
Report to: Clackmannanshire Council

Date of Meeting: 19 August 2021

Subject: Draft Financial Statements 2020/21

Report by: Chief Finance Officer

1.0 Purpose

- 1.1. The Council is required by law to prepare a statement of accounts in accordance with 'proper practices' which set out its financial position at the end of each financial year. This is defined as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom prepared by the CIPFA/LASAAC Joint Committee.
- 1.2. The Code specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements where Councils have material interests in subsidiaries, associates or joint ventures. The financial statements aim to identify the key factors affecting the finances of the Council and that affect the physical resources that the Council can control to provide services.
- 1.3. The Local Authority Accounts (Scotland) 1985 Regulations require the Chief Finance Officer, as the Council's s95 officer, to prepare the Statement of Accounts as soon as practicable after the end of each financial year and to submit for Audit to the Councils External Auditor. This is normally by the 30th June, however due to COVID 19 pandemic, this was extended in agreement with the External Auditors. A Management Commentary is included within the accounts that presents 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 Management Commentary is signed by the Leader of the Council, Chief Executive and Chief Finance Officer (as s95 officer). The Management Commentary includes the financial outlook for the Council for 2021/22, however further detail of the Councils financial Outturn reports will be presented to Service and Audit Committees during the year.
- 1.4. The Council's Draft Financial Statements also include the annual Remuneration Report, and the Annual Governance Statement (AGS) which is signed on behalf of the Council by the Leader of the Council and the Chief Executive. Improvement actions associated with the AGS are incorporated within routine performance reporting using the Pentana system.

2.0 Recommendations

Council is asked to:

- 2.1. note the 2020/21 draft financial statements;

- 2.2. note that the draft financial statements will be submitted for audit to the Councils external auditors on 31 August;
- 2.3. note that audited financial statements will be presented to the next appropriate Committee following conclusion of the audit, and
- 2.4. otherwise note the contents of the report.

3.0 Considerations

- 3.1. The accounts have been prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21*. The Financial Statements show the actual figures for 2020/21 and the comparable figures for 2019/20.

Revenue Outturn

- 3.2 The financial results for 2020/21 are positive and provide a platform from which to address the challenging times ahead. Against the background of reducing resources and the impact of the Covid 19 pandemic, the Council has successfully delivered services within budget and achieved a high percentage of its approved savings.
- 3.3 Gross revenue expenditure for the year was £131.886m. This represents the running costs of the Council and indicates the significant size and complexity of the organisation. In addition to this, the Council administered Support Grants to Businesses and Individuals on an Agency basis on behalf of the Scottish Government. This amounted to £12.834m and has been excluded from gross expenditure in line with specified Accounting guidance.
- 3.4 The surplus achieved in the year compared to budget was £9.721m. This includes carry-forward earmarked reserves of £6.715m for ring-fenced areas of spend such as PEF, ELCC and DSM and COVID funding. This results in a net underspend of £3.006m compared to budget which is a favourable movement on the overspend of £1.003m as at December 2020 (excluding Clackmannanshire element of the Clackmannanshire and Stirling Health and Social Care Partnership (HSCP), reported to Audit Committee in April 2021.
- 3.5 The General Fund started the year with a balance of £11.855m. £1.890m was utilised from earmarked general reserves during the year, new earmarked reserves of £6.715m were created. Within the earmarked reserves £4.407m relates to funds provided for COVID related activity. These movements along with the underspend of £3.006m results in a net increase in general reserves of £7.831m and a closing general reserve balance at 31 March 2021 of £19.686m.
- 3.6 Of the £19.686m balance at 31 March 2021, £13.384m is earmarked for specific purposes, much of which is for use either by individual services or to meet corporate liabilities. This committed balance can be summarised as follows:

Devolved School Management (DSM)	£0.374m
Pupil Equity Funding (PEF)	£0.636m
Early Learning & Childcare (ELCC)	£0.335m
Education COVID Recovery	£1.477m
Ring-fenced Housing & Community Safety Grants	£0.818m
Organisational Change Fund	£0.306m

Employment Fund	£1.000m
Transformation Fund	£1.841m
Miscellaneous commitments	£1.581m
Amount to Support 2021/22 Revenue Budget	£0.885m
Earmarked for General Purpose 2021/22 Budget	£1.200m
COVID General Funding	£1.974m
COVID Specific Funding	£0.957m
Total	£13.384m

- 3.7 The Council's Reserves Strategy stipulates that it should retain uncommitted reserves at a minimum level of 3% of budgeted net expenditure, based on 2021/22 approved budget this equates to a figure of £3.956m. At the end of 2020/21, uncommitted reserves are £6.302m, therefore, £2.346m in excess of this minimum reserve figure which represents a level of 4.78% of budgeted net expenditure.
- 3.8 At the end of 2020/21, the Clackmannanshire locality of the HSCP reported an underspend of £1.715m. However, the final outturn reflects a nil variance as the Councils full approved budgeted contribution for 2020/21 is paid over to the Partnership which contributes to the overall financial position of the Partnership.

Housing Revenue Account

- 3.9 The Housing Revenue Account achieved a surplus within the year of £7.117m against a budgeted surplus of £7.161m, £0.044m less than budget. This is a movement of £2.387m greater than the forecast figure of £6.483m reported to Audit Committee in April 2021. During the year £4.011m of this surplus has been used to fund capital expenditure which mitigated the requirement to borrow. This has resulted in a net contribution to reserves of £3.106m. The outcome of these in year results is that the opening housing reserve balance of £4.503m at the start of the year, has increased to £7.609m as at 31st March 2021, which equates to 38% of 2021/22 budgeted Housing Rents. This is £6.815m above minimum reserves of 4% which can be used to offset future capital expenditure and reduce the requirement to borrow.

Other Reserves

- 3.10 The opening balance on the Capital Receipts Reserve was £2.074m. Of this balance, £0.431m was earmarked for the capital element of the Employment Fund to fund the statutory element or voluntary severance. This fund was not utilised in the year and as the flexibility to use capital receipts for this purpose is due to end in March 2022, £0.334m was approved to be released from this fund as part of the 2021/22 Budget Setting process. This leaves a balance of £0.097m earmarked from Capital Receipts for the capital element of the Employment Fund.
- 3.11 During 2020/21 receipts of £0.542m were received as a consequence of asset sales. £1.160m was also transferred to General reserves to support the 2020/21 budget and £0.426m was transferred to the Transformation Fund as per the approved budget in 2020/21. Also part of the 2021/22 budget, £0.303m was released from Capital Grants Unapplied to general receipts increasing the receipts balance to £1.333m. Of this balance, £0.729m has been identified to support the 2021/22 approved budget leaving an uncommitted balance of £0.507m.

- 3.12 The opening balance on the Capital Grants and Contributions Unapplied account was £2.694m. Within this balance were earmarked receipts of £0.901m for the Transformation Fund. During the year £0.135m has been utilised from this Fund leaving a balance of £0.766m. £0.303m was released back to General Capital Receipts from the Economic Investment Fund as per the approved 2021/22 Budget leaving £0.483m in this fund of which £0.182m is committed for Clackmannan Regeneration project. In the year, £0.199m has been utilised for various developments and £0.405m has been added for new grants to be used in future years, leaving a balance at 31 March 2021 including earmarked of £2.888m.

Pensions Liability

- 3.13 The estimation of the Council's net liability in respect of pensions payable is a complex set of judgements. It requires estimates of the life expectancy of scheme members, assumptions about changes in retirement ages and expected returns on pension fund assets such as stock market investments. The Council engages actuaries to provide expert advice about prevailing assumptions.
- 3.14 As a result of the latest valuation of our Pension accounts in accordance with International Accounting Standard 19 (IAS19), the net liability within the Balance Sheet increased to £151.7m compared to £97.9m at March 2020. This increase in liability is due to a combination of a reduction in the net discount rate and the impact of the latest triennial valuation as at 31 March 2020, which has seen changes in demographic, financial and other assumptions.

Provisions

- 3.15 There have been no new provisions created in the year. As at 31 March 2021, only one Provision remains in respect of the provision for Municipal Mutual Insurance Limited (MMI).
- 3.16 The provision for MMI was established in 2012/13 on the advice of our insurers to cover a potential 30% levy triggered under the Scheme of Arrangement in respect of the winding down of the former MMI. This exposure relates back to former District and Regional Council operations. During the year £7k was paid out of which £5k was provided for and the fund was increased to offset the additional £2k. No material amounts are expected for 2021/22 therefore there is no short term provision. The long term provision was increased by £3k to £47k to reflect an increase in the estimate of the amount required to meet future claims.
- 3.17 The provision for Equal Pay has now been removed. The previous provision was fully utilised in 2019/20 and there are no known future costs.

Contingent Liabilities

- 3.18 In order to reflect as yet potential uncertain and/ or unquantified timing and liabilities issues, aspects of those matters referenced in respect of Insurance set out in paragraph 3.16 above, are also reflected in the draft financial statements as a contingent liability. In addition to this, the potential for claims of Historic Sexual Abuse and Equal pay remain as contingent liabilities. No Contingent Assets have been identified as at 31 March 2021.

Capital Expenditure and Financing

- 3.19 During 2020/21 the Council spent £17.939m on Capital Expenditure across both General Fund and HRA. Of this, £17.903m was invested in its own assets with £0.036m granted to third parties including Common Good. This reflects an underspend of £13.790m on the approved budgeted programmes for both HRA and

General Fund, and an increase in the projected underspend of £8.821m reported to Audit Committee in April 2021.

- 3.20 Capital expenditure in the year has been financed by capital receipts (£0.001m), government grants and contributions (£7.426m) and direct revenue funding (£4.011m). The remaining balance of £6.501m was funded through internal borrowing.
- 3.21 The Council's gross external debt as at March 2021 stands at £138.693m, a decrease of £1.778m from the position as at March 2020. This was as a result of no additional borrowing being undertaken during the year and repayments of £0.476m towards PWLB and Market Loans and £1.302m towards PPP and finance leases. Further detail is provided in the Annual Treasury Report also on this agenda.

Group Accounts

- 3.22 Group accounts are required to be prepared and included in the financial statements. The council's group accounts consist of; Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, Coalsnaughton NHT, Common Good and CSBP Clackmannanshire Investments Ltd.

Public Inspection

- 3.23 Following submission to the External Auditor the draft accounts will be made available for public inspection on the Council's website.
- 3.24 Following conclusion of the External Audit, the Council's final audited Financial Statements will be presented to the next appropriate Committee along with the External Auditors Report.

4.0 Conclusion

- 4.1 The results for the year are positive against the backdrop of the current economic climate. A surplus has been achieved in the year on General Fund which ensures our uncommitted reserves remain in excess of the Council's minimum level. This position is an improvement on that previously forecast at Budget setting in March 2021 due to a more favourable outcome than anticipated at that time. The position although favourable remains challenging in light of the current financial circumstances and the recent COVID19 Pandemic.
- 4.2 Regular updates on progress in implementing the Budget Strategy and performance monitoring has been provided to Elected members through Council and Committee reports during the year. These reports included management actions within services and corporately to improve the outcome position to ensure the Council did not overspend its budget during 2020/21.
- 4.3 In summary, despite challenging circumstances, the Council has consistently applied its agreed budget, finance and investment strategies throughout 2020/21.

5.0 Sustainability Implications

- 5.1 Not applicable

6.0 Resource Implications

6.1 Financial Details

6.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

6.3 Finance have been consulted and has agreed the financial implications as set out in the report. Yes

6.4 Staffing

7.0 Exempt Reports

7.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Draft Financial Statements 2020/21

12.0 Background Papers

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

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Lindsay Sim	Chief Financial Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Director of Partnership and Performance	



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Financial Statements
2020-2021



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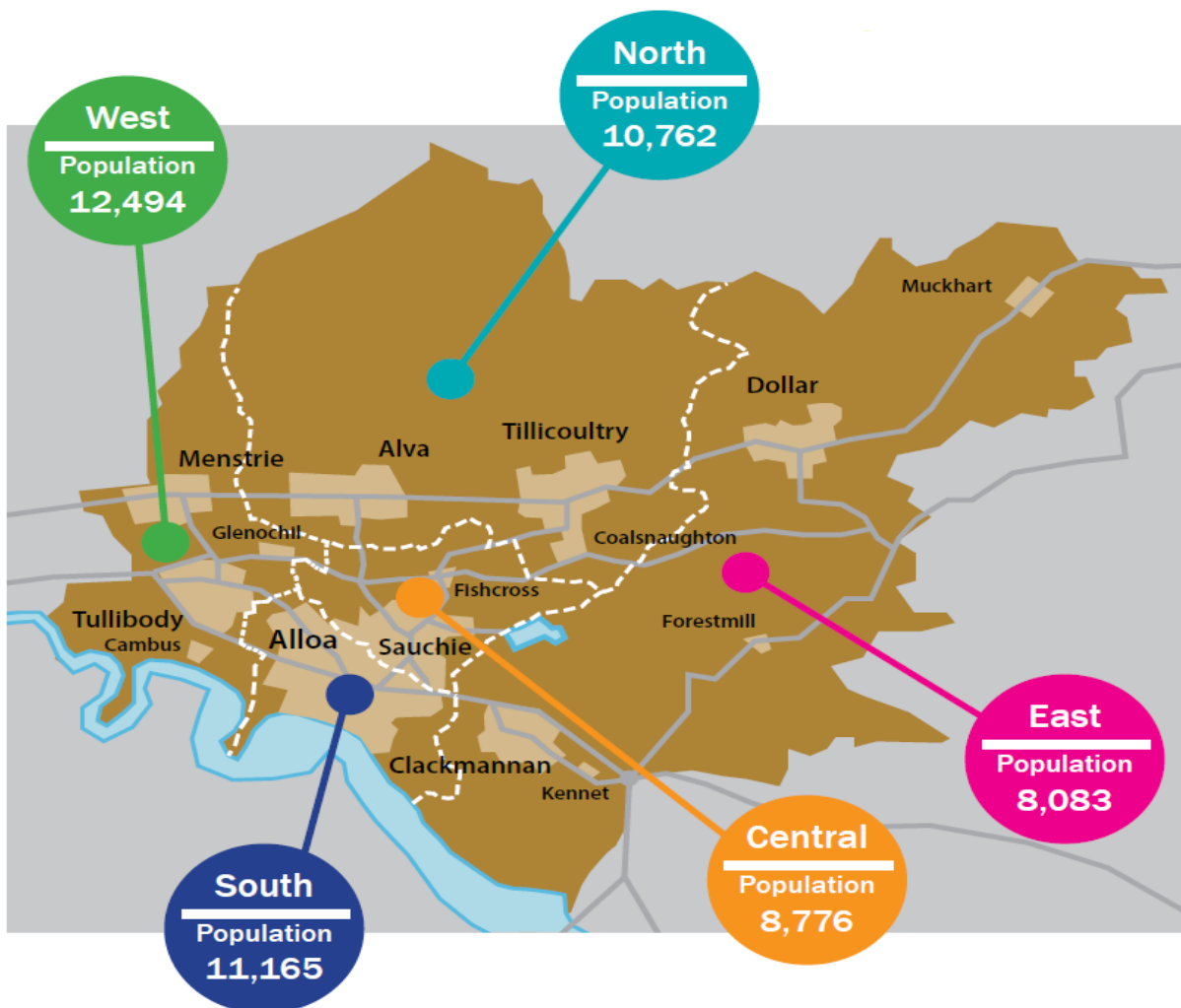


CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2020/21 Management Commentary

Introduction

This commentary sets the scene and context for the Financial Statements for Clackmannanshire Council, for the year ended 31 March 2021 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 2020/21 which sets out the format and content contained within them.

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 2,680 (headcount) staff (2019/20: 2,639).

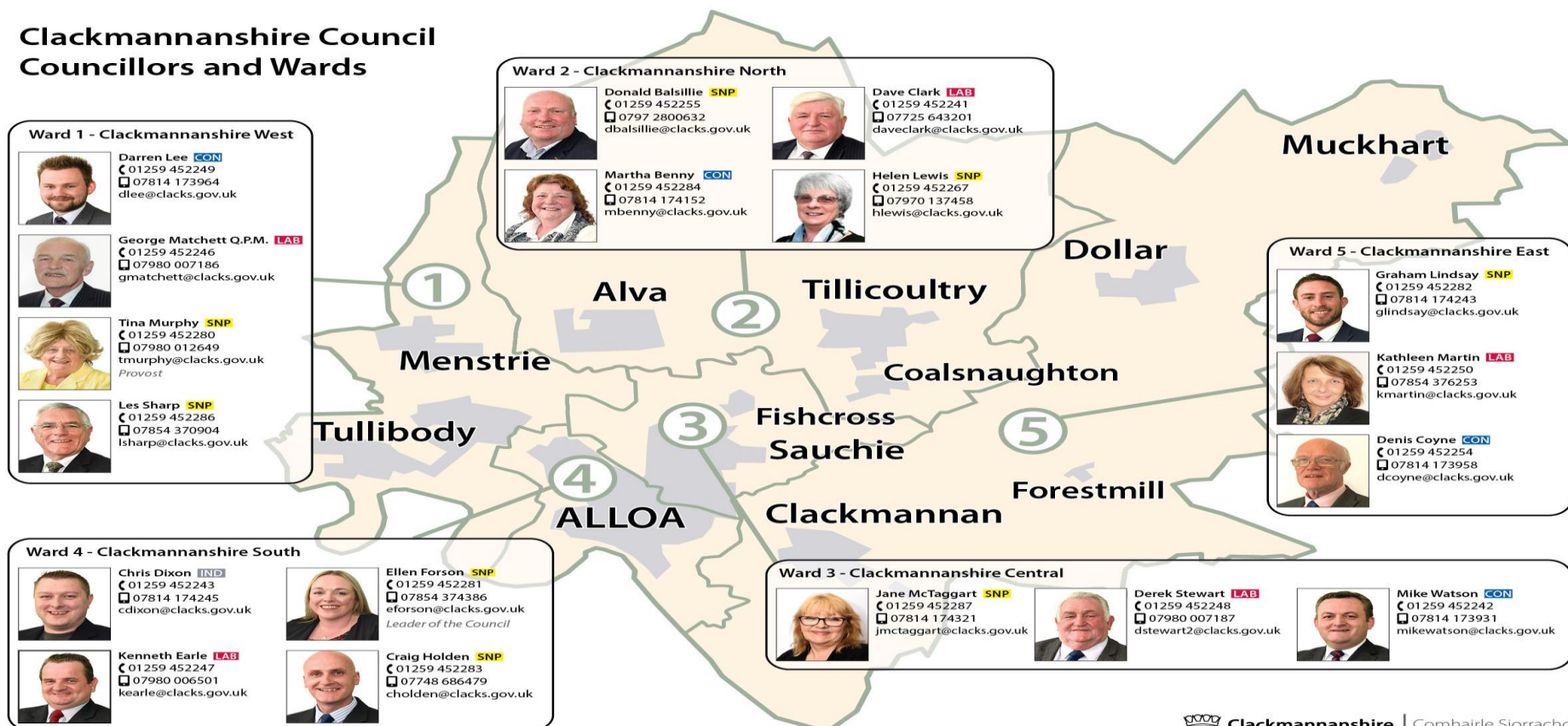


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Local Government

Clackmannanshire Council consists of 5 wards, each represented by 3 or 4 elected members. The Council has 18 Councillors whose political make up at the end of 2020/21: were 5 Labour, 8 SNP, 1 Independent and 3 Conservative. There was one vacant seat within the Clackmannanshire East Ward following the resignation of Councillor Mason during the year which Councillor Coyne was appointed to as a result of the bi-election held in November 2020. Information on Senior Councillors can be found in the Remuneration Report commencing page 68.

Clackmannanshire Council Councillors and Wards



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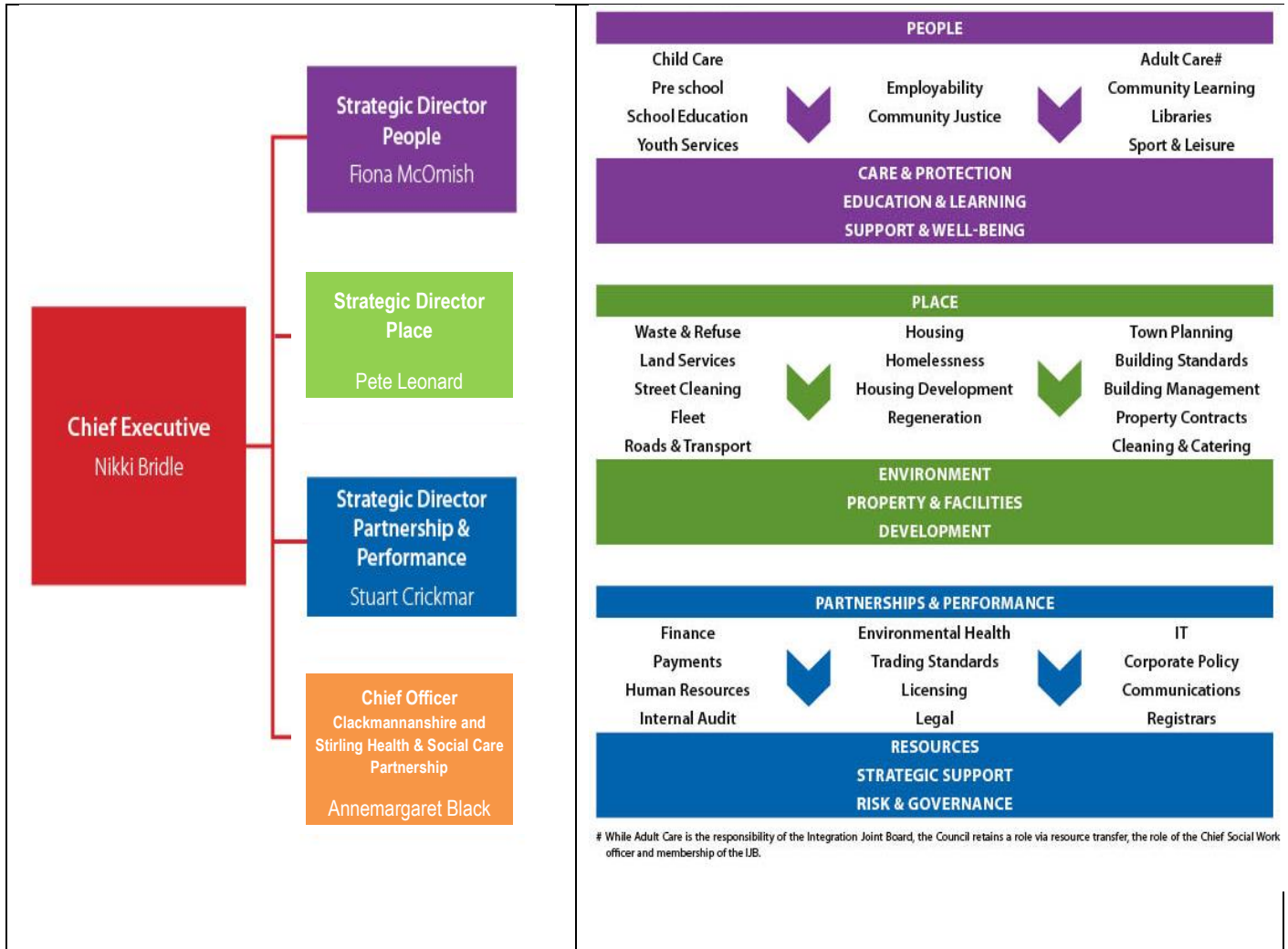
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Management Structure & Service Areas

The Council's Management Structure and service areas are set out in the diagram below:



The Council continued with its Organisational Redesign programme during 2020/21, concluding the second phase focussed at Senior Manager Level.

Throughout 2020/21, 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.

The post holders at Strategic Management level as well as Statutory post holders are shown below with appointment or leaving dates as appropriate:

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Nikki Bridle



Chief Executive
(appointed 16 July 2018)

Stuart Crickmar



Strategic Director of Partnerships & Performance
(appointed 27 August 2018)

Lorraine Sanda



Strategic Director of People (& Chief Education Officer)
(appointed 15 September 2020)

Chief Education Officer
(appointed 13 January 2020 to 20 December 2020)

Acting Chief Education Officer
(appointed 2 December 2019 to 12 January 2020)

Fiona McOmish



Strategic Director of People
(appointed 18 February 2019 to 18 September 2020)

Pete Leonard



Strategic Director of Place
(appointed 5 August 2019)

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**Annemargaret
Black**



**Clackmannanshire & Stirling Health &
Social Care Partnership Chief Officer**
(appointed 17 June 2019)

Statutory Officers

The postholders for all statutory posts are shown below:

**Lindsay
Thomson**



Monitoring Officer
(appointed 1 November 2018)

Lindsay Sim



Chief Finance Officer (S95 Officer)
(appointed 1 February 2019)

Catherine Quinn



Interim Chief Education Officer
(appointed 21 December 2020)

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**Sharon
Robertson**



Interim Chief Social Work Officer
(appointed 1 April 2021)

Fiona Duncan



Chief Social Work Officer
(appointed 3 June 2019 to 10 January 2021)

Carolyn Wylie

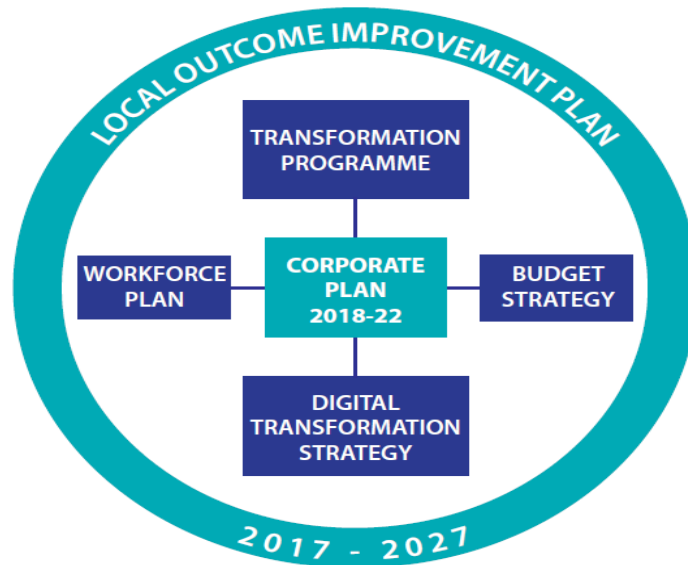


**Head of Community Health and Care for Clackmannanshire &
Stirling Health and Social Care Partnership**

Interim Chief Social Work Officer (Clackmannanshire Council)
(appointed 31 December 2020 to 31 March 2021)

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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 has been developed by the Clackmannanshire Alliance and sets out the ambitions for change for Clackmannanshire over the next decade. 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 will 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 has chosen 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 will 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 will reflect 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 next decade.

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

In December 2018 the Council approved a new Corporate Plan 2018-22, entitled ‘Be the Future’. This plan sets out the Council’s new vision, priorities and values against which all aspects of the Council’s work will be measured and aligned. The vision is focussed on collaboration, inclusive growth and innovation.

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 takes 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.

‘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, focussing 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.

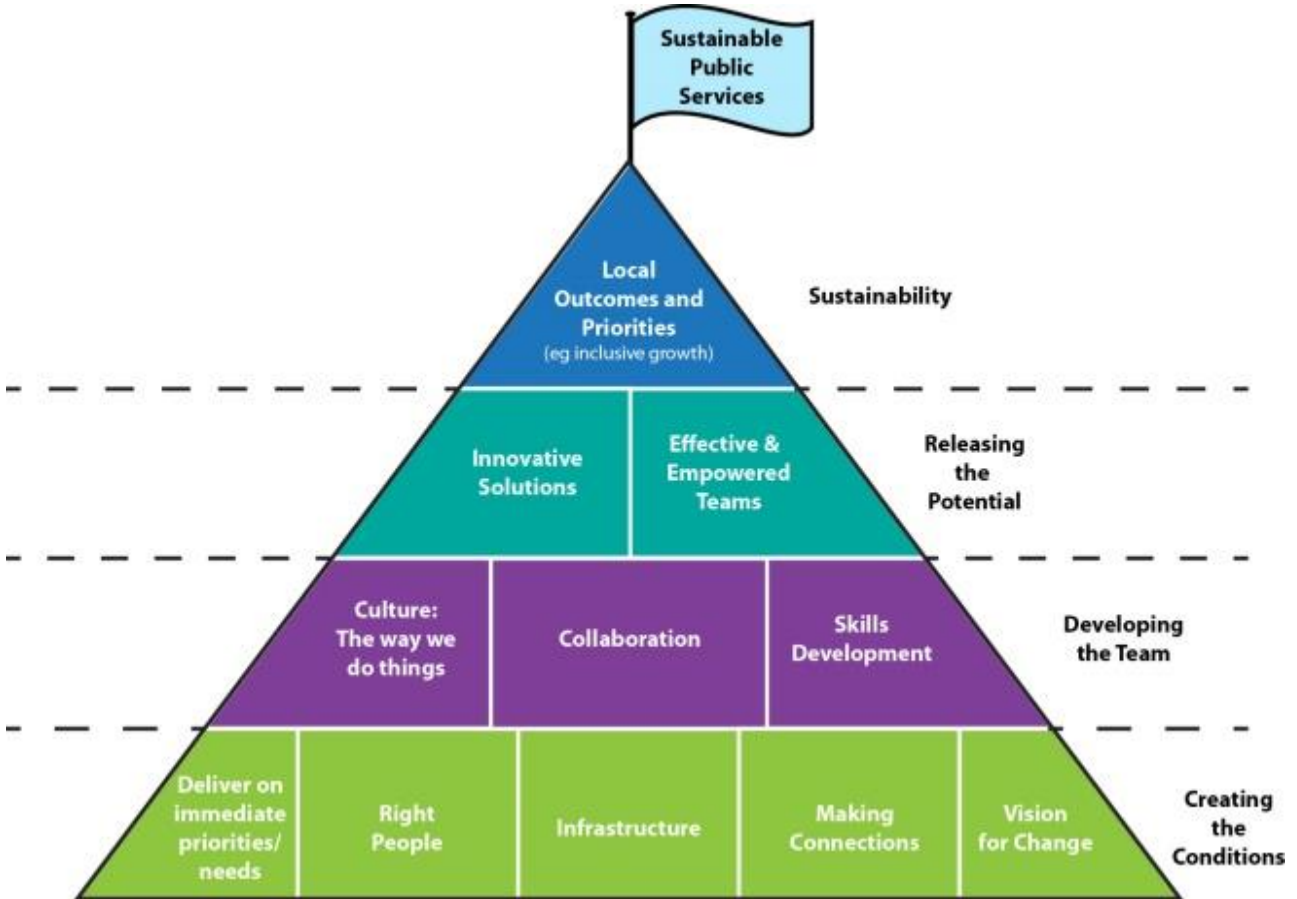
Organisational Redesign

In 2019, Council agreed its approach to Organisational Redesign. This framework and the supporting action plan focus on how we improve and develop our organisation to support sustainable change. This work was commenced at the earliest opportunity to ensure that our Council is developing into an organisation that is able to embrace change as ‘business as usual’. Over the last 12 months, work has been undertaken to further integrate and

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embed the Organisational Redesign Framework actions including within the Workforce Programme of activity.

Organisational Redesign Framework



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 above, 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.

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

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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 Well-being.

The Be the Future Aims and Programme themes are set out in the following diagram:

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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In 2020/21 activity in the Programme Management Office (PMO) has focused on operationalising the Programme by creating the critical documentation and business processes needed to progress to the next phase. The Be the Future Framework which incorporates a Toolkit, with key elements already agreed by the Be the Future Board, are being adopted into project practice. This will be extended in the coming year with the aim that by 2022/23 there will be widespread adoption of the Framework in the inception, design and management of Council projects.

The appointment of the Strategic Director (Transformation) has increased leadership capacity and during the next phase of the Be the Future Programme this capacity will be used to align the programme so that it maximises the outcomes achieved from the investment being made. The PMO will also support project staff to articulate benefits, outcomes and financial gains and these will be monitored through a Monitoring and Evaluation Framework that will help inform the governance of the Programme, including reporting to Council.

Addressing capacity challenges and the skills needed to support new ways of working will be key and further work to link the Workforce Programme more closely to the individual priorities and proposals in the Be the Future Programme will be undertaken. As part of this work it will also be important to ensure that the workforce plan and transformation work is integrated within the business planning process.

Additionally, a Strategic Roadmap will be developed that will articulate the common goals, outcomes and milestones for the 'Be the Future' Programme. The roadmap is a key communication tool which explains the strategic thinking for the programme to all stakeholders. The initial horizon for the roadmap is 24 months (2021/22- 2022/23).

To underpin this Strategic Roadmap the PMO is being realigned to drive the transformation activity in a planned and managed way. The PMO will be centrally led and work through a 'matrix' managed approach to deliver:

- Project managers who support the Council's adoption of the Be the Future toolkit and framework and who will work across priority projects in the Programme to manage and support successful delivery;
- Business analysts who inform the design and development of the Programme and projects, who use evidence and data analysis to recommend solutions throughout the project lifecycle and who analyse and measure the impact and outcomes of the Programme so we continue to learn and adapt;
- Communications expertise who will develop our strategic approach to managing internal and external communications that will support adoption of new ways of working, knowledge exchange and shared learning and that engages our people in being the future, and

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- Fundraising expertise that ensures that the opportunities to leverage additional investment and capacity throughout the Programme lifetime are realised for the Council and our partners.

In order to further enhance existing governance arrangements, Council approved as part of its budget setting for 2021/2022, to extend the remit of the Council Leader to include Service Lead for the Transformation Portfolio. The Council Leader is already corporate sponsor of a number of key Transformation initiatives such as Wellbeing Economy and Community Wealth Building, is Chair of the Clackmannanshire Alliance and Chair/ Vice Chair of City Region Deal Joint Committee, therefore it is appropriate that this is also included with the Leaders remit.

Performance

The recent Covid 19 pandemic has had a significant impact on the Council and its communities since the end of 2019/20 and throughout the whole of 2020/21. Since March 2020, the Council has put actions in place and reprioritised services to safeguard the community. Over the last 12 months focus has been directed on recovery actions including supporting children back to schools, supporting individuals and supporting local businesses. It is expected that the pandemic will continue to impact on performance going forward into 2021/22 and beyond as the UK continues its route map to recovery and the resulting financial pressures.

In 2020/21 the Council's gross expenditure was £220m (2019/20 £220m). This expenditure was spent on delivering a wide range of services for communities across Clackmannanshire, which is a growing economy where there are many opportunities. 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:

- annual review of Local Outcome Improvement Plan (LOIP) performance which is scrutinised by both the Alliance and the Council's Scrutiny Committee;
- annual review of the Corporate Plan, which is reported to the Council;
- progress of the Councils 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 Committee;
- Bi-monthly reporting of service performance and risks to each of the 3 portfolio committee meetings; People, Place and Partnerships and Performance, with the Councils overall financial reports being presented to the Audit Committee;
- reporting of corporate risks to the Audit 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.

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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. The report sets out a number of recommendations on which the Council has prepared an action plan to take forward and this work has continued during the 2020/21 financial year..

The financial position presented in the Financial Statements 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.

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 2021/22 Budget Report approved by Council in March 2021 presented a financial planning scenario which indicated a potential cumulative funding gap of £13.7m by 2024/25. 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.

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As noted above, the Council still faces a significant funding gap of £14m over the next few years, with any unachieved savings adding pressure and increasing the gap in future years. Over the last 5 years the Council has approved £30m of savings with a further £2.1m approved for 2021/22. Continually achieving these savings year on year is challenging, however in 2020/21 the Council achieved £3.0m (91%) of the £3.3m planned savings approved in the 2020/21 budget.

During 2020/21, Chief Officers worked closely with the members of each political Administration to develop savings proposals which were included in the 2021/22 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.

The budget process was 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 new organisational redesign framework and implementation of the approved Be the Future Transformation Programme, will ensure the Council remains financially sustainable.

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. 2020/21 has been an extremely challenging year for the Partnership as it deals with the pandemic on a frontline basis. Similarly to the Council, funding was made available by the Scottish Government to offset the financial pressures due to COVID during the year.

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.







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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.

As reported to Council on 22 October 2020, a revised delivery plan was presented to the Scottish and UK governments which outlined changes on the delivery plan as a result of the COVID-19 pandemic. The revised delivery plan and associated financial profile was formally agreed by the Stirling & Clackmannanshire City Region Deal Joint Committee on 17th December 2020.

Response rates to complaints, enquiries and FOIs

It is a priority for the Council to respond to all complaints and enquires within the time limits wherever possible. A Stage 1 Complaint should be responded to within 5 days and Stage 2 within 20 days. The timescale for the response to Councillor and MP/MSP enquiries is determined by the Councillor and MP/MSP submitting the enquiry and can be either 10 working days, 4 working days or 3 working days if urgent. The table below shows the performance for the year against the previous year:

	2020/21		2019/20		Movement
	Number	% on time	Number	% on time	
Complaints closed at (stage 1+2)	194	77.3%	216	72.2%	
Complaints closed at stage 1	169	78.7%	182	70.3%	
Complaints closed at stage 2 (inc after escalation)	25	72.0%	34	82.4%	
Councillor Enquiries	519	90.0%	584	85.6%	
MP / MSP Enquiries	166	67.5%	222	89.2%	
FOIs	906	85.0%	1,174	92%	




Overall there was a slight reduction in the number of Complaints and Enquiries received over the year compared to the previous year. The number of complaints closed at stage 1 and 2 on time overall increased due to an increase in complaints closed at stage 1 on time and there was also an increase in the number of Councillor Enquiries closed on time.

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Sickness Absence Rates

Compared to the previous financial years there continues to be improved performance in relation to levels of absence. The percentage of days lost significantly reduced in 2020/21 to 3.33% compared to 4.47% in 2019/20 and the average Full Time Equivalent (FTE) days lost per employee has also significantly reduced to 9.3 days compared to 12.5 days in 2019/20. The majority of our absences (73.76%) are long term in nature and these are managed in accordance with agreed Council procedures.

It is recognised that due to lockdown measures and continued homeworking for a number of staff there have been reductions in the level of short term absence compared to the previous financial year and this has contributed to the overall reduction in absence levels.

	2018/19	2019/20	2020/21	Movement
% Sickness absence (All Council staff)	4.65%	4.47%	3.33%	
Average FTE days lost through sickness absence per employee (Teachers plus all other local government employees)	13.2	12.5	9.3	
Long term absence rate - Council	65.55%	62.73%	73.76%	

The Council continued to offer and deliver, virtually, maximising attendance sessions to managers throughout 2020/21. In addition a new learning resource on maximising attendance was made available through the Council's e-learning platform.

During 2020/21 there has also been an emphasis on supporting the mental wellbeing of staff. 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.

Absence continues to be an area of continued scrutiny for the Council's Strategic Leadership Group.

Public Performance Reports

A wide range of Public Performance Reports are available by following the link to the Council's website (www.clacks.gov.uk). Regular service performance reports also contain details of both service and financial performance, the most recent reports can be found at <http://clacksweb.org.uk/council/performance/>.

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Financial Performance 2020/21

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 2021. 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, against the background of reducing resources, in 2020/21 the Council has successfully delivered services within budget, which included utilisation of £1.3m of capital receipts. This position, along with consideration of the reserves utilised during the year, results in an increase in General Fund reserves of £7.8m to £19.6m (2019/20: £11.9m). Of this total, £13.3m (2019/20 £5.6m) is earmarked for specific purposes, leaving £6.3m of uncommitted reserves.

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	2019/20	2020/21
Reserves			
Uncommitted General Fund Reserve proportion of Net Actual Expenditure	1	5.07%	4.78%
Movement in the Uncommitted General Fund Balance	2	1.24%	29.00%
Council Tax			
In-year collection rate	3	95.74%	94.80%
Ratio of Council Tax Income to Overall Level of Funding	4	17.79%	17.16%
Actual Outturn compared to Budgeted Expenditure		95.97%	93.15

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Financial Indicator	Notes	2019/20	2020/21
Actual contribution to/(from) Unallocated General Fund Balance compared to Budget	5	1.0%	2.0%
Capital Financing Requirement (CFR) for the current year	6	£144.5m	£143.2m
External Debt Levels for the current year		£140.9m	£139.2m
Ratio of financing costs to net revenue stream		5.47%	4.68%

- 1 *Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy is 3% of net expenditure which is considered appropriate in the context of the Council's financial and ongoing risk profile.*
- 2 *Reflects the extent to which the Council is using its Uncommitted General Fund Reserve. The movement is due to in-year underspend and a release of committed reserves following a review of requirements.*
- 3 *Reflects the Council's effectiveness in collecting Council Tax debt and financial management. This small 0.94% decrease is as a result of restricted recovery action being taken during the Covid pandemic.*
- 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 *How closely expenditure compares to the budget is a reflection of 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 service the borrowing costs.*

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Capital and Revenue 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 £17.939m (2019/20 £20.710m) in capital projects during the year, the table below shows some of the main projects:

	2019/20	2020/21
	£'m	£'m
IT Investment	0.470	1.204
School Development	4.510	0.478
Tullibody South Campus	4.380	0.572
Park Primary Development	0.074	0.846
Kilncraigs BPR	-	4.906
Street lighting	0.310	0.257
Clackmannanshire regeneration	0.550	0.038
Roads, foot paths, cycleways etc.	2.510	2.932
Fleet Vehicles	1.190	1.624
Housing – new build and off the shelf purchases	0.877	0.827
Housing - replacement of kitchen/heating	1.600	0.535
Housing - replacement of roofs/windows	2.700	2.039
Other Projects	1.539	1.681
	20.710	17.939

General Fund Results for the year

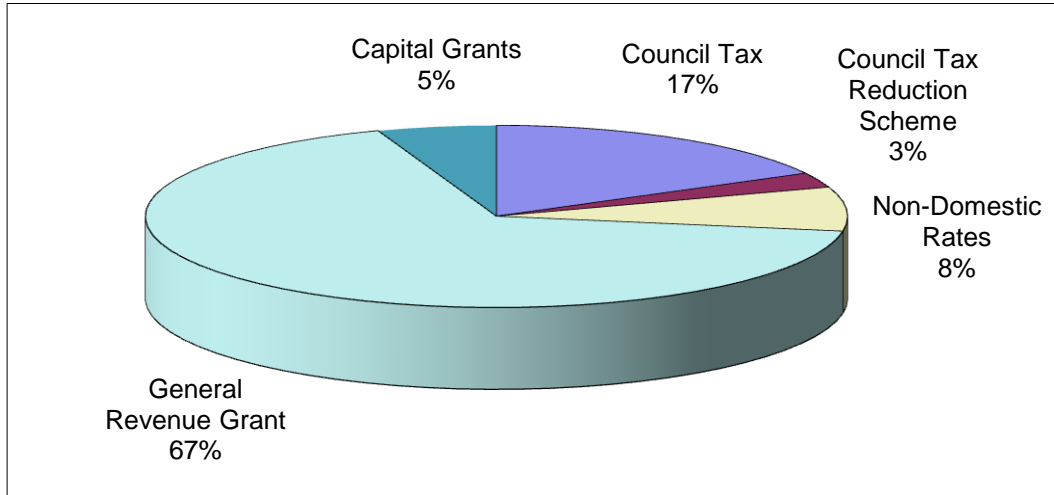
The General Fund covers all the areas of the Council's service provision with the exception of the management of its own housing stock which is covered within the Housing Revenue Account (HRA). General Fund services are financed by government grant and local taxation (i.e. council tax).

The largest source of funding the Council receives is the General Revenue Grant received from Scottish Government including Non-Domestic Rates (NDR) which amounted to £102.9m for 2020/21, (2019/20 £91.8m). 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 167).

Income from Council Tax in 2020/21 was £23.6m (2019/20 £22.8m). Funding was also received from the Scottish Government for the Council Tax Reduction Scheme for which the Council received income of £3.9m (2019/20 £3.5m). In 2020/21 capital grants totalled £7.6m (2019/20 £10m). The proportions of funding received by the Council in each of these categories are shown in the following chart and table:

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Proportion and source of funding received in 2020/21



Sources of Income	2019/20		2020/21	
	£'000	%	£'000	%
Council Tax	22,804	17.8	23,638	17.2
Council Tax Reduction Scheme	3,536	2.8	3,667	2.7
Non-Domestic Rates (plus BRIS)	17,315	13.5	10,757	7.8
General Revenue Grant	74,502	58.1	92,153	66.9
Capital Grants	10,026	7.8	7,558	5.5
	128,183	100.0	137,773	100.0

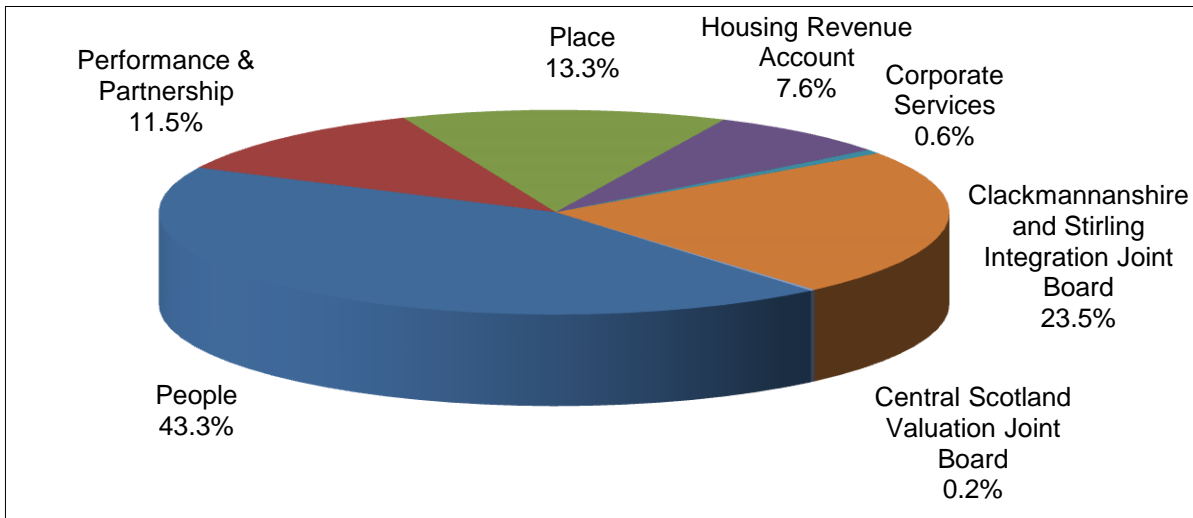
Council Revenue Expenditure Summary

Proportion of 2020/21 Revenue Expenditure by Service

In 2020/21 the total operating expenses for service delivery was £220m (2019/20 £220m), as detailed in Comprehensive Income and Expenditure statement on page 82. This level of expenditure indicates the significant size and complexity of the organisation.

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



Outturn Position

At the end of the year, the Council reported an underspend of £9.721m on its management accounts, an increase of £8.718m than previously forecasted as at December 2020 reported to Audit Committee in April 2021. 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 Early Learning and Childcare (ELC), 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 £3.006m compared to budget that contributes to reserves.

At the end of 2020/21, the Clackmannanshire locality of the HSCP reported an underspend of £1.715m. However, the final outturn reflects a nil variance as the Councils full approved budgeted contribution for 2020/21 is paid over to the Partnership which contributes to the overall financial position of the Partnership.

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

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Council Summary 2020/21			
	Annual Budget 2020/21	Actual to Mar-21	Variance Budget to Actual
	£'000	£'000	£'000
People	77,685	78,034	349
Place	17,328	16,712	(616)
Partnership & Performance	19,631	11,655	(7,977)
Health & Social Care Partnership	19,042	19,042	0
Corporate Services	7,324	6,003	(1,321)
Central Scotland Valuation Joint Board	440	440	(0)
	<u>141,450</u>	<u>131,886</u>	<u>(9,564)</u>
Sources of Funding	<u>(138,266)</u>	<u>(138,423)</u>	<u>(156)</u>
	<u>3,184</u>	<u>(6,537)</u>	<u>(9,721)</u>

The Council Summary presents the expenditure of general fund services which are funded from by government grant and local taxation. The Comprehensive Income and Expenditure Statement on page 82, which also includes the Housing Revenue Accounts, is prepared in accordance with proper accounting practices and, as such, can lead to differences in presentation of certain items of expenditure.

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Council Reserves

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

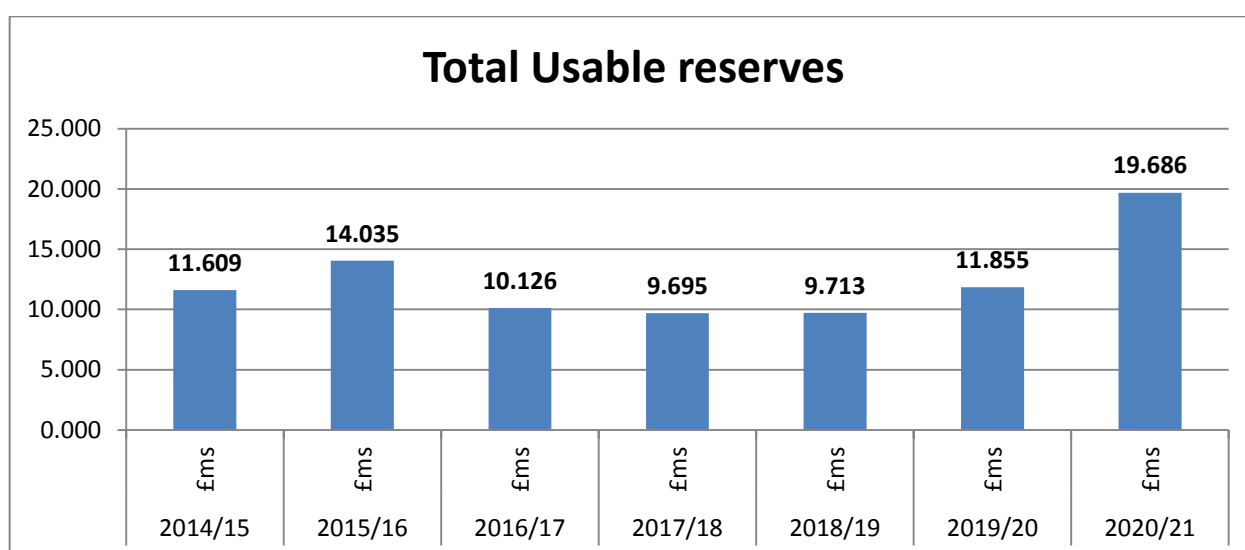
2020/21 Summary of Council reserves

	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 2020	(11,858)	(4,504)	(2,074)	(1,280)	(2,694)	(22,410)
Comprehensive Income & Expenditure	6,280	(2,223)	-	-	-	4,057
Adjustments between funding & accounting basis	(12,808)	(884)	(542)	-	(405)	(14,639)
Transfers	(1,300)	-	1,283	4	249	236
As at 31 March 2021	(19,686)	(7,611)	(1,333)	(1,276)	(2,850)	(32,756)

Total usable reserves have increased to £32m (2019/20 £22m) at 31 March 2021. A comprehensive analysis of the Council's reserves is provided in the Movements in Reserves Statement on page 83 and supporting notes.

Total Usable Reserves

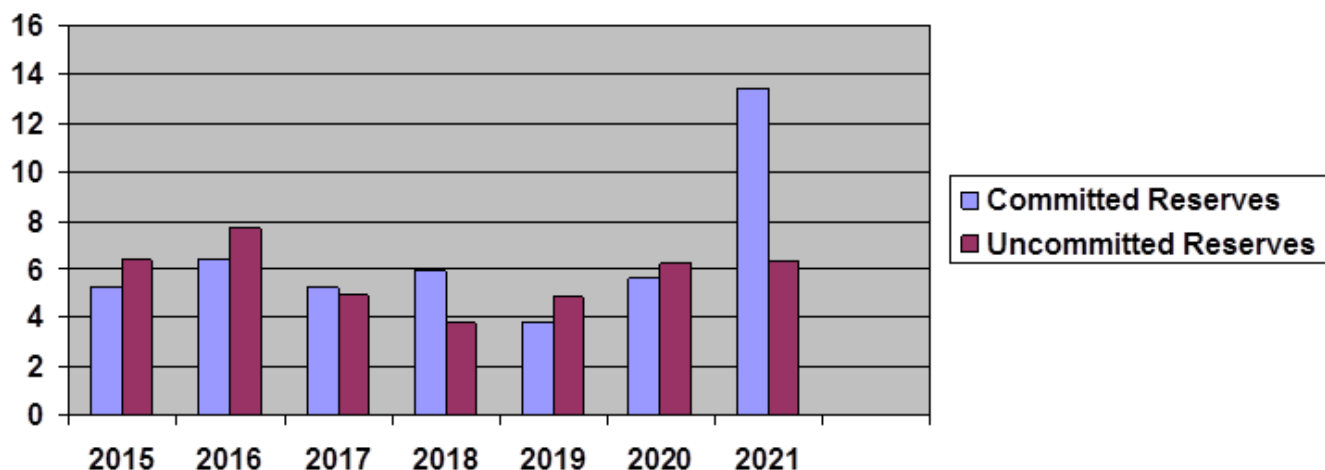
In 2020/21 the General Fund reserve has increased to £19.7m (2019/20: £11.9m). Between March 2015 and March 2021 total usable reserves have increased by £8.1m or 69.58%. The large increase between 2019/20 and 2020/21 is mainly due to additional Covid funding received in 2020/21 that has been carried forward to fund future Covid pressures.



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Level of Committed and Uncommitted Reserves 2014/15 to 2020/21

£'ms



Committed (Earmarked) General Reserves

Of the £19.7m general usable reserves, £13.4m is earmarked for specific purposes, either by individual services or to meet corporate liabilities. The committed balance can be summarised as follows:

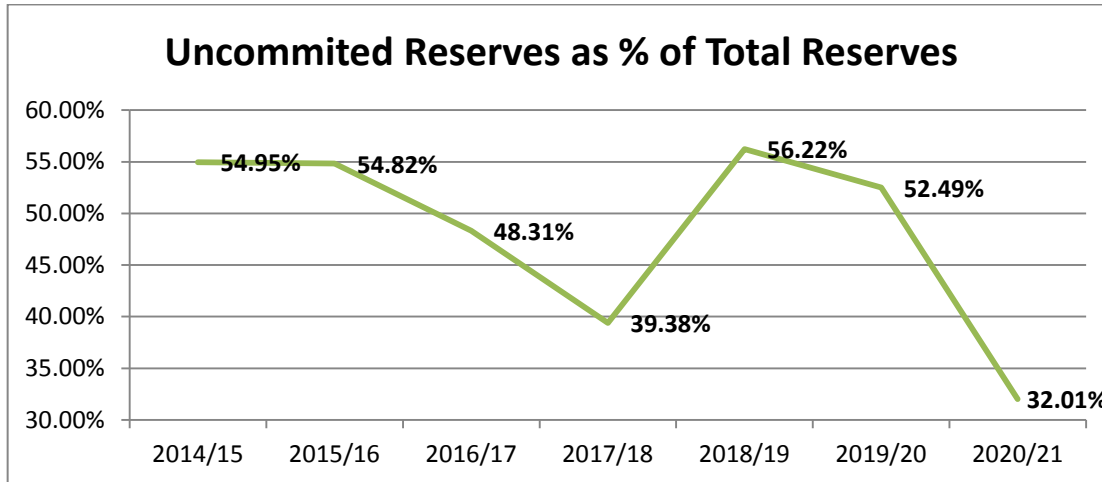
	2019/20	2020/21
	£'m	£'m
Devolved School Management	(0.5)	(0.4)
Organisational Change Fund	(0.2)	(0.3)
Employment Fund	(1.5)	(1.0)
Pupil Equity Funding (PEF)	(0.6)	(0.6)
Early Learning & Childcare (ELCC)	(0.5)	(0.3)
Education COVID recovery	(0.0)	(1.5)
Ring-fenced Housing Grants	(0.6)	(0.8)
Transformation Fund	(1.0)	(1.8)
Other Miscellaneous Commitments	(0.7)	(1.6)
COVID General Funding	(0.0)	(2.0)
COVID Specific Funding	(0.0)	(1.0)
Amount to support 21/22 Revenue Budget	(0.0)	(0.9)
Earmarked for general purpose 21/22 budget	(0.0)	(1.2)
Net Committed Reserves	(5.6)	(13.4)

The uncommitted element of General Fund Reserve at 31 March 2021 which is generally available to support future expenditure, stood at £6.3m (2019/20 £6.2m). The Council's Reserves Strategy stipulates that it should retain uncommitted reserves at a minimum level of 3% of net expenditure. The current reserves represent a level of 4.8% (2019/20 4.8%) of the 2021/22 net budgeted expenditure.

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The movement in the Council's uncommitted reserves position compared to total reserves since March 2014 is shown below:

Trend in reserves position 2014/15-2019/20



Capital Expenditure

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 2020/21 on General Fund Services (including operational Common Good properties) was £13.647m (2019/20 £14.160m) and on Housing was £4.292m (2019/20 £6.549m).

Expenditure	£'m	Financed by	£'m
Community Investment Strategy	8.082	Government grant & contributions	7.426
Property Asset Management Strategy	0.302	Capital Receipts	0.001
Roads Asset Management Strategy	2.931	Capital financed from revenue	4.011
Housing Business Plan	4.292	Borrowing	6.501
Lands Assets Management Strategy	0.034		
Fleet Asset Management Strategy	1.624		
IT Asset Management Strategy	0.674		
	17.939		17.939
Capital programme underspend	13.790		
Capital Budget	31.729		

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During 2020/21 the Council invested £17.939m in Capital projects, £17.903m of this expenditure was on Council assets and £0.036m was granted to third parties including Common Good. Capital expenditure in the year has been financed by capital receipts (£0.001m), government grants and contributions (£7.426m) and direct revenue funding (£4.011m) leaving a balance of (£6.501m) which was financed from borrowing.

At the end of the year there was an overall underspend of £13.790m on the budgeted programme. £9.417m of this related to the general fund and was mainly due to rephasing of spend on large projects spanning multiple financial years such as: Clackmannan Regeneration, City Region Deal, digital infrastructure project, and delays in the delivery of purchased vehicles. The underspend on the HRA capital programme of £4.373m is mainly due to roof and render upgrade works, window replacement, and electrical systems works that were delayed due to lockdown restrictions. The unspent budget due to rephasing will be carried forward to 2020/21.

In recent years the total capital budget has not been fully utilised with underspends ranging from 52% to 70% of the budget. In 2020/21, the underspend has increased to 43.5% (2019/20 33.6%) of the budgeted spending level, however, work continues to refine the capital planning process. Work is ongoing to develop a capital strategy in line with the Councils transformation programme and service asset plans.

Capital Receipts, Grants and Contributions

Receipts held in the capital receipts reserve at 31 March 2021 total £1.333m. £0.729m of these receipts have been earmarked to support delivery of the Council's 2021/22 budget. £0.097m has also been earmarked for the continuation of the Council's organisational redesign programme to fund the statutory element of voluntary severance.

Receipts of £2.888m were held in the Capital Grants & Receipts Unapplied Reserve at 31 March 2021. Of this balance £0.766m is earmarked for the Be the Future Fund which is expected to be fully utilised during 2021/22 when the flexibility to use Capital Receipts for this purpose ends. The remaining balance is 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, incurred a surplus in the year on the management accounts of £7.1m against a budgeted surplus of £5.2m. From this surplus a revenue contribution to capital of £4.0m 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 an increase of £3.1m to reserves at the year end, as shown in the Movement in Reserves Statement. Working balances available to the Housing Revenue Account have therefore increased to £7.6m as at 31 March 2021. This balance will continue to be earmarked to support the delivery of the Housing Business Plan in line with the Council's approved strategy.

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A further £4.0m 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.

Tenant consultation has been curtailed in 2020/21 during the pandemic. The Service still managed to let 334 houses during the year of which 328, 98.2%, expressed themselves as very or fairly satisfied.

The average time taken to complete emergency repairs is now just over three hours. The average time for non-emergency repairs is 4 days with 97% of jobs carried out "right first time". Satisfaction with the repairs service is high. Of the tenants who were asked about their views on the repairs carried out in the year, 99% were satisfied. Overall performance is up on last year with a 2% improvement in "right first time" performance and just over 1% increase in tenant repairs satisfaction.

Annual Assurance Statement 2020/21 – Scottish Housing Regulator

The Council submitted the 2020/21 Annual Assurance Statement to The Scottish Housing Regulator as required by the December 2020 deadline.

The Annual Assurance Statement requires that all social landlords in Scotland provide assurance to the regulator that they comply with the relevant regulatory standards and legal requirements, and are able to provide evidence in support of this. One area of non-compliance was identified:

- The Council failed to comply with "Involve tenants, and where relevant other service users, in the scrutiny and preparation of performance information"

A forward plan of improvement actions has been developed and is being implemented to address the under performance within the area of tenant scrutiny. These actions are outlined within the Assurance Statement.

Debt

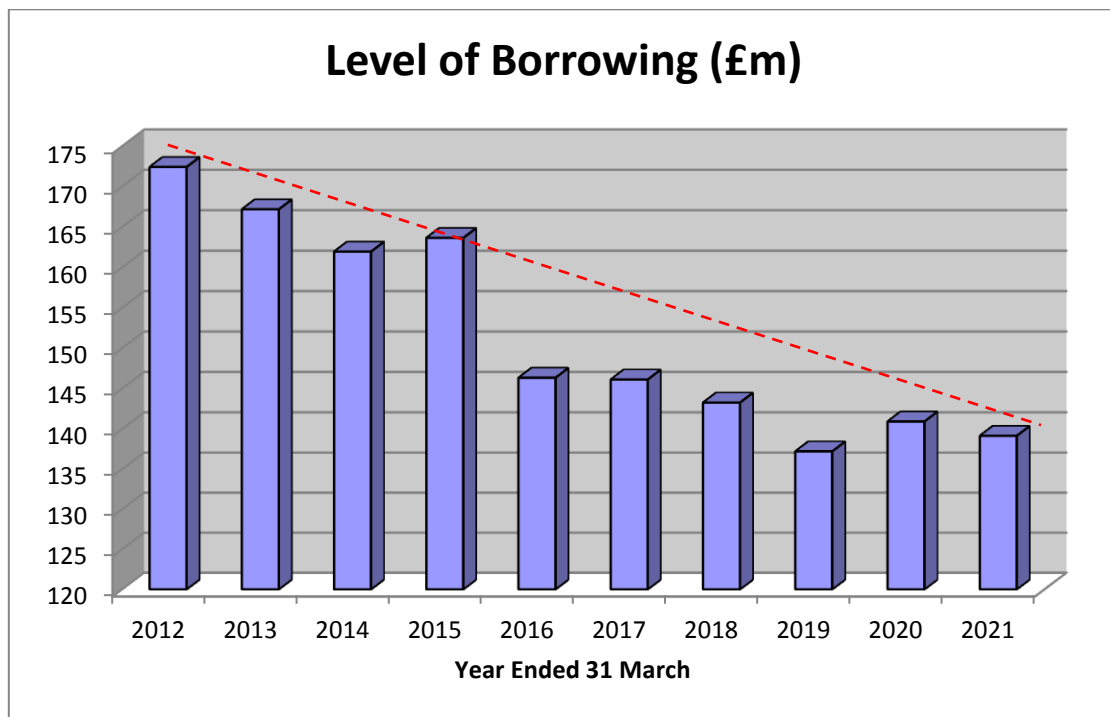
The Council's gross external debt as at March 2021 which supports its investment and development of long-term assets totals £139.2m and consists of:

	2020/21	2019/20
	£m	£m
External Borrowing	101.319	101.803
PFI and other finance leases	37.845	39.148
	139.164	140.911

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This is a decrease of £1.8m on the previous years external debt position of £140.9m. This movement is made up of repayments on borrowing of £0.484m and repayments were made to PFI and other Finance leases of £1.302m. 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, £8.8m (2019/20 £8.9m) external interest and principal repayments of £1.8m were paid in relation to this borrowing.



Overall there has been a reduction in cumulative external debt of 19.3% between 2012 and 2021, showing that over the longer term the Council is not increasing its level of debt to finance its capital programme. Repayments towards PFI and finance leases 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 2021 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) 2020/21 set by Council on 27th February 2021 and the Annual Treasury Report 2020/21 presented to Council on 19 August 2021.

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Secondary Schools PFI Scheme

Following the introduction of revised Financial Reporting arrangements introduced in 2009/10 for PFI projects, the Council's three new 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 2021 is £37.845m and this sum is included within the Council's overall borrowing position referred to above.

The unitary charge paid to the operator in 2020/21 was £8.477m (2019/20 £8.307m) 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 34 – Private Finance Initiative and Similar Contracts on page 148.

During 2010/11 a review of the Council's PFI funding model was undertaken on the basis that in view of the current operating environment and in particular UK wide economic and financial pressures, some of the original assumptions contained within the financing model were out of date. In particular, the relationship between planned council tax increases and the financing model was no longer relevant with the ongoing commitment to freeze council tax and changes in the level of RPI are in excess of those envisaged at the inception of the model. The revised model continues to be based on a straight repayment basis.

Net Pension Liability

Pension Fund reporting regulations require an annual valuation by fund actuaries. The calculation at 31 March 2021 disclosed a deficit of £151.7m (2019/20 deficit £97.9m). 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 increase in the deficit is due to a combination of a reduction in the net discount rate and the impact of the latest triennial valuation which has seen changes in demographic, financial and other assumptions.

The latest long-term triennial funding valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2020. This valuation has been reviewed and employers' contribution rates have been set in line with actuarial advice and have been kept at the same level for 2021/22 and 2022/23 and increased by 0.5% for 2023/24.

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 2021, one provision is included in the Financial Statements, see Note 21.

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

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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 2020/21, three contingent liabilities are disclosed, see Note 37. 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, Coalsnaughton NHT, Common Good and CSBP Clackmannanshire Investments Ltd.

COVID 19

The recent Covid 19 pandemic has had a significant impact on the Council and its communities towards the end of 2019/20 and through the course of 2020/21. Since March 2020, the Council has put actions in place and reprioritised services to safeguard its communities. Over the past year, focus has been directed on recovery actions including supporting children back to school and with home learning and supporting individuals and local businesses.

Some of the specific areas affected and actions taken by the Council since the start of the pandemic are outlined below.

During the pandemic, there has been increased community engagement and partnership working to support those who are most vulnerable. Additional supports to the community have been put in place including support to those who are shielding and self isolation grants to those facing hardship whilst having to self isolate and payments to families for free school meals whilst schools have been closed. Further details of the supports administered by the Council to Businesses and Individuals on behalf of the Scottish Government are set out in the Agency Arrangements section below. The Council also administered Scottish Government initiatives in the way of financial support to businesses through Business Grants and applied reliefs to businesses in the Retail Hospitality and Leisure industry for non domestic rates.

The Council has had to make changes in how its workforce operates. All staff are now working from home where possible and this has involved the roll out of IT kit to enable Homeworking. Staff have had to adapt to a new virtual way of working and keeping in touch. Meetings are now held virtually through Microsoft Teams including Council and Committee meetings. Changes have also been made to workplaces to enable staff to work safely and maintain a 2 metres distance.

Various changes in service provision have been made including standing down non-essential services and bringing these back on line in a phased way when able to do so. Risk assessments have been carried out to ensure safe working practices for staff and service users, particularly in face to face services such as Social Care and staff have been redeployed onto priority tasks to help support essential services. Cleaning services have been increased within Schools and Council operated buildings. We have also had to adapt and change the way services are provided. This has been significant within the Education Service where digital devices have been rolled out to the most vulnerable pupils to allow

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home learning. Teaching staff have also had to adapt to this new way of working supporting online classrooms.

Covid 19 has had a significant impact on financial performance with additional costs incurred during the year as well as loss of income. Due to prioritising essential services and effects of lockdown, there is slippage in the capital programme across both the General Fund and the Housing Revenue Account. Various funding streams have been provided through the Scottish Government to ease pressure on the revenue account which has brought with it additional monitoring and reporting tasks. Prioritising essential services and the additional workload has meant business as usual tasks have been delayed including production of the draft and approval of these final audited accounts.

Despite these challenges the Council has still managed to continue with most business as usual tasks during the year and progress with its Transformation activity which is integral to long term financial and service sustainability. It is expected that the pandemic will have an impact on performance going forward as recovery action will be in place for sometime and financial pressures are expected to extend beyond 2020/21.

Agency Arrangements

In response to the lockdown arrangements the Scottish Government introduced a number of grants for both businesses and individuals which Councils administered on their behalf. Clackmannanshire Council paid out £12.834m of COVID19 support funding to businesses and individuals on an agency basis as detailed below:

	To Businesses £000	To Individuals £000	Total £000
Support Grants			
Business Support Grants	7,557		7,557
Strategic Framework and Retail and Hospitality Business Grants	4,130		4,130
Taxi and Private Hire Vehicle Driver Support Fund	134		134
Newly Self Employed Hardship Fund	95		95
Break Restrictions Grants	245		245
Contingency Fund Plus	76		76
Furlough Support	53		53
Small Accommodation Providers paying council tax	18		18
Transitional Support Fund for Childcare Providers	54		54
Temporary Restrictions Fund for Childcare Providers	46		46
Spring and Winter Hardship Payments		351	351
Self Isolation Support Grants		75	75
TOTAL	12,408	426	12,834

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Business Environment and Risks

There are 2 key economic variables that have affected the Council during 2020/21 and which will continue to impact the Council going forward into 2021/22 and likely beyond. The first, being the recent Covid 19 pandemic and its effect on the wider economy and interest rates and its direct impact on Council service provision, priorities, expenditure and funding. The second is the continuing impact of Brexit on the UK economy as the UK navigates through the recently concluded trade deal with the EU.

On the 6th May the Bank of England (BoE) released its latest quarterly report on inflation. Interest rates had remained steady through 2020/21 at 0.1% with no changes since the last reduction in March 2020. The most recent forecast indicates interest rates are likely to remain low to continue to support households and businesses as the UK economy looks towards recovery from the pandemic. The target for inflation remained at 2% during 2020/21 and whilst inflation remained below this during the year, most recent figures are now above this rate as lockdown eases and consumer confidence and spending increases.

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, the previous 3 year pay deal for 2018/19 to 2020/21 resulted in the public sector pay restraint being lifted and additional pressure being put on local authority budgets over the course of this three year period. As part of its budget setting process for 2021/22, Scottish Government have a Public Sector Pay Policy. Whilst this does not apply to Local Authorities, current proposals are framed around this offer and discussions are ongoing with trade unions and COSLA at a national level. Any agreed pay award over and above the Public Sector Pay Policy will lead to further pressures for Local Authorities.

As in recent years and even more so as a result of Covid 19, 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.

It is recognised that the COVID 19 pandemic will have a longer term impact on some services and the Scottish Government continues to review the supports in place and funding to Local Authorities, Health Boards and the wider economy to support recovery.

It is hoped 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. This however, is dependent on the UK Government's ability to publish a 3 year settlement.

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, managing the effects of these increased costs will be a

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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
- 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 development of the Be the Future programme identifying areas for Transformation to increase efficiency and reduce costs over a 10 year period.
- A 20 year Capital Investment Plan as 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 Committee on a regular basis throughout the year.

The Council currently has 16 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.

The Councils 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 latest update report was presented to the Audit Committee on 17 June 2021 and can be found here:

<https://www.clacks.gov.uk/document/meeting/289/1083/7052.pdf>

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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.

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 progressed major strategic initiatives such as the new Tullibody Campus, City Region Deal, Organisational Redesign, the Road Assets Management Plan and the continuing embedding of the Health and Social Care Partnership.

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. 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 2020/21 Financial Statements.

Ellen Forson
Leader of the Council
19 August 2021

Lindsay Sim
Chief Finance Officer
19 August 2021

Nikki Bridle
Chief Executive
19 August 2021

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The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (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 approved for signature by Council at its meeting on 19 August 2021.

Signed on behalf of Clackmannanshire Council

Ellen Forson
Leader of the Council
19 August 2021

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Statement of Responsibilities

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 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 2021.

Lindsay Sim
Chief Finance Officer
19 August 2021

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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. Good governance enables an authority to pursue its aims effectively, while controlling and managing risk.

Local Code of Governance

Our Local Code of Governance sets out 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.

The Local Code of Governance was reviewed during 2018 and a revised code was approved by Council in February 2019. The Code elements, and how they relate to the CIPFA good governance principles, is shown overleaf. The 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		✓		✓			✓

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		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
Sustainable asset management	Environmental Policy				✓		✓	
Financial management	Financial Regulations	✓	✓				✓	✓
	Contract Standing Orders	✓		✓	✓			✓
Information & knowledge management		✓				✓		
Workforce management	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
- 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.

Councillors in Clackmannanshire Council take decisions at each Council and Committee meeting about a wide range of issues affecting the area, its residents and local businesses.

Members of the public are welcome to attend the meetings to see how decisions are made.

Meeting agendas and minutes are available on the Council website.

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.

Improvements this year

- In response to the announcement of a national lockdown by the Prime Minister on 23rd March 2020, a Special Council meeting agreed the establishment of an Emergency Decision Making Forum (EDMF) to enable swift and responsive decisions on urgent matters, and to reduce the need for face-to-face meetings during the COVID-19 outbreak. All papers and decisions by the EDMF were published on the Council website. Following the reintroduction of Council and committee meetings in June 2020 it was agreed that the EDMF should be retained as a permanent committee to take decisions in an emergency, likely to meet only in exceptional circumstances.
- Revised Standing Orders were agreed by Council in June 2020, allowing meetings to be held virtually. Video recordings of the meetings have been made available on the Council website.

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- The Council has allocated additional funding and delegated some decision making on recruitment to support the Council's Be the Future transformation priorities and ensure integration with Covid-19 Recovery activity.
- A Covid 19 monitoring dashboard was introduced in April 2020 for briefing elected members on the impact of the pandemic on services and communities locally, supporting the need for transparency and clear accountability.
- Elected members now receive regular updates, with quarterly summaries, of decisions by the Standards Committee, prepared by the Council's Monitoring Officer.
- A Register of Interests was introduced this year for the Senior Leadership Group. The possibility of extending this to other tiers of management is being considered.

Areas for future improvement

- At its meeting in September 2020 Council agreed that a detailed review of Standing Orders should be undertaken to consolidate incremental changes that have been made in recent years and to ensure that they remain fit for purpose.
- The review of the Scheme of Delegation will be completed after the conclusion of the Council restructure, expected to be agreed at the Council meeting in August 2021.
- The Council is to participate in the Audit Scotland survey "Your Reputation @ Risk" during the Autumn. This will explore the effectiveness of the Council's arrangements for ensuring integrity and ethical behaviour and will provide direction for future improvements.
- Options for enhancing arrangements for Fraud Risk Management will be investigated as part of the restructure of the Legal & Governance service.

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
- Corporate Risk Management Guidance

The Council's **corporate plan** Be the Future describes its vision, values and strategic direction for the period to 2022, providing a guiding influence for Council decision making, resourcing and actions.

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The plan is aligned with Clackmannanshire's Local Outcomes Improvement Plan (LOIP), demonstrating the Council's commitment to shared outcomes agreed by the Clackmannanshire Alliance.

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

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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	<p>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.</p>
Empowering Families & Communities	<p>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.</p>
Health & Wellbeing	<p>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.</p>

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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 the Council achieving the outcomes set out in the Council Plan. 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.

Key Corporate Risks 2020/21

- Insufficient Financial Resilience
- Harm to Child(ren)
- Insufficient Pace and Scale of Organisational Transformation
- Increasing Attainment Gap
- Impact of Poverty, Inequality & Changing Demographics
- Failure to Address Serious Organised Crime
- Unknown Terms of EU Withdrawal
- Inadequate Workforce Planning
- Health & Safety Breach
- IT System Failure
- Major Governance Failure
- Information Not Managed Effectively
- Failure of Public Utility Supply
- Public Health Emergency
- Failure to Prepare for Severe Weather Events
- Failure to Prevent Extremism and/or Radicalisation

During the year two risks were removed from the corporate register: Council & Community Impact of Welfare Reform, and Industrial Unrest.

Improvements this year

The Council's Corporate Plan - Be the Future 2018/2022 - was approved by Council in 2018, followed by the Transformation Programme which was agreed in 2020. Be the Future clearly sets out the Council's vision, priorities and values alongside key workstreams which drive our transformational activity. In June 2021 Council agreed the Be the Future Strategic Roadmap for 2021/23. This sets out the Council's transformation portfolio over the next 2 years as well as the governing arrangements for delivering this work. Council appointed a Strategic Director for Transformation in early 2021 to lead this work. The Corporate Plan will be refreshed in 2022.

The Local Outcome Improvement Plan was agreed by the Clackmannanshire Alliance and Council in 2017 and sets out the 10 year outcomes for Clackmannanshire that we are

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seeking to achieve along with our Community Planning partners. Work is underway to refresh the LOIP in 2021 through the Wellbeing Economy workstream which will help shape and inform the development of the plan and associated Community Planning partnership arrangements.

In February 2021 the Business Planning Guidance was revised and published setting out clearly the planning and reporting cycle for the Councils 3 Directorates. This guidance was revised to reflect the strategic vision in Be the Future. Due to services response to the Covid 19 pandemic there has been some slippage in finalising the 202/21 business plans.

Significant work has been undertaken to publish the Councils key corporate and directorate strategies, policies and performance reports so that they are easily accessed. These can be found here along with performance reports published for each: <https://www.clacks.gov.uk/council/performance/>

Over the past 3 years the Councils Senior Leadership Group has led work to ensure that the performance management framework clearly demonstrates the golden thread from Be the Future to Directorate and Service level business plans. Significant work has been undertaken to align and streamline the Council's strategic plans and performance reports. Updated business planning guidance and templates are published annually which sets out the planning and reporting framework for Directorates over the course of the year. Workforce Planning guidance is also published annually as part of the wider business planning process.

The Council's corporate risk management process is well embedded and risks are reviewed by the Senior Leadership Group on a regular basis and reported for scrutiny biannually. The Risk and Integrity Forum takes place quarterly which enables the Senior Leadership Group to be kept up to date on corporate risk areas.

In April 2021 Council agreed its Mainstreaming Equality and Diversity plan for the next 4 years and published equalities data as part of the report. The statutory British Sign Language Plan was agreed by Council in 2019 and the Gaelic Language Plan was agreed in 2020. Equalities training is provided for employees as part of a core mandatory set of courses to be completed annually and additional training on Equality Impact Assessments was delivered in 2020. The Equality and Fairer Scotland Impact Assessment guidance documents were refreshed in 2020 and completed impact assessments are published on the Council's Equality webpages or held as background documents for review as required.

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Areas for future improvement

- The refresh of the risk management framework requires to be finalised;
- The refresh of the Local Outcome Improvement Plan will be completed during 2021 and a refresh of the Councils Corporate Plan will be required to be published in 2022;
- A number of statutory strategies and reports are required to be finalised, including the Local Child Poverty Annual Report, LOIP Annual Report, Children's Services Plan and the Promise, and
- An updated review of statutory policy across the Council would be beneficial to ensure leads are identified for each and a programme of refresh activity is established.

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
- Community Planning processes

Improvements this year

The Clackmannanshire Alliance has continued to meet on a regular basis throughout the Covid pandemic and also shared organisational risks and impacts arising from the pandemic. A number of Covid related collaborative activities were taken forward as a result of the Alliance including work on Digital Inclusion; Poverty Impact Assessment on those affected the most by Covid; Food Insecurity and Resilience; Coordination of community support for vulnerable families and partner support for Strive Plus which emerged from identified needs to support vulnerable people during Covid.

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Alliance partners have been part of an approach to develop a Wellbeing Economy for Clackmannanshire with Community Wealth building a key driver of this approach. A Wealthbuilding Plan was agreed by Council (and partners updated on partner actions) in December 2020 and implementation of the plan is underway.

A Wellbeing Economy Webinar was hosted for community planning stakeholders and partners in 2020 which was well attended. Since then stakeholder engagement has been taken forward through SIPHER; extensive Data Analysis has been undertaken by Scottish Government and action planning engagement sessions are scheduled for late Summer 2021.

Alliance partners have agreed that a new Wellbeing Local Outcome Improvement Plan will be developed for Clackmannanshire in late 2021 informed by the various engagement activities outlined above. Partners have agreed to refresh the Alliance operating arrangements and structures as part of this work which will include a refresh of the Memorandum of Understanding last updated in 2018. To support the implementation of Community Wealthbuilding a new Anchor Partnership is being established which will lead delivery of the Wealthbuilding action plan for Clackmannanshire.

Improvements were made to ensure transparency of Alliance business and information is published on the Councils website, and the webpages of core partners. More information can be found here: <https://www.clacks.gov.uk/community/planning/>

Areas for future improvement

It is anticipated that the programme of work outlined above will be completed by March 2022. There are no further identified improvement actions arising from this work.

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

We use the online survey tool Citizen Space to consult on issues such as service satisfaction, policy proposals and strategies. During 2020/21, 17 surveys were done using this method, which is half when compared to 2019/20 (38). The reduction is mainly due to prioritising pandemic activity.

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Improvements this year

Communication and engagement with our key stakeholders has seen a significant focus over 2020/21 as part of the Council's response to and recovery phases from the Covid pandemic.

Key improvements this year to accommodate the Council's response to the pandemic has included:

- Refresh of the Council's Corporate Communications Strategy reflecting on Be the Future, which is anticipated to be finalised in 2021.
- Targeted work to embed and promote the Council's values through SLG messages, Council Leader's messages, blogs and cascades.
- Review of communication tools to ensure that approaches have met communications needs in light of employees working remotely. This led to the creation of a dedicated employee webpage on the Council corporate site.
- The Council's branding guidelines have been reviewed and updated to ensure appropriate usage of the Council's branding and logo, contributing to positive reputation management.
- Deployment of agreed approaches on consultation and seeking views from citizens and communities including through the Council's Consultation Tool Citizen Space and You Said We Did pages.
- Ongoing monitoring and review of communication approaches including social media reach and impact on major campaigns and preparation of monthly communications highlights reports.
- Communications with our communities and citizens has been a critical part of the Council's Covid response activity with significant work taking place around changes to service delivery models; education and learning; shielding, community support and grants; vaccine programme, community testing, FACTS messaging, outbreak management and Covid tiers changes and impacts.
- Review of communication resources and capacity to balance transformation activity and resilience and business as usual communications.
- Targeted engagement with hard to reach employee groups was introduced, to help inform internal communication strategies going forward.
- The Council's Complaints Handling process was revised and launched in 2021.

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Areas for future improvement

Work to develop the Council's Communications Strategy is well underway and will align fully with Be the Future and the Strategic Roadmap agreed in June. The strategy will be supported by a live communications delivery plan which will be reviewed by SLG on a regular basis to ensure that a planned and well managed approach to key strategic communications can be taken forward. A review of existing policies, toolkits and standards will be refreshed following the completion of the strategy.

A review of communication and engagement approaches for hard to reach employee groups is underway as part of the Workforce Development Strategy. This will inform how internal communications is taken forward as part of the Council's Communications strategy and approaches.

A review of communications approaches will also be taken forward as part of M365 implementation and availability of new technology and tools to support communications. The Council's Customer Charter will be refreshed.

Sustainable asset management

The Council's **Environmental Policy** is incorporated into the Sustainability & Climate Change Strategy. It sets out Council commitments to continuously improve its environmental performance and take the lead in encouraging others in Clackmannanshire to do the same.

There is also a number of asset management plans covering, for instance, buildings, vehicles and ICT equipment. These generally aim to ensure that all 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

Improvements this year

The Sustainability and Climate Change Strategy is due for review however there was very limited staff resource to take this forward over the past year. A part time climate change and sustainability officer has been in post since April 2021 and is starting work on the Sustainability and Climate Change Strategy amongst other responsibilities.

Areas for future improvement

As part of a wider service redesign of the Place Directorate, the structure of the Energy, Sustainability and Climate Change Team will be reviewed. Environmental policy is

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becoming a significantly more urgent issue to address in light of national targets for reduction in carbon emissions and worldwide events such as COP26 taking place in Glasgow later this year.

The Sustainable Asset Management theme needs a better presence on the Council's website. In this regard the Place Senior Management team will work to improve its web pages to make this information clearer and more accessible.

Financial management

Financial Regulations set out roles and responsibilities in relation to 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.

Improvements this year

- Balanced revenue budget and developments in the Be the Future programme which will assist long term financial sustainability of the Council.
- 20 year Capital Investment Programme approved as part of 2021/22 budget setting process. Programme sets out investment priorities over the longer term.
- Physical Cash payments moved to online payments, reducing the need for cash ordering and handling and avoiding the need for customers to travel to Council premises.

Areas for future improvement

- Further staff training on Financial governance and financial system processes. Promote awareness of the management information produced by financial system to assist decision making
- Financial system to be reviewed and aligned to current management structure following service redesigns.
- Review of debt recovery process to ensure Council is recovering debts due.
- Additional support for procurement and Community Wealth Building approved as part of the 2021/22 budget process.

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Information and knowledge management

The aim of the Information Strategy is that the right information is available to the right people, at the right time, to support and inform effective decision making, while ensuring appropriate storage, access and protection of information and data.

Our focus in 2018/19 has been on implementation of the General Data Protection Regulation (GDPR). An audit of GDPR arrangements was carried out by Internal Audit during 2018, and found limited assurance in relation to the clarity of accountability arrangements, roles and responsibilities, and project planning and management arrangements, and substantial assurance in relation to communication and awareness-raising.

Improvements this year

The Council's Digital Strategy was agreed in 2019. Work is ongoing to refresh the Digital Roadmap for the Council which will be finalised in 2021. The Digital Maturity Assessment completed by Digital Office was finalised in 2021 and engagement on the findings and recommendations was held with the Senior Managers Forum in Spring 2021. The Council was part of an audit conducted on Digital Progress across Local Government which took place in 2020.

As part of this digital strategy Council agreed to commence deployment of M365 in 2021 and the technical migration and security phases of that work is well underway. A shift to remote working took place throughout 2020 and processes continue to be reviewed to support employees who are working remotely. This has included implementation of MS Teams. Refreshed guidance for employees was published to support homeworking but also to ensure that data security approaches are maintained.

There is a perceived increase in terms of use of the Data Protection breach process by services – data breaches – ICO actions

ESLG have placed a focus on mandatory training, including the General Data Protection Requirements, for all staff.

Areas for future improvement

A review of the Council's information and records management policies will be revised as part of migration to M365 with clear policies on information and records which will migrate to Sharepoint. A review of options to replace current databases on Lotus Notes will also be taken forward.

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Capacity and responsibility for information and knowledge management will be addressed as part of the service restructure considerations.

People management

The draft Strategic Workforce Plan 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
- 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 People Management. These are reviewed on a rolling basis to ensure that they provide the best support for the Council.

Improvements this year

In 2020/21 the Workforce Development Delivery Plan of the Council's Strategic Workforce Plan 2019-22 was subsumed under the Be the Future transformation programmes 'Workforce Programme'. This dynamic programme of delivery ensures that all workforce development actions / projects are collated, controlled, and reported under a fit for purpose governance process.

Areas for future improvement

With the establishment of the Programme Management Office, it would be beneficial to explore ways in which the Workforce programme can become more fully integrated with the overall Be the Future governance framework. This work has commenced with meetings taking place with the PMO and will be further integrated during the financial year.

The Workforce Programme runs on the same basis as the Strategic Workforce Plan, in that it is due to expire in 2022.

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Impact of Covid 19

The Covid 19 pandemic has had, and continues to have, a significant impact on Council business. This has required rapid decision making and flexibility in order to respond to a changing situation and ensure that resources are directed to where they are needed most.

- Council and committee meetings were suspended during March 2020 and an Emergency Decision Making Forum (EDMF) was established to allow swift and responsive decisions relating to the crisis. All papers and decisions by EDMF were published on the Council website. It was subsequently agreed that the EDMF should be retained as a permanent committee to take decisions in an emergency, likely to meet only in exceptional circumstances.
- Council and committee meetings were reintroduced in June 2020 on a staged basis. Standing Orders were changed to allow meetings to be held virtually. Video recordings of the meetings have been made available on the Council website. A more detailed review of Standing Orders was agreed by Council in September 2020. Remote Council and Committee meetings are set to continue until at least August 2021.
- Clarification was added to Contract Standing Orders to ensure sufficient governance where immediate action is required during an emergency, allowing the Senior Leadership Group (SLG) to approve greater sums for emergency provision, and for the Council to follow guidance provided by Scottish Procurement.
- Since March 2020 there have been substantial changes to Council operations. Many staff were redeployed to essential roles, including the administration of government funding schemes to support individuals and businesses impacted by Covid.
- In order to identify the impact, from a wellbeing perspective, and put in place supports for our staff a pulse survey was undertaken in May 2020 followed by our full staff survey in November 2020. Whilst the majority of staff, at the start of the pandemic, reported their wellbeing being as being very good or good there was a noticeable change when the survey was repeated. The Council has focused resources to ensure appropriate supports were and continue to be developed and be available to our staff. Some of the interventions/support put in place include:
 - In partnership with Forth Valley College a new management training programme was developed, part of which focuses on adapting to working from home and employee mental health
 - Our Occupational Health provider have clinicians who are trained on post Covid Syndrome
 - Stress Risk Assessments
 - Virtual Wellbeing week
 - Managers guide on managing work related stress
 - Trained Mental Health First Aiders

We continue to engage with staff and have recently undertaken a further pulse survey to seek views on new ways of working.

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- An Operational Recovery Group was established in May, comprising representatives from across Council services, trade union colleagues and project management support.
- The EDMF agreed in June 2020 to establish a Recovery Co-ordinator post, on a fixed term basis, to co-ordinate the Council's Covid 19 response and recovery activity, and facilitate the work of the Operational Recovery Group.
- During the period of the pandemic to date, a number of other changes were made to Procurement practices:
 - supplier relief arrangements were put in place, for example, advance/interim payment proposals and accelerated payment
 - extension of contracts where a potential change in provider could jeopardise the provision and continuity of key service provision, such as Care at Home services and targeted support for education digital learning
- A small number of exceptions to Contract Standing Orders were approved in response to the pandemic, for example to meet additional cleaning needs that could not be met by internal resources

Audit and assurance

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

1. The Council has an **Audit Committee**, the remit of which is to:
 - ensure that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
 - in relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and professionalism;
 - support the effectiveness of the internal audit process, and
 - promote the effective use of internal audit by approving the annual Internal Audit Plan.
 - consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations;

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- monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption;
 - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control;
 - To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process, and
 - To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
2. The Council's **Internal Audit** function is delivered via a joint working arrangement with Falkirk Council. The role of Internal Audit is to provide a balanced and evidence based opinion to Members on the adequacy of the Council's arrangements for risk management, governance, and control. On an annual basis, Internal Audit provides an Assurance report to the Audit Committee, which gives an overall opinion on the Council's risk management, governance, and control arrangements, based on the work they have carried out over the course of the year.
3. The Council is externally audited by Audit Scotland 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:

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- 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
- The Management Report, provided annually by our External Auditor (currently Audit Scotland)
- 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
- 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
- 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

Audit Committee

Owing to the impact of the pandemic, Audit Committee meetings scheduled between April and November 2020 were cancelled, and the committee reconvened in December. Audit work continued throughout this period, with much of the work being done remotely.

Internal Audit

The Annual Assurance Report by Internal Audit to the Audit Committee on 17th June 2021 reported substantial assurance on the Council's arrangements for risk management, governance, and control for the year to 31st March 2021. During the year Internal Audit completed 89% of their planned main audit programme (target 85%, with 100% of recommendations accepted. Two assignments were not started: Staff wellbeing and

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support arrangements, which was carried forward into the 2021/22 Internal Audit Plan, and Capital planning and expenditure monitoring, which is to be considered for inclusion in a future plan.

An Internal Audit plan for 2021/22 was approved by the Audit Committee on 29th April 2021 however, owing to the impact of the pandemic and changes in audit personnel, resources available for the plan have been reduced by 32 days. It was recognised also that fluctuations in priorities and capacity, and changes to the Council’s risk profile during the year, mean that the audit plan is considered indicative and flexible. Committed assignments during the first half of the year are also to include a focus on Covid-19 recovery arrangements.

During 2020 the Council had to rapidly introduce arrangements for the administration of specific COVID-19 related government funding schemes. Internal Audit investigated arrangements for administration of the Business Support Fund grant and the Newly Self Employed Hardship Fund, and in both cases reported substantial assurance.

Progress made on areas for improvement contained in the 2019/20 AGS

Agreed action	Progress
The Scheme of Delegation will be developed further, to tie in with the management restructure	The scheme of delegation has had consequential updates but the full review is dependent on the restructure of the People directorate which still has not taken place. The People directorate redesign is scheduled for the next meeting of Council (August 2021) and a review of the scheme of delegation will follow thereafter. Some initial work has taken place on a draft.
Standing Orders will be further refined to improve clarity and training will be provided for elected members.	Standing orders were substantially reviewed in order to facilitate remote meetings and electronic approaches. There are still a number of development areas which have been outlined for consideration. It is likely that a comprehensive training programme will now take place as part of next year’s local government election induction.

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Agreed action	Progress
An updated Risk Management Framework will be finalised	Continued to 21/22
Covid Recovery plans will be reviewed to ensure alignment with Be the Future	Ongoing
New Mainstreaming Equalities and Diversity Outcomes for Clackmannanshire will be developed, for publication in April 2021.	Council agreed the Mainstreaming Equality and Diversity Outcomes report in April 2021. The report is published on our webpages in line with legislative requirements.
Action will be taken to ensure that new Hate Crime legislation is reflected in key Council policies.	The new Hate Crime and Public Order (Scotland) Bill became law on the 23 rd April 2021 after several years at various stages of development. The legislation and any statutory requirements will be reflected in key policies and plans including HR and Workforce Plans; Mainstreaming Equalities and Community Justice.
LOIP priorities will be reviewed with Alliance partners	The Clackmannanshire Alliance have agreed the approach to refresh the Local Outcome Improvement Plan in 2021. This will be taken forward as part of the Wellbeing Economy programme supported by Scottish Government. Engagement will take place in early Autumn with a draft LOIP prepared by December 2021. The final LOIP is anticipated to be considered for approval in March 2021.
Alliance performance reporting arrangements will be reviewed and strengthened.	Alliance governance arrangements will be reviewed as part of the LOIP refresh process. The approach has been agreed by Alliance partners.
The Communication and Engagement Strategy will be consulted on and agreed	A draft communications and engagement strategy has been developed. This will be reviewed to ensure alignment with the developing Be the Future Strategic Roadmap. It is currently anticipated that the strategy will be completed in September 2021.
Key documents relating to Communication and Engagement, including the Customer Charter, will be updated.	Communications policies are being reviewed alongside the Strategy. This will include a Communications guidance and protocol and social media policy. The Councils brand guidelines were refreshed in 2020.

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Agreed action	Progress
The review of the Sustainability and Climate Change Strategy will be completed, followed by engagement with key stakeholders.	Part time member of staff has been with the Council since May 2021. Preliminary work on the strategy has started but competing workloads and the fact that this person only 0.5 FTE mean that this work is behind schedule. Work will continue at a pace commensurate with officer time available. Additional resource is likely to be sought through service redesign.
The Capital Plan will be reviewed to reflect revised strategic priorities and to align with the Be the Future programme, the Learning Estate, City Region Deal and Asset strategies.	Complete – a 20 year capital programme was approved by Council in March 2021.
Guidance and training will be rolled out to strengthen Financial Governance	Ad hoc training to Budget Holders undertaken as required. Further training and guidance development postponed due to pandemic. Will be progressed throughout 2021/22.
The Information and Communication Technology (ICT) Strategy and ICT Asset Management Plans will be reviewed.	The ICT Strategy and Asset Management Plan was revised in 2019 however has not been finalised or reviewed. This will be taken forward in 2021.
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.	This work is underway. The Digital Maturity Assessment for Clackmannanshire and Audit Scotland report on Digital Progress were completed in Spring 2021 and engagement with Digital Office and Audit Scotland is ongoing. Review of the existing roadmap is underway. Discussions are taking place on future governance of digital transformation workstream as part of Be the Future overall governance arrangements and the Strategic Roadmap for Clackmannanshire.

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Agreed action	Progress
<p>The Learning and Development Programme for all line managers will continue</p>	<p>During later stages of 2020/2021 a prior information exercise was undertaken and a number of 1-2-1 engagements undertaken with potential providers and the Team Leader – Workforce Development and Learning. These meetings have informed the preparation of the tender which will be issued during 2021/22.</p> <p>The Corporate L&D calendar is a rolling programme of events updated each year to ensure a training opportunities are available to all staff and managers within the organisation.</p> <p>The Flexible Workforce Fund has allowed collaborative engagement with FV College in the delivery of the “Promoting Good Conversations” course aimed at first line managers and supervisors. This is a continuing programme and now in second intake of participants.</p> <p>45 Virtual Course dates are available to staff. For the FV College course 100 placements, so far, have been offered to managers. For this year 9693 logins to Clacks Academy. Since the system was relaunched in 2018, 71,609 resources have been completed with 19,400 Hours of learning completed.</p> <p>This will continue on a rolling basis.</p>

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Agreed action	Progress
<p>The Workforce Development Delivery Plan will be reviewed, primarily to ensure that the approaches in relation to leadership development, performance management and employee engagement remain fit for purpose</p>	<p>The Workforce Development Delivery Plan (sitting as an annex to the Strategic Workforce Plan 2019-22) has been subsumed into the Council's Workforce Programme, and as such, will be progressed via the programme approach (which is closely aligned with the ongoing Be the Future Transformation Programme).</p> <p>A number of projects had their due dates amended due to the impacts of the COVID-19 pandemic. Due dates have been amended and noted by P&P Committee. It is anticipated that outstanding actions will be completed in 2021/22.</p>

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Improvement Plan 2021/22

Agreed action	Lead
Review Governance assurance process to ensure it is effective and proportionate	Monitoring Officer
The Scheme of Delegation will be developed further, to tie in with the management restructure*	Monitoring Officer
Complete a detailed review of Standing Orders to consolidate recent changes, improve clarity and ensure fitness for purpose. Training will be provided for elected members*	Monitoring Officer
Roll out the Audit Scotland survey “Your Reputation @ Risk” and agree actions in response to findings.	Monitoring Officer
An updated Risk Management Framework will be finalised*	Monitoring Officer
Covid Recovery plans will be reviewed to ensure alignment with Be the Future*	Strategic Director P&P
Action will be taken to ensure that new Hate Crime legislation is reflected in key Council policies*	P&T Senior Manager
Options for enhancing arrangements for Fraud Risk Management will be investigated as part of the restructure of the Legal & Governance service	Monitoring Officer
Develop new Wellbeing Local Outcome Improvement Plan	P&T Senior Manager
Refresh Clackmannanshire Alliance operating arrangements and structures, including the Memorandum of Understanding	P&T Senior Manager
Complete development of new Communications Strategy, supported by a live communications delivery plan, related policies, toolkits and standards.	P&T Senior Manager
Refresh the Council’s Customer Charter*	P&T Senior Manager
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*	P&T Senior Manager

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Agreed action	Lead
Address capacity and responsibility for information and knowledge management including records management as part of P&P service restructure considerations	P&T Senior Manager, Monitoring Officer
Refresh Corporate Plan	P&T Senior Manager
The review of the Sustainability and Climate Change Strategy will be completed, followed by engagement with key stakeholders*	Senior Manager Development
Improve web pages to make information on Sustainable Asset Management clearer and more accessible	Place Senior Managers
Guidance and training will be rolled out to strengthen Financial Governance, including promoting awareness of the management information produced by finance system to assist decision making *	S95 Officer
The Financial system will be reviewed and aligned to management structures following service redesigns	S95 Officer
Debt recovery processes will be reviewed to ensure Council is recovering debts due.	S95 Officer
Additional support will be secured for Procurement and Community Wealth Building work.	S95 Officer
Finalise the Information and Communication Technology (ICT) Strategy and ICT Asset Management Plans*	P&T Senior Manager
Complete outstanding actions in the Workforce Programme	Senior Manager HR & WD
Investigate feasibility of introducing a structured approach to the publication of policies and strategies to ensure they are accessible and up to date.	Monitoring Officer

* Indicates actions that have been continued from last year

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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 2021/22 AGS.

Nikki Bridle
Chief Executive
19 August 2021

Ellen Forson
Leader of the Council
19 August 2021

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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 Audit Scotland to ensure they are consistent with the financial statements. The results presented in the tables comprising the Clackmannanshire Council's Remuneration Report for 2020/21 reflect the following contextual factors:

- Pay award of 3% from 1 April 2020 is included in the 2020/21 figures;
- As at 31 March 2021 there were 7 Senior Councillors in post. The maximum allowed for Clackmannanshire Council is 8;
- The corporate management structure is: Chief Executive, Strategic Director Place, Strategic Director People, Strategic Director Partnership & Performance; and
- The committee structure reflects the organisational structure with three committees; People Committee, Place Committee, Partnership and Performance Committee. There is also an Audit 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). 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 £29,760 (2019/20: £29,119);
- Civic Head (Provost) £22,320 (2019/20: £21,840) maximum remuneration is 75% of the sum payable to the leader, and
- Senior Councillors £20,087 (2019/20: £19,656).

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 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 £160,696 (2019/20: £157,237).

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Remuneration Report

The remuneration paid to Senior Councillors in 2020/21 covering the year 1 April 2020 to 31 March 2021 totalled £158,920 (2019/20: £136,629). This includes £3,278 paid to Councillor Holden for serving as Vice Convenor on the Valuation Joint Board (2019/20: £1,984). Also included are payments for serving on the Association of Public Service Excellence (APSE) for Councillor Sharp £5,250 (2019/20: £5,250). This amount is recoverable from this organisation. The net cost to Clackmannanshire Council in relation to Senior Councillors is £150,392 (2019/20; £133,363). 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

Two joint boards exist; the Valuation Joint Board, and the Clackmannanshire and Stirling Integration Joint Board.

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 such as a Valuation 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 pension contributions arising from the Convenor or Vice-Convenor being a member of the Local Government Pension Scheme. In 2020/21 Clackmannanshire Council made payments of £3,278 (2019/20: £1,984).

The Council is reimbursed by the Joint Board for additional remuneration paid to the member from being a Convenor or Vice-Convenor of a Joint Board. There are no additional payments to members of the Clackmannanshire and Stirling Integration Joint Board.

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/150 sets the amount of salary for the Chief Executive of Clackmannanshire Council for the period 2018/19 to 2020/21. 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	
			2019/20 £	2020/21 £
Ellen Forsen	Leader of the Council	from 12/4/18	29,119	29,760
Tina Murphy	Provost	from 1/6/17	21,840	22,320
Graham Lindsay	Spokesperson for Education	from 28/6/17	19,655	20,087
Les Sharp	Spokesperson for Health & Social Services	from 12/4/18	24,905	25,337
Craig Holden	Spokesperson for Environment & Housing Valuation Joint Board - Depute Convener	from 28/6/17 to 1/11/19 & from 25/06/20 from 26/6/17 to 24/06/20	13,449	21,132
Helen Lewis	Spokesperson for Partnership and Third Sector	from 12/4/18	19,655	20,087
Donald Balsillie	Spokesperson for Audit and Finance Chair of Planning Committee Spokesperson for Environment & Housing (Interim)	from 1/2/19 from 1/6/17 from 2/11/19 to 24/06/20	19,655	20,087
Martha Benny	Chair of Audit Committee	from 23/08/20	-	13,877
Dave Clark	Chair of Audit Committee	from 1/6/19 to 22/08/20	16,379	18,226
Bill Mason	Chair of Audit Committee	from 1/6/18 to 31/5/19	3,276	-
Kenny Earle	Chair of Licensing Board	from 20/6/17	19,655	20,087
Total Remuneration			187,588	211,000

Notes

1. There were no Taxable Expenses or Benefits other than in cash paid to any of the Senior Councillors in 2020/21 or 2019/20.
2. During 2020/21 there were no changes to the administration of the Council with SNP from 9 March 2017 to present.
3. The Chair of the Audit committee is rotated between the opposition Labour and Conservative Parties. Councillor Dave Clark Labour leader was Chair of Audit committee from 1 June 2019 to 22 August 2020 and Councillor Martha Benny was Chair of Audit committee from 23 August 2020 to 31 March 2021. Their remuneration is shown pro-rata for their time as the Chair of Audit Committee. The annual equivalent salary for this post is £20,087.
4. Councillor Holden's remuneration includes £3,278 (2019/20: £1,984) for serving as the Vice-Convener of Central Scotland Valuation Joint Board. This amount is recovered from the Joint Board.

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5. Councillor Holden resigned as Convenor of Place Committee and Spokesperson for Environment and Housing Services with effect from 1 November 2019.
6. Councillor D Balsillie was Interim Spokesperson for Environment & Housing from 2 November 2019 to 24 June 2020. Councillor C Holden took over as Spokesperson from 25 June 2020.
7. Councillor Sharp received £8,842 (2019/20: £8,854) remuneration from NHS Forth Valley for serving on the regional Health Board during 2020/21. This is paid directly by the NHS to each individual and is therefore not included above.
8. Councillor Sharp's remuneration includes £5,250 (2019/20: £5,250) for serving on the Association of Public Service Excellence (APSE). This amount is recovered from the organisation.

Remuneration Paid to Councillors

Clackmannanshire Council currently has 17 Councillors and 1 vacant post in total who serve under the following structure:

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

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 Councillors during the year:

Type of Remuneration (Audited)	2019/20	2020/21
	£	£
Salaries	347,914	348,354
Employer's NIC and Pension	86,602	91,389
Expenses	7,544	3,371
Total	<u>442,060</u>	<u>443,114</u>

Notes

1. Total salaries remuneration shown in the above table is for all Councillors including Senior Councillors as detailed in Table 1.
2. The salaries figure above excludes £8,842 paid directly to Councillor Sharp in respect of serving on NHS Forth Valley Health Board (2019/20: £8,854 to Councillor Sharp).

The annual return of Councillors' salaries and expenses for 2020/21 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 www.clacksweb.org.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 2019/20 £	Salary, fees and allowances 2020/21 £	Severance Costs 2020/21 £	Total Remuneration 2020/21 £
Nikki Bridle <ul style="list-style-type: none"> • Chief Executive from 16/07/18. (Annual Salary £110,497) 	107,279	110,497	-	110,497
Garry Dallas <ul style="list-style-type: none"> • Strategic Director - Place from 27/08/18 until 18/08/19 (Annual Salary £93,080) 	35,531	0	-	-
Stuart Crickmar <ul style="list-style-type: none"> • Strategic Director - Partnership & Performance from 27/08/18. • Acting Chief Executive from 20/04/20 until 29/06/20. • Strategic Director - Partnership & Performance from 30/06/20. (Annual Salary £95,872) 	93,080	98,716	-	98,716
Fiona McOmish <ul style="list-style-type: none"> • Strategic Director - People from 18/2/19 to 18/9/20 (Annual Salary £95,872) 	93,266	44,474	-	44,474
Pete Leonard <ul style="list-style-type: none"> • Strategic Director - Place from 05/08/19 (Annual Salary £95,872) 	61,053	95,872	-	95,872
Fiona Colligan <ul style="list-style-type: none"> • Strategic Director - Transformation from 01/03/21 	-	7,989	-	7,989
Anne Pearson <ul style="list-style-type: none"> • Chief Education Officer until 30/11/19 (Annual Salary £87,484) 	59,027	0	-	-
Lorraine Sanda <ul style="list-style-type: none"> • Chief Education Officer (Acting) 02/12/19 until 12/01/20 • Chief Education Officer from 14/09/20. • Strategic Director & Chief Education Officer from 15/09/20 to 20/12/20. • Strategic Director People from 21/12/20 (Annual Salary £95,872) 	26,351	89,343	-	89,343

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Name and Positions held during the year	Total Remuneration 2019/20 £	Salary, fees and allowances 2020/21 £	Severance Costs 2020/21 £	Total Remuneration 2020/21 £
Margaret McIntyre <ul style="list-style-type: none"> Chief Social Work Officer (Acting) from 01/01/19 until 02/06/19 (Annual Salary £68,237) 	11,717	0	-	-
Fiona Duncan <ul style="list-style-type: none"> Chief Social Work Officer from 03/06/19 to 10/01/21 (Annual Salary £95,872) 	62,319	60,243	-	60,243
Lindsay Sim <ul style="list-style-type: none"> Chief Finance Officer from 01/02/19 (Annual Salary £77,544) 	75,285	77,544	-	77,544
Lindsay Thomson <ul style="list-style-type: none"> Monitoring Officer from 01/11/18 (Annual Salary £67,088) 	65,134	67,088	-	67,088
Annemargaret Black <ul style="list-style-type: none"> Clackmannanshire and Stirling and Health and Social Care Partnership Chief Officer from 17/06/19 (Annual Salary £94,156) 	74,279	99,175	-	99,175
M Valente <ul style="list-style-type: none"> Clackmannanshire and Stirling Health and Social Care Partnership Chief Officer (Interim) from 01/04/19 until 16/06/19 (Annual Salary £85,488) 	17,652	-	-	-
Catherine Quinn <ul style="list-style-type: none"> Chief Education Officer (Interim) from 21/12/20 (Annual Salary £81,540) 	0	22,796	-	22,796
Carolyn Wylie <ul style="list-style-type: none"> Interim Chief Social Work Officer from 31/12/20 to 31/03/21 	0	23,371	-	23,371
Total	781,973	797,108	-	797,108

Notes to Remuneration of Senior Employees of the Council

- 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.*
- Pay award of 3% from 1 April 2020 is included in the 2020/21 figures.*
- The Chief Executive remuneration is in line with the national agreement between Scottish Joint Negotiating Committee (SJNC) and Association of Local Authority Chief Executives (ALACE) and includes a pay award of 3%, the annual salary is £107,279.*

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4. The table includes salaries paid by Scottish Fire and Rescue for the Strategic Director (People) Fiona McOmish, who was on secondment from 18 February 2019 to 18 September 2020.
5. The Chief Officer (Annemargaret Black) of Clackmannanshire & Stirling Health and Social Partnership salary is paid by NHS Forth Valley. The Council pays 20% of the salary costs for this post.
6. The Interim Chief Officer (M Valente) of Clackmannanshire & Stirling Health and Social Partnership 1 April to 16 June 2019 was employed by Stirling Council who met the costs of the interim appointment for this period in full. C Wylie was seconded to this post from 21 December 2020 to 31 March 2021 and Stirling Council met the costs of this period in full.

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 2019/20	No of Employees 2020/21
£50,000 - £54,999	36	49
£55,000 - £59,999	38	28
£60,000 - £64,999	18	32
£65,000 - £69,999	9	14
£70,000 - £74,999	4	3
£75,000 - £79,999	1	1
£80,000 - £84,999	1	1
£85,000 - £89,999	2	2
£90,000 - £94,999	1	1
£95,000 - £99,999	-	2
£100,000 - £104,999	-	-
£105,000 – £109,999	1	-
£101,000 - £114,999	-	1
	111	134

Notes

1. Annual increments and the pay award of 3% has increased the number of employees falling into bands £50,000, - £54,999. This was also the same for £65,000 - £69,999 along with new posts.
2. The amount of employees in £55,000 - £59,999 has decreased by 10 mainly as a result pay awards and salary increments moving them up into the next band.
3. There is an increase of 14 in the £60,000 - £64,999 band mainly due to the pay award and increments but also 4 senior appointments were made in 2019/20 so this is first full year effect.
4. The amount of employees in £70,000 - £74,999 has decreased by 1 with a temporary acting up ending.
5. Employees in band £95,000 - £99,999 increased by 2 as a result of acting up and first full year effect of senior appointment.
6. 3% pay award for Chief Executive resulted in reduction by 1 to 0 in £105,000 - 109,999 and increase by 1 in £110,000 - 114,999.

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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 2020/21 (2019/20) For pay between:		Contribution rate 2020/21 (between %)	Contribution rate 2019/20 (between %)
£0	£22,852 (£22,441)	5.5	5.5
£22,853 (£22,442)	£29,683 (£29,193)	5.6 - 6.0	5.6 - 6.0
£29,684 (£29,194)	£37,262 (£36,652)	6.1 - 6.5	6.1 - 6.5
£36,263 (£36,653)	£52,567 (£51,713)	6.6 - 7.5	6.6 - 7.5
£52,568 (£51,714)	£59,221 (£58,259)	7.6 - 8.0	7.6 - 8.0
£59,222 (£58,260)	£79,296 (£78,008)	8.1 - 9.0	8.1 - 9.0
£79,297 (£78,009)	£119,961 (£118,012)	9.1 - 10.0	9.1 - 10.0
£119,962 (£118,013)	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.

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.

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Remuneration Report

The pension entitlements for Senior Councillors who have elected to join the pension scheme for the year ended 31 March 2021 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

			Pension Contributions		Accrued Pension Benefits			
			2019/20	2020/21	Difference to 2019/20		As at 31 March 21	
Post Holder	Position	Dates	£	£	Pension £'000	Lump Sum £'000	Pension	Lump Sum
Ellen Forsen	Leader of the Council	from 12/4/18	6,406	6696	3	-	4	-
Tina Murphy	Provost	from 1/6/17	4,805	5,022	7	2	8	2
Graham Lindsay	Spokesperson for Education	from 28/6/17	4,324	4,520	1	-	2	-
Les Sharp	Spokesperson for Health & Social Services	from 12/4/18	4,324	4,520	9	-	9	-
Helen Lewis	Spokesperson for Partnership & Third Sector	from 12/4/18	4,324	4,520	1	-	1	-
Donald Balsillie	Spokesperson for Audit & Finance	from 1/2/19	4,324	4,520	5	2	5	2
	Chair of Planning Committee	from 1/6/17						
	Spokesperson for Environment & Housing (Interim)	from 2/11/19 to 24/6/20						
Martha Benny	Chair of Audit Committee	from 23/8/20	-	4,436	-	-	1	-
Dave Clark	Chair of Audit Committee	from 1/6/19 to 22/8/20	4,199	4,101	1	-	2	-
Kenny Earle	Chair of Licensing Board	from 20/06/17	4,324	4,520	4	-	4	-
Total			37,030	42,852	31	4	36	4

- 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.*

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Remuneration Report

Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2021 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			
	2019/20	2020/21	Difference to 2019/20		As at 31 March 2021	
	£	£	£'000	£'000	£'000	£'000
			Pension	Lump Sum	Pension	Lump Sum
Nikki Bridle Chief Executive from 16/07/18.	23,601	24,862	44	66	47	68
Garry Dallas Strategic Director - Place from 27/08/18 until 18/08/19	7,817	-	46	87	-	-
Stuart Crickmar Strategic Director - Partnerships & Performance from 27/08/18.	20,478	22,211	37	58	41	62
Fiona McOmish Strategic Director - People from 18/2/19 Scottish Fire & Rescue Service employee	18,000	-	16	-	17	-
Pete Leonard Strategic Director - Place from 05/08/19	13,432	21,571	1	-	3	-
Fiona Colligan Strategic Director – Transformation from 01/03/21	-	-	-	-	-	-
Anne Pearson Chief Education Officer until 30/11/19	12,986	-	7	-	-	-
Lorraine Sanda Chief Education Officer (Acting) 02/12/19 until 12/01/20 Chief Education Officer from 13/01/20	15,867	20,102	5	-	7	-
Margaret McIntyre Chief Social Work Officer (Acting) from 01/01/19 until 02/06/19	14,519	-	20	23	-	-
Fiona Duncan Chief Social Work Officer from 03/06/19	13,710	13,555	24	32	26	33
Lindsay Sim Chief Finance Officer from 01/02/19	16,563	17,447	22	24	24	25
Lindsay Thomson Monitoring Officer from 01/11/18	14,329	15,095	3	-	5	-

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Remuneration Report

Name and Post Title	Pension Contributions		Accrued Pension Benefits			
	2019/20	2020/21	Difference to 2019/20		As at 31 March 2021	
	£	£	£'000	£'000	£'000	£'000
Annemargaret Black Clackmannanshire and Stirling Health and Social Care Partnership Chief Officer from 17/06/19 NHS Employee	15,542	-	24	69	28	73
M Valente Clackmannanshire and Stirling Health and Social Care Partnership Chief Officer (Interim) from 01/04/19 until 16/06/19 Stirling Council employee	3,884	-	64	-	-	-
Catherine Quinn Chief Education Officer (Interim) from 21/12/20	-	16,143	-	-	3	-
Carolyn Wylie Interim Chief Social Work Officer from 31/12/20 to 31/03/21 Stirling Council employee	-	5,259	-	-	2	-
Total	190,728	156,245	313	359	203	261

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.

The Council agreed the voluntary termination of the contracts of 2 employees (2019/20: 9) through voluntary redundancy and voluntary severance during 2020/21, incurring liabilities of £0.009m (2019/20: £1.022m). There was one employee whose voluntary severance was approved during the 2020/21 financial year but who were not due to leave until the 2021/22 financial year. The number of employees and costs of exit packages per pay band is shown in the table below.

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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. There were no compulsory redundancies in the current or previous year.

Cost Bands	Total Number of exit packages by Cost band		Total Cost of exit packages by Cost band	
	2019/20	2020/21	2019/20 £'000	2020/21 £'000
£0 £20,000	1	1	1,527	9
£20,001 £40,000	-	-	-	-
£40,001 £60,000	-	-	-	-
£60,001 £80,000	1	-	60,969	-
£80,001 £100,000	2	-	187,925	-
£100,001 £150,000	2	-	264,812	-
£150,001 £200,000	3	-	507,066	-
Total	9	1	1,022,299	9

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.

Relevant Union Officials

During the year 10 (2019/20 20) employees took part in union activities, as relevant union officials, some of whom were part time:

	2019/20	2020/21
Number of employees	20	10
Full-time Equivalent	17.48	5.9

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Facility time

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

% of time	Employees	
	2019/20	2020/21
0%	-	-
1-50%	18	8
51-99%	1	2
100%	1	-

Of the total pay bill, £84k (0.09%) related to facility time under taken during the year.

	2019/20	2020/21
	£'000	£'000
Facility time cost	90.6	84.0
Total pay bill	85,602	90,858
% of pay bill	0.11%	0.09%

Paid trade union activities

The percentage of the total paid facility time that relates to relevant union officials was £3.7k or 2.77% (2019/20 £1.2k or 1.38%).

Nikki Bridle
Chief Executive
19 August 2021

Ellen Forson
Leader of the Council
19 August 2021

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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

Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Comprehensive Income & Expenditure Statement
For the year ended 31 March 2021

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 2019/20 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.

Gross Expenditure	2019/20	Net Expenditure/(Income)		Note	2020/21	Net Expenditure/(Income)	
	Gross Income				Gross Expenditure		Gross Income
£'000	£'000	£'000			£'000	£'000	
87,503	(6,231)	81,272	People		95,028	(5,311)	89,717
27,447	(21,055)	6,392	Partnership and Performance		25,356	(22,970)	2,386
33,811	(9,628)	24,183	Place		29,137	(9,524)	19,613
20,830	(19,715)	1,115	Housing Revenue Account		16,660	(19,911)	(3,251)
1,659	-	1,659	Corporate Services		1,423	-	1,423
47,996	(30,676)	17,320	Clackmannanshire and Stirling Integration Joint Board		51,512	(32,330)	19,182
395	-	395	Central Scotland Valuation Joint Board		440	-	440
219,641	(87,305)	132,336	Cost of Services		219,556	(90,046)	129,510
371	-	371	(Gain)/ loss on sale of Non current assets		1,776	-	1,776
9,007	(1,036)	7,971	Financing and Investment Income and Expenditure	9	11,029	(485)	10,544
-	(128,183)	(128,183)	Taxation and Non-Specific Grant Income	10	-	(137,773)	(137,773)
229,019	(216,524)	12,495	(Surplus) or Deficit on Provision of Services		232,361	(228,304)	4,057
	(58,628)		(Surplus) or Deficit on revaluation of non-current assets	25			(14,182)
	34,990		Impairment (gain)/ loss on non-current asset to the revaluation reserve	25			4,455
	(32,927)		Remeasurement of the net defined benefit liability / (asset)	25			47,433
	(56,565)		Other Comprehensive (Income) and Expenditure				37,706
	(44,070)		Total Comprehensive (Income) and Expenditure				41,763

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. This amounted £12.834m of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement above.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
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.

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Movement in Reserves Statement
For the year ended 31 March 2021

	Notes	General Fund Reserve £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Insurance Fund £'000	Capital Grants & Receipts Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
2020/21									
Balance brought forward		(11,858)	(4,504)	(2,074)	(1,280)	(2,694)	(22,410)	(139,939)	(162,349)
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure		6,280	(2,223)	-	-	-	4,057	37,706	41,763
Adjustments between accounting basis & funding basis		(12,808)	(884)	(542)	-	(405)	(14,639)	14,639	-
Net Increase/Decrease before transfers to Earmarked Reserves		(6,528)	(3,107)	(542)	-	(405)	(10,582)	52,345	41,763
Transfers to/from Earmarked Reserves		(1,300)	-	1,283	4	249	236	(236)	-
Increase or (decrease) in 2020/21		(7,828)	(3,107)	742	4	(156)	(10,346)	52,109	44,763
Balance Carried Forward		(19,686)	(7,611)	(1,332)	(1,276)	(2,850)	(32,756)	(87,830)	(120,586)

	Notes	General Fund Reserve £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Insurance Fund £'000	Capital Grants & Receipts Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
2019/20									
Balance brought forward		(8,581)	(3,722)	(3,597)	(1,301)	(2,813)	(20,014)	(98,265)	(118,279)
Movement in Reserves during 2019/20									
Total Comprehensive Income and Expenditure		9,521	2,974	-	-	-	12,495	(56,565)	(44,070)
Adjustments between accounting basis & funding basis	7	(10,774)	(3,896)	(465)	-	244	(14,891)	14,891	-
Net increase/decrease before transfers to Earmarked Reserves		(1,253)	(922)	(465)	-	244	(2,396)	(41,674)	(44,070)
Transfers to/from Earmarked Reserves	8	(2,024)	140	1,988	21	(125)	-	-	-
Increase or (decrease) in 2019/20		(3,277)	(782)	1,523	21	119	(2,396)	(41,674)	(44,070)
Balance carried forward		(11,858)	(4,504)	(2,074)	(1,280)	(2,694)	(22,410)	(139,939)	(162,349)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Notes to the Financial Statements
Balance Sheet as at 31 March 2021

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 2020 £'000		Note	31 March 2021 £'000
373,009	Property, Plant & Equipment	11	377,917
805	Heritage Assets	12	805
8,330	Investment Properties	13	8,634
514	Intangible Assets	14	410
1,859	Long-Term Investments	15	-
1	Long-Term Debtors		1
384,518	Non-Current Assets		387,767
290	Investment Properties held for Sale	13	283
-	Assets held for Sale	16	-
451	Inventories	17	589
12,951	Short-Term Debtors	18	17,251
9,406	Short-Term Investments	19	19,004
16,814	Cash and Cash Equivalents	19	16,947
39,912	Current Assets		54,074
(21,604)	Short-Term Creditors	20	(28,347)
(5)	Provisions	21	-
(2,723)	Short-Term Borrowings	22	(2,635)
(24,332)	Current Liabilities		(30,982)
(44)	Provisions	21	(47)
(101,328)	Long-Term Borrowing	22	(101,257)
(38,465)	Other Long-Term Liabilities	23	(37,292)
(97,912)	Pension Liabilities	36	(151,676)
(237,749)	Long-Term Liabilities		(290,272)
162,349	Net Assets		120,587
(22,410)	Usable Reserves		(32,755)
(139,939)	Unusable Reserves	25	(87,832)
(162,349)	Total Reserves		(120,587)

The unaudited financial statements were issued on 19 August 2021.

Lindsay Sim, Chief Finance Officer
19 August 2021

CLACKMANNANSHIRE COUNCIL
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Notes to the Financial Statements

Cash Flow Statement
For the year ended 31 March 2021

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.

2019/20		Notes	2020/21
£'000			£'000
(12,495)	Net (deficit) on the provision of services	CIES	
31,065	Adjustments to net deficit on the provision of services for non-cash movements	26b	
(10,508)	Adjustments for items included in the net deficit of the provision of services that are investing & financing activities	26c	
8,062	Net cash flows from Operating Activities		<hr/>
(6,975)	Investing Activities	27	
3,679	Financing Activities	28	
4,766	Net increase (decrease) in cash and cash equivalents	19	<hr/>
12,048	Cash and Cash equivalents at the beginning of the reporting year	19	
16,814	Cash and Cash equivalents at the end of the reporting year	19	<hr/>

CLACKMANNANSHIRE COUNCIL
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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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Note 1 - Accounting Policies

a) General Principles

The Annual Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21 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
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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 an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

CLACKMANNANSHIRE COUNCIL
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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.

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
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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.

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f) 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.

g) 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
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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.

The Council has made loans to Clackmannanshire Regeneration LLP and Coalsnaughton NHT 2012 LLP. The Council also holds share capital in CSBP Clackmannanshire Investments Ltd. Loss allowances for these financial assets are assessed on an individual basis.

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Notes to the Financial Statements

h) Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure 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.

i) 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:

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Recognised in Balance Sheet at Valuation

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

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.

j) 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.

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k) 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.

l) Inventories

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

m) 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 revalued annually according to market conditions at the year-end. 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.

n) 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

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the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

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.

o) 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.

Non-HRA assets included in the Balance Sheet at fair value are reviewed annually to ensure that their carrying amount is not materially different from their fair value at the year-end. HRA assets are reviewed at least every five years, the last major review being at 1 April 2019. 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 Capital Adjustment Account.

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.

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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.

p) 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 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

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- 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.

q) 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.

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.

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r) 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.

s) 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.

t) 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 Adopted in the Year

- Amendments to IAS 28 Investments in Associates and Joint Ventures;
- Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015-2017 Cycle, and
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

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. This applies to the adoption of the following new or amended standards within the 2021/22 Code:

- Definition of a Business: Amendments to IFRS3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS9, IAS39 and IFRS7, and
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16.

The Code requires implementation of these from 1 April 2021, therefore there is no impact on the 2020/21 financial statements.

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: and
- 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.

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.

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The items in the Council's Balance Sheet at 31 March 2021 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 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>The recent Covid 19 pandemic led to the complete closure of the property market in early 2020 and resulted in an initial level of uncertainty for market valuation. Since the market has reopened, these uncertainties have, in the main, been removed except for retail/hospitality sectors and some localised property sectors. These sectors do not affect the Council, and since it is the Council's intention to continue to provide services from its current building asset base, it is assessed that, at the current time, there is no impact on the property valuations used in the accounts.</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 £0.682m and £0.252m respectively for every year that useful lives had to be reduced.</p>
Arrears – Council Tax	<p>At 31 March 2021 the Council had Council Tax debt outstanding of £12.017m. A review of outstanding balances suggested that an allowance for doubtful debts of £9.205m 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 £649k would be required.</p>
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 0.5% decrease in the real discount rate would result in an increase in the pension liability of 9% equating to £49.6m.</p>

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Item	Uncertainties	Effect if actual Results Differ from Assumptions
Housing Rent Arrears	At 31 March 2021 the Council had Housing Rent Arrears of £2.056m. A review of outstanding balances suggested that an impairment for irrecoverable rents of £2.056m was appropriate resulting in a coverage of 100% for doubtful debts.	The Council has 100% coverage on all Housing Rent Arrears.

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Note 5 – Events after the Reporting Period

The Draft Financial Statements were authorised for issue by the Chief Finance Officer (Section 95 Officer) on 19 August 2021. Where events taking place before this date provided information about conditions existing at 31 March 2021, 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 82. The Adjustments between Funding and Accounting basis is shown more fully in Note 7 on page 115.

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

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Note 6 - Expenditure & Funding Analysis
2019/20

Net Expenditure chargeable to GF & HRA £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure In the CI&ES £'000
65,681	15,592	81,273
8,190	(1,798)	6,392
16,573	7,608	24,181
(2,122)	3,238	1,116
1,659	-	1,659
17,646	(326)	17,320
395	-	395
108,022	24,314	132,336
(110,197)	(9,644)	(119,841)
(2,175)	14,670	12,495
		£'000
		12,303
		2,175
		1,884
		16,362

2020/21

Net Expenditure chargeable to GF & HRA £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&ES £'000
73,577	16,140	89,717
5,409	(3,023)	2,386
16,551	3,062	19,613
(4,233)	982	(3,251)
1,423	-	1,423
19,040	142	19,182
440	-	440
112,207	17,303	129,510
(121,842)	(3,611)	(125,453)
(9,635)	13,692	4,057
		£'000
		16,362
		9,635
		1,300
		27,297

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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.

2020/21	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000
People	13,860	1,920	360	16,140
Partnership & Performance	(3,596)	703	-130	-3,023
Place	2,012	856	194	3,062
HRA - Place	324	554	104	982
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	142	-	-	142
Central Scotland Valuation Joint Board	-	-	-	-
Cost of Services	12,742	4,033	528	17,303
Other Income and Expenditure	(5,908)	2,297	-	(3,611)
(Surplus)/Deficit	6,834	6,330	528	13,692

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Note 6 - Expenditure & Funding Analysis

2019/20	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000
People	12,991	2,747	(146)	15,592
Partnership & Performance	(3,476)	1,838	(160)	(1,798)
Place	6,289	1,282	37	7,608
HRA - Place	2,216	963	59	3,238
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	(326)	-	-	(326)
Central Scotland Valuation Joint Board	-	-	-	-
Cost of Services	17,694	6,830	(210)	24,314
Other Income and Expenditure	(12,630)	2,986	-	(9,644)
(Surplus)/Deficit	5,064	9,816	(210)	14,670

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:

2019/20				2020/21		
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
85,935	6,833	92,768	Employee costs	91,116	4,772	95,888
23,308	-	23,308	Other Operating Costs	24,047	0	24,047
57,245	-	57,245	Third Party & Transfer Payments	62,870	0	62,870
-	28,500	28,500	Depreciation	0	20,335	20,335
11,019	(11,019)	-	Capital Financing Costs	7,804	(7,804)	0
(69,485)	-	(69,485)	Income	(73,630)	0	(73,630)
108,022	24,314	132,336	Cost of Services	112,207	17,303	129,510
(110,197)	(9,644)	(119,841)	Other Income and Expenditure	(121,842)	(3,611)	(125,453)
(2,175)	14,670	(12,495)	(Surplus)/Deficit	(9,635)	13,692	4,057

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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:

2020/21

	Partnership & People 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
Employee costs	56,128	8,055	10,993	7,205	1,026	7,709	91,116
Other Operating Costs	8,083	736	9,981	4,226	505	516	24,047
Third Party & Transfer Payments	14,541	16,404	5,021	1,297	(108)	25,275	62,870
Capital Financing Costs	-	3,175	-	4,629	-	-	7,804
Income							
Government Grants and Other Contributions	(4,226)	(22,315)	(925)	-	-	(14,459)	(41,925)
Fees, charges and other service income	(694)	(430)	(4,304)	(20,004)	-	(1)	(25,433)
Income from recharges for services	(255)	(216)	(4,215)	(1,586)	-	-	(6,272)
Cost of Services	73,577	5,409	16,551	(4,233)	1,423	19,040	112,207

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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:

2019/20

	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	51,664	7,899	10,589	6,932	1,844	7,007	-	85,935
Other Operating Costs	7,523	649	10,169	2,623	(77)	629	-	21,516
Third Party & Transfer Payments	12,188	16,423	5,334	1,217	(108)	21,796	395	57,245
Capital Financing Costs	-	4,197	-	6,822	-	-	-	11,019
Income								
Government Grants and Other Contributions	(3,920)	(20,279)	(1,375)	-	-	(11,782)	-	(37,356)
Fees, charges and other service income	(1,480)	(633)	(4,746)	(19,706)	-	(4)	-	(26,569)
Income from recharges for services	(294)	(66)	(3,398)	(10)	-	-	-	(3,768)
Cost of Services	65,681	8,190	16,573	(2,122)	1,659	17,646	395	108,022

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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 a 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 yet to be 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 fund Council transformation projects in line with the statutory provision of Local Government Finance Circular 4/2019.

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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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Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2020/21

	General Fund Balance £'000	Housing Revenue Account £'000	Usable Reserves Capital Receipts Reserve £'000	Capital Grants & Receipts Unapplied £'000	Insurance Fund £'000	Movement in Unusable Reserves £'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	(10,973)	(4,928)	-	-	-	15,901
Revaluation losses on property, plant and equipment	(4,308)	-	-	-	-	4,308
Movements in the fair value of investment assets	126	-	-	-	-	(126)
Amortisation of intangible assets	(122)	(4)	-	-	-	126
Capital grants and contributions applied	6,873	280	-	-	-	(7,153)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal To the Comprehensive Income and Expenditure Statement	(2,319)	-	-	-	-	2,319
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	2,985	596	-	-	-	(3,581)
Capital expenditure charged against the General Fund and HRA Balances	-	4,011	-	-	-	(4,011)
Adjustments primarily involving the Capital Grants & Receipts Unapplied account						
Capital Grants and contribution unapplied credited to the CIES	335	70	-	-	(405)	-
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	542	1	(543)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1	-	-	(1)
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 42)	(14,733)	(1,817)	-	-	-	16,550
Employer's pensions contributions and direct payments to pensioner in year	9,209	1,010	-	-	-	(10,219)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Difference between officer remuneration charges to the CIES & statutory requirements	(635)	(103)	-	-	-	738
Total Adjustments	(12,808)	(884)	(542)	-	(405)	14,639

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Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20

	General Fund Balance £'000	Housing Revenue Account £'000	Usable Reserves Capital Receipts Reserve £'000	Capital Grants & Receipts Unapplied £'000	Insurance Fund £'000	Movement in Unusable Reserves £'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	(10,070)	(4,563)	-	-	-	14,633
Revaluation losses on property, plant and equipment	(9,239)	(4,439)	-	-	-	13,678
Movements in the fair value of investment assets	3,022	(48)	-	-	-	(2,974)
Amortisation of intangible assets	(189)	-	-	-	-	189
Capital grants and contributions applied	8,938	356	-	-	-	(9,294)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal To the Comprehensive Income and Expenditure Statement	(222)	(631)	-	-	-	853
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	4,021	610	-	-	-	(4,631)
Capital expenditure charged against the General Fund and HRA Balances	-	6,176	-	-	-	(6,176)
Adjustments primarily involving the Capital Grants & Receipts Unapplied account						
Capital Grants and contribution unapplied credited to the CIES	732	-	-	(732)	-	-
Application of Grants to Capital Financing	-	-	-	976	-	(976)
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds as part of the Gain/ (loss) on disposal to the CIES	465	16	(481)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	16	-	-	(16)
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 42)	(17,779)	(2,285)	-	-	-	20,064
Employer's pensions contributions and direct payments to pensioner in year	9,277	971	-	-	-	(10,248)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Difference between officer remuneration charges to the CIES & statutory requirements	58	(59)	-	-	-	1
Total Adjustments	(10,774)	(3,896)	(465)	244	-	14,891

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Note 8 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for the future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA Expenditure.

2020/21	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Insurance Fund	Capital Grants & Receipts Unapplied Account
	£'000	£'000	£'000	£'000	£'000
Net Transfer to Insurance Fund from General Fund	(4)	-	-	4	-
Transfer from Capital Receipts Reserves to fund Revenue Expenditure	(1,160)	-	1,160	-	-
Transfer from Capital Grants and Receipts Unapplied Account to fund Revenue Expenditure	(136)	-	-	-	136
Transfer between Capital Grants and Receipts Unapplied Account and Capital Receipts Reserve	-	-	123	-	(123)
Transfer to Capital Adjustment Account to fund capital expenditure	-	-	-	-	236
	(1,300)	-	1,283	4	249
2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Insurance Fund	Capital Grants & Receipts Unapplied Account
	£'000	£'000	£'000	£'000	£'000
Net Transfer to Insurance Fund from General Fund	(21)	-	-	21	-
Transfer from Capital Receipts Reserves to fund Voluntary Severance	(87)	-	87	-	-
Consideration from HRA for transfer of Assets	-	140	(140)	-	-
Transfer from Capital Receipts Reserves to fund Revenue Expenditure	(2,041)	-	2,041	-	-
Transfer from Capital Grants and Receipts Unapplied Account to fund Revenue Expenditure	(25)	-	-	-	25
Transfer to Capital Grants and Receipts Unapplied Account	150	-	-	-	(150)
	(2,024)	140	1,988	21	(125)

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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	2019/20 £'000	2020/21 £'000
Interest payable and similar charges		8,940	8,755
Net Interest on the Net Defined Benefit Liability		2,986	2,297
Interest receivable and similar income		(851)	(315)
Changes in the carrying value Market loans		(7)	(8)
Revaluation of Investment Property	7	(2,974)	(126)
Rental Income from Investments		(123)	(59)
		7,971	10,544

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.

	2019/20 £'000	2020/21 £'000
Credited to Taxation and Non Specific Grant Income:		
Council Tax	22,804	23,638
Grant allocation for Council Tax Reduction Scheme	3,536	3,667
Non-Domestic Rate Income distributed by pool	17,315	10,757
Non-ring fenced government grants	74,502	92,153
Capital grants and contributions	10,026	7,558
Total	128,183	137,773

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 2019/20.

	2019/20 £'000	2020/21 £'000
Credited to Services		
DWP grant for Benefits	14,017	13,247
Criminal Justice	1,285	1,350
Other revenue grants (including Early Learning and Childcare and Scottish Attainment Challenge)	4,294	6,841
Other Capital Grants & Contributions	-	-
Total	19,596	21,438

The table below reconciles the Non-ring fenced government grants to the Local Government Funding Settlement for 2020/21 from Scottish Government as shown in the Local Government Finance (Scotland) Order 2020 (as amended).

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£'000

Non-ring fenced government grants	92,153
Add Grant allocation for Council Tax Reduction Scheme	3,667
Add Grants not included in CIES (Council acted as Agent)	436
Total General Revenue Funding	<hr/> 96,256
Non-Domestic Rate Income distributed by pool	10,757
Ring fenced Grants shown with in Cost of Services	6,765
Total Settlement	<hr/> 113,778 <hr/>

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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 and as amended by annual revaluation and subsequent additions and disposals. The Council appointed the J&E Shepherd Chartered Surveyors to conduct its five-yearly valuation of assets during 2019/20 and a Desk Valuation Impairment Review a sample of Education and non operational properties carried out by Ian Hannon, MRICS, Managing Partner. The basis for valuation is set out in the Statement of Accounting Policies.

Movements in 2020/21	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 2020	129,334	195,696	21,585	64,701	1,453	361	413,130	82,681
Additions	4,212	6,968	2,955	3,443	114	-	17,692	28
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(8,847)	-	-	-	-	(8,847)	1,645
De-recognition – Disposals	-	(2,450)	(752)	-	-	(38)	(3,240)	-
Assets reclassified (to)/from Investment Assets	-	(23)	-	-	-	(93)	(116)	-
Other Movements in Cost or Valuation	-	25	-	-	152	(102)	75	-
At 31 March 2021	133,546	191,369	23,788	68,144	1,719	128	418,694	84,354

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Note 11 – Property, Plant & Equipment (PPE)

Depreciation charge	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
At 1 April 2020	4,762	8,818	15,819	10,721	-	1	40,121	2,908
Depreciation charge	4,718	8,824	1,257	1,095	-	1	15,895	2,908
Depreciation written out on revaluations recognised in the Revaluation Reserve	-	(14,266)	-	-	-	-	(14,266)	(5,816)
De-recognition – Disposals	-	(240)	(733)	-	-	-	(973)	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2021	9,480	3,136	16,343	11,816	-	2	40,777	0
Net Book Value: At 31 March 2021	124,066	188,233	7,445	56,328	1,719	126	377,917	84,353

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Movements in 2019/20	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 2019	154,614	187,365	20,991	61,413	12,641	1,240	438,264	94,621
Additions	6,489	4,706	1,679	3,289	4,454	30	20,647	31
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(31,030)	(12,056)	-	(1)	-	(553)	(43,640)	
De-recognition – Disposals	(679)	(55)	(1,085)	-	-	(4)	(1,823)	(11,971)
Assets reclassified (to)/from Investment Assets	-	(106)	-	-	-	(13)	(119)	-
Other Movements in Cost or Valuation	(60)	15,842	-	-	(15,642)	(339)	(199)	-
At 31 March 2020	129,334	195,696	21,585	64,701	1,453	361	413,130	82,681

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Depreciation charge	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
At 1 April 2019	33,281	21,597	15,568	9,682	-	126	80,254	9,743
Depreciation charge	4,499	7,761	1,329	1,039	-	-	14,628	2,907
Depreciation written out on revaluations recognised in the Revaluation Reserve	(32,969)	(20,537)	-	-	-	(85)	(53,591)	(9,742)
De-recognition – Disposals	(49)	-	(1,078)	-	-	-	(1,127)	-
Other movements in depreciation and impairment	-	(3)	-	-	-	(40)	(43)	-
At 31 March 2020	4,762	8,818	15,819	10,721	-	1	40,121	2,908
Net Book Value: At 31 March 2020	124,572	186,878	5,766	53,980	1,453	360	373,009	79,773

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Capital Commitments

At 31 March 2021 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years budgeted to cost £15m. Similar commitments at 31 March 2020 were £26.1m. The major commitments are as follows, and are not included in the financial statements:

The major commitments are as follows:

	£'m
• HRA Council Housing Window Replacement	2,031
• HRA Council Housing Roof & Render	1,001
• HRA Council Housing Safe Electrical Testing	1,969
• HRA Council Fences and Gates	664
• HRA Smaller projects	487
• Park Primary School	2,366
• Village and Small Town Alva – Regeneration	1,304
• Roads & Transportation	1,626
• Alloa Town Centre – Regeneration	584
• Bowmar Community Centre	508
• Tullibody South Campus	490
• Council Office Kilncraigs – Roof	300
	13,330

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 2020	115	510	180	805
Revaluation	-	-	-	-
31 March 2021	115	510	180	805
Cost or Valuation				
At 1 April 2019	115	500	180	795
Revaluation	-	10	-	10
31 March 2020	115	510	180	805

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.

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

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

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at buildings in the County. The Council also owns the Tolbooth in Clackmannan which is a listed building and classed as a heritage assets 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)

	2019/20	2020/21
	£'000	£'000
Balance 1 April	5,026	8,329
Additions	-	125
Net gains/(losses) from fair value adjustments	3,191	151
Disposals	-	(49)
Transfers to/from:		
PPE	116	115
Assets held for sale	-	(31)
Depreciation	(3)	(6)
Balance 31 March	8,330	8,634

Investment Properties Held for Sale (Current Assets)

	2019/20	2020/21
	£'000	£'000
Balance 1 April	506	290
Additions	-	-
Disposals	-	(13)
Net Gains/(losses) from fair value adjustments	(216)	(25)
Transfers from Investment Properties	-	31
Balance 31 March	290	283
Total Investment Properties	8,620	8,917

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 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.

	2019/20	2020/21
	£'000	£'000
Rental income from investment property	(178)	(162)
Direct operating expenses arising from investment property	55	103
	(123)	(59)

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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 £126k charged to revenue in 2020/21 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:

	2019/20	2020/21
	£'000	£'000
Carrying Value		
1 April	1,074	1,095
Additions	21	22
Disposals Gross Cost	-	-
	1,095	1,117
Amortisation		
1 April	(393)	(581)
Disposal accumulated amortisation	-	0
Amortisation for the year	(188)	(126)
	(581)	(707)
Carrying Value 31 March	514	410

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Note 15 – Long-Term Investments

This note provides detail of the Long-Term Investments held on the Balance Sheet. Further information on Clackmannanshire Regeneration LLP and Coalsnaughton 2012 NHT LLP can be found in the Group Financial Statements on page 172.

	2019/20	2020/21
	£'000	£'000
CSBP Clackmannanshire Investments Ltd (at cost)	-	-
Clackmannanshire Regeneration LLP	-	-
Coalsnaughton 2012 NHT LLP	1,859	-
	1,859	-

Note 16 – 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	2019/20	2020/21
		£'000	£'000
Balance Outstanding at start of year		-	-
Impairment Losses		-	-
Assets reclassified (to)/from Other Land & Buildings	11	-	2,450
Assets reclassified (to)/from Surplus Assets	11	197	38
Assets reclassified (to)/from Investment Properties	13	-	62
Assets sold		(197)	(2550)
Derecognition - Disposals		(40)	(240)
Other movements in depreciation and impairment		40	240
Depreciation on reclassification		-	-
Additions		-	-
Balance outstanding at year-end		-	-

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Note 17 – 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	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
1 April	165	170	79	116	64	53	132	112	440	451
Purchased	825	643	180	234	438	353	1,093	1,036	2,536	2,266
Expenses in the year	(820)	(640)	(143)	(241)	(449)	(347)	(1,113)	(900)	(2,525)	(2,128)
31 March	170	173	116	109	53	59	112	248	451	589

Note 18 – 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:	2019/20 £'000	2020/21 £'000
Central Government Bodies	4,827	8,580
Other Local Authorities	591	896
NHS Bodies	786	1,169
Other Corporations & Trading funds	-	4
Other entities and individuals	6,747	6,602
Total	12,951	17,251

Note 19 – 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 85.

	2019/20 £'000	2020/21 £'000
Short-Term Investments		
Coalsnaughton NHT 2012 LLP	2,499	-
CSBP Clackmannanshire Investments Ltd (at cost)	1	1
Clackmannanshire Regeneration LLP	4,906	-
Cash deposit with banks	2,000	19,003
	9,406	19,004
Cash and Cash Equivalents		
Cash held by the Council	32	32
Bank current accounts	16,782	16,915
Total Cash and Cash Equivalents	16,814	16,947
TOTAL	26,220	35,951

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In December 2011 the Council agreed to lend £4.906m to Clackmannanshire Regeneration LLP, a company established to develop the new Council offices in Kilncraigs under the Business Premises Renovation Allowance (BPRA) scheme. This sum has been invested in the company for eight years in accordance with the development agreement and earns interest at the prevailing Public Works Loan Board rate. The investment is due to be repaid during 2020/21.

CSBP Clackmannanshire Investments Ltd has been transferred from Long Term investments as this investment is due to be repaid during 2020/21.

Note 20 – 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:

	2019/20	2020/21
	£'000	£'000
Central government bodies	2,617	3,528
Other local authorities	2,323	2,602
NHS bodies	1,502	6,242
Public corporations and trading funds	282	303
Other entities and individuals	14,880	15,672
Total	21,604	28,347

Note 21 – Provisions

2020/21	Opening Balance At 1 April £'000	Additional provision made in 2020/21 £'000	Reduction In Provision £'000	Amounts used in 2020/21 £'000	Balance At 31 March 2021 £'000
Short Term Provisions					
Municipal Mutual	(5)	(2)	-	7	-
Total Short Term Provisions	(5)	(2)	-	7	-
Municipal Mutual	(44)	(3)	-	-	(47)
Total Long Term Provisions	(44)	(3)	-	-	(47)
Total Provisions	(49)	(5)	-	7	(47)

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2019/20	Opening Balance At 1 April £'000	Additional provision made in 2019/20 £'000	Reduction In Provision £'000	Amounts used in 2019/20 £'000	Balance At 31 March 2020 £'000
Short Term Provisions					
Equal Pay	(4)	(8)	-	12	-
Municipal Mutual	(5)	(2)	-	2	(5)
Legal Case – Ordinarily Resident	(826)	-	826	-	-
Total Short Term Provisions	(835)	(10)	826	14	(5)
Municipal Mutual	(21)	(23)	-	-	(44)
Total Long Term Provisions	(21)	(23)	-	-	(44)
Total Provisions	(856)	(33)	826	14	(49)

Equal Pay

This provision has now been removed. The provision was fully utilised in 2019/20 and no further costs are known.

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 £153k and payments of £141k had been made against this provision. During the year a further £7.2k was paid out fully utilising the short term provision. As at 31 March 2021, no material payments falling due in 2021/22 have been notified. The long term provision has been increased by £3k based on estimates of the outstanding liability as at 31 March 2021 resulting in a total provision balance of £47k to meet future claims.

Legal Cases – Ordinarily Resident

A dispute had previously arisen around the Ordinarily Resident status of five individuals with Falkirk Council. The matter was concluded in 2019/20 with no cost to the Council and the provision has been removed.

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Note 22 - 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:

Source of Loan	2019/20 £'000	2020/21 £'000
Repayable within 12 months		
Public Works Loan Board	412	-
Market Loans	63	63
Other Short Term Borrowings	-	-
Revenue Advances:		
Common Good & Trust Funds	357	357
Central Scotland Valuation Joint Board	655	979
Accrued Interest on borrowing	1,236	1,236
	2,723	2,635
Repayable after 12 months		
Public Works Loan Board	77,099	77,098
Lender Option, Borrowing Option (LOBO) Loans	5,000	5,000
Market Loans	19,229	19,159
	101,328	101,257

Note 23 – Other Long Term Liabilities

	2019/20 £'000	2020/21 £'000
PFI & Finance Liabilities (see note (a) below)	37,845	36,672
Other Long-term Liabilities (see note (b) below)	619	620
	38,464	37,292

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(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 and the Street Lighting. Note 33 Leases on page 146 and Note 34 Private Finance Initiative and Similar Contracts page 148 in the Accounts provides more detail 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:

	PFI Scheme 2019/20 £'000	Street Lighting 2019/20 £'000	Total 2019/20 £'000	PFI Scheme 2020/21 £'000	Street Lighting 2020/21 £'000	Total 2020/21 £'000
Balance at 1 April	40,207	167	40,374	39,061	87	39,148
Finance Lease Creditor						
Repaid in year	(1,146)	(80)	(1,226)	(1,216)	(87)	(1,303)
Balance 31 March	39,061	87	39,148	37,845	-	37,845
Ageing:						
Liabilities due over more than one year	37,845	-	37,845	36,672	-	36,672
Liabilities due within one year	1,216	87	1,303	1,173	-	1,173
	39,061	87	39,148	37,845	-	37,845

(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.

	2019/20 £'000	2020/21 £'000
Developer Contributions	6	5
Reinstatement Bond	614	615
	620	620

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Note 24 – 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 straight forward 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			Debtors	Total
	Investments		Debtors	Investments		Debtors	Total		
	31	31		31	31				
	March	March	March	March	March	March	March		
2020	2021	2020	2021	2020	2021	2020	2021		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost									
Principal	1,859	-	1	1	7,406	1	2,502	4,194	4,196
Cash & Cash									
Equivalents	-	-	-	-	18,814	35,950	-	-	35,950
Total Financial Assets	1,859	-	1	1	26,220	35,951	2,502	4,194	40,146

Financial Liabilities

	Non-Current				Current			Creditors	Total
	Borrowings		Creditors	Borrowings		Creditors	Total		
	31	31		31	31				
	March	March	March	March	March	March	March		
2020	2021	2020	2021	2020	2021	2020	2021		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost									
Principal	101,328	101,256	-	-	1,487	1,399	4,610	5,061	107,716
Accrued Interest	-	-	-	-	1,236	1,236	-	-	1,236
PFI and Finance Lease facilities	37,845	36,672	-	-	1,303	1,173	-	-	37,845
Total Financial Liabilities	139,173	137,928	-	-	4,026	3,808	4,610	5,061	146,797

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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:

	2019/20		2020/21	
	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	521	-	289	-
cost				
Total interest revenue	521	-	289	-
Interest expense	8,794	-	8,651	-

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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.

Fair Values of Assets and Liabilities

The Fair values are calculated as follows:-

	2019/20		2020/21	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB - Maturity	78,675	124,316	78,263	131,225
PWLB – Annuity	32	48	30	46
LOBO's	5,041	7,546	5,041	8,442
Market Loans	19,292	28,421	19,221	28,778
Other Loans	-	-	-	-
Total Debt/Financial Liabilities	103,040	160,331	102,555	168,491

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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 £131.225m (2019/20 £124.316m) 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 £78.3m would be valued at £154.2m. 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 £154.2m, comprising the principal of £77.1m, accrued interest of £1.2m and a premium of £75.9m.

Note 25 – Unusable Reserves

		2019/20	2020/21
	Note	£'000	£'000
Revaluation Reserve	a)	(101,011)	(104,499)
Capital Adjustment Account	b)	(141,736)	(140,431)
Financial Instruments Investment Account	c)	2,113	1,902
Pensions Reserve	d)	97,912	151,676
Accumulating Compensated Absences Adjustment Account	e)	2,783	3,521
Total Unusable Reserves		(139,939)	(87,831)

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.

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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.

	2019/20	2020/21
	£'000	£'000
Balance at 1 April	(81,699)	(101,011)
Upward revaluation of non-current assets	(58,628)	(14,182)
Downward revaluation of non-current assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	34,990	4,455
Surplus/deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(23,638)	(9,727)
Difference between fair value depreciation and historical cost depreciation	4,277	4,139
Accumulated (losses) on assets sold or scrapped	49	2,100
Amount written off to the Capital Adjustment Account	4,326	6,239
 Balance at 31 March	 (101,011)	 (104,499)

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 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.

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Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2019/20 £'000	2020/21 £'000
Balance at 1 April	(142,696)	(141,736)
<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	14,633	15,901
Revaluation losses on property, plant and equipment	13,678	4,308
Amortisation of intangible assets	189	125
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	853	2,318
Amounts written out of the Revaluation Reserve on assets sold or scrapped	(49)	(2,100)
	29,304	20,552
<u>Capital financing applied in the year:</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(16)	(1)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(9,294)	(7,351)
Application of grants to capital financing from the Capital Grants & Receipts Unapplied Account	(976)	(38)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(4,631)	(3,581)
Capital expenditure charged against the General Fund and HRA balances	(6,176)	(4,011)
Depreciation on Revaluation Reserve	(4,277)	(4,139)
Movement in the market value of Investment Properties Debited or credited to CIES	(2,974)	(126)
	(28,344)	(19,247)
Balance at 31 March	(141,736)	(140,431)

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 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.

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As a result, the balance on the Account at 31 March 2021 will be charged to the General Fund over the next 34 years.

	2019/20 £'000	2020/21 £'000
Balance at 1 April	2,235	2,114
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)	(8)
Balance at 31 March	2,113	1,902

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 pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The Statutory arrangements will ensure that funding will have been set aside by the time the benefits come.

	2019/20 £'000	2020/21 £'000
Balance at 1 April	121,023	97,912
Return on Pension Assets	29,975	(62,033)
Actuarial Gains or Losses on Pension Assets and Liabilities	(62,902)	109,466
Reversal of items debited or credited to CIES	20,064	16,550
Employers Pensions contribution and direct payments to pensioners in the year	(10,248)	(10,219)
Balance at 31 March	97,912	(151,676)

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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.

	2019/20	2020/21
	£'000	£'000
Balance at 1 April	2,782	2,783
Settlement or cancellation of accrual made at the end of the preceding year	(2,782)	(2,783)
Amounts accrued at the end of the current year	2,783	3,521
 Movement in the year	 1	 738
 Balance at 31 March	 2,783	 3,521

Note 26 – Cash Flow Statement – Operating Activities

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

	2019/20	2020/21
	£'000	£'000
Interest Received	(701)	
Interest Paid	11,925	
(Surplus) or deficit on the provision of services (CIES)	12,495	

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

	Notes	2019/20	2020/21
		£'000	£'000
Depreciation	11 & 13	14,633	
Downward valuations	7	10,703	
Amortisation	14	188	
Increase in Interest Creditors		3	
Increase/ (decrease) in Creditors	20	(3,628)	
(Increase)/ decrease in Debtors	18	(677)	
(Increase)/Decrease in Inventories	17	(11)	
Pension Liability	36	9,816	
Contributions to/(from) Provisions	21	(808)	
Carrying amount of non-current assets sold	7	853	
Adjustments for effective interest rates		(7)	
Other non-cash items		(31,065)	

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

	2019/20	2020/21
	£'000	£'000
Capital grants credited to surplus or deficit on the provision of services	(10,027)	
Proceeds from the sale of short and long term investments	-	
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(481)	
	(10,508)	

Note 27 – Cash Flow Statement – Investing Activities

	2019/20	2020/21
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(20,471)	
Purchase of short and long term investments	(2,000)	
Proceeds from the sale of property, plant and equipment, Investment property and intangible assets	481	
Proceeds from short-term and long-term investments	5,000	
Other receipts from investing activities	10,015	
Net cash flows from investing activities	(6,975)	

Note 28 – Cash Flow Statement – Financing Activities

	2019/20	2020/21
	£'000	£'000
Cash receipts of short and long-term borrowing	5,000	
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,226)	
Repayments of short and long-term borrowing	(98)	
Other Receipts from Financing Activities	3	
Net cash from financing activities	3,679	

Note 29 - 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 (2019/20: £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 business and individuals during the Covid-19 pandemic. This amounted £12.834m of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement.

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Note 30 – External Audit Costs

Fees payable to Audit Scotland within the year for external audit services carried out by the appointed auditor amounted to £0.208m (2019/20: £0.202m). These costs are shown within the Resources and Governance line in the Comprehensive Income and Expenditure Statement.

Note 31 – 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 in 2020/21 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 35 and 36 (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) Lease payments and receipts from Clackmannanshire Regeneration LLP are shown in Note 33;
- f) Short-Term Debtors balances in respect of Central Government, other Local Authorities and NHS Bodies are shown in Note 18; and
- g) Short-Term Creditors balances in respect of Central Government, other Local Authorities and NHS Bodies are shown in Note 20

The following table shows significant payments and receipts between Clackmannanshire Council and its associated entities

		2019/20	2020/21
		£'000	£'000
Expenditure	NHS Forth Valley	1,572	2,146
Income	NHS Forth Valley	(7,371)	(10,455)
Contribution payment made to Clackmannanshire and Stirling Integration Joint Board*		17,323	19,041
Commissioning income received from Clackmannanshire and Stirling Integration Joint Board*		(17,323)	(19,041)

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**In 2020/21 the commissioning income received from Clackmannanshire and Stirling Integration Joint Board underspent by £1.714. This funding has been accrued by the Council and is retained on behalf of the IJB.*

In 2019/20 there was a total risk sharing year end adjustment of £0.957m (25% Clackmannanshire Council) Agreed Budget Contribution £17.084m plus additional contribution of £0.239m = £17.323m

Note 32 – 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.

	2019/20	2020/21
	£'000	£'000
Opening Capital Financing Requirement	144,980	144,555
Capital Investment		
Property Plant & Equipment	20,647	17,902
Intangible Assets	21	-
Investment Properties	-	-
Asset Held for Sale	-	-
Revenue Expenditure Funded from Capital Under Statute	40	36
Sources of finance		
Capital receipts	(16)	(1)
Government grants and other contributions	(10,310)	(7,425)
Sums set aside from revenue:		
Direct revenue contributions	(6,176)	(4,011)
Repayment of Finance Lease Capital Debt	(1,226)	(1,302)
Loans Fund Principal	(3,405)	(2,279)
Other movements affecting the CFR	-	(4,358)
Closing Capital Financing Requirement	144,555	143,117
Increase/(decrease) in CFR (unsupported by government financial assistance)	(425)	(1,438)

Note 33 Leases

Council as Lessee
Finance Leases

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The Council has acquired some of its street lighting Infrastructure under finance leases. This lease ended during 2020/21. These assets are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	2019/20	2020/21
	£'000	£'000
Infrastructure Assets	93	-

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

	2019/20	2020/21
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	87	-
Non-current	-	-
Finance costs payable in future years	6	-
Minimum lease payments	93	-

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000
No later than one year	6	-	87	-
Later than one year not later than five years	-	-	-	-
	6	-	87	-

Operating Leases

The Council has entered into a sub-lease with Clackmannanshire Regeneration LLP under the terms of the Business Premises Renovation Allowance (BPRA) scheme for the development of its new Council Offices. The lease is in place throughout the construction phase and a further period of 7 years. The lease ends when the refurbished building is handed back to the Council from the LLP under the landlord tenant relationship. This lease ended during 2020/21.

The future minimum lease payments due are:

	2019/20	2020/21
	£'000	£'000
Not later than one year	92	-
Later than one year and not later than five years	-	-
	92	-

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The expenditure charged to the respective service lines in the Comprehensive Income and Expenditure Statement during the year was:

	2019/20	2020/21
	£'000	£'000
Minimum lease payments	184	105

Council as Lessor

Operating Leases

The development of the Council's new offices using the Business Premises Renovation Scheme (BPRA) required the establishment of a Limited Liability Partnership (Clackmannanshire Regeneration LLP). The LLP is a tax transparent entity consisting of the Council and Investors which allows the Council to benefit from tax allowances. To allow the LLP to undertake the construction and reclaim tax allowances, the Council has leased the premises to Clackmannanshire Regeneration LLP for the duration of the construction period plus a further 7 years. As noted above, the Council has then sub-leased the offices back from the LLP for the same period, after which the refurbished building reverts to the Council.

The lease reflects a rent of £1 per annum. This lease ended during 2020/21.

Note 34 – Private Finance Initiative and Similar Contracts

Secondary Schools PFI Scheme

2020/21 was the 13th 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.

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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 2021, 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	4,051	1,173	3,218	8,442
Payable within 2 to 5 years	16,675	6,005	12,719	35,399
Payable within 6 to 10 years	25,833	8,409	13,987	48,229
Payable within 11 to 15 years	26,229	13,864	13,101	53,194
Payable within 16 to 20 years	20,988	8,394	4,247	33,629
Total	93,776	37,845	47,272	178,893

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:

	2019/20 £'000	2020/21 £'000
Balance outstanding at start of year	40,207	39,061
Payments during the year	(1,146)	(1,216)
Balance outstanding at year-end	39,061	37,845

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Note 35 - 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 2019 was 17.2% of pensionable pay. This increased to 23.00% from September 2019. Prior to this change the rate had remained the same since 1 September 2015. In total for the year 2020/21 the Council paid £5.586m to Teacher's Pensions in respect of teachers' retirement benefits. The comparative amount paid in 2019/20 was £4.800m which equates to 20.30% of pensionable pay.

As a proportion of the total contributions into the Teacher's Pension Scheme during the year ended 31 March 2021, the Council's own contribution equated to approximately 1.094% (0.801% in 2019/20).

Note 36 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.

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.

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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	
	2019/20	2020/21
	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services:		
• Current service cost	16,476	14,237
• Past service costs	602	16
Financing and Investment Income and Expenditure:		
• Interest expense – defined benefit obligation	10,909	9,406
• Interest income on scheme assets	(7,923)	(7,109)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	20,064	16,550
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)	29,975	(62,033)
• Actuarial (gains)/losses arising on changes in demographic assumptions	(15,465)	(4,332)
• Actuarial (gains)/losses arising on changes in financial assumptions	(43,905)	104,722
• Other experience (gains)/losses	(3,532)	9,076
(Gain)/ loss recognised in the CIES	(32,927)	47,433
Total Post Employment Benefit Charged to the CIES	(12,863)	63,983
Movement in Reserves Statement (MIRS)		
Reversal of net charge made to the surplus or deficit on the provision of Services	(20,064)	(16,550)
Employer's Contributions Payable to Falkirk Pension Fund	10,248	10,219
Pensions Assets and Liabilities Recognised in the Balance Sheet	(9,816)	(6,331)

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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)	2019/20	2020/21
	£'000	£'000
Present value of the Pension Fund Liabilities (1)	(406,985)	(522,011)
Fair value of pension fund assets	309,073	370,335
Net Liability arising from Defined Benefit Obligation	(97,912)	(151,676)
(1) Unfunded liabilities included in the figure for Present value of liabilities is:	16,121	17,071

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

	2019/20	2020/21
	£'000	£'000
Opening Balance at 1 April	(450,159)	(406,985)
Current service cost	(16,476)	(14,237)
Interest cost	(10,909)	(9,406)
Contributions by Pension Fund participants	(2,289)	(2,456)
Re-measurement gains/(losses)		
Actuarial gains/losses from change in demographic assumptions	15,465	4,332
Actuarial gains/(losses) from change in financial assumptions	43,905	(104,722)
Actuarial gains/(losses) from other experiences	3,532	(722)
Past service costs	(602)	(16)
Benefits paid	10,548	12,201
Closing value at 31 March	(406,985)	(522,011)

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

	2019/20	2020/21
	£'000	£'000
Opening fair value of pension fund assets	329,136	309,073
Interest income	7,923	7,109
Return on pension assets (excluding amounts included in net interest)	(29,975)	62,033
Contributions from employers	10,248	10,219
Contributions by employees in the scheme	2,289	2,456
Benefits paid	(10,548)	(12,201)
Re-measurements – actuarial gains/losses from other experience	-	(8,354)
Closing fair value of pension fund assets	309,073	370,335

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

	2019/20 £'000	2020/21 £'000
Equity instruments (by industry type)		
- Consumer	20,077	27,654
- Manufacturing	18,329	19,904
- Energy & Utilities	12,252	13,115
- Financial institutions	22,948	30,766
- Health & Care	10,778	10,175
- Information & Technology	24,754	33,966
- Other	1,099	1,954
Sub Total Equity	110,237	137,534
Debt Securities		
- Corporate Bond (investment grade)	4,917	5,205
Property (by type)		
- UK	18,974	20,498
- Overseas	78	32
Sub Total Property	19,052	20,530
Private Equity		
- UK	6,916	5,399
Sub Total Private Equity	6,916	5,399
Other Investment funds		
- Equities	62,912	91,277
- Bonds	16,164	23,226
- Infrastructure	35,201	36,150
- Other	35,412	42,430
Sub Total Other Investment Funds	149,689	193,083
Cash and cash equivalents	18,262	8,584
Total Assets	309,073	370,335

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 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.

	2019/20	2020/21
Long-term expected rate of return on assets in the fund		
Equity investments	2.3%	2.0%
Bonds	2.3%	2.0%
Property	2.3%	2.0%
Cash	2.3%	2.0%

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Mortality assumptions

	2019/20	2020/21
	Years	Years
Longevity at 65 for current pensioners (years):		
Men	20.5	20.5
Women	22.8	23.2
Longevity at 65 for future pensioners (years):		
Men	21.7	21.9
Women	24.3	25.2

Inflation assumptions

	2019/20	2020/21
Rate of inflation	1.9%	2.9%
Rate of increase in salaries	2.3%	3.5%
Rate of increase in pensions	1.9%	2.9%
Rate for discounting Fund liabilities	2.3%	2.0%

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	Monetary
	Employer	Amount
	%	£'000's
0.5% Decrease in Real Discount Rate	9%	49,566
0.5% increase in the Salary Increase Rate	1%	5,281
0.5% increase in the Pension Increase Rate	8%	43,205

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.

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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.

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 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.

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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 2017 set the Employers contribution rates at 22.5% for 2020/21. As a result of the triennial valuation at 31 March 2020, the rate remains at 22.5% for 2021/22 and 2022/23 but increases in 2023/24 to 23%. 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 2022 is £9.153m.

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Note 37 – Contingent Liabilities

Equal Pay

The Council has received claims of historic pay inequality from specific groups of staff, particularly in catering, cleaning and homecare, supervisory assistants and classroom assistants. Note 21 included details of the provision previously held in respect of those groups of employees. The provision was fully utilised in 2019/20 and no future liability is known. However, there remains a potential for claims of an unknown amount and timing which is presented by this contingent liability.

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 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 21, 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. 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. This work is at an early stage.

Note 38 – 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

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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 2020/21 and Prudential Indicators for 2019/20 to 2023/24 were approved by Full Council on 6 March 2019 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.

The Authority's maximum exposure to credit risk, in relation to its investments in banks and financial institutions of £35.9m, 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 £4.106m, (2019/20 £2.756m) is past its due date for payment. The past due amount can be analysed by age as follows:

	2019/20 £'000	2020/21 £'000
Less than three months	819	1,402
Three to six months	153	282
Six months to one year	328	464
More than one year	1,456	1,958
Total	2,756	4,106

During the year, debts of £582k were written off against the provision and a contribution of £0.505m was charged to the Comprehensive Income and Expenditure statement. As at 31st March 2021 the provision against current debts to £1.429m.

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.

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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	2019/20 £'000	2020/21 £'000
Public Works Loans Board	77,511	77,098
LOBO Loan	5,000	5,000
Market Debt	19,292	19,222
Other Short Term Borrowings	-	-
Total	101,803	101,320

Maturity Structure	2019/20 £'000	2020/21 £'000
Less than 1 year	475	63
Between 1 and 2 years	63	3,008
Between 2 and 5 years	3,957	3,256
Between 5 and 10 years	5,321	3,013
More than 10 years	91,987	91,980
Total	101,803	101,320

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.

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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.

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.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Notes to the Financial Statements

Note 39 – 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.

	2019/20	2020/21
	£'000	£'000
The Council administers the funds for 61 (2019/20: 61) Trusts:		
Value of other Charitable Trusts and Endowments	357	363
Total value of all Trusts and Endowments	357	363

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21

HOUSING REVENUE ACCOUNT (HRA)
Income and Expenditure Statement for the year ended 31 March 2021

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.

2019/20		2020/21
£'000		£'000
	Expenditure	
6,337	Repairs and maintenance	6,696
4,553	Supervision and management	4,161
9,002	Depreciation and impairment of non-current assets	4,932
515	Impairment of debtors	356
378	Other Expenditure	516
<u>20,785</u>	Total Expenditure	<u>16,661</u>
	Income	
(19,598)	Dwelling Rents	(19,839)
(72)	Non-dwelling rents	(72)
<u>(19,670)</u>	Total income	<u>(19,911)</u>
<u>1,115</u>	Net Cost of HRA Services	<u>(3,250)</u>
614	(Gain)/Loss on sale of HRA non-current assets	-
1,257	Interest payable and similar charges	1,134
(55)	Interest and investment income	(8)
350	Pensions interest cost and expected return on pension assets	252
48	Charge to CIES for Movement in Investment Property on revaluation	-
(356)	Capital grants and contributions receivable	(350)
<u>1,858</u>		<u>1,028</u>
<u>2,973</u>	Deficit/(Surplus) for the year on HRA Services	<u>(2,222)</u>

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
HOUSING REVENUE ACCOUNT (HRA)
Movement in Housing Revenue Account Statement

2019/20		2020/21
£'000		£'000
(3,722)	Balance on the HRA at the end of the previous year	(4,503)
2,973	Deficit/(Surplus) for the year on the HRA Income and Expenditure Statement	(2,222)
(3,894)	Adjustments between accounting basis and funding basis under regulations (Note HRA 1)	(884)
140	Transfers to/from Reserves	-
(781)	(Increase)/Decrease in the year on HRA	(3,106)
(4,503)	Balance on the HRA at the end of the current year	(7,609)

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

2019/20		2020/21
£'000		£'000
(614)	Gain/(Loss) on sale and disposal of HRA non-current assets	-
6,176	Capital expenditure funded by the HRA (CFCR)	4,011
356	Capital Grants contributions that have been applied to capital financing	350
(9,002)	Transfer to/from the Capital Adjustment Account:	(4,932)
(48)	- Depreciation and Impairment	-
610	- Movements in the Fair Value of Investment Assets	596
(1,313)	- Repayment of Debt	(806)
(59)	HRA share of contributions to/from the Pension Reserve	(103)
(3,894)	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 with statutory requirements	884

HRA 2. Housing Stock

The Council's housing stock at 31 March 2021 was 4,969 (31 March 2020 4,965) in the following categories:

2019/20		2020/21
Number		Number
30	One apartment	30
1,362	Two apartment	1,359
2,208	Three apartment	2,210
1,221	Four apartment	1,224
140	Five apartment	142
4	Six apartment	4
4,965		4,969

**CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21**

HOUSING REVENUE ACCOUNT (HRA)

HRA 3. Rent Arrears

Rent Arrears decreased during the year by £0.18m to a total of £2.056m (2019/20: £2.074m). As a percentage of gross rental income, the arrears represent 10.4% (2019/20: 10.7%) which is equivalent to £414 (2019/20: £418) per house.

HRA 4. Impairment of Debtors

In 2020/21 an impairment of £2.056m (2019/20 £1.938m) has been provided in the Balance Sheet for irrecoverable rents, an increase of £0.117m on the provision in 2019/20.

HRA 5. Rent Lost Due To Empty Properties

Rent lost due to empty properties during the year was £0.435m (2019/20: £0.350m) this is included within the other expenditure figures in the Income and Expenditure Statement.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Council Tax Income Account for the year ended 31 March 2021

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.

2019/20		2020/21
£'000		£'000
(30,458)	Gross Council Tax levied and contributions in lieu	(31,597)
	Deduct	
3,665	Other discounts and reductions	3,809
468	Write-off of uncollectable debts and allowance for impairment	151
19	Adjustments to previous years Council Tax	77
3,502	Council Tax Reduction Scheme	3,922
(22,804)	Net Council Tax Income transferred to General Fund	(23,638)

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 2020/21 was £1,304.63 (2019/20 £1,276.25). This was a 2.22% increase from the previous year.

Valuation Band	Council Tax Charge
	£
A	869.75
B	1,014.71
C	1,159.67
D	1,304.63
E	1,714.14
F	2,120.02
G	2,554.90
H	3,196.34

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Council Tax Income Account for the year ended 31 March 2021

CTI.2 Calculation of the Council Tax Charge Base 2020/21

number of dwellings (properties)

	A	A	B	C	D	E	F	G	H	Total
	(Disabled)									
	Relief)									
Total number of dwellings	-	6,308	7,329	2,137	2,725	3,366	2,014	905	54	24,838
Less exempt dwellings	-	(263)	(209)	(70)	(63)	(53)	(22)	(11)	(7)	(698)
Dwellings subject to disabled reduction	-	(23)	(34)	(21)	(19)	(47)	(16)	(6)	(1)	(167)
Dwellings subject to tax at this band due to disabled relief	23	34	21	19	47	16	6	1	-	167
Less adjustments for single discounts	(2)	(920)	(806)	(228)	(212)	(197)	(74)	(34)	(1)	(2,474)
Less adjustments for double discounts	-	(40)	(35)	(18)	(9)	(9)	(4)	(4)	(1)	(120)
Less adjustments for disregarded adults	-	(2)	(2)	-	(1)	-	-	-	-	(5)
	21	5,094	6,264	1,819	2,468	3,076	1,904	851	44	21,541
Effective number of dwellings after discounts, exemptions and reliefs										
Band D equivalent factor (ratio)	5/9	6/9	7/9	8/9	9/9	(585/360)	(473/360)	(705/360)	(882/360)	
Band D equivalent properties Number of Dwellings	12	3,396	4,872	1,617	2,468	4,042	3,094	1,667	108	21,274
Less provision for non-collection @ 2.5%										(532)
Council Tax Base 2020/21										20,742

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21

Non Domestic Rates Income Account for the year ended 31 March 2021

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.

2019/20		2020/21
£'000		£'000
(21,539)	Gross rates levied and contributions in lieu	(21,893)
4,538	Reliefs and other deductions	9,282
786	Allowance for impairment of debts and appeals	632
(16,215)	Net Non-Domestic Rate Income	(11,979)
599	Adjustment to previous years' national non-domestic rates	428
(45)	Discretionary Reliefs charged to the General Fund	(37)
(15,661)	Total Non-Domestic Rates Income/Income for Contribution to Non-Domestic Rate Pool	(11,588)
2019/20		2020/21
£'000		£'000
15,661	Contribution to National Non-Domestic Rate Pool	11,588
(17,315)	Distribution from National Non-Domestic Rate Pool	(10,757)
(1,654)	(Gain)/Loss from National Pool	831
(17,315)	Net NNDR Income per the Comprehensive Income and Expenditure Statement (Note 10)	(10,757)

No income was retained by the Council in respect of the Business Rates Incentivisation Scheme, Tax Incremental Financing or similar schemes.

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 £0.498 which is determined each year by the Scottish Government.

NDR 2. Rate Poundages Levied

	2019/20	2020/21
National Non-Domestic Rate	49.0p	49.8p
Intermediate Property Supplement – properties valued > £51,000	2.6p	1.3p
Large Property Supplement – properties valued > £95,000	2.6p	2.6p

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21

Non Domestic Rates Income Account for the year ended 31 March 2021

NDR 3. Analysis of Rateable Values as at 1 April 2020

	Number of Premises	Rateable Value £'000
Type of Subject		
Commercial	924	15,486
Industrial	296	16,787
Miscellaneous	462	10,690
Total	1,682	42,963

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
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 2021

2019/20 £'000		2020/21 £'000	2020/21 £'000
	Income		
(264)	Charges for use of premises	(226)	
(264)			(226)
	Expenditure		
28	Property Maintenance	17	
71	Utilities	49	
99	Rates	99	
46	Cleaning, land services and refuse collection	47	
20	Insurance	14	
-	Furniture	-	
(384)	Depreciation, Impairment and Revaluations	187	
(120)			413
(384)	Cost of Services		187
-	Taxation and Non-Specific Grant Income		-
(384)	(Surplus)/Deficit on Provision of Services		187
(1,290)	Surplus on revaluation of non-current assets charged to the revaluation reserve		-
(1,674)	Total Comprehensive Income and Expenditure		187

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21

Common Good Balance Sheet
As at 31 March 2021

2019/20 £'000		2020/21 £'000
	Long-Term Assets	
5,539	Property, Plant and Equipment	5,352
	Current Assets	
9	Short-Term Investments	9
5,548	Net Assets	5,361
	Reserves	
(9)	Usable Reserves	(9)
(1,701)	Revaluation Reserve	(1,701)
(3,838)	Capital Adjustment Account	(3,651)
(5,548)	Total Reserves	(5,361)

Common Good Movement on Reserves Statement
As at 31 March 2021

	Notes	Usable Reserves £'000	Unusable reserves £'000	Total reserves £'000
2020/21				
Balance at 1 April 2020		(9)	(5,539)	(5,548)
Movement in reserves during 2020/21				
Total comprehensive income and expenditure		187		187
Adjustment between accounting basis and funding		(187)	187	-
Increase or (decrease) in 2020/21		-	187	187
Balance at 31 March 2021		(9)	(5352)	(5,361)

	Notes	Usable Reserves £'000	Unusable reserves £'000	Total reserves £'000
2019/20				
Balance at 1 April 2019		(9)	(3,865)	(3,874)
Movement in reserves during 2019/20				
Total comprehensive income and expenditure		(384)	(1,290)	(1,674)
Adjustment between accounting basis and funding	1	384	(384)	-
Increase or (decrease) in 2019/20		-	(1,674)	(1,674)
Balance at 31 March 2020		(9)	(5,539)	(5,548)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Notes to the Common Good Account

Note 1. Adjustments between Accounting Basis and Funding Basis under Regulations

2020/21	Common Good Balance	Movement in Unusable Reserves
	£'000	£'000
Reversal of Items debited or credited to the Comprehensive Income and expenditure statement		
Charges for Depreciation and Revaluation of Non-Current assets	187	(187)
Capital Grants and Contributions Applied	-	-
	187	(187)
2019/20	Common Good Balance	Movement in Unusable Reserves
	£'000	£'000
Reversal of Items debited or credited to the Comprehensive Income and expenditure statement		
Charges for Depreciation and Impairment of Non-Current assets	384	(384)
Capital Grants and Contributions Applied	-	-
	384	(384)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
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
- CSBP Clackmannanshire Investments Limited

Associates:

- Central Scotland Valuation Joint Board
- Coalsnaughton NHT 2012 LLP

Information on how the Council participates in these companies is given in Note 7 to the Group's Financial Statements.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Group Financial Statements

Group Comprehensive Income & Expenditure Statement

This statement combines the Comprehensive Income and Expenditure of the Council with the share of its subsidiary, associates and joint ventures income and expenditure to show the group position.

Gross Expenditure	2019/20 Gross Income	Net Expenditure /(Income)		Gross Expenditure	2020/21 Gross Income	Net Expenditure /(Income)
£'000	£'000	£'000		£'000	£'000	£'000
87,503	(6,231)	81,272	People			
27,447	(21,055)	6,392	Partnership & Performance			
33,811	(9,582)	24,229	Place			
20,830	(19,715)	1,115	Housing Revenue Account			
1,659	-	1,659	Corporate Services			
47,996	(30,676)	17,320	Clackmannanshire & Stirling IJB			
395	-	395	Central Scotland Valuation Joint Board			
(166)	(264)	(430)	Common Good			
219,475	(87,523)	131,952	Group Cost of Services			
371	-	371	Other Operating Expenditure			
9,007	(1,036)	7,971	Financing & Investment Income & Tax Expenditure			
-	(128,183)	(128,183)	Taxation & Non-Specific Grant Income			
228,853	(216,742)	12,111	(Surplus) or Deficit on Provision of Services			
		144	Share of (surplus) or deficit on provision of services by associates & joint ventures			
		12,255	Group (Surplus)/Deficit			
		(59,918)	(Surplus) or deficit on revaluation of non-current assets including share of subsidiary			
		34,990	Impairment (gain)/ loss on non-current asset to the revaluation reserve			
		(32,927)	Remeasurement of the net defined benefit liability / (asset)			
		(97)	Share of other comprehensive (income) & expenditure of associates & joint ventures			
		(57,952)	Other Comprehensive (Income) and Expenditure			
		(45,697)	Total Comprehensive (Income) and Expenditure			

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Group Financial Statements
Group Movement in Reserves Statement
For the Year Ended 31 March 2021

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	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2020/21							
Balance at 1 April 2020							
Movement in Reserves during 2019/20							
Total comprehensive income & expenditure							
Adjustments between accounting basis & funding basis under statutory provisions							
Net increase/ decrease before transfers							
Transfers to/from Earmarked Reserves							
Increase or (decrease) for the year							
Balance at 31 March 2021							
2019/20							
Balance at 1 April 2019	(20,014)	(1,135)	(21,149)	(98,265)	(2,806)	(101,071)	(122,220)
Movement in Reserves during 2019/20							
Total comprehensive income & expenditure	12,495	(97)	12,398	(56,565)	(1,537)	(58,102)	(45,704)
Adjustments between accounting basis & funding under statutory provisions	(14,891)	325	(14,566)	14,891	(325)	14,566	-
Net increase/ decrease before transfers	(2,396)	228	(2,168)	(41,674)	(1,862)	(43,536)	(45,704)
Transfers to/from Earmarked Reserves	-	-	-	-	-	-	-
Increase or (decrease) for the year	(2,396)	228	(2,168)	(41,674)	(1,862)	(43,536)	(45,704)
Balance at 31 March 2020	(22,410)	(907)	(23,317)	(139,939)	(4,668)	(144,607)	(167,924)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Group Financial Statements
Group Balance Sheet as at 31 March 2021

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 2020		31 March 2021
£'000		£'000
378,548	Property, Plant & Equipment	
805	Heritage Assets	
8,330	Investment Properties	
514	Intangible Assets	
1,859	Long-Term Investments	
837	Investments in Associates and Joint Ventures	
1	Long-Term Debtors	
390,894	Non-Current Assets	
290	Investment Properties held for Sale	
-	Assets held for Sale	
451	Inventories	
12,951	Short-Term Debtors	
9,415	Short-Term Investments	
16,814	Cash and Cash Equivalents	
39,921	Current Assets	
(21,604)	Short-Term Creditors	
(5)	Provisions	
(2,723)	Short-Term Borrowings	
(24,332)	Current Liabilities	
(44)	Provisions	
(101,328)	Long-Term Borrowing	
(136,377)	Other Long-Term Liabilities	
(810)	VJB Liabilities	
(238,559)	Long-Term Liabilities	
167,924	Net Assets	
(23,317)	Usable Reserves	
(144,607)	Unusable Reserves	
(167,924)	Total Reserves	

The unaudited financial statements were issued on 19 August 2021.

Lindsay Sim
Chief Finance Officer
19 August 2021

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
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 Note1 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 which incorporates material balances from identified associates. A Group Cash Flow is not provided as it is not materially different to the single entity Cash Flow Statement.

Note 3 Group Entities

The accounting period end for the entities below, except for Coalsnaughton NHT 2012 LLP, 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 (31/03/21).

The Associates which have been incorporated and shares of total requisitions are:

- Central Scotland Valuation Joint Board – 15.4% (31/03/21); and
- Coalsnaughton NHT 2012 LLP – 25% (31/09/20).

The Joint Ventures which have been incorporated and percentage of total shareholdings are:

- CSBP Clackmannanshire Investments Limited – 50% (31/03/21); and
- Clackmannanshire & Stirling Integration Joint Board – 25% (31/03/21).

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.

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.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Group Financial Statements

Notes to the Group Financial Statements (contd)

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 both Joint Ventures using the equity method of accounting. In each instance, 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 also has an interest in SEEMIS Group LLP, Scotland Excel and Clackmannanshire Regeneration LLP. The financial results of the organisations have not been consolidated into the Councils 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 £m (2019/20: £5.575m) representing the Council's net asset in the consolidating entities.

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. Please see previous section of these accounts for income and charges made in the year by the Council for services provided.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21
Group Financial Statements

Notes to the Group Financial Statements

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 2020/21 was £19.2m (2019/20: £17.3m). The IJB Board comprises twelve voting members with three elected members of Clackmannanshire Council (25% voting share).

- **CSBP Clackmannanshire Investments Limited**

The CSBP Clackmannanshire Investments Limited has two elected members of the Council who sit on the board of directors (50%). The Council received an interim dividend of £0.150m in 2019/20 for the sale of land. The Council made no contribution to the Joint Venture in the 2020/21 or 2019/20 financial years.

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 2020/21 was £0.440m (2019/20: £0.395m). 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 15.4%.

- **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) venture to purchase newly-built homes so they can be made available for rent at 'mid market' rates, for a period of up to 10 years. The Council has provided finance to the LLP in the form of a loan. This loan is secured against the individual units and is further backed by means of a Guarantee from the Scottish Government. The loan accrues interest at 4% per annum and £161,885 was charged for the year to 31 March 2021. During 2020/21 the loan was discharged in full.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2020/21

The following table represents the Group's share of key financial information extracted from the accounts of the above entities for 2020/21:

	Central Scotland VJB		Clackmannanshire and Stirling IJB		Coalsnaughton NHT 2012 LLP		CSBP Clackmannanshire Investments Ltd		Common Good	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Gross Income	(436)		(2,534)		(33)		(6)		(264)	
Gross Expenditure	481		52,513		8		2		(120)	
Financing & Investment Income & Expenditure	25		(49,909)		25		-		-	
(Surplus)/ Deficit on Provision of Services	70		70		-		4		(384)	
Other Comprehensive Income/ Expenditure	(247)		-		-		150		(1,290)	
Non-current assets	6		-		1,530		-		5,539	
Current assets	110		424		26		71		9	
Current liabilities	(52)		-		(1,180)		(34)		-	-
Pension liabilities	(874)		-		-	-	-	-	-	-