Council's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipts for the disposal of the asset is used to write down the lease debtor.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

q) Property, Plant and Equipment

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.

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.

Measurement

The Council adopted IFRS13 - Fair Value Measurement, which provides a common definition of fair values, taking into account the characteristics of the assets or liabilities which would be considered by market participants in determining the price of the asset or liability. This standard would apply to all property, plant and equipment assets, however, as the purpose of a local authority acquiring and holding an asset is to deliver services it is the service potential which is the primary concern. On this basis the Code has adapted IAS16 - Property Plant and Equipment and introduced a new definition of current value to require that operational local authority property, plant and equipment assets will continue to be measured for their service potential and not fair value.

Non operational property, plant and equipment (i.e. surplus assets) require to be measured at the lower of cost and net realisable value.

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Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not lead to a variation in the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- surplus assets – lower of cost and net realisable value; and
- all other assets – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).

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 fair value.

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

The Council undertakes a full revaluation review of all non current assets every five years. The last review was at 1 April 2019. A sample of non-HRA assets are reviewed annually to ensure that their carrying amount is not materially different from their fair value at the year-end. The exercise was not a full revaluation but a Desk Valuation Impairment Review of a sample of education and non-operational properties for the 2021/22 financial statements. The assets were selected as a typical representative of a group of similar assets and the revaluation gains and losses flowing from these revaluations were extrapolated to the group of assets and accounted for in 2021/22. HRA assets are not reviewed between the five yearly valuations. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains, or credited to the Comprehensive Income and Expenditure Statement where they arise as a reversal of a revaluation loss previously charged to a service.

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

- 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); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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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 by:

- 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); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (up to 70 years);
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (i.e. up to 15 years);
- infrastructure – straight-line allocation over 60 years; and
- depreciation is not charged in year of purchase, but a full year charge is made in year of sale.

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

Componentisation

Components of Property, Plant & Equipment (PPE) assets do not always have the same useful lives and may depreciate or wear out at different rates throughout their life. It is therefore appropriate to depreciate each significant component separately over its useful life, in order that the Comprehensive Income and Expenditure Statement is fairly charged with the consumption of economic benefits of those assets.

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Significant components are deemed to be those whose cost is 25% or more of the total cost of the individual asset. In accordance with the Council's approved policy, an individual asset is considered to be material if its carrying value is 5% or more of the cumulative carrying value (net book value) of the non-land element of PPE and Investment Properties. Any individual asset below this de-minimis will be disregarded for component accounting on the basis that any adjustment to depreciation charges would not be material.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value 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 previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to long-term 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.

Amounts received for a disposal are categorised as capital receipts and required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

r) Private Finance Initiative (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

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contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Secondary Schools scheme the liability was written down by an initial capital contribution of £16.35m.

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 of 7.59% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- 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.

s) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation where it is probable that settlement by a transfer of economic benefits or service potential will be required, 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 charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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.

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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 Financial Statements.

Contingent Assets

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.

t) Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement & employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes below.

u) Revenue Expenditure Funded from Capital under Statute

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

v) VAT

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

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Note 2 - Changes to Accounting Standards

Accounting Standards Issued not yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021,
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

As the Code requires implementation of these from 1 April 2023 (with the exception of IFRS16), there is no impact on the 2022/23 financial statements. Overall, these new or amended standards are not expected to have a material impact on the 2023/24 financial statements.

IFRS16 - Leases was originally due for implementation on 1 April 2020 but has been deferred until 1 April 2024. Whilst the Code allows for adoption at an earlier date, Clackmannanshire Council has opted to wait for the implementation date.

Note 3 - 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 Financial Statements are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision:
- The Council is deemed to control the services provided under the PFI agreement for the provision of Secondary School establishments. The accounting policies for PFI schemes have been applied and the assets under the PFI contract are included within Property, Plant and Equipment on the Council's Balance Sheet: and
- The Council has considered relevant guidance and determined the accounting treatment, as either principal or agent, to be applied to Covid-19 related income, expenditure and balances.

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Note 4 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.</p> <p>Assets included in the balance sheet at fair value are reviewed on a five yearly cycle. An annual review of significant non-HRA assets is also carried out to ensure there is no material difference between the carrying amount from their fair value at year end.</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 buildings and Council houses would increase by £1.092m and £0.339m respectively for every year that useful lives had to be reduced.</p>
Arrears – Council Tax	<p>At 31 March 2023 the Council had Council Tax debt outstanding of £12.488m. A review of outstanding balances suggested that an allowance for doubtful debts of £9.576m was appropriate resulting in coverage of 77% for doubtful debts. However, in the current economic climate such an allowance might not be sufficient.</p>	<p>If collection rates were to deteriorate and the provision had to be increased, for every 5% increase in the provision then a further contribution of £0.664m would be required.</p>

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Pensions Liability	<p>Estimates of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.1% decrease in the real discount rate would result in an increase in the pension liability of 2% equating to £6.521m.</p>
Housing Rent Arrears	<p>At 31 March 2023 the Council had Housing Rent Arrears of £2.495m. A review of outstanding balances suggested that an impairment for irrecoverable rents of £2.361m was appropriate resulting in a coverage of 95% for doubtful debts.</p>	<p>If collection rates were to deteriorate and the provision had to be increased, for every 5% increase in the provision then a further contribution of £0.134m would be required.</p>

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Note 5 – Events after the Reporting Period

The Draft Annual Accounts were authorised for issue by the Chief Finance Officer (Section 95 Officer) on 10 August 2023. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information. Events taking place after this date are not reflected in the Financial Statements or Notes.

Note 6 – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the funding available to the Council for the year, from government grants, council tax and business rates, has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 69. The Adjustments between Funding and Accounting basis is shown more fully in Note 7 on page 101.

The table below shows the analysis for the management structure of the Council:

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Note 6 - Expenditure & Funding Analysis

2021/22

2022/23

Net Expenditure chargeable to GF & HRA	Adjustments between Funding & Accounting basis	Net Expenditure In the CI&ES		Net Expenditure chargeable to GF & HRA	Adjustments between Funding & Accounting basis	Net Expenditure in the CI&ES
£'000	£'000	£'000		£'000	£'000	£'000
76,883	19,401	96,284	People	76,470	13,748	90,218
4,786	1,924	6,710	Partnership & Performance	3,797	(187)	3,610
17,243	4,225	21,468	Place	25,778	4,768	30,546
(3,382)	874	(2,508)	HRA - Place	(1,245)	(152)	(1,397)
1,232	-	1,232	Corporate Services	1,213	-	1,213
			Clackmannanshire and Stirling			
21,583	142	21,725	Integration Joint Board	25,167	1,818	26,985
			Central Scotland Valuation Joint			
445	-	445	Board	453	-	453
118,790	26,566	145,356	Cost of Services	131,633	19,995	151,628
(123,633)	(3,579)	(127,212)	Other Income and Expenditure	(126,896)	(5,370)	(132,266)
(4,843)	22,987	18,144	(Surplus)/Deficit	4,737	14,625	19,362
		£'000				
		27,635	Opening GF & HRA Balance			33,524
		4,843	Surplus/ (Deficit) in the year			(4,737)
			Transfer (to)/from other statutory			
		1,046	reserves			878
		33,524	Closing GF and HRA Balance			29,665

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Note 6 - Expenditure & Funding Analysis

The table below shows the adjustments between the net expenditure based on the management reporting structure and the net expenditure that is reported in the Comprehensive Income and Expenditure Statement.

	Net Change for			
	Adjustments for	Pension	Other	Total Adjustments
	Capital Purposes	Adjustments	Adjustments	
	£'000	£'000	£'000	£'000
People	9,045	4,728	(25)	13,748
Partnership & Performance	(418)	502	(271)	(187)
Place	2,383	2,389	(4)	4,768
HRA – Place	(1,484)	1,272	60	(152)
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	148	1,611	59	1,818
Central Scotland Valuation Joint Board	-	-	-	-
Cost of Services	9,674	10,502	(181)	19,995
Other Income and Expenditure	(7,908)	2,538	-	(5,370)
(Surplus)/Deficit	1,766	13,040	(181)	14,625

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Note 6 - Expenditure & Funding Analysis

2021/22	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000
People	13,680	5,131	590	19,401
Partnership & Performance	(1,418)	3,613	(271)	1,924
Place	2,159	2,207	(141)	4,225
HRA – Place	(392)	1,419	(153)	874
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	142	-	-	142
Central Scotland Valuation Joint Board	-	-	-	-
Cost of Services	14,171	12,370	25	26,566
Other Income and Expenditure	(6,733)	3,154	-	(3,579)
(Surplus)/Deficit	7,438	15,524	25	22,987

Adjustments for capital purposes include the replacement of depreciation and revaluation losses with repayment of borrowing to the Loans Fund and direct revenue funding of capital expenditure.

Net changes for pensions adjustments relate to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other adjustments include the reversal of the value of entitlement to accrued leave and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

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Note 6 - Expenditure & Funding Analysis

The table below shows the analysis by the type of expenditure:

2021/22				2022/23			
Net Expenditure chargeable to GF & HRA balances £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&E statement £'000		Net Expenditure chargeable to GF & HRA balances £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&E statement £'000	
96,054	12,608	108,662	Employee costs	103,056	10,532	113,588	
27,025	-	27,025	Other Operating Costs	30,770	-	30,770	
67,102	-	67,102	Third Party & Transfer Payments	69,115	-	69,115	
-	21,868	21,868	Depreciation	-	18,014	18,014	
7,910	(7,910)	-	Capital Financing Costs	8,551	(8,551)	-	
(79,301)	-	(79,301)	Income	(79,859)	-	(79,859)	
118,790	26,566	145,356	Cost of Services	131,633	19,995	151,628	
(123,633)	(3,579)	(127,212)	Other Income and Expenditure	(126,896)	(5,370)	(132,266)	
(4,843)	22,987	18,144	(Surplus)/Deficit	4,737	14,625	19,362	

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Note 6 - Expenditure & Funding Analysis

The table below shows the analysis by the management structure of the Council and the type of expenditure:

2022/23

	People £'000	Partnership & Performance £'000	Place £'000	HRA - Place £'000	Corporate Services £'000	Clackmannanshire and Stirling Integration Joint Board £'000	Central Scotland Valuation Joint Board £'000	Net Expenditure chargeable to GF & HRA balances £'000
Employee costs	62,828	8,375	13,842	7,665	1,143	9,203	-	103,056
Other Operating Costs	9,117	2,011	13,455	5,374	179	634	-	30,770
Third Party & Transfer Payments	11,379	15,035	11,405	2,034	(108)	28,917	453	69,115
Capital Financing Costs	-	1,512	-	7,039	-	-	-	8,551
Income								
Government Grants and Other Contributions	(4,793)	(22,363)	(3,244)	-	(1)	(13,613)	-	(44,014)
Fees, charges and other service income	(1,428)	(429)	(5,349)	(20,551)	-	26	-	(27,731)
Income from recharges for services	(633)	(344)	(4,331)	(2,806)	-	-	-	(8,114)
Cost of Services	76,470	3,797	25,778	(1,245)	1,213	25,167	453	131,633

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Note 6 - Expenditure & Funding Analysis
2021/22

	People	Partnership & Performance	Place	HRA - Place	Corporate Services	Clackmannanshire and Stirling Integration Joint Board	Central Scotland Valuation Joint Board	Net Expenditure chargeable to GF & HRA balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee costs	59,108	8,111	11,863	7,546	1,264	8,162	-	96,054
Other Operating Costs	9,125	1,150	11,227	4,781	76	666	-	27,025
Third Party & Transfer Payments	15,165	15,808	6,799	1,429	(108)	27,564	445	67,102
Capital Financing Costs	-	2,314	27	5,569	-	-	-	7,910
Income								
Government Grants and Other Contributions	(5,171)	(21,596)	(2,134)	(315)	-	(14,784)	-	(44,000)
Fees, charges and other service income	(999)	(633)	(5,808)	(20,129)	-	(25)	-	(27,594)
Income from recharges for services	(345)	(368)	(4,731)	(2,263)	-	-	-	(7,707)
Cost of Services	76,883	4,786	17,243	(3,382)	1,232	21,583	445	118,790

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Notes to the Financial Statements

Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

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

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision. It contains the balance of income and expenditure that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or certain types of revenue expenditure including: to finance historical capital expenditure, or fund severance costs. The balance on the reserve shows the resources that have not been applied for these purposes at the year-end.

Capital Grants & Receipts Unapplied Account

The Capital Grants & Receipts Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place. It also holds Capital Receipts which have been earmarked to fund Council transformation projects in line with the statutory provision of Local Government Finance Circular 4/2019 that covers the period 2018/19 to 2021/22. This was further extended for financial year 2022/23 by Local Government Finance Circular 8/2022.

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Insurance Fund

The purpose of the Insurance Fund is to provide an element of self-insurance and protect the Council against future claims. Council services contribute to the fund, which meets the cost of fire damage, public liability, employee liability, vehicle fleet and various other claims. The Council holds insurance cover to meet any large claims, the premium for which is charged to the Insurance Fund.

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Notes to the Financial Statements

Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2022/23

	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants & Receipts Unapplied	Insurance Fund	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment account:						
Reversal of items debited or credited to the CIES						
Charges for depreciation and impairment of non-current assets	(7,799)	(5,550)	-	-	-	13,349
Revaluation losses on property, plant and equipment	1,379	-	-	-	-	(1,379)
Movements in the fair value of investment assets	(1,057)	-	-	-	-	1,057
Amortisation of intangible assets	(100)	(6)	-	-	-	106
Difference between fair value and historic cost depreciation	(5,938)	-	-	-	-	5,938
Capital grants and contributions applied	5,229	2,945	-	-	-	(8,174)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal	(17)	(44)	-	-	-	61
To the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	1,300	384	-	-	-	(1,684)
Capital expenditure charged against the General Fund and HRA Balances	-	6,655	-	-	-	(6,655)
Adjustments primarily involving the Capital Grants & Receipts Unapplied account						
Capital Grants and contribution unapplied credited to the CIES	589	-	-	(589)	-	-
Application of Grants to Capital Financing	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds as part of the Gain/ (loss) on disposal to the CIES	93	169	(262)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustments Account						
difference between finance costs charged to the CIES & statutory requirements	213	-	-	-	-	(213)
Adjustments involving Pension Reserve						
Reversal of items relating to post employment benefits						
debited or credited to the Provision of Services in the CIES (see Note 24)	(21,672)	(2,692)	-	-	-	24,364
Employer's pensions contributions and direct payments to pensioner in year	10,186	1,138	-	-	-	(11,324)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Difference between officer remuneration charges to the CIES & statutory requirements	30	(60)	-	-	-	30
Total Adjustments	(17,564)	2,939	(262)	(589)	-	15,476

CLACKMANNANSHIRE COUNCIL
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Notes to the Financial Statements

Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22

	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants & Receipts Unapplied	Insurance Fund	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment account:						
Reversal of items debited or credited to the CIES						
Charges for depreciation and impairment of non-current assets	(7,418)	(5,171)	-	-	-	12,589
Revaluation losses on property, plant and equipment	(4,451)	-	-	-	-	4,451
Movements in the fair value of investment assets	(232)	-	-	-	-	232
Amortisation of intangible assets	(107)	(6)	-	-	-	113
Difference between fair value and historic cost depreciation	(4,715)	-	-	-	-	4,715
Capital grants and contributions applied	6,288	490	-	-	-	(6,778)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal	(954)	-	-	-	-	954
To the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	1,965	305	-	-	-	(2,270)
Capital expenditure charged against the General Fund and HRA Balances	164	5,265	-	-	-	(5,429)
Adjustments primarily involving the Capital Grants & Receipts Unapplied account						
Capital Grants and contribution unapplied credited to the CIES	198	-	-	(198)	-	-
Application of Grants to Capital Financing	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds as part of the Gain/ (loss) on disposal to the CIES	943	-	(943)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustments Account						
difference between finance costs charged to the CIES & statutory requirements	212	-	-	-	-	(212)
Adjustments involving Pension Reserve						
Reversal of items relating to post employment benefits						
debited or credited to the Provision of Services in the CIES (see Note 24)	(23,610)	(2,785)	-	-	-	26,395
Employer's pensions contributions and direct payments to pensioner in year	9,841	1,030	-	-	-	(10,871)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Difference between officer remuneration charges to the CIES & statutory requirements	(392)	153	-	-	-	239
Total Adjustments	(22,268)	(719)	(943)	(198)	-	24,128

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Note 8 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside in the Council's usable reserves and the amounts posted back from these reserves to meet expenditure during the year.

	Balance as at 1 April 2021 £'000	Transfers in 2021/22 £'000	Transfers out 2021/22 £'000	Balance as at 31 March 2022 £'000	Transfers in 2022/23 £'000	Transfers out 2022/23 £'000	Balance as at 31 March 2023 £'000
General Fund Balance							
Devolved School Management	(374)	(631)	374	(631)	(573)	631	(573)
Organisational Change Fund	(306)	-	108	(198)	-	-	(198)
Employment Fund	(1,000)	-	147	(853)	-	14	(839)
Pupil Equity Funding (PEF)	(636)	(680)	636	(680)	(788)	680	(788)
Early Learning & Childcare (ELCC)	(335)	-	109	(226)	-	226	-
Education Covid-19 recovery	(1,477)	-	977	(500)	-	299	(201)
Ring-fenced Housing Grants	(818)	(368)	178	(1,008)	(143)	12	(1,139)
Transformation Fund	(1,841)	-	-	(1,841)	-	-	(1,841)
Other Miscellaneous Commitments	(833)	(1,482)	221	(2,094)	(1,218)	1,179	(2,133)
Covid-19 General Funding	(1,304)	(2,399)	1,123	(2,580)	-	1,125	(1,455)
Covid-19 Specific Funding	(2,346)	(1,056)	2,076	(1,326)	-	898	(428)
Amount to support Revenue Budget	(885)	(3,942)	885	(3,942)	(4,643)	3,942	(4,643)
Earmarked for general purpose 21/22 budget	(1,200)	-	1,200	-	-	-	-
Developers Contributions	(118)	(772)	-	(890)	(38)	92	(836)
Specific Employability Funding	-	(840)	-	(840)	(43)	302	(581)
Contractual Repairs & Maintenance	(100)	(585)	370	(315)	-	-	(315)
Ukrainian Refugee Support	-	-	-	-	(519)	-	(519)
Homeless Accommodation	-	-	-	-	(1,109)	-	(1,109)
Uncommitted Reserve	(6,452)	(4,123)	4,527	(6,048)	(6,378)	9,074	(3,352)
Total General Fund Balance	(20,025)	(17,019)	12,931	(23,972)	(15,452)	18,474	(20,950)

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	Balance as at 1 April 2021 £'000	Transfers in 2021/22 £'000	Transfers out 2021/22 £'000	Balance as at 31 March 2022 £'000	Transfers in 2022/23 £'000	Transfers out 2022/23 £'000	Balance as at 31 March 2023 £'000
Housing Revenue Account	(7,610)	(2,249)	307	(9,552)	(6,986)	7,823	(8,715)
Capital Receipts Reserve	(1,333)	(1,158)	1,690	(801)	(573)	198	(1,176)
Insurance Fund	(1,276)	(1)	27	(1,250)	(17)	10	(1,257)
Capital Grants Unapplied Account	(2,850)	(1,141)	689	(3,302)	(674)	1,882	(2,094)
Total Usable Reserves	(33,094)	(21,568)	15,644	(38,877)	(23,702)	28,387	(34,192)

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Note 9 – Financing and Investment Income and Expenditure

This note provides detail regarding the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

	Notes	2021/22 £'000	2022/23 £'000
Interest payable and similar charges		8,665	9,210
Net Interest on the Net Defined Benefit Liability		3,154	2,538
Interest receivable and similar income		(115)	(1,286)
Changes in the carrying value Market loans		(8)	(8)
Revaluation of Investment Property	7	232	1,057
Rental Income from Investments		(154)	(121)
Total		11,774	11,390

Note 10 – Taxation and Non-Specific Grant Income

This note provides detail regarding the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement.

	2021/22 £'000	2022/23 £'000
Credited to Taxation and Non Specific Grant Income:		
Council Tax	23,974	24,432
Grant allocation for Council Tax Reduction Scheme	3,714	3,686
Non-Domestic Rate Income distributed by pool	13,650	18,065
Non-ring fenced government grants*	90,682	88,508
Capital grants and contributions	6,977	8,764
Total	138,997	143,455

* No Covid-19 grants were included within Non-ring fenced government grants in 2022/23 (2021/22 £5.036m).

Net Cost of Services within the Comprehensive Income and expenditure Account

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22

	2021/22 £'000	2022/23 £'000
Credited to Services		
DWP grant for Benefits	12,383	12,367
Criminal Justice	1,368	1,396
Other revenue grants (including Early Learning and Childcare and Scottish Attainment Challenge)	6,732	7,195
Total	20,483	20,958

The table below reconciles the Non-ring fenced government grants to the Local Government Funding Settlement for 2022/23 from Scottish Government as shown in the Local Government Finance (Scotland) Order 2023 (as amended).

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	£'000
Non-ring fenced government grants	88,508
Add Grant allocation for Council Tax Reduction Scheme	3,686
Add Grants not included in CIES (Council acted as Agent)	907
Total General Revenue Funding	93,101
Non-Domestic Rate Income distributed by pool	18,065
Ring fenced Grants shown with in Cost of Services	8,045
Total Settlement	119,211

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Note 11 – Property, Plant & Equipment (PPE)

Valuations

Assets at valuation are included in the Balance Sheet at their current asset value as at 1 April 2019 as amended by annual revaluation at the year end (where applicable) and subsequent additions and disposals. The Council appointed J&E Shepherd Chartered Surveyors to conduct its five-yearly valuation of assets during 2019/20 and also to carry out a Desk Valuation Impairment Review of a sample of Education and non-operational properties for the 2022/23 financial statements. The determination of fair value is carried out by Ian Hannon, MRICS, Managing Partner. The basis for valuation is set out in the Statement of Accounting Policies.

Movements in 2022/23	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets Included in PPE £'000
Cost or Valuation								
At 1 April 2022	139,261	204,736	25,080	*	1,843	538	*	99,962
Additions	9,280	703	2,554	4,586	546	-	17,669	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	49,165	-	-	-	(823)	48,342	48,945
Revaluation increases/(decreases) recognised in the CIES	-	1,541	-	-	-	(163)	1,378	-
Assets reclassified (to)/from Assets Held for Sale	(49)	0	(306)	-	-	0	(355)	-
Reclassifications & Other Movements in Cost or Valuation	-	(1,412)	-	-	-	1,406	(6)	-
At 31 March 2023	148,492	254,733	27,328	*	2,389	958	*	148,907

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Note 11 – Property, Plant & Equipment (PPE)

Movements in 2022/23	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets included in PPE £'000
Depreciation charge								
At 1 April 2022	14,444	4,648	17,276	*	2	3	*	-
Depreciation charge	5,344	10,771	1,935	1,227	3	1	19,281	4,012
Depreciation written out on revaluations recognised in the Revaluation Reserve	-	(8,955)	-	-	-	(547)	-9,502	(4,012)
De-recognition – Disposals	(6)	0	(289)	-	-	0	(295)	-
Other movements in depreciation and impairment	-	(547)	-	-	-	547	-	-
At 31 March 2023	19,782	5,917	18,922	*	5	4	*	-
Net Book Value:								
At 31 March 2023	128,710	248,816	8,406	62,763	2,384	954	452,033	148,907

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Note 11 – Property, Plant & Equipment (PPE)

Movements in 2021/22	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets Included in PPE £'000
Cost or Valuation								
At 1 April 2021	133,546	191,367	23,788	*	1,719	128	*	84,354
Additions	5,715	4,056	2,037	4,229	124	-	16,161	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	14,174	-	-	-	-	14,174	15,608
Revaluation increases/(decreases) recognised in the CIES	-	(4,451)	-	-	-	-	(4,451)	-
Assets reclassified (to)/from Assets held for Sale			(745)	-	-	-	(745)	
Other Reclassifications	-	(410)	-	*	-	410	*	-
At 31 March 2022	139,261	204,736	25,080	*	1,843	538	*	99,962

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Note 11 – Property, Plant & Equipment (PPE)

Movements in 2021/22	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets included in PPE £'000
Depreciation charge								
At 1 April 2021	9,480	3,136	16,343	*	-	2	*	-
Depreciation charge	4,964	9,503	1,674	1,153	2	1	17,297	3,222
Depreciation written out on revaluations recognised in the Revaluation Reserve	-	(7,991)	-	-	-	-	(7,991)	(3,222)
De-recognition – Disposals	-	-	(741)	-	-	-	(741)	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2022	14,444	4,648	17,276	*	2	3	*	-
Net Book Value:								
At 31 March 2021	124,817	200,088	7,804	59,404	1,841	535	394,489	99,962

***Infrastructure Assets**

The CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Due to information deficits surrounding the derecognition of infrastructure assets components, it is unclear as to whether when an assets component is replaced the old component has been derecognised so as to avoid double counting.

The Council has adopted the Statutory Overrides contained within the Local government finance circular 09/2022: statutory override - accounting for infrastructure assets as follows:

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- Statutory Override 1: For accounting period commencing from 1st April 2021 to March 2024 a local authority is not required to report gross cost and accumulated depreciation on infrastructure assets
- Statutory Override 2: For accounting periods commencing 1 April 2010 to 31st March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

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Capital Commitments

At 31 March 2023 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years budgeted to cost £19.8m. These commitments are not included in the financial statements. Similar commitments at 31 March 2022 were £16.6m.

The major commitments are as follows:

	£'000
HRA Window Replacement	6,489
HRA Central Heating Design & Installation	1,017
HRA Council Housing Safe Electrical Systems	6,690
HRA Secure Door Entry Replacement	997
HRA Council Fences and Gates	339
HRA Smaller Projects	835
Active Travel Route	1,984
Card and Paper Recycling Collection	534
Roads & Transportation	637
Wellbeing Hub	322
	19,844

Note 12 Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Art Collection £'000	Public Art, Statues, Glasswork & Mosaics £'000	Industrial Equipment & Other Items £'000	Total Assets £'000
Cost or Valuation				
At 1 April 2022	115	510	180	805
Revaluation	-	-	-	-
31 March 2023	115	510	180	805
Cost or Valuation				
At 1 April 2021	115	510	180	805
Revaluation	-	-	-	-
31 March 2022	115	510	180	805

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Art Collection

The Council has obtained valuations for the collection of paintings by means of their insurance valuations. These insurance valuations are based on a current estimation of market value and are reviewed annually to ensure the adequacy of insurance provision and current valuation. The collection of paintings is reported in the Balance Sheet at insured value.

The collection is relatively static and acquisitions and donations are rare. When they do occur acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the Museum & Heritage Officer.

Public Art – Statues

The Council owns several statues most of which were commissioned as part of ‘Imagine Alloa’ a programme targeting the regeneration of town and village centres across the county. Collectively these statues constitute the ‘Public Art Trail’. The Council has obtained valuations for the collection of statues by means of their insurance valuations. These insurance valuations are reviewed annually to ensure adequacy of insurance provision. The collection of statues is reported in the Balance Sheet at Insured value

Public Art - Glassworks and Mosaics

The Council commissioned several glass and mosaic pieces for installation at several key buildings in the county and has obtained valuations for these by means of their insurance valuations. These insurance valuations are reviewed annually to ensure adequacy of insurance provision. The commissions of glassworks/mosaics are reported in the Balance Sheet at Insured Value.

Industrial Equipment and Ephemera

The Council owns several collections of artefacts relating to the mining, brewing, distilling, pottery, glassmaking and textile industries, all of which have been historically significant within the County. The larger pieces for which the Council has obtained an insurance valuation are reported on the Balance Sheet at valuation.

Items/collections within this category for which a valuation has previously been obtained are:

- Harviestoun Silver Soup Tureen
- Robert Millar Long Case Clock
- Paton & Baldwins Model
- Alloa Pottery Collection
- Arnsbrae Candelabra
- Collection of Civil Regalia

Revaluation of Heritage Assets

As part of the five yearly valuation of assets in 2019, as mentioned in Note 11, the Commemoration Room within the residential development at Menstrie Castle has been written on the Balance Sheet and is included within the carrying value of Heritage Assets held by the Council.

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Assets excluded from Heritage Assets

The Council has a number of assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet since the Council considered that obtaining valuations would involve disproportionate cost or reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held, and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet. Within this category the Council owns and maintains 12 War Memorials throughout the County, Glassworks and mosaic pieces installed at buildings in the County. The Council also owns the Tolbooth in Clackmannan which is a listed building and classed as a heritage asset but is not within the carrying value of Heritage Assets held on the Balance Sheet.

Note 13 – Investment Properties

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

Investment Properties (Non Current Assets)

	2021/22	2022/23
	£'000	£'000
Balance 1 April	8,542	7,711
Additions	185	918
Net gains/(losses) from fair value adjustments	(232)	(1,095)
Assets reclassified (to)/from Assets Held for Sale	(778)	
Transfers to/from:		
PPE	-	-
Assets held for sale	-	-
Depreciation	(6)	(3)
Balance 31 March	7,711	7,531

Investment Properties Held for Sale (Current Assets)

	2021/22	2022/23
	£'000	£'000
Balance 1 April	376	204
Additions	-	-
Assets reclassified (to)/from Assets Held for Sale	(172)	38
Net Gains/(losses) from fair value adjustments	-	-
Transfers from Investment Properties	-	-
Balance 31 March	204	242
Total Investment Properties	7,915	7,773

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement. The only direct operating expenses for the period relates to professional fees incurred in marketing Greenfield House.

The items of income and expense, in respect of Investment Property leased out as operating leases, have been accounted for in the Comprehensive Income and Expenditure Statement.

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	2021/22	2022/23
	£'000	£'000
Rental income from investment property	(268)	(202)
Direct operating expenses arising from investment property	114	81
	(154)	(121)

Note 14 – Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are all five years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £113k charged to revenue in 2021/22 was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services within the Comprehensive Income and Expenditure Statement. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement in Intangible Asset balances during the year is as follows:

	2021/22	2022/23
	£'000	£'000
Cost		
1 April	1,117	1,129
Additions	12	2
Disposals Gross Cost	-	-
	1,129	1,131
Amortisation		
1 April	(706)	(819)
Disposal accumulated amortisation	-	-
Amortisation for the year	(113)	(106)
	(819)	(925)
Carrying Value 31 March	310	206

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Note 15 – Assets Held for Sale

This note provides detail of the Assets Held for Sale on the Balance Sheet. An asset is required to fulfil certain criteria in order to be classified in this category. These criteria are detailed in the Accounting Policies.

	Notes	2021/22 £'000	2022/23 £'000
Balance outstanding at start of year		-	-
Assets reclassified (to)/from Council Dwellings	11	-	49
Assets reclassified (to)/from Vehicles, Plant & Equipment	11	745	306
Assets reclassified (to)/from Surplus Assets	11	-	-
Assets reclassified (to)/from Investment Properties	13	950	-
Assets sold		(1,695)	(355)
Depreciation De-recognition - Disposals		(741)	(295)
Other movements in depreciation and impairment		741	295
Balance outstanding at year-end		-	-

Note 16 – Inventories

This note provides detail of the major inventories that are held by the Council Departments in order for them to carry out their responsibilities.

	Building Works		Roads		Vehicle Maintenance		Other*		Total	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
1 April	173	213	109	127	59	34	467	161	808	535
Purchased	862	1,046	174	134	482	270	1,137	1,122	2,655	2,572
Expenses in the year	(822)	(987)	(156)	(116)	(507)	(270)	(1,443)	(1,123)	(2,928)	(2,496)
31 March	213	272	127	145	34	34	161	160	535	611

* Included in the 2021/22 opening balance for Other is £219k in relation to personal protective equipment and test kits which was supplied free of charge to the Council by National Services Scotland (NSS) during 2020/21. All these items were used in 2021/22 and an amount of £219k is included in the Expenses for the year. The balance as at 31st March 2022 for these items is nil and no further items of this nature were received during 2022/23. A corresponding Donated Inventory Account is included in Current Liabilities within the Balance Sheet for 2021/22.

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Note 17 – Short-Term Debtors

This note provides detail of the Short-Term Debtors line in the Balance Sheet. A Short-Term Debtor represents money that is owed to the Council which is expected to be received in less than a year.

The Debtors balance at the year end is made up as follows:	2021/22	2022/23
	£'000	£'000
Central Government Bodies	7,770	7,211
Other Local Authorities	993	1,091
NHS Bodies	979	713
Other Corporations & Trading funds	-	-
Other entities and individuals	8,037	4,953
Total	17,779	13,968

Note 18 – Short-Term Investments and Cash and Cash Equivalents

This note provides detail of the Short Term Investments and Cash and Cash Equivalents in the Balance Sheet on page 72.

	2021/22	2022/23
	£'000	£'000
Short-Term Investments		
CSBP Clackmannanshire Investments Ltd (at cost)	1	1
Cash deposit with banks	32,000	34,000
	32,001	34,001
Cash and Cash Equivalents		
Cash held by the Council	32	32
Bank current accounts	9,202	5,857
Total Cash and Cash Equivalents	9,234	5,889
TOTAL	41,235	39,890

The investment in CSBP Clackmannanshire Investments Ltd is anticipated to be repaid during 2023/24.

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Note 19 – Short-Term Creditors

This note provides detail of the Short-Term Creditors line in the Balance Sheet. A Short-Term Creditor represents money that is owed by the Council and which is expected to be paid in less than a year.

The Creditors balance at the year end is made up as follows:

	2021/22	2022/23
	£'000	£'000
Central government bodies	2,761	3,335
Other local authorities	3,272	3,571
NHS bodies	501	771
Public corporations and trading funds	310	47
Other entities and individuals	24,809	28,203
Total	31,653	35,927

Note 20 – Provisions

2022/23	Opening Balance At 1 April 2022	Additional provision made in 2022/23	Reduction In Provision	Amounts used in 2022/23	Balance At 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Short Term Provisions					
Municipal Mutual	-	(5)	-	5	-
Voluntary Severance	-	(125)	-	-	(125)
Total Short Term Provisions	-	(130)	-	5	(125)
Municipal Mutual	(60)	(5)	-	-	(65)
Total Long Term Provisions	(60)	(5)	-	-	(65)
Total Provisions	(60)	(135)	-	5	(190)

Municipal Mutual Insurance

Prior to Local Government reorganisation in 1996, Central Regional Council and Clackmannan District Council entered into a solvent run-off arrangement with their insurer, MMI, with the aim of having sufficient assets to meet outstanding insurance claims. However, the outcome of previous litigation has triggered the Scheme of Arrangement and created a financial liability for Clackmannanshire Council as successor Council. The Council had originally made provision to cover a levy of up to 30% amounting to £160k and payments of £157k had been made against this provision. During the year an additional provision of £5k was made to the short term provision and a further £5k was paid out. The long term provision has been increased by £5k based on estimates of the outstanding liability as at 31 March 2023 resulting in a total provision balance of £65k to meet future claims.

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Voluntary Severance

A new provision has been created in 2022/23 to reflect the costs of employees who were accepted for Voluntary Severance prior to 31 March 2023 but their agreed date for leaving employment falls within 2023/24.

Note 21 - Borrowings

This note provides details of the short and long term borrowings undertaken by the Council and shown on the Balance Sheet. These values are reflected at amortised cost:

	2021/22 £'000	2022/23 £'000
Source of Loan		
Repayable within 12 months		
Public Works Loan Board	2,946	412
Market Loans	63	63
Revenue Advances:		
Common Good & Trust Funds	358	361
Central Scotland Valuation Joint Board	323	1,019
Accrued Interest on borrowing	1,229	1,187
	4,919	3,042
Repayable after 12 months		
Public Works Loan Board	74,150	73,736
Lender Option, Borrowing Option (LOBO) Loans	5,000	5,000
Market Loans	19,088	19,017
	98,238	97,953

Note 22 – Other Long Term Liabilities

	2021/22 £'000	2022/23 £'000
PFI & Finance Liabilities (see note (a) below)	35,435	33,995
Other Long-term Liabilities (see note (b) below)	617	623
	36,052	34,618

(a) PFI & Finance Lease

This sum relates to the finance lease creditor associated with the financing of the three new secondary schools under the PFI scheme. Note 33 Private Finance Initiative and Similar Contracts page 133 in the Accounts provides more details in respect of the future payments that are due under the terms of the contract. The movements in the balance sheet values are detailed below:

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	PFI Scheme 2021/22 £'000	PFI Scheme 2022/23 £'000
Balance at 1 April	37,845	36,672
Finance Lease Creditor Repaid in year	(1,173)	(1,237)
Balance 31 March	36,672	35,435
Ageing:		
Liabilities due over more than one year	35,435	33,995
Liabilities due within one year	1,237	1,440
	36,672	35,435

(b) Other Long-term Liabilities

These sums relate to contributions received from developers to be utilised at future dates for infrastructure etc. within both private housing schemes and town centre re-development. The reinstatement bond will additionally contribute to the planned restoration of the former open cast coal site.

	2021/22 £'000	2022/23 £'000
Developer Contributions	2	-
Reinstatement Bond	615	623
	617	623

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Note 23 – Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability of another entity. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities, such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

Financial Instrument Balances

Categories of Financial Instruments

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

Financial Assets

	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2022	2023	2022	2023	2022	2023	2022	2023	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost	-	-	1	1	1	1	3,544	4,165	4,167
Principal									
Cash & Cash	-	-	-	-	41,234	39,889	-	-	39,889
Equivalents									
Total Financial Assets	-	-	1	1	41,235	39,890	3,544	4,165	44,056

Financial Liabilities

	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2022	2023	2022	2023	2022	2023	2022	2023	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost Principal	101,184	97,753	-	-	1,399	1,855	6,108	8,170	107,778
Accrued Interest	-	-	-	-	1,229	1,187	-	-	1,187
PFI and Finance Lease facilities	35,435	33,995	-	-	1,237	1,440	-	-	35,435
Total Financial Liabilities	136,619	131,748	-	-	4,158	4,482	6,108	8,170	144,400

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Items of income, expense, gains or losses

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

	2021/22		2022/23	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Interest Income				
financial assets				
measured at amortised	78	-	-	-
cost				
Total interest revenue	78	-	-	-
Interest expense	8,567	-	-	-

Fair Value of Assets and Liabilities Carried at Amortised Costs

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is described below.

Methods and Assumptions in valuation technique

Financial assets and financial liabilities represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the net present value of the cash flows that take place over the remaining life of the instruments (Level 2: inputs rather than quoted prices that are observable for the financial asset/liability), using the following assumptions:

- For PWLB loans, fair values have been calculated using both redemption and new borrowing (certainty rate) discount rates;
- Interpolation techniques have been used between available rates where the exact maturity period was not available;
- For non-PWLB loans, fair values have been calculated using both PWLB redemption and new PWLB Certainty Rate loan discount rates;
- No early repayment or impairment is recognised;
- Fair values have been calculated for all instruments in the portfolio, but only those which are materially different from the carrying value are disclosed;
- Where an instrument has a maturity less than 12 months or is a trade or other receivable the fair value is taken to be the invoiced or billed amount; and
- The fair value PFI and Finance Lease Liabilities are calculated based on the interest rates applicable to the contracts.

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Fair Values of Assets and Liabilities

The Fair values are calculated as follows:-

	2021/22		2022/23	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB – Maturity	78,256	120,801	75,267	86,283
PWLB – Annuity	29	40	27	34
LOBOs	5,041	7,527	5,041	4,747
Market Loans	19,151	26,482	19,080	18,424
Total Debt/Financial Liabilities	102,477	154,850	99,415	109,488

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest at above the current market rates increases the amount the Council would have to pay if the lender agreed to the early repayment of the loans.

The fair value of Public Works Loan Board (PWLB) loans of £86.317m (2021/22 £120.841m) measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB borrowing interest rates, termed the PWLB certainty rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to repay at redemption rates published by the PWLB rather than from the markets. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the redemption rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £75.3m would be valued at £86.3m. But if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption. The exit price for the PWLB loans including the penalty charge would be £86.3m, comprising the principal of £75.3m, accrued interest of £1.2m and a premium of £9.8m.

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Note 24 – Unusable Reserves

		2021/22	2022/23
	Note	£'000	£'000
Revaluation Reserve	a)	(121,368)	(173,241)
Capital Adjustment Account	b)	(137,350)	(141,585)
Financial Instruments Investment Account	c)	1,689	1,476
Pensions Reserve	d)	88,859	(63,386)
Accumulating Compensated Absences Adjustment Account	e)	3,759	3,790
Total Unusable Reserves		(164,411)	(372,946)

a) Revaluation Reserve

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

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

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

	2021/22	2022/23
	£'000	£'000
Balance at 1 April	(104,498)	(121,368)
Upward revaluation of non-current assets	(24,659)	(62,233)
Downward revaluation of non-current assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,494	4,391
Surplus/deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(22,165)	(57,842)
Difference between fair value depreciation and historical cost depreciation	4,715	5,938
Accumulated (losses) on assets sold or scrapped	580	31
	5,295	5,969
Balance at 31 March	(121,368)	(173,241)

b) 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 charges to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical

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cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and 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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2021/22 £'000	2022/23 £'000
Balance at 1 April	(140,432)	(137,350)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
Charges for depreciation and impairment of non-current assets	12,589	13,349
Revaluation losses on property, plant and equipment	4,451	(1,379)
Amortisation of intangible assets	113	106
Amounts of non current assets written off on disposal / sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	954	61
Amounts written out of the Revaluation Reserve on assets sold or scrapped	(580)	(31)
	17,527	12,106
<u>Capital financing applied in the year:</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(169)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(6,778)	(8,174)
Application of grants to capital financing from the Capital Grants & Receipts Unapplied Account	(201)	(562)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(2,269)	(1,684)
Capital expenditure charged against the General Fund and HRA balances	(5,429)	(6,809)
Movement in the market value of Investment Properties Debited or credited to CIES	232	1,057
	(14,445)	(16,341)
Balance at 31 March	(137,350)	(141,585)

c) 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.

The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement of Reserves Statement.

Over time, the expense is posted back to the General Fund Balance in accordance with statutory

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arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

As a result, the balance on the Account at 31 March 2022 will be charged to the General Fund over the next 33 years.

	2021/22 £'000	2022/23 £'000
Balance at 1 April	1,901	1,689
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(204)	(204)
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(8)	(9)
Balance at 31 March	1,689	1,476

d) 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 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 cost. However, statutory arrangements require benefits earned, to be financed, as the Council makes employer's contributions to pension funds, or, eventually pays any pensions for which it is directly responsible. The credit balance on the Pensions Reserve therefore shows the benefits earned by past and current employees and the resources the Council has set aside to meet them. .

	2021/22 £'000	2022/23 £'000
Balance at 1 April	151,676	88,859
Return on Pension Assets	(41,061)	7,674
Actuarial Gains or Losses on Pension Assets and Liabilities	(37,280)	(172,959)
Reversal of items debited or credited to CIES	26,395	24,364
Employer's Pension contributions and direct payments to pensioners in the year	(10,871)	(11,324)
Balance at 31 March	88,859	(63,386)

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e) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year.

Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2021/22	2022/23
	£'000	£'000
Balance at 1 April	3,521	3,759
Settlement or cancellation of accrual made at the end of the preceding year	(3,521)	(3,759)
Amounts accrued at the end of the current year	3,759	3,790
Movement in the year	238	31
Balance at 31 March	3,759	3,790

Note 25 – Cash Flow Statement – Operating Activities

a) The cash flows for operating activities include the following items:

	2021/22	2022/23
	£'000	£'000
Interest Received	(187)	1,218
Interest Paid	8,680	(8,573)
(Surplus) or deficit on the provision of services (CIES)	18,144	19,362

b) The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	Notes	2021/22	2022/23
		£'000	£'000
Depreciation	11 & 13	17,304	19,287
Downward valuations	7	4,683	(322)
Amortisation	14	113	106
Increase/ (decrease) in Creditors	19	3,087	3,801
(Increase)/ decrease in Debtors	17	827	3,742
(Increase)/Decrease in Inventories	16	273	(63)
Pension Liability	35	15,524	13,040
Contributions to/(from) Provisions	20	13	130
Carrying amount of non-current assets sold	7	954	61
Adjustments for effective interest rates		(8)	(9)
Other non-cash items		42,770	39,773

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c) Adjustments for items included in the net deficit of provision of services that are investing & financing activities:

	2021/22	2022/23
	£'000	£'000
Capital grants credited to surplus or deficit on the provision of services	(6,976)	(8,849)
Proceeds from the sale of short and long term investments	(9,500)	(23,500)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,059)	(262)
	(17,535)	(32,611)

Note 26 – Cash Flow Statement – Investing Activities

	2021/22	2022/23
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(16,311)	(17,672)
Purchase of short-term and long-term investments	(12,997)	(1,999)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,059	262
Proceeds from short-term and long-term investments	9,500	23,500
Other receipts from investing activities	5,841	9,003
Net cash flows from investing activities	(12,908)	13,094

Note 27 – Cash Flow Statement – Financing Activities

	2021/22	2022/23
	£'000	£'000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	292	(1,237)
Repayments of short and long-term borrowing	(1,173)	(3,002)
Other Receipts from Financing Activities	(1,015)	-
Net cash from financing activities	(1,896)	(4,239)

Note 28 - Agency Income and Expenditure

The Council has an agency agreement with Scottish Water for the billing and collection of water and sewerage charges on its behalf. The income received from the Water Authority towards the Council's local tax collection costs was £0.177m (2021/22 £0.177m). This charge has been fixed by the Scottish Government for a 3 year period to 31 March 2023. This income is included in the Comprehensive Income and Expenditure Statement.

The Council acted as an agent on behalf of the Scottish Government in the administration of grants to individuals to support recovery from the Covid-19 pandemic. This amounted to £1.104m (2021/22 £6.733m) of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement.

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Two Business Improvement District (BID) schemes operate in Clackmannanshire: Alloa First and Clacks First. The schemes are funded by a BID levy paid by non-domestic ratepayers. The Council operates as an agent on behalf of the BID bodies and as a consequence the income and expenditure is not shown in the Comprehensive Income and Expenditure Statement.

Note 29 – External Audit Costs

Fees payable to Audit Scotland within the year for external audit services carried out by the appointed auditor amounted to £0.239m (2021/22 £0.215m). These costs are shown within the Partnership and Performance line in the Comprehensive Income and Expenditure Statement.

Note 30 – Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have 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. In this context related parties include:

- Central Government;
- Other Local Authorities and Joint Boards;
- NHS Bodies;
- Subsidiary and Associated Companies;
- Joint Ventures and Joint Venture Partners; and
- Elected Members and Chief Officers.

The following related party transactions are disclosed elsewhere within the Financial Statements:

- a) Receipts from Central Government (Revenue Support Grant, NNDR Contribution from Pool, Government Grants etc.) are shown in Note 10 (Grant Income);
- b) Payments to the Falkirk Council Pension Fund and Scottish Government (Teachers' Pensions) are shown in Notes 34 and 35 Pension Schemes;
- c) Requisitions paid to Joint Boards are shown on the Comprehensive Income and Expenditure Statement;
- d) Payments to Elected Members and Chief Officers are shown in the Remuneration Report;
- e) The following table shows significant payments and receipts between Clackmannanshire Council and its associated entities

		2021/22	2022/23
		£'000	£'000
Expenditure	NHS Forth Valley	383	1,673
Income	NHS Forth Valley	(12,116)	(8,684)
Contribution payment made to Clackmannanshire and Stirling Integration Joint Board*		21,583	25,167

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	2021/22	2022/23
	£'000	£'000
Commissioning income received from Clackmannanshire and Stirling Integration Joint Board*	(21,583)	(25,167)

**Commissioning income received from Clackmannanshire and Stirling Integration Joint Board underspent by £0.351m in 2022/23 (£2021/22 £1.493m). This funding has been accrued by the Council and added to reserves within the IJB, taking the total reserves to £2.747m.*

Note 31 – Capital Expenditure and Capital Financing

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

	2021/22	2022/23
	£'000	£'000
Opening Capital Financing Requirement	143,117	144,797
Capital Investment		
Property Plant & Equipment	16,358	18,588
Revenue Expenditure Funded from Capital Under Statute	57	1,109
Sources of finance		
Capital receipts	-	(169)
Government grants and other contributions	(7,037)	(10,088)
Sums set aside from revenue:		
Direct revenue contributions	(5,429)	(6,655)
Repayment of Finance Lease Capital Debt	(1,173)	(1,237)
Loans Fund Principal	(1,096)	(384)
Other movements affecting the CFR	-	-
Closing Capital Financing Requirement	144,797	145,961
Increase/(decrease) in CFR (unsupported by government financial assistance)	1,680	1,164

Note 32 Leases

Council as Lessee

Finance Leases

The Council currently has no finance leases.

Council as Lessor

Operating Leases

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The Council currently has no operating leases.

Note 33 – Private Finance Initiative and Similar Contracts

Secondary Schools PFI Scheme

2022/23 was the 15th year of a 30 year PFI contract for the construction, operation and maintenance of our three secondary schools in Clackmannanshire, namely Alloa, Alva and Lornhill Academies. The contract specifies the number of days and times that the schools are open. This includes an element of leisure provision in the evenings and weekends.

The contract specifies minimum standards for the provision of the serviced accommodation to be provided by the contractor, with reductions from the fee payable being made if the schools, or rooms, are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant needed to operate the schools.

At the end of the contract the schools will be transferred to the Council for nil consideration.

Property, Plant and Equipment

The schools are recognised on the Council's Balance Sheet.

Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 11.

Payments

The Council makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2023, excluding any estimate of availability/performance deductions are as follows:

	Payment For Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable within 1 year	4,121	1,440	3,204	8,765
Payable within 2 to 5 years	18,295	6,404	12,069	36,768
Payable within 6 to 10 years	25,877	10,383	13,882	50,142
Payable within 11 to 15 years	30,195	14,526	10,637	55,358
Payable within 16 to 20 years	7,062	2,682	1,075	10,819
Total	85,550	35,435	40,867	161,852

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Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for:

- the fair value of services they provide, and
- the capital expenditure incurred and interest payable, until the capital cost is reimbursed.

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

	2021/22 £'000	2022/23 £'000
Balance outstanding at start of year	37,845	36,672
Payments during the year	(1,173)	(1,237)
Balance outstanding at year-end	36,672	35,435

Note 34 - Pensions Schemes Accounted for as Defined Contribution Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of these Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme.

The employer contribution rate from 1 April 2022 was 23% of pensionable pay. In total for the year 2022/23 the Council paid £6.194m to Teacher's Pensions in respect of teachers' retirement benefits which equates to 22.60% of pensionable pay. The comparative amount paid in 2021/22 was £5.647m which equates to 22.44% of pensionable pay.

As a proportion of the total contributions into the Teacher's Pension Scheme during the year ended 31 March 2022, the Council's own contribution equated to approximately 0.85% (0.86% in 2020/21).

Note 35 Defined Benefit Pension Schemes

Pension Costs

The Council participates in two formal pension schemes: the Local Government Pension Scheme (LGPS) administered by Falkirk Council and the Teachers' Scheme administered by the Scottish Government. Both schemes provide defined benefits to members. However, the liabilities for the Teachers' Scheme cannot be identified specifically to the Council; therefore the scheme is accounted for as if it were a defined contributions scheme. The Council does not recognise assets or liabilities related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Government.

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Local Government Pension Scheme (LGPS)

In accordance with International Accounting Standard 19 (IAS19) the Council is required to account for retirement benefits when it is committed to giving them, even if the giving will be many years into the future. This involves the recognition in the Balance Sheet of Clackmannanshire Council's share of the net pension asset or liability in the LGPS together with a pension reserve. The Comprehensive Income and Expenditure Statement (CIES) also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable to the LGPS and payments to pensioners in the year.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of voluntary severance. Any liabilities estimated to arise as a result of an award to any member of staff (including Teachers) are accrued in the year of the decision to make the award, and accounted for using the same policies as applied to the LGPS.

The following elements of pension costs are charged to the CIES:

- Current Service Cost - the increase in the present value of liabilities expected to arise from employee service in the current period;
- Past Service Costs - the increase in liabilities arising from decisions to improve retirement benefits in the current period but which are related to employee service in prior periods;
- Settlements - events that change the pension liabilities but are not covered by the actuarial assumptions;
- Interest Expense - the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement, and
- Expected Return on Assets (including interest income) - a measure of the expected average rate of return on the investment assets held by the scheme in the year.

The following transactions have been made in the Financial Statements in accordance with IAS19:

	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services:		
• Current service cost	23,047	21,676
• Past service costs	194	150
Financing and Investment Income and Expenditure:		
• Interest expense – defined benefit obligation	10,569	13,890
• Interest income on scheme assets	(7,415)	(11,352)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	26,395	24,364
Other Post Employment Benefit Charged to the CIES		
Re-measurement of the net defined benefit liability comprising:		
• Return on pension fund assets (excluding interest income above)	(41,061)	7,674
• Actuarial (gains)/losses arising on changes in demographic assumptions	(2,864)	(3,706)
• Actuarial (gains)/losses arising on changes in financial assumptions	(34,968)	(196,276)
• Other experience (gains)/losses	552	27,023
(Gain)/ loss recognised in the CIES	(78,341)	(165,285)
Total Post Employment Benefit Charged to the CIES	(51,946)	(140,921)

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Movement in Reserves Statement (MIRS)

Reversal of net charge made to the surplus or deficit on the provision of Services	(26,395)	24,364
Employer's Contributions Payable to Falkirk Pension Fund	10,871	11,324
Pensions Assets and Liabilities Recognised in the Balance Sheet	<u>(15,524)</u>	<u>35,688</u>

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the local authority's obligation in respect of its defined benefit plan is as follows:

Movement in Reserves Statement (MIRS)	2021/22	2022/23
	£'000	£'000
Present value of the Pension Fund Liabilities (1)	(508,979)	(361,642)
Fair value of pension fund assets	420,120	425,028
Net Asset /(Liability) arising from Defined Benefit Obligation	<u>(88,859)</u>	<u>63,386</u>
(1) Unfunded liabilities included in the figure for Present value of liabilities is:	15,629	14,022

A reconciliation of Clackmannanshire Council's share of the present value of Falkirk Pension Fund's defined benefit obligation (liabilities) is as follows:

	2021/22	2022/23
	£'000	£'000
Opening Balance at 1 April	(522,011)	(508,979)
Current service cost	(23,047)	(21,676)
Interest cost	(10,569)	(13,890)
Contributions by Pension Fund participants	(2,583)	(2,730)
Re-measurement gains/(losses)		
Actuarial gains/losses from change in demographic assumptions	2,864	3,706
Actuarial gains/(losses) from change in financial assumptions	34,968	196,276
Actuarial gains/(losses) from other experiences	(552)	(27,023)
Past service costs	(194)	(150)
Benefits paid	12,145	12,824
Closing value at 31 March	<u>(508,979)</u>	<u>(361,642)</u>

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A reconciliation of Clackmannanshire Council's share of the fair value of Falkirk Pension Fund's Assets is as follows:

	2021/22 £'000	2022/23 £'000
Opening fair value of pension fund assets	370,335	420,120
Interest income	7,415	11,352
Return on pension assets (excluding amounts included in net interest)	41,061	(7,674)
Contributions from employers	10,871	11,324
Contributions by employees in the scheme	2,583	2,730
Benefits paid	(12,145)	(12,824)
Closing fair value of pension fund assets	420,120	425,028

A reconciliation of the movements in Clackmannanshire Council's share of the fair value of Falkirk Pension Fund's assets is as follows:

	2021/22 £'000	2022/23 £'000
Equity instruments (by industry type)		
- Consumer	25,654	25,953
- Manufacturing	22,502	22,765
- Energy & Utilities	14,632	14,803
- Financial institutions	30,556	30,913
- Health & Care	13,748	13,909
- Information & Technology	34,043	34,441
- Other	4,105	4,153
Sub Total Equity	145,240	146,937
Debt Securities		
- Corporate Bond (investment grade)/Other	17,198	17,399
- Other	7,839	7,930
	25,037	25,329
Property (by type)		
- UK	26,022	26,326
- Overseas	35	35
Sub Total Property	26,057	26,361
Private Equity		
- UK	5,061	5,120
Sub Total Private Equity	5,061	5,120
- Equities	108,465	109,733
- Bonds	22,327	22,588
- Infrastructure	45,686	46,220
- Other	24,932	25,224
Sub Total Other Investment Funds	201,411	203,765
Cash and cash equivalents	17,314	17,516
Total Assets	420,120	425,028

Basis for Estimating Assets and Liabilities

The Council's share of the net obligations of the Falkirk Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the "projected unit method", that estimates that the

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pensions will be payable in future years dependant upon assumptions about mortality rates, salary levels and employee turnover rates.

The fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the fund at 31 March 2021. The significant assumptions used by the actuary are shown in the table below. The note includes a sensitivity analysis for the pension obligation based on reasonably possible changes in these assumptions occurring at the reporting date.

	2021/22	2022/23
Long-term expected rate of return on assets in the fund		
Equity investments	2.7%	4.75%
Bonds	2.7%	4.75%
Property	2.7%	4.75%
Cash	2.7%	4.75%
 Mortality assumptions	 2021/22 Years	 2022/23 Years
Longevity at 65 for current pensioners (years):		
Men	20.4%	20.0%
Women	23.0%	22.7%
Longevity at 65 for future pensioners (years):		
Men	21.6%	21.2%
Women	25.0%	24.7%
 Inflation assumptions	 2021/22	 2022/23
Rate of inflation	3.2%	2.95%
Rate of increase in salaries	3.8%	3.55%
Rate of increase in pensions	3.2%	2.95%
Rate for discounting Fund liabilities	2.7%	4.75%

LGPS liabilities are sensitive to the actuarial assumptions set out in the table below. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The method and types of assumption used in preparing the sensitivity analysis below did not change from this used in the previous period.

Changes in assumptions

	Increase to Employer %	Monetary Amount £'000's
0.1% Decrease in Real Discount Rate	2%	6,251
1 year increase in member life expectancy	4%	14,466
0.1% increase in the Salary Increase Rate	0%	612
0.1% increase in the Pension Increase Rate	2%	6,006

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McCloud Ruling

When the LGPS benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court, but in June 2019 the Supreme Court ruled that the Government has no grounds for appeal and the earlier ruling by the Court of Appeal was upheld.

The clear expectation from this ruling is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Falkirk Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates with a high level estimate of the impact on the pension fund liability having been built into the pension disclosures. These numbers are high level estimates based on scheme level calculations and depend on several key assumptions. The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. There has been no change to the assumptions for this in 2021/22 or 2022/23.

Guaranteed Minimum Pension (GMP)

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for

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members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Clackmannanshire Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. There has been no change to these assumptions in 2022/23.

Goodwin

The remedy for the Goodwin ruling in relation to the past underpayment of spouses' benefits is still uncertain. The pension fund actuary has estimated that the impact is expected to be small at 0.1-0.2% for a typical fund. For Clackmannanshire this would equate to £0.361m to £0.722m. When weighing the fact that the remedy is still uncertain and the estimate is of small value, against the level of additional work that would be required, the actuary has not deemed it necessary or appropriate to make an adjustment for 2022/23 and no adjustment has been made to the figures noted above.

Impact on the Authority's Cash Flow

The objectives of the LGPS are to keep employers' contributions at a constant rate where possible. The triennial valuation at 31 March 2020 set the Employers contribution rates at 23% for 2023/24. The next triennial valuation as at 31 March 2023 is currently underway, and the results are expected to be available towards the end of 2023, where the future contribution rates will be set.

The Employer Contribution rates per the latest triennial valuation on the fund at 31 March 2020 are shown in the table below:

	2021/22	2022/23	2023/24
Employer Contribution rates	22.5%	22.5%	23%

The total contributions expected to be made by Clackmannanshire Council to Falkirk Pension Fund in the year to 31 March 2024 is £10.496m.

Note 36 – Contingent Liabilities

Equal Pay

The Council has previously received claims of historic pay inequality from specific groups of staff. At this time there are no known claims however, this contingent liability represents the potential liability for any future claims.

Insurance

Prior to local government reorganisation in 1996, Central Regional Council and Clackmannan District Council, entered into a solvent run-off arrangements with their insurer, MMI, with the aim of

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having sufficient assets to meet outstanding insurance claims. The outcome of recent litigation has triggered the Scheme of Arrangement and created a financial liability for Clackmannanshire Council as successor Council. The Council has made a provision, as detailed in Note 20, which is deemed sufficient based on the latest estimate of any future claims. However, should additional claims arise over and above the remaining provision, there remains potential for an increase in provision. At the time of preparing these accounts the timing and amount of any further liability in relation to MMI claims is unknown.

Historic Sexual Abuse Cases

The Council has received claims in relation to historic sexual abuse cases which have been passed to its insurers. It is anticipated that there may be more claims received in the future, particularly in light of the important work of the National Scottish Child Abuse Inquiry and media coverage of other claims. These claims cannot be predicted or quantified at this time, but remain a potential risk as a future liability. The Council is part of the Forth Valley working group coordinated by SOLACE which is assessing the National Redress Scheme for the impact and consequences for the Council.

Social Services Judicial Reviews (Scottish Prison Service)

At this time there are a number of Social Services cases under judicial review relating to the Scottish Prison Service. The Council has a Service Level Agreement with the Scottish Prison Service under which statutory requirements of the Scottish Prison Service sit with the Council. At this time, no quantification or timing of any potential liability is known for these cases.

Note 37 – Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

1. Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied. Details of the Investment Strategy can be found on the Council's website. The Treasury Management Strategy Statement for 2022/23 and Prudential Indicators for 2022/23 to 2024/25 were approved by Full Council on 4 March 2022 and are available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

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The Authority's maximum exposure to credit risk, in relation to its investments in banks and financial institutions of £39.9m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

Debtors

The Council generally allows credit of 14 days for customers, such that £3.408m, (2021/22 £3.389m) is past its due date for payment. The past due amount can be analysed by age as follows:

	2021/22	2022/23
	£'000	£'000
Less than three months	953	655
Three to six months	160	114
Six months to one year	234	400
More than one year	2,042	2,239
Total	3,389	3,408

During the year £0.179m was charged to the Comprehensive Income and Expenditure statement, increasing the provision against current debts to £1.586m.

2. Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 25% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

Loans Outstanding	2021/22	2022/23
	£'000	£'000
Public Works Loans Board	77,096	74,148
LOBO Loan	5,000	5,000
Market Debt	19,151	19,080
Total	101,247	98,228

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

Maturity Structure

	2021/22 £'000	2022/23 £'000
Less than 1 year	3,008	475
Between 1 and 2 years	-	475
Between 2 and 5 years	3,670	4,820
Between 5 and 10 years	5,601	3,526
More than 10 years	88,968	88,932
Total	101,247	98,228

In the more than 10 years category there are £18.5m of market loans which have a fixed rate of interest and £5m of LOBO loans which the lender has the option to alter the rate of interest at predetermined dates. If this occurs the Council has the option to repay the principal and accrued interest.

3. Market Risk

Interest rate risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/ received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement;
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement;
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact the Balance Sheet as assets are held at amortised cost, but will impact the disclosure note for fair value; and
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities are held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is reduced by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. However this is difficult to quantify as loan charge support is calculated on weighted average interest rates for all local authorities in Scotland.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Notes to the Financial Statements

As the Council now only have fixed rate borrowing, there will be no impact on the Comprehensive Income and Expenditure Statement due to fluctuations in interest rates.

Price Risk

The Council has no investments held as available for sale and thus has no exposure to loss arising from price movements.

Foreign Exchange Risk

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

Note 38 – Trust Funds

The Council administers a number of Trust Funds listed below, some of which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). The Sundry Trusts Funds are accounted for separately from the Council's funds and are reported in a separate set of accounts, a copy of which can be obtained on request from Clackmannanshire Council.

	2021/22	2022/23
	£'000	£'000
The Council administers the funds for 61 (2021/22 61) Trusts:		
Value of other Charitable Trusts and Endowments	364	367
Total value of all Trusts and Endowments	364	367

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
HOUSING REVENUE ACCOUNT (HRA)
Income and Expenditure Statement for the year ended 31 March 2023

The HRA Income and Expenditure Statement shows the economic cost in the year providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting costs.

The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2021/22		2022/23
£'000		£'000
	Expenditure	
7,366	Repairs and maintenance	7,981
4,664	Supervision and management	4,893
5,176	Depreciation and impairment of non-current assets	5,555
174	Impairment of debtors	85
504	Other Expenditure	605
17,884	Total Expenditure	19,119
	Income	
(19,943)	Dwelling Rents	(20,413)
(134)	Non-dwelling rents	(103)
(315)	Government Grant	-
(20,392)	Total income	(20,516)
(2,508)	Net Cost of HRA Services	(1,397)
-	(Gain)/Loss on sale or disposal of HRA fixed assets	(125)
-	Interest payable and similar charges	1,098
1,144	Interest and Investment Income	(184)
(12)	Pensions Interest Costs and expected return on pension assets	282
335	Charges to CIES for Movement in Investment Property on Revaluation	-
(490)	Capital Grants and Contributions Receivable	(4,113)
978		(3,042)
(1,530)	Deficit/(Surplus) for the year on HRA Services	(4,439)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
HOUSING REVENUE ACCOUNT (HRA)
Movement in Housing Revenue Account Statement

2021/22		2022/23
£'000		£'000
(7,610)	Balance on the HRA at the end of the previous year	(9,552)
	Deficit/(Surplus) for the year on the HRA Income and	
(1,530)	Expenditure Statement	(4,439)
(719)	Adjustments between accounting basis and funding basis under	4,108
	regulations (Note HRA 1)	
<hr/> (2,249)	Net Decrease before transfers to/from Reserves	<hr/> (331)
307	Transfer to the General Fund Reserve	1,168
307	Transfers to/from Reserves	1,168
<hr/> (1,942)	(Increase)/Decrease in year on the HRA	<hr/> 837
<hr/> (9,552)	Balance on the HRA at the end of the current year	<hr/> (8,715)

HRA 1. Adjustment between Accounting Basis and Funding Basis under Statute

2021/22		2022/23
£'000		£'000
-	Gain/(loss) on sale and disposal of HRA Non Current Assets	125
5,265	Capital expenditure funded by the HRA (CFCR)	6,655
490	Capital Grants contributions that have been applied to capital	4,113
	financing	
	Transfer to/from the Capital Adjustment Account:	
(5,177)	- Depreciation and Impairment	(5,555)
304	- Repayment of Debt	384
(1,754)	HRA share of contributions to/from the Pension Reserve	(1,554)
	Amount by which officer remuneration charged to the HRA	
	Income and Expenditure Statement on an accruals basis is	
	different from remuneration chargeable in the year in accordance	(60)
	with statutory requirements	
153		
<hr/> (719)		<hr/> 4,108

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
HOUSING REVENUE ACCOUNT (HRA)

HRA 2. Housing Stock

The Council's housing stock at 31 March 2023 was 5,007 (31 March 2022 4,974) in the following categories:

2021/22		2022/23
Number		Number
29	One apartment	29
1,361	Two apartment	1,367
2,211	Three apartment	2,231
1,227	Four apartment	1,232
142	Five apartment	144
4	Six apartment	4
4,974		5,007

HRA 3. Rent Arrears

Rent Arrears increased during the year by £0.259m to a total of £2.495m (2021/22 £2.236m). As a percentage of gross rental income, the arrears represent 12.2% (2021/22 11.2%) which is equivalent to £500 (2021/22 £450) per house.

HRA 4. Impairment of Debtors

In 2022/23 an impairment of £2.361m (2021/22 £2.236m) has been provided in the Balance Sheet for irrecoverable rents, an increase of £0.125m on the provision in 2021/22

HRA 5. Rent Lost Due To Empty Properties

Rent lost due to empty properties during the year was £0.539m (2021/22 £0.457m) this is included within the other expenditure figures in the Income and Expenditure Statement.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Council Tax Income Account for the year ended 31 March 2023

The Council Tax Income Account 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 of the Council.

2021/22		2022/23
£'000		£'000
(31,837)	Gross Council Tax levied and contributions in lieu	(33,098)
	Deduct	
3,839	Other discounts and reductions	4,115
234	Write-off of uncollectable debts and allowance for impairment	592
46	Adjustments to previous years Council Tax	56
3,744	Council Tax Reduction Scheme	3,903
(23,974)	Net Council Tax Income transferred to General Fund	(24,432)

CTI 1. Council Tax Properties and Council Tax Changes

Occupiers of domestic properties are liable to pay Council Tax. This is a tax levied by local authorities on domestic properties within their area.

Dwellings fall within a valuation band which is determined by the Assessor employed by the Central Scotland Valuation Board. In setting its budget the Council determines the Council Tax level each year. Charges for other bands are proportionate to the Band 'D' figure, which for 2022/23 was £1,343.77 (2021/22 £1,304.63). This was a 3.0% increase from the previous year.

Valuation Band	Council Tax Charge
	£
A	895.85
B	1,045.15
C	1,194.46
D	1,343.77
E	1,765.56
F	2,183.62
G	2,631.55
H	3,292.23

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Council Tax Income Account for the year ended 31 March 2023

CTI.2 Calculation of the Council Tax Charge Base 2022/23

number of dwellings (properties)

	A	A	B	C	D	E	F	G	H	Total
	(Disabled) Relief)									
Total number of dwellings	-	6,314	7,334	2,163	2,782	3,455	2,085	922	54	25,109
Less exempt dwellings	-	(342)	(249)	(81)	(47)	(54)	(25)	(17)	(7)	(822)
Dwellings subject to disabled reduction	-	(25)	(29)	(21)	(22)	(58)	(18)	(5)	(2)	(180)
Dwellings subject to tax at this band due to disabled relief	25	29	21	22	58	18	5	2	-	180
Less adjustments for single discounts	(3)	(931)	(844)	(243)	(234)	(202)	(76)	(34)	(1)	(2,568)
Less adjustments for double discounts	-	(36)	(40)	(35)	(29)	(16)	(10)	(3)	-	(169)
Less adjustments for disregarded adults	-	(1)	(1)	-	-	(1)	-	-	-	(3)
	22	5,008	6,192	1,805	2,508	3,142	1,961	865	44	21,547
Effective number of dwellings after discounts, exemptions and reliefs										
Band D equivalent factor (ratio)	5/9	6/9	7/9	8/9	9/9	(473/360)	(585/360)	(705/360)	(882/360)	
Band D equivalent properties Number of Dwellings	12	3,339	4,816	1,604	2,508	4,128	3,187	1,694	108	21,396
Less provision for non-collection @ 2.5%										(535)
Council Tax Base 2022/23										20,861

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23

Non Domestic Rates Income Account for the year ended 31 March 2023

The Non-Domestic Rate Account 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.

2021/22		2022/23
£'000		£'000
(21,281)	Gross rates levied and contributions in lieu	(21,068)
6,610	Reliefs and other deductions	4,287
384	Allowance for impairment of debts and appeals	32
(15,055)	Net Non-Domestic Rate Income	(16,749)
1,216	Adjustment to previous years' national non-domestic rates	712
66	Non-Domestic Rates Income Retained by Authority (BRIS)	-
(34)	Discretionary Reliefs charged to the General Fund	(40)
(13,807)	Total Non-Domestic Rates Income/Income for Contribution to Non-Domestic Rate Pool	(16,077)
		2022/23
2021/22		£'000
£'000		
13,807	Contribution to National Non-Domestic Rate Pool	16,077
(13,650)	Distribution from National Non-Domestic Rate Pool	(18,065)
157	(Gain)/Loss from National Pool	(1,988)
(13,650)	Net NNDR Income per the Comprehensive Income and Expenditure Statement (Note 10)	(18,065)

The Council retained Nil (2021/22 - £65,678) in respect of the Rates Incentivisation scheme.

NDR 1. Net Rateable Value Calculation

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per pound of £0.490 which is determined each year by the Scottish Government.

NDR 2. Rate Poundages Levied

	2021/22	2022/23
National Non-Domestic Rate	49.0p	49.8p
Intermediate Property Supplement – properties valued > £51,000	1.3p	1.3p
Large Property Supplement – properties valued > £95,000	2.6p	2.6p

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23

Non Domestic Rates Income Account for the year ended 31 March 2023

NDR 3. Analysis of Rateable Values as at 1 April 2022

	Number of Premises	Rateable Value £'000
Type of Subject		
Commercial	950	15,176
Industrial	296	16,388
Miscellaneous	466	10,523
Total	1,712	42,087

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Common Good

Summary

Common Good Funds are the assets and income of the former burghs of Scotland and stand separate from other accounts and funds of the Council. The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. The assets incorporated within the Common Good Account comprise the Speirs Centre, Alloa Town Hall and West End Park all within the former burgh of Alloa. There are also currently £9k principal funds held within the Common Good Accounts.

Common Good Comprehensive Income and Expenditure Statement
For the year ended 31 March 2023

2021/22 £'000		2022/23 £'000	2022/23 £'000
	Income		
(267)	Charges for use of premises	(322)	
(267)			(322)
	Expenditure		
58	Property Maintenance	55	
57	Utilities	103	
99	Rates	100	
41	Cleaning, land services and refuse collection	45	
12	Insurance	19	
187	Depreciation, Impairment and Revaluations	187	
454			509
187	Cost of Services		187
-	Taxation and Non-Specific Grant Income		-
187	(Surplus)/Deficit on Provision of Services		187
-	Surplus on revaluation of non-current assets charged to the revaluation reserve		-
187	Total Comprehensive Income and Expenditure		187

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Common Good Balance Sheet
As at 31 March 2023

2021/22 £'000		2022/23 £'000
	Long-Term Assets	
5,165	Property, Plant and Equipment	4,978
	Current Assets	
9	Short-Term Investments	9
<u>5,174</u>	Net Assets	<u>4,987</u>
(9)	Usable Reserves	(9)
(1,701)	Revaluation Reserve	(1,701)
(3,464)	Funds tied up in Fixed Assets	(3,277)
<u>(5,174)</u>	Total Reserves	<u>(4,987)</u>

Common Good Movement on Reserves Statement
As at 31 March 2023

	Notes	Usable Reserves £'000	Unusable reserves £'000	Total reserves £'000
2022/23				
Balance at 1 April 2022		(3473)	(1,701)	(5,174)
Movement in reserves during 2022/23				
Total comprehensive income and expenditure		187	-	187
Increase or (decrease) in 2022/23				
Balance at 31 March 2023		<u>(3,286)</u>	<u>(1,701)</u>	<u>(4,987)</u>
	Notes	Usable Reserves £'000	Unusable reserves £'000	Total reserves £'000
2021/22				
Balance at 1 April 2021		(3,847)	(1,701)	(5,548)
Movement in reserves during 2021/22				
Total comprehensive income and expenditure		187	-	187
Increase or (decrease) in 2021/22		187	-	187
Balance at 31 March 2022		<u>(3,473)</u>	<u>(1701)</u>	<u>(5,174)</u>

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Group Financial Statements

The Council has interests in its subsidiary, associates and joint ventures. It participates in these companies by means of Board membership and the provision of funding and management support. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared in addition to single entity financial statements.

The following entities have been consolidated into the Group Financial Statements:

Subsidiary:

- Common Good

Joint Ventures:

- Clackmannanshire and Stirling Integration Joint Board

Associates:

- Central Scotland Valuation Joint Board

Information on how the Council participates in these companies is given in Note 6 to the Group's Financial Statements.

Group Comprehensive Income & Expenditure Statement for the year ended 31 March 2023

			2022/23			
Restated Gross Expenditure	2021/22 Restated Gross Income	Restated Net Expenditure /(Income)		Gross Expenditure	Gross Income	Net Expenditure /(Income)
£'000	£'000	£'000		£'000	£'000	£'000
102,799	(6,515)	96,284	People	97,072	(6,854)	90,218
29,307	(22,597)	6,710	Partnership & Performance	26,892	(23,282)	3,610
33,875	(12,575)	21,300	Place	43,147	(12,878)	30,269
17,884	(20,392)	(2,508)	Housing Revenue Account	19,119	(20,516)	(1,397)
1,232	-	1,232	Corporate Services	1,214	(1)	1,213
58,116	(36,391)	21,725	Clackmannanshire & Stirling IJB	65,739	(38,754)	26,985
445	-	445	Central Scotland Valuation Joint Board	453	-	453
355	-	355	Common Good	464	-	464
244,013	(98,470)	145,543	Group Cost of Services	254,100	(102,285)	151,815
11	-	11	Other Operating Expenditure	(201)	-	(201)
12,157	(383)	11,774	Financing & Investment Income & Tax Expenditure	12,878	(1,488)	11,390
-	(138,997)	(138,997)	Taxation & Non-Specific Grant Income	-	(143,455)	(143,455)
256,181	(237,850)	18,331	(Surplus) or Deficit on Provision of Services	266,777	(247,228)	19,549
		(3,431)	Share of (surplus) or deficit on provision of services by associates & joint ventures			1,459
		14,900	Group (Surplus)/Deficit			21,008
		(24,659)	(Surplus) or deficit on revaluation of non-current assets including share of subsidiary			(62,233)
		2,494	Impairment (gain)/ loss on non-current asset to the revaluation reserve			4,391
		(78,341)	Actuarial (gains)/losses on pensions assets/liabilities			(165,285)
		(607)	Share of other comprehensive (income) & expenditure of associates & joint ventures			(1,287)
		(101.113)	Other Comprehensive (Income) and Expenditure			(224,414)
		36,213	Total Comprehensive (Income) and Expenditure			(203,406)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Group Financial Statements
Group Movement in Reserves Statement
For the Year Ended 31 March 2023

This statement shows the movement in the year on the different reserves held by the Council alongside the reserves of the subsidiary, associates and joint ventures that the Council has an interest in giving a total reserves position for the Group.

	Usable Reserves			Unusable Reserves			Total Group Reserves
	Council	Council's share of subsidiary, associates & joint ventures	Group Total	Council	Council's share of subsidiary, associates & joint ventures	Group Total	
2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	(38,877)	(10,631)	(49,508)	(164,411)	(878)	(165,289)	(214,797)
Opening balance adjustment	-	(2)	(2)	-	16	16	14
Balance at 1 April 2022 Revised	(38,877)	(10,633)	(49,510)	(164,411)	(862)	(165,273)	(214,783)
Movement in Reserves during 2022/23							
Total comprehensive income & expenditure	19,362	1,646	21,008	(223,127)	(1,287)	(224,414)	(203,406)
Adjustments between accounting basis & funding basis under statutory provisions	(15,476)	(82)	(15,558)	15,476	82	15,558	-
Net increase/ decrease before transfers	3,886	1,564	5,450	(207,651)	(1,205)	(208,856)	(203,406)
Transfers to/from Earmarked Reserves	799	-	799	(884)	-	(884)	(85)
(Increase)/decrease in 2022/23	4,685	1,564	6,249	(208,535)	(1,205)	(209,740)	(203,491)
Balance at 31 March 2023	(34,192)	(9,069)	(43,261)	(372,946)	(2,067)	(375,013)	(418,274)

The opening balance at 1 April 2022 has been adjusted to reflect the change in share of the Valuation Joint Board from 15.4% in 2021/22 to 15.7% in 2022/23. This increase reflects the inclusion of additional Barclay funding within the requisitions made to the Board from the constituent authorities.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23

	Council	Usable Reserves Council's share of subsidiary, associates & joint ventures	Group Total	Council	Unusable Reserves Council's share of subsidiary, associates & joint ventures	Group Total	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2021/22							
Balance at 1 April 2021	(33,094)	(7,293)	(40,387)	(87,832)	(365)	(88,197)	(128,584)
Movement in Reserves during 2021/22							
Total comprehensive income & expenditure	18,144	(3,244)	14,900	(100,506)	(607)	(101,113)	(86,213)
Adjustments between accounting basis & funding basis under statutory provisions	(24,128)	(94)	(24,222)	24,128	94	24,222	-
Net increase/ decrease before transfers	(5,984)	(3,338)	(9,322)	(76,378)	(513)	(76,891)	(86,213)
Transfers to/from Earmarked Reserves	201	-	201	(201)	-	(201)	-
(Increase)/decrease in 2021/22	(5,783)	(3,338)	(9,121)	(76,579)	(513)	(77,092)	(86,213)
Balance at 31 March 2022	(38,877)	(10,631)	(49,508)	(164,411)	(878)	(165,289)	(214,797)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Group Financial Statements
Group Balance Sheet as at 31 March 2023

The Group Balance sheet shows the value of the Group combining Clackmannanshire Council's assets and liabilities with its share of the assets and liabilities of those entities in which it has a financial interest.

31 March 2022 £'000		31 March 2023 £'000
399,654	Property, Plant & Equipment	457,011
805	Heritage Assets	805
7,690	Investment Properties	7,532
310	Intangible Assets	206
7,062	Investments in Associates and Joint Ventures	5,682
-	Pensions Asset	63,386
-	VJB Assets	467
1	Long-Term Debtors	1
415,522	Non-Current Assets	535,090
225	Investment Properties held for Sale	242
535	Inventories	598
18,727	Short-Term Debtors	13,968
32,010	Short-Term Investments	34,009
9,234	Cash and Cash Equivalents	5,889
60,731	Current Assets	54,706
(31,653)	Short-Term Creditors	(35,927)
-	Provisions	(125)
(5,867)	Short-Term Borrowings	(3,032)
(37,520)	Current Liabilities	(39,084)
(60)	Provisions	(65)
(98,238)	Long-Term Borrowing	(97,754)
(124,911)	Other Long-Term Liabilities	(34,619)
(727)	VJB Liabilities	-
(223,936)	Long-Term Liabilities	(132,438)
214,797	Net Assets	418,274
(49,508)	Usable Reserves	(43,261)
(165,289)	Unusable Reserves	(375,013)
(214,797)	Total Reserves	(418,274)

The unaudited financial statements were issued on 10 August 2023.

Lindsay Sim
Chief Finance Officer

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Group Financial Statements

Notes to the Group Financial Statements

Note 1 Group Accounting Policies

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared in addition to single entity financial statements. The Financial Statements for the Group have been prepared in accordance with the Accounting Policies specified for the Council's Financial Statements and are set out in Note 1 of this document.

Note 2 Disclosure of Interest in Other Entities

The Council has adopted the recommendations of the Code, which requires local authorities to consider their interests in all types of entity to incorporate into Group Financial Statements. Group accounts have been prepared using the following basis:

- subsidiaries – consolidated on a line by line basis; and
- associates and joint ventures – using the equity method of accounting.

A full set of Group Financial Statements with the exception of a Cash Flow Statement, has been prepared and presented in the pages above, incorporating material balances from identified associates. The Group Cash Flow Statement is provided alongside the single entity statements as it is not materially different to the cash flow statement for the Council as a single entity.

Note 3 Group Entities

The accounting period end for the entities below is for the year end 31 March. Financial information up to 31 March was obtained and accounted for in the Group accounts. The dates of these accounts are included below.

The Group Accounts consolidate the results of other entities:

- The Common Good Fund has been consolidated in full as a subsidiary (31/03/23).
- Central Scotland Valuation Joint Board has been incorporated as an associate with a 15.7% share of total requisitions (31/03/23); and
- Clackmannanshire & Stirling Integration Joint Board has been incorporated as a joint venture with a 25% shareholding (31/03/23).

The Council also has an interest in Coalsnaughton NHT 2012 LLP as an associate and in CSBP Clackmannanshire Investments Limited as a joint venture. On assessment of the financial information of both entities, the total net assets of each are below materiality level and the financial information is not consolidated into the Group Financial Statements.

The individual accounts relating to these entities are published separately, and are available from Companies House or the Chief Finance Officer and Section 95 Officer, Kilncraigs, Alloa, FK10 1EB.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2022/23
Group Financial Statements

Notes to the Group Financial Statements (continued)

With regard to the Joint Boards, the Council's interest reflects the requisition share paid by the Council. As no consideration was paid for such interests, there is no requirement to account for goodwill.

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

The Joint Boards have a wide range of functions to discharge, and members of each Board are elected Councillors and are appointed by the Council in proportions specified in the legislation.

Under accounting standards guidance, the Council can be seen to have significant influence over these statutory bodies, through nominated Council Member involvement in the bodies' governing Boards. The Boards are included within the Group Accounts even when our interest in these bodies is less than the 20% that is normally presumed to represent significant influence.

The Council has accounted for its interest in its joint venture using the equity method of accounting. The consideration paid by the Council equalled the fair value of assets and liabilities acquired, and therefore no goodwill arose on acquisition.

Note 4 Non-Material Interest in Other Entities

The Council recognises Coalsnaughton NHT 2012 LLP as an associate. The Council is one of four members of the LLP (25%). The Council made no contribution to the associate in the 2022/23 or 2021/22 financial years and the financial information from this associate has not been consolidated into the Group Financial Statements as it is considered immaterial to the understanding of the accounts.

The Council recognises CSBP Clackmannanshire Investments Limited as a joint venture. The council has two elected members of the Council who sit on the board of directors (50%). The Council received £0.043m in 2021/22 which was the repayment of rent guarantee funds previously provided by the Council. No funds were received in 2022/23. The Council made no contribution to the joint venture in the 2022/23 or 2021/22 financial years and the financial information from this joint venture has not been consolidated into the Group Financial Statements as it is considered immaterial to the understanding of the accounts.

The Council also has an interest in SEEMIS Group LLP and Scotland Excel. The financial results of the organisations have not been consolidated into the Council's Group Accounts as they are considered immaterial to the understanding of the accounts.

Note 5 Financial Impact of Group Consolidation

The effect of inclusion of the Subsidiary (Common Good), Associate, Joint Ventures and entities on the Group Balance Sheet is to increase both the Reserves and Net Assets by £11.136m (2021/22 £11.509m) representing the Council's net asset in the consolidating entities.

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Note 6 Financial Results of Associates and Joint Ventures

The Council has interests in its subsidiary, associates and joint ventures. It participates in these companies by means of Board membership and the provision of funding and management support.

Subsidiary:

- **Common Good – the Common Good is administered and fully controlled by Clackmannanshire Council.**

Common Good is treated as a subsidiary within the Council's Group accounts with assets, liabilities, reserves, income and expenditure being consolidated line by line.

The income and charges made in the year by the Council for services provided can be seen in the previous section of these accounts.

Joint Ventures:

- **Clackmannanshire and Stirling Integration Joint Board**

The Clackmannanshire and Stirling Integration Joint Board (IJB) is a statutory body established to integrate health and social care services between Clackmannanshire Council, Stirling Council and NHS Forth Valley. The contribution provided by Clackmannanshire Council to the IJB in 2022/23 was £25.167m (2021/22 £21.583m). The IJB Board comprises twelve voting members with three elected members of Clackmannanshire Council (25% voting share).

Associates:

- **Central Scotland Valuation Joint Board**

The Central Scotland Valuation Joint Board (VJB) is the statutory body responsible for maintaining the electoral, council tax and non-domestic rate register for Clackmannanshire, Stirling and Falkirk Councils. The contribution made by Clackmannanshire Council to the board for 2022/23 was £0.453m (2021/22 £0.445m). The VJB board comprises fifteen voting members with three elected members of Clackmannanshire Council (20% voting share) the accounts are consolidated based on the payment share of 15.7%.

- **Coalsnaughton NHT 2012 LLP**

Under the NHT initiative, the Scottish Futures Trust, Hadden Construction and Clackmannanshire Council (25%) entered into a Limited Liability Partnership (LLP) to purchase newly-built homes so they could be made available for rent at 'mid market' rates, for a period of up to 10 years. All housing units were sold to Kingdom Housing Association on 7th March 2021 and the investment was fully repaid to the Council on that date. This associate is not included within the Group Financial Statements for 2022/23 or 2021/22 as it is considered immaterial to the understanding of the accounts.

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The following table represents the Group's share of key financial information included within the Group statements, extracted from the accounts of the above entities for 2022/23.

	Central Scotland VJB		Clackmannanshire and Stirling IJB		Common Good	
	2021/22 £'000	2022/23 £'000	2021/22 020/21 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Gross Income	(477)	(489)	(2,116)	(2,158)	(267)	(322)
Gross Expenditure	557	544	58,176	65,388	454	509
Financing & Investment Income & Expenditure	27	23	(60,568)	(61,848)	-	-
(Surplus)/ Deficit on Provision of Services	77	78	(3,508)	(1,382)	187	187
Other Comprehensive Income/ Expenditure	(607)	(1,287)	-	-	-	-
Non-current assets	8	372	-	-	5,165	4,978
Current assets	172	168	7,062	5,682	9	9
Current liabilities	(80)	(73)	-	-	-	-
Long Term liabilities	(827)	-	-	-	-	-