
Report To:	Audit Committee	Date:	27 June 2024
Report By:	Chief Financial Officer	Report No:	FIN/39/24/AP
Contact Officer:	Matt Thomson	Contact No:	01475 712090
Subject:	Unaudited Annual Accounts for the Year ended 31 March 2024		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to ask the Committee to review the unaudited Annual Accounts for the year ending 31 March 2024 and approve their onward transmission to Audit Scotland.

1.3 A presentation on the key matters within the accounts will be given to Committee by the Finance Manager.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Audit Committee review the unaudited Annual Accounts for the year ended 31 March 2024 and after seeking clarification on any matters, approve their submission to Audit Scotland.

2.2 It is recommended that the Audit Committee delegate authority to the Chief Financial Officer to amend the unaudited Annual Accounts to reflect any matters intimated at the meeting.

2.3 It is recommended that the Committee note that the External Auditor's Annual Report to Members for the Financial Year ended 31 March 2024 is scheduled to be reported to the Council on 26 September 2024.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The unaudited Annual Accounts for the year ended 31 March 2024 are due to be submitted to Audit Scotland by the statutory deadline of 30 June 2024. The Financial Regulations require that the Audit Committee review the Accounts and approve their submission to Audit Scotland.
- 3.2 To aid Members understanding of the key issues arising from the Annual Accounts, a presentation on the key issues will be delivered by the Finance Manager on the day of the Audit Committee.
- 3.3 Following the submission of the unaudited accounts, the audit will commence. It is intended that the audited accounts and associated annual report will be presented to the full Council on 26 September.

4.0 PROPOSALS

- 4.1 It is proposed that Committee review the unaudited Annual Accounts and that the Chief Financial Officer be given delegated authority to make any required changes prior to submission of the accounts to Audit Scotland.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk	x	
Human Resources		x
Strategic (Partnership Plan/Council Plan)		x
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		x
Environmental & Sustainability		x
Data Protection		x

5.2 Finance

The main financial matters arising from the unaudited Annual Accounts will be explained in the presentation to Members on the day of the Audit Committee.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

By approving submission of the unaudited Annual Accounts at the meeting, the Council will have met the deadline of 30 June 2024.

5.4 Human Resources

There are no direct staffing implications of this report and as such HR have not been consulted.

5.5 Strategic

The unaudited accounts include several areas which contribute towards strong corporate governance.

6.0 CONSULTATION

6.1 The unaudited accounts will be advertised for public viewing in early July.

7.0 BACKGROUND PAPERS

7.1 None.



Inverclyde Council
**Unaudited Annual
Accounts 2023-2024**

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1. Introduction

This Management Commentary outlines the objectives and strategy of the Council and its financial performance for the year 2023-2024 and how it has supported the delivery of the Corporate Plan. It also outlines the budget strategy and issues and risks which may impact upon the finances of the Council and in delivering its objectives for Inverclyde in the future.

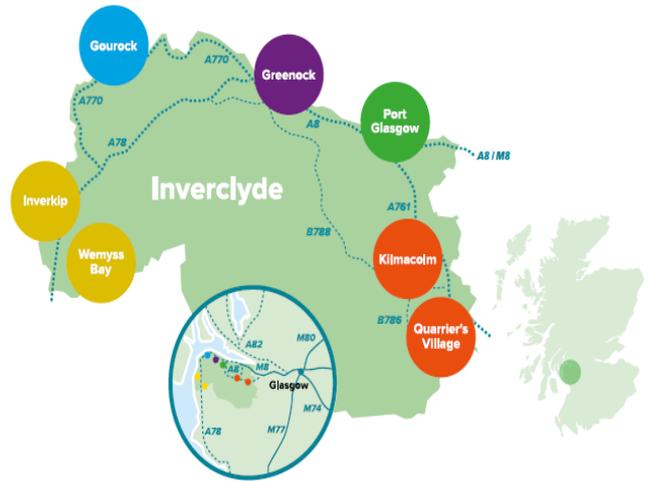
Principal Activities

THE COUNCIL

22 Councillors
 7 Multi-Member Wards
 Minority Labour Administration
 Council Services managed over three Directorates
 Two ALEOs – Inverclyde Leisure and Riverside
 Inverclyde.

STAFF

4,494 employees
 Permanent Staff: 3,291
 Temporary Staff: 1,203
 Modern Apprentices: 71



ECONOMY

68.4% of economically active adults were in employment.
 24.4% of children were living in poverty after housing costs.

INFRASTRUCTURE

- 372.8 km of Roads
- 6 Secondary Schools
- 20 Primary Schools
- 20 Early Years Establishments
- 3 Additional Support Needs Units
- 4 Leisure Centres
- 7 Libraries

AREA

160 sq. km (62 sq. miles)
 One of the smallest Local Authorities in Scotland.

POPULATION

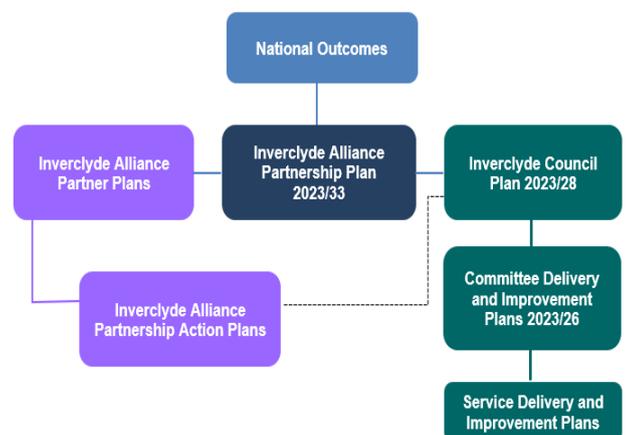
- 78,340 (1.4% of total Scottish population)
- 15% aged under 16 (**Scotland = 16%**)
 - 15% aged 16 to 29 years (**Scotland = 17%**)
 - 39% aged 30 to 59 year (**Scotland = 40%**)
 - 31% aged 60 and over (**Scotland = 27%**)

2. Objectives and Strategy of the Council

Delivering the Strategy

The overall strategic framework within which the Council operates is outlined in the Strategic Planning and Performance Management Framework. A new Framework was implemented in 2023 and includes the Inverclyde Alliance Partnership Plan 2023/33, the Council Plan 2023/28, Committee Delivery and Improvement Plans 2023/26 and the Financial Strategy. The main aspects of the Framework are illustrated in the diagram on the right.

National Outcomes are set by the Scottish Government and sit within a National Performance Framework. The 11 outcomes provide the overarching framework for the local community planning partnership



Management Commentary

document, the Inverclyde Alliance Partnership Plan 2023/33. The Partnership Plan is a high level strategic partnership document setting out the vision and direction for the Inverclyde area, as agreed by all the Inverclyde Alliance partner organisations and communities.

The Partnership Action Plans set out the Partnership's actions which will contribute to the achievement of the Alliance priorities. The Council Plan sets out the ways in which Inverclyde Council hopes to improve the lives of the residents of Inverclyde through the delivery of a range of high level outcomes. The Council Plan reflects the outcomes from the Partnership Plan and sets out, at a high level, what the Council will do to deliver the partnership priorities.

Committee Delivery and Improvement Plans contain strategic service delivery actions for the Council's Policy and Resources, Education and Communities and Environment and Regeneration Committees, aligned to the delivery of the overarching Council Plan. In addition, the HSCP has its own Strategic Plan 2019/24 which supports the Inverclyde Integrated Joint Board.

The focus of the Strategic Planning and Performance Management Framework is on addressing the main challenges facing Inverclyde. The Inverclyde Alliance Partnership Plan 2023/33 builds on the achievements of the previous Outcomes Improvement Plan 2017/23 to deliver the Vision: **Success For All – Getting It Right for Every Child, Citizen and Community**. The Plan focuses on the themes of Empowered People, Working People, Healthy People and Places, A Supportive Place, and a Thriving Place. More information on the Partnership Plan can be found on the Council's website at: <http://www.inverclyde.gov.uk/council-and-government/community-planning-partnership/inverclyde-outcome-improvement-plan>.

Positives v Challenges 2023-2024

Positives

Inverclyde Council was a finalist in the Local Government Chronicle 'Council of the Year, 2023' and Association of Public Sector Excellence 'Council of the Year, 2023' Awards.

Inverclyde was the first local authority in Scotland to provide free school meals to all primary school, commencing in August 2023.

£20 million investment was awarded to Inverclyde Council to help improve Greenock town centre and boost regeneration. This is in addition to the £20 million 'Levelling Up Funding'.

The new Ocean Terminal cruise ship visitor centre officially launched in August 2023. The project created over 70 new jobs and is expected to deliver a £26 million boost to the Scottish economy.

Challenges

The Council faces increasingly difficult decisions in relation to spending priorities and coping with workforce capacity pressures, at the same time as communities are experiencing increased hardship due to the cost of living crisis.

Inverclyde's population decline between Census 2011 and Census 2022 was the second largest in Scotland at -3.8%. Population decline is driven by a falling birth rate and deaths outnumbering births.

Financial pressures – the underlying financial pressures remain with an estimated funding gap of £7.2 million over 2025/27, after an assumed 7.0% Council tax increase in 2025/26 reported in the Financial Strategy.

Inverclyde experiences higher levels of poverty and deprivation, with higher levels of child poverty, lower levels of economic activity and poorer health outcomes than the national average.

Net Zero

The [Net Zero Strategy 2021-2045](#) was approved in October 2021 and sets out Inverclyde Council's route map to achieving net zero greenhouse gas emissions by 2045. The Strategy will be implemented through a series of Action Plans, the [2022-2027 Action Plan](#) was approved in November 2022 and provides the objectives and associated actions that will target carbon reductions over the five years of the initial plan subject to the limit of available funding. £3.3m to address the progression of the 2022/27 Net Zero Action Plan was agreed in the March 2023 budget and approved 2023/26 Capital Programme. The Council has also been successful in securing external funding support for a number of Net Zero related projects including £0.873m from Peatland ACTION for two peatland restoration projects, £0.041m from Museums Galleries Scotland for LED lighting upgrade at the Watt Institute, and £0.200m from Scottish Football Association (SFA) for LED lighting upgrades across pitches in Inverclyde. An [update on progress](#) was presented to the Environment and Regeneration Committee on 16 May 2024.

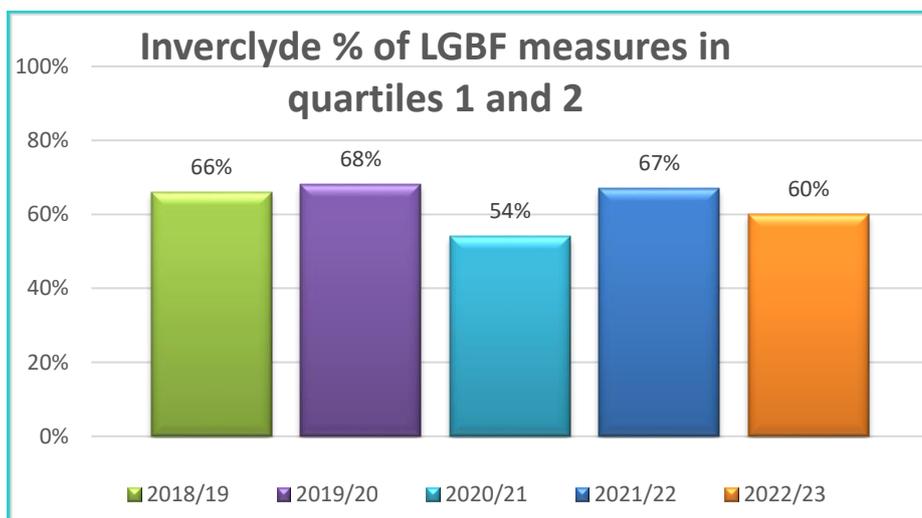
Public Performance Reporting

The Council reports on its performance in the delivery of its Council Plan organisational priorities in its Annual Performance Report. In addition, each directorate periodically reports on performance in the delivery of their Committee Plan to their relevant committee.

You can view the wide range of performance data published by the Council, including the latest Annual performance Report 2022/23 on the Council's performance webpage which can be viewed here: <http://www.inverclyde.gov.uk/council-and-government/performance>

The Local Government Benchmarking Framework (LGBF) **brings together a wide range of information about how all Scottish councils perform in delivering services to local communities**. The LGBF assists Councils in benchmarking their performance in key areas and creates opportunities to identify and share good practice. In 2022/23 the Council ranked in the top two quartiles for 60% of indicators, 20% were in the third quartile and a fifth, 20% were positioned in the fourth quartile.

The graph below provides an overview of Inverclyde Council's performance in the top two quartiles over the past five years. It should be noted that the indicator set has not remained static over the five years shown, with new indicators being added to the framework each year. In addition, data was not available for a number of indicators in 2020/21 due to Covid-19. In the 'National Benchmarking Overview Report 2022/23', the Improvement Service notes that in 2022/23, for the first time, the rate of decline has overtaken the rate of improvement (45% and 43% respectively) for Scottish Councils.



The following table contains information on how the Council has performed across areas within the Council. More data can be explored at the LGBF website: <https://www.improvementservice.org.uk/benchmarking/explore-the-data> and on the Council website:

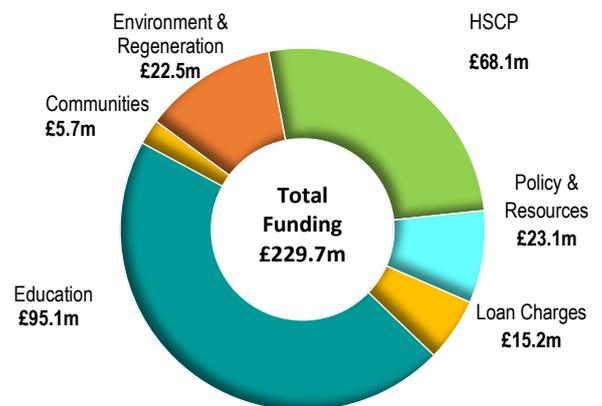
	2021-2022	2022-2023	% Change
Children's services			
Cost per Secondary school pupil	£8,895	£8,763	-1.5%
Cost per Primary school pupil	£7,321	£6,757	-7.7%
Cost per Pre-school pupil	£12,598	£14,104	11.9%
Corporate Services			
Cost per dwelling of Council Tax collection	£9.54	£11.62	21.8%
Teacher sickness absence (working days)	4.4 days	6.8 days	54.5%
Employee (non-teacher) sickness absence (working days)	8.8 days	11.3 days	28.4%
% invoices paid within 30 days	94.2%	95.1%	0.9%
Social Work			
Costs of providing care to support older people living at home (cost per hour for people aged 65 and over).	£43.28	£48.08	11.1%
% of people aged 65 or over with long term care needs receiving personal care at home	67.3%	65.0%	-2.3%
Residential costs per week per resident for people aged 65 or over	£622	£733	17.9%
Culture & Leisure			
Costs per attendance at sport facilities	£2.95	£2.62	-11.2%
Costs of parks & open spaces per 1,000 population	£29,319	£33,325	13.7%
Environmental			
Net cost of waste collection per premise	£58.34	£54.11	-7.3%
Net cost of waste disposal per premise	£108.02	£111.25	3.0%
% of total household waste arising that is recycled	48.5%	47%	-1.5%
Economic Development			
% of unemployed people assisted into work from council operated/funded employability programmes	35.3%	35.9%	0.6%
Cost of Planning & Building Standards per planning application	£6,790	£7,973	17.4%
% of procurement spend spent on local enterprises	21.4%	24.0%	2.6%
Proportion of people earning less than the living wage.	20.3%	20.3%	0%

The Annual Budget and Setting Council Tax

The Council's approach to the 2023/24 budget was agreed by the Council and included a public consultation as to how the Council could save money. The cross party Members Budget Working Group (MBWG) once again proved pivotal in arriving at a consensus on the use of surplus reserves and consideration of the savings identified as part of the budget setting process. During the budget setting process, the Council agreed to savings totalling £6.512 million in 2023/24 with these savings increasing to £7.596 million by 2024/25. As at 31 March 2024 all but £0.025 million of the 2023/24 savings have been implemented.

The Council formally approved the 2023-2024 budget on 2 March 2023. The budget was based on an increase on the Council Tax for band D of 5.3%.

Spend of £229.7 million was planned in 2023-2024 after taking account of Government Grants, inflation, borrowing costs and approved savings. The Council also approved a £67.1 million three-year capital investment programme covering 2023-2026 of which £10.2 million would be funded by the Council with the balance met from government grants. The major areas of planned investment were the ongoing programme of lifecycle refurbishment of schools, key improvements to the roads and lighting infrastructure, construction of a new Community Hub, investment in the transition towards “Net Zero” plus significant capital work on other Council assets.



3. Financial Performance in 2023-2024

Funding from Scottish Government (Non-Domestic Rates and Government Grants) £190.719m (84.1%) and Council Tax (including Council Tax Reduction costs) £35.982m (14.9%), Contribution from Reserves £3m (1%)

General Revenue Budget

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement (CIES) on page 32 which shows a deficit on the provision of services of £15.649 million. This statement is prepared using International Financial Reporting Standards as interpreted by the Code of Practice on Local Authority Accounting (the Code). However, the CIES does not reflect the true cost of service provision or the amount required to be funded from government grant and taxation. Note 2 gives details of the accounting adjustments required to bring the accounts in line with resources specified by statute. The adjustments remove the effect of non-cash items such as depreciation, revaluation and replace these with the actual cost of debt repayment. Consequently, the general fund balance has increased by £11.013m, against a planned use of reserves during budget setting of £3 million for 2023/24. The table 3.1 reflects the final outturn position as reported to Committee compared to the Comprehensive Income and Expenditure Statement. Table 3.2 shows a summary of the main changes that contributed to the final position as reported in the Comprehensive Income and Expenditure Statement.

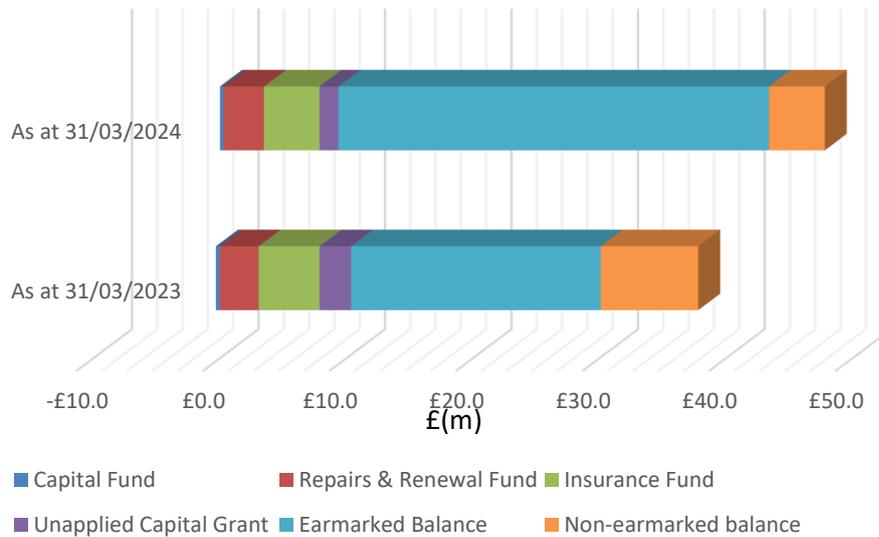
Management Commentary

3.1 Outturn 2023-2024 Per Committee Reporting	Approved Budget 2023-2024 £000	Revised Budget 2023-2024 £000	Outturn 2023-2024 £000	Variance 2023-2024 £000
Policy & Resources	23,129	16,124	15,554	(570)
Environment and Regeneration	22,505	24,153	24,322	169
Education & Communities	100,759	111,088	111,834	746
Health & Social Care Partnership	68,156	70,042	70,476	434
Loans Charges	16,902	16,902	16,902	0
Identified Savings	(1,650)	(1,650)	(1,650)	0
Approved Saving to be Allocated	(100)	(233)	(233)	0
2023/24 Pay Award Impact	0	0	250	250
Earmarked Reserves	0	563	563	0
Total Service Expenditure	229,701	236,989	238,018	1,029
General Revenue Grant	(191,374)	(196,662)	(196,656)	6
Council Tax Income (Excluding PY Income)	(35,327)	(35,327)	(35,327)	0
Contribution from General Reserves	(3,000)	(5,000)	(5,000)	0
IJB -Contribution from Reserves			(434)	(434)
Revenue Budget Outturn Position	0	0	601	601
Adjustments Not included in Revenue Outturn:				
Movement in Earmarked Reserves				(19,743)
Adjustment for Depreciation				44,292
Adjustment for IAS19				(9,130)
Adjustment for Holiday Pay Accrual				(371)
(Surplus)/Deficit on the Provision of Services per Comprehensive Income & Expenditure Statement				15,649

3.2 Movement - Initial Budget to Actual Outturn	£'000
Initial Planned Surplus	0
Facilities Management & School catering	261
Inflation Contingencies not utilised	(620)
Education Transport Costs	504
Utilities Underspend	(425)
Other Over and Underspends	881
Accounting Adjustments	34,791
Use of Earmarked Reserves	(19,743)
Deficit for the year	15,649

Despite a deficit of £15.649m, the General Fund balance increased from £27.428 million to £38.441 million. The graph below shows how the usable reserves of the Council are made up, including the £3 million earmarked to support future budget strategy. The Council has a policy of holding a minimum of £4m uncommitted balances (2% of the Council's budgeted net annual running costs). The use of reserves is reviewed as part of the budget setting each year, taking into account risks and challenges for the year ahead.

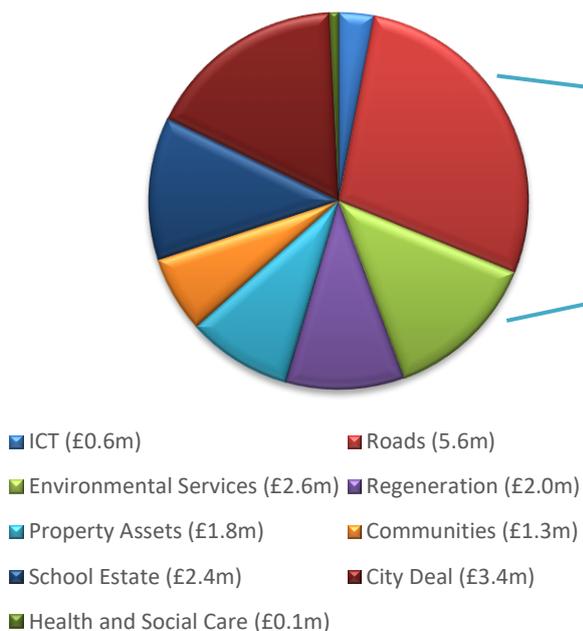
Reserves Balance



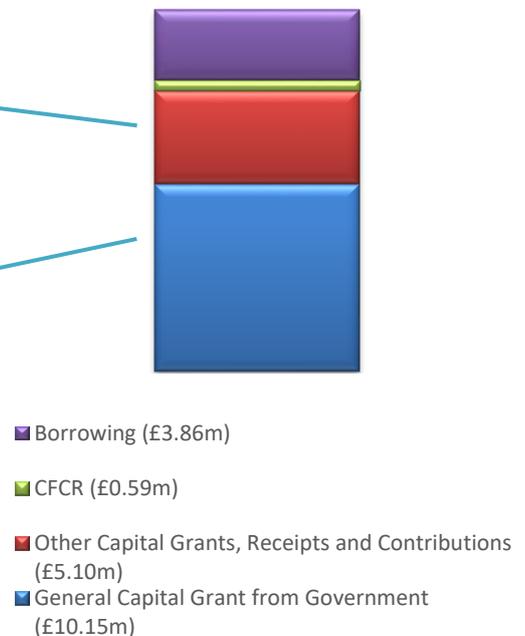
Capital Budget

The Council continues to make significant capital investment in schools, roads, leisure, community and town centre estates with £19.7 million being spent in 2023-24. The largest element of the capital expenditure for the year was the £5.5 million spent on the Roads Projects. Funding of capital expenditure included £1.77 million from capital receipts, £13.2 million of government grants with the balance of £4.75 million being met through internal funding and borrowing. Further information about spend on capital projects is shown in Note 9 on page 45.

Capital Expenditure (£19.7m)



Funding



Management Commentary

Balance Sheet

The Balance Sheet on page 33 summarises the Council's assets and liabilities as at 31 March 2024 and explanatory notes are provided. The net worth of the Council has decreased by £55.628m from £359.518m as at 31 March 2023 to £303.890m as at 31 March 2024. Within the headline figure, there have been significant changes in both asset values and liabilities and the major changes are shown in the table below:

	31/03/2023 £'000	31/03/2024 £'000	Movement £'000	Explanation for Movement
Non-Current Assets				
Property, Plant & Equipment	580,525	576,742	(3,783)	Council investment in key capital projects and effect of asset valuation, offset by transfer to Investment.
Current Assets				
Short-term Investments	10,224	53	(10,171)	Lower working capital and funding requirements for 2023-2024.
Cash and Cash Equivalents	16,126	5,691	(10,435)	
Long & Short-term Debtors	19,469	17,377	(2,092)	Decrease in short-term debtors at the end of the year.
Current Liabilities				
Short-term Creditors	(57,185)	(46,649)	10,536	Decrease in Short-term creditors at the end of the year.
Long-term Liabilities				
Short & Long term borrowing	(186,736)	(183,512)	3,224	
Finance leases	(53,068)	(50,761)	2,307	
Pension Liability	14,626	(32,630)	(47,256)	Decrease in actuarial valuation of pension fund, fund value £203.001m capped at a net deficit of £32.630m.

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	Commentary	2023-2024	2022-2023
Reserves			
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	Reflects the level of funding available to manage Financial risk/unplanned expenditure. The Council's Policy is 2% of annual turnover which is considered appropriate in the context of the Council's financial and ongoing risk profile. More Information is provided in the <i>General Revenue Budget</i> section above.	1.92%	3.49%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its Uncommitted General Fund Reserve.	£(3.1m)	£4.0m
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic challenges. The 2023/24 Scottish in-year collection rate is not yet known.	94.7%	95.9%

Management Commentary

Financial Indicator	Commentary	2023-2024	2022-2023
Financial Management			
Actual Outturn compared to Budgeted Expenditure	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. More details are provided in the General Revenue Budget section above.	100.1%	98.5%
Debt/Long-term Borrowing			
Ratio of financing costs to net revenue stream	Provides assurances of borrowing only being for capital purposes with an indication of the Council's ability to service the borrowing costs. The Council's Loans Fund interest rate remains consistently below the Scottish average; is affordable; and fits with the Council's medium to long-term finance strategy. The 2023-2024 ratio includes the effects of the one-off element of the Service Concession Arrangement for PPP and of adjustments to Loan Charge principal write-off periods in year.	0.39%	9.65%

4. Financial Outlook, Key Risks & Plans for the Future

Financial Outlook

The Council's Financial Strategy for June 2024 highlights that the pressure on public finances is unlikely to improve in the foreseeable future. The Scottish Government Medium Term Financial Plan (2023/28) highlights any cash and real term increases over 2024/28 are likely to be outstripped by increased spending resulting in further budget cuts. The Scottish Government is due to update the Medium Term Financial Plan later this summer. For Inverclyde with its on-going depopulation, future funding reductions may be significant. This allied to the significant levels of inflation and the cost pressures currently experienced in relation to pay and rising utility costs, the need for investment in existing assets plus policy areas such as net zero means the Council potentially faces very difficult financial decisions in the short/medium term.

For the next three years budget (2024-2027) the estimated mid-range funding gap, before any increase in Council Tax, is £7.2 million (after an assumed 7.0% Council Tax increase in 2025/26) with optimistic and pessimistic scenarios of £3.3 million and £10.2 million respectively. The Council operates a cross party Members Budget Working Group and this Group plus the Trade Unions/Corporate Management team meeting via the Joint Budget Group will be pivotal as the Council faces unprecedented financial pressures.

In February, 2024 the Council agreed its 2024/26 budget. Savings of £5.4m were approved during the budget process, an increase on Council Tax of 8.2% which has since been offset by a one-off credit with a further £2.6m approved Use of Reserves to balance the 2024/25 Revenue Budget. The funding gap identified in the June 2024 Finance Strategy is based on reducing the use of reserves by £1m each year from 2026 to 2029.

Treasury Management

The Council's 4 year Treasury Management Strategy and Investment Strategy covering the period 2023-24 to 2026-27 was approved along with the Capital Strategy at the meeting of Inverclyde Council in April 2023. The Strategy identified the need to borrow £45 million over the period to replace existing loans due to be repaid and to fund the planned Capital Programme.

The borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The Council's borrowing comes from market loans and from borrowing from the Public Works Loan Board. Further details are provided at Note 20. The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council calculates its capital financing requirement (CFR) for the forthcoming year.

Management Commentary

The CFR is a prudent assessment of the external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The Council's external borrowings have only been for capital investment purposes. The Council's gross external debt was £234.3 million at 31 March 2024 compared to the CFR limit of £300.8 million.

The Council's average loans rate was 4.46% for 2023-24, an increase of 0.61% from 2022-23. The Council repaid £57.4 million of maturing and LOBO debt during the year and undertook £54.5 million of borrowing.

Management of Risk

Risk	Mitigating Actions
Sustainability of current funding levels: The Medium-Term Financial Strategy indicated continuing financial challenges, especially for Local Government which is not a "protected" service. This allied to continuing pay and demand pressures requires ongoing financial planning and clear prioritisation by the Council.	The Finance Strategy (2024-34) provides the range of scenarios for the delivery of Council services in the medium to longer term. The strategy estimates the 2024/27 funding gap prior to considering further savings/adjustments. The Finance Strategy provides clear direction, supported by a practical framework and explicitly defined parameters, on how the Council will structure and manage financial resources in the medium to long term to ensure they are deployed effectively to achieve corporate objectives.
Increasing demand on Services and the Council's Finances.	Unavoidable pressures are considered as part of the annual budget process whilst the "Delivering Differently" program is in place to identify potential change in service delivery to deliver savings and/or reduce cost pressures. This is reviewed by the Corporate Management Team during the year and by the Policy & Resources Committee annually.
Demographic Changes: the most significant challenge facing Inverclyde is depopulation and associated demographic change.	Recognised as a priority in the Inverclyde Alliance Partnership Plan 2023/33 and the Council's Plan 2023/28. National data releases on local population changes are analysed and regularly reported to the Corporate Management Team and the Policy and Resources Committee. There is ongoing liaison with the Scottish Government to maximise related opportunities for Inverclyde.

The Annual Governance Statement, shown on pages 15-20, details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework, identified from the Council's ongoing review of these arrangements.

Plans for the Future

The Inverclyde Alliance Partnership Plan and the Council's Plan set the strategic direction in terms of the policy priorities for the Council, whilst recognising the financial pressures existing and forecast. The Council and Community Planning Partnership are continuing to strengthen their approach to locality planning (in line with the Health and Social Care Partnership), community participation and engagement. Communities have a key role to play in shaping local public services and supporting the recovery of Inverclyde.

Inverclyde Council is one of the member local authorities of the £1.1 billion Glasgow and Clyde Valley City Deal, the largest in the UK and the first of its kind in Scotland. This is one of the most significant funding arrangements to take place in Scotland and is funding major infrastructure projects and greatly add to the value of the wider local economy over the next 20 years. The headline projects within the Inverclyde area are the developments to the Greenock Ocean Terminal and Cruise Ship Berth, the Greenock Inchgreen dockland and the Inverkip transport interchange. The Council has now entered into a Joint Venture for the Greenock Inchgreen Dockland with the infrastructure work completed during 2023/24. The Greenock Ocean Terminal was completed and the building fully operational by spring 2024 in time for the 2024 cruise season.

The recently revised Financial Strategy demonstrates that the Council is clear both about the outcomes it wants to achieve for the communities in Inverclyde and the financial challenges that must be addressed if the Council is to successfully deliver on these outcomes.

5. Supplementary Information

Equality and Diversity

Inverclyde Council is firmly committed to the principle of equality of opportunity. The Council recognises its responsibility as a community leader, service provider and employer, to encourage the fair treatment of all individuals and to tackle social exclusion. The Council is also committed to eradicate all forms of discrimination, direct or indirect, and aims to eliminate discriminatory practices and promote measures to combat its effects. Progress in relation to the Council's Equality Outcomes 2021/25, which have been developed following public consultation can be found on the Council's website at <https://www.inverclyde.gov.uk/council-and-government/equality-and-diversity>.

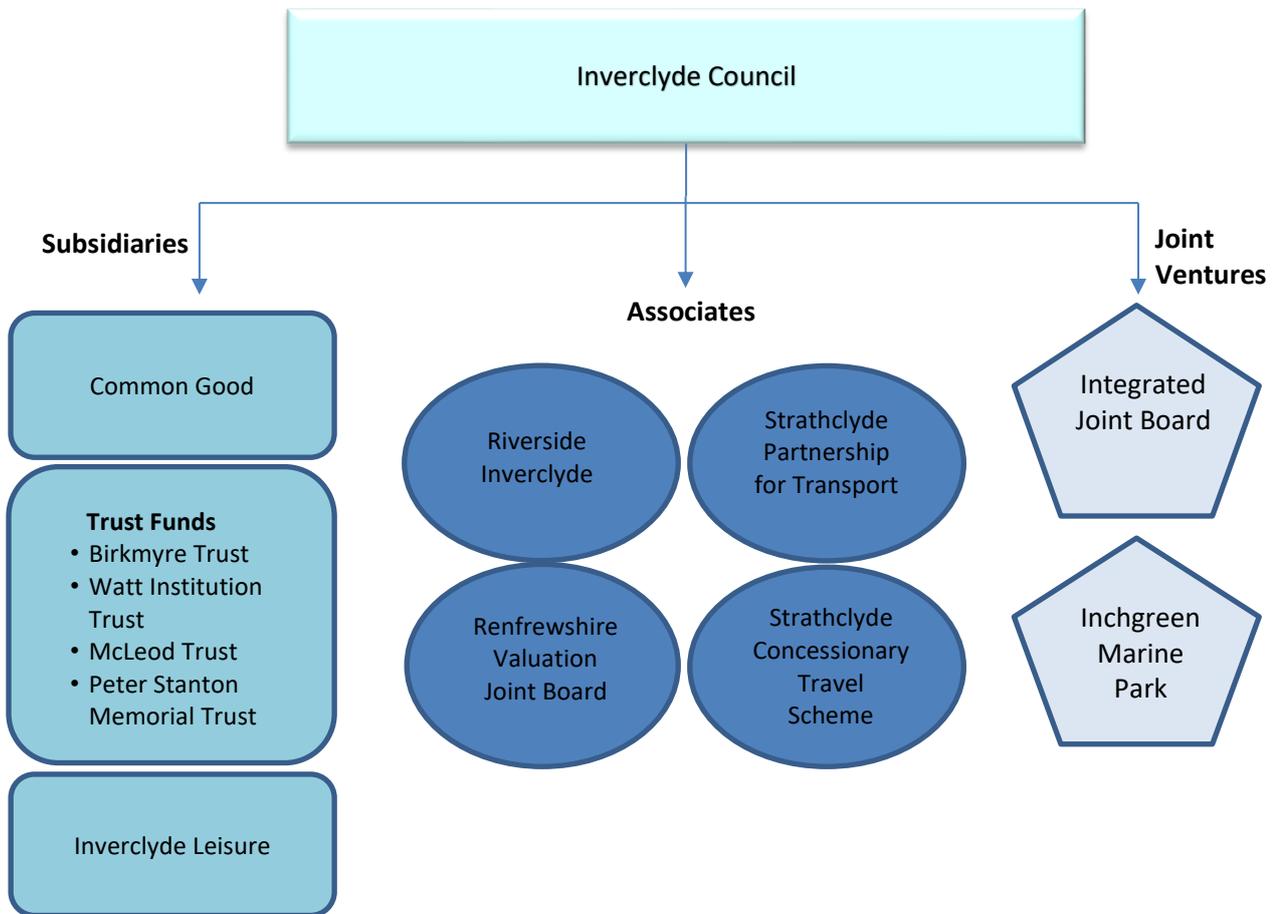
Consultation and Communication with Workforce

Inverclyde Council has in place employee governance arrangements to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe environment.

The Council carries out periodic employee surveys, and seeks the views of the workforce through regular consultations with staff and trade unions. The last Employee Survey was carried out in late 2022, with a response rate of 42%. The results of the Employee Survey are vital to informing and supporting the Council actions and activities. There are current actions and work being undertaken through plans already agreed in regard to strategies such as the Communication Strategy, New Ways of Working and Hybrid working policy.

Inverclyde Council Group

The Code of Practice on local Authority Accounting in the United Kingdom 2023/24 (the Code) requires the Council to prepare group accounts where the Council has material interests in subsidiaries, associates and/or joint ventures. The Group Accounts consolidate the results of the entities shown in the diagram below. The impact of the inclusion of these bodies in the Group Balance sheet is to increase both net assets and total reserves by £42.928 million representing the Council's share of the net assets in these entities. Further details about the associates and joint arrangements in the Inverclyde Council group and their financial results can be found on pages 77 to 83.



Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration and at this moment there are no Events to report.

6. Where to Find More Information

In This Publication

An explanation of the financial statements which follow and their purpose are shown at the top of each page. The accounting policies and a glossary of terms can be found at the end of this publication and these provide an explanation of the main guidelines and terms used.

On Our Website

Further information about Inverclyde Council can be obtained on the Council's website (www.inverclyde.gov.uk) or from Finance Services, Municipal Buildings, Clyde Square, Greenock PA15 1LY.

On Group Entities' Websites

Further information about the entities within the Inverclyde Council group, the nature of their business and their financial results can be found on Inverclyde Leisure (www.inverclydeleisure.com), Riverside Inverclyde (www.riversideinverclyde.com), SPT (www.spt.co.uk), Renfrewshire Valuation Joint Board (www.renfrewshire-vjb.gov.uk) and Inverclyde Integrated Joint Board (www.inverclyde.gov.uk/health-and-social-care).

7. Conclusion and Acknowledgements

The continuation of prudent financial management and medium term financial planning have allowed the Council to manage its financial affairs within budget and the financial objectives prescribed, whilst at the same time progressing major strategic initiatives, wider regeneration via City Deal and Levelling Up Fund plus working with the Integrated Joint Board. This reflects well on both the efforts and professionalism of the employees and the effectiveness of our approach to financial management.

We would like to take this opportunity to acknowledge the significant effort in producing the Annual Accounts and to record our thanks to our colleagues for their continued hard work and support. We greatly appreciate the significant efforts of all who were involved.



Cllr Stephen McCabe
Leader of the Council



Louise Long
Chief Executive



Alan Puckrin C.P.F.A
Chief Financial Officer

Statement of Responsibilities for the Annual Accounts

1. The Council's Responsibilities

The Council is required to:

- (i) Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Financial Officer.
- (ii) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (iii) Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and Coronavirus (Scotland) Act 2020), 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).
- (iv) Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by Inverclyde Council at its meeting on 27 June 2024.

Signed on behalf of Inverclyde Council

Cllr Stephen McCabe

Leader of the Council

Date: 27 June 2024

2. The Chief Financial Officer's Responsibilities

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

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

- (i) Selected suitable accounting policies and then applied them consistently.
- (ii) Made judgements and estimates that were reasonable and prudent.
- (iii) Complied with legislation.
- (30) Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

- (i) Kept adequate accounting records which were up to date.
- (ii) Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- (iii) Signed and dated the Balance Sheet.

I certify that the financial statements give a true and fair view of the financial position of the local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2024.

Alan Puckrin C.P.F.A

Chief Financial Officer

Date: 27 June 2024

1. Scope of Responsibility

Inverclyde Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Under the Local Government in Scotland Act 2003, the Council also has a statutory duty to make arrangements to secure best value, which is defined as continuous improvement in the performance of the Council's functions.

In discharging these responsibilities, Elected Members and the Corporate Management Team are responsible for putting in place proper arrangements for the governance of the Council's affairs, and for facilitating the effective exercise of its functions, including the arrangements for the management of risk. The Council has established two Arms-Length External Organisations – Inverclyde Leisure and Riverside Inverclyde – to deliver services more effectively on the Council's behalf, and which report regularly to Elected Members. From 1 April 2016, the Inverclyde Integration Joint Board was established for the formal integration of health and care services between Inverclyde Council and the NHS Greater Glasgow and Clyde.

The Council has adopted a Local Code of Corporate Governance ("the Local Code") consistent with the seven principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework, "Delivering Good Governance in Local Government Framework (2016)". A copy of the Local Code can be obtained from the Corporate Policy Unit, Municipal Buildings, Greenock, PA15 1LY.

This statement explains how Inverclyde Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an Annual Governance Statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and through which it accounts to, and engages with communities. It enables the Council to monitor the achievement of its key corporate priorities and strategic objectives set out in the Council's Corporate Plan. It enables the Council to consider whether those objectives have led to the delivery of appropriate value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This governance framework has been in place at Inverclyde Council for the year ended 31 March 2024 and up to the date of the approval of the Statement of Accounts.

3. The Governance Framework

The main features of the Council's governance arrangements are described in the Local Code but are summarised below:

- The overarching strategic vision of the Council is detailed in the Council's Plan which sets out the key outcomes the Council is committed to delivering with its partners, as set out in the Inverclyde Local Outcomes Improvement Plan. Services are able to demonstrate how their own activities link to the Council's vision and outcomes through the Committee and Service Delivery Improvement Plans. Performance management and monitoring of service delivery is reported principally through the Policy & Resources Committee and to other Committees on a regular basis. The Corporate Management Team monitors performance information. The Council publishes information about its performance regularly as part of its public performance reporting requirements at <http://www.inverclyde.gov.uk/council-and-government/performance/>.
- The Inverclyde Alliance Partnership Plan sets out the Alliance's approach for engaging with stakeholders. Consultation on the future vision and activities of the Council is undertaken through the Inverclyde Alliance, and through service specific consultations and the Council actively engages the Council's partners through existing community planning networks.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations from Audit Scotland, the external auditor, Inspectorates and the Internal Audit section to the Corporate Management Team, the relevant service Committee of the Council and, where appropriate, the Audit Committee.

- The Council operates within an established procedural framework. The roles and responsibilities of Elected Members and officers are defined within the Council's Standing Orders and Scheme of Administration, Contract Standing Orders, Scheme of Delegation and Financial Regulations; these are subject to regular review. The Council facilitates policy and decision making through a thematic Committee structure.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Council's Chief Financial Officer as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council.
- The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities and has robust financial control and financial planning processes in place. A self-assessment exercise was completed by officers to assess the level of ongoing compliance with the CIPFA Financial Management Code reported to the Policy and Resources Committee in January 2023 and all improvement actions identified have been completed.
- The Council's approach to risk management is set out in the risk management strategy and is embedded within the Council's Strategic Planning and Performance Management Framework. Reporting on risk management is undertaken and reported annually to the Audit Committee.
- The Council has adopted a code of conduct for its employees. Elected Members observe and comply with terms of the Councillors' Code of Conduct.
- Comprehensive arrangements are in place to ensure Members and officers are supported by appropriate learning and development.
- In line with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption, the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

4. Review of Effectiveness

Inverclyde Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and reports from the external auditors and other review agencies and inspectorates.

The review of the Council's governance framework is supported by a process of self-assessment and assurance certification by Heads of Service. Heads of Service were provided with a Self-assessment Checklist to complete and return as evidence of review of seven key areas of the Council's governance framework. As part of this process, Heads of Service were asked to identify their progress on implementing improvement actions identified as part of their 2023-24 assessments and to identify actions they proposed to take during 2024-25 to address service governance arrangements. The Corporate and Service Directors then considered the completed evaluations and provided a Certificate of Assurance for their Directorate. In addition, the review of the effectiveness of governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. The Integration Scheme was reviewed during 2019-20 and an updated version of the Scheme was prepared but the Covid-19 pandemic led to this being delayed and the existing scheme rolled on into 2020-21 and continued into 2021-22, 2022-23 and 2023-24. The Scottish Government have confirmed that IJBs will be required to review their current integration schemes rather than complete a new scheme. The integration scheme was due to be considered by Inverclyde Council on 13 June 2024 but has been deferred following a request from the Health Board because of an issue in another IJB.

There were no significant governance issues identified by the review but a number of issues worthy of noting were identified and are detailed in Section 7 together with progress made in implementing improvement actions identified during 2022-2023. We propose over the coming year to take steps to address these matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvement which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

5. Roles and Responsibilities of the Audit Committee and the Chief Internal Auditor

Elected Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Council's Audit Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2017 (PSIAS) and regularly monitors the performance of the Council's Internal Audit service. The Council's Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the PSIAS.

The Internal Audit service undertakes an annual programme of work, approved by the Audit Committee, based on a strategic risk assessment. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

The Chief Internal Auditor has conducted a review of all Internal Audit reports issued in 2023-24 and the Certificates of Assurance from Directors. In conclusion, although no systems of internal control can provide absolute assurance, nor can Internal Audit give that assurance, on the basis of the audit work undertaken during the 2023-24 financial year, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control is operating effectively within the Council.

6. Compliance with Best Practice

The Council complies with the requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government 2010". The Council's Chief Financial Officer (Section 95 Officer) has overall responsibility for the Council's financial arrangements, and is professionally qualified and suitably experienced to lead the Council's finance function and to direct finance staff.

The Council complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Service Organisations 2010". The Council's Chief Internal Auditor has responsibility for the Council's Internal Audit function and is professionally qualified and suitably experienced to lead and direct the Council's Internal Audit staff. The Internal Audit service generally operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017".

7. Governance Issues and Planned Actions

The Council continues to recognise the need to exercise strong management arrangements to manage the financial pressures common to all Local Authorities. Regular reviews of the Council's arrangements are undertaken by Internal Audit and overall the Council's arrangements are generally satisfactory. The table below sets out the improvement actions to the governance framework which were identified from the Council's ongoing review and monitoring of the effectiveness of its governance arrangements. These represent corporate initiatives that will be further progressed during 2024-2025.

	Where are we now?	Where do we want to be?	How will we know we are getting there?	Who is responsible?
1	Some service workforce and succession plans require to be refreshed in order to develop proposals which address wider issues relating to succession planning due to an ageing profile of some staff groups, staff retention challenges and single person dependencies. For some services, a review of training requirements is also required.	Workforce plans are in place which determine future workforce needs and implement solutions to ensure that organisational needs are aligned with the Council's people strategy.	Actions will be included in relevant Service Plans to improve workforce and succession planning and the skills gaps arising from an ageing workforce.	Directors 31 December 2024

Annual Governance Statement

	Where are we now?	Where do we want to be?	How will we know we are getting there?	Who is responsible?
2	<p>All service risk registers were reviewed and updated during 2023-24. Minor housekeeping issues were identified for some service risk registers in relation to the re-assessment of risks in line with expected review dates.</p> <p>The new process for managing risk registers through Pentana/Ideagen will include reminders for ongoing assessment and monitoring of risks and actions in line with committee reporting timetables. This will require training for risk owners on the new process to update risks on Pentana/Ideagen and generate relevant reports.</p>	<p>Risk management strategy is supported by operational guidance and risk owners are trained in the new process with regular reporting to relevant committees.</p>	<p>Operational guidance and procedures will be reviewed and updated to reflect the Council's revised approach to risk management assessment and reporting via Pentana/Ideagen.</p> <p>Training will be provided to risk owners on the new process.</p>	<p>Head of Legal, Democratic, Digital and Customer Services</p> <p>30 November 2024</p>
3	<p>Contract renewals and non-compliant spend analysis is an area of ongoing activity/improvement. Progress has been/continues to be impacted by service staffing levels/resource issues in the Procurement team.</p>	<p>Contract renewals and compliant spend analysis is an embedded service activity.</p>	<p>Actions to improve procurement activity in relation to contract renewals and non-compliant spend analysis will be included within the Physical Assets Service</p>	<p>Head of Physical Assets</p> <p>30 September 2024</p>
4	<p>Within Culture, Communities and Educational Resources (CCER) a Business Classification Framework has been developed and implementation is ongoing.</p>	<p>Business Classification Framework is implemented across all service areas within CCER.</p>	<p>Action to implement the Business Classification Framework within CCER will be included within relevant Committee Delivery and Improvement Plan</p>	<p>Head of Culture, Communities and Education Resources</p> <p>31 December 2024</p>
5	<p>Within Physical Assets, a routine review of records is being addressed but requires more regular attention in some service areas.</p> <p>Training in areas of Information Assets and Cyber Security requires a general refresh.</p>	<p>Service areas within Physical Assets demonstrate compliance with key aspects of the information governance and management framework.</p>	<p>Improvement actions will be included in Physical Assets Service Plan and monitored accordingly.</p>	<p>Head of Physical Assets</p> <p>31 October 2024</p>

In addition, the status of action plans from 2022-2023 Annual Governance Statement (AGS) is set out in the undernoted table:

	Agreed Action	Status at 31/4/23	Further Action	Who is responsible?
1	BCS framework has been developed and is being implemented within all Education establishments. A solutions using the M365 platform is being deployed.	Completed.	N/A	N/A
2	E&R Committee Delivery and Improvement Plan for 2023-24 includes a specific action to improve workforce and succession planning and the skills gaps arising from an ageing workforce.	Ongoing.	Links to 2023-24 improvement action number 1.	Directors 31 December 2024
3	<p>The risk management strategy will be reviewed and updated to reflect the Council's revised approach to strategic planning and performance management.</p> <p>Operational guidance will also be updated to reflect the revised approach.</p> <p>A corporate group will be established to oversee the risk management strategy and process.</p>	<p>Ongoing.</p> <p>The risk management strategy was reviewed and approved by Audit Committee in November 2023.</p> <p>A Corporate Risk Management Group has been established and meets on a regular basis.</p> <p>The Corporate Risk Register has been reported to Audit Committee and Policy & Resources Committee and will be subject to regular reporting going forward.</p>	Links to 2023-24 improvement action number 2.	Head of Legal, Democratic, Digital and Customer Services 30 November 2024
4	The governance of external organisations process will be reviewed and refreshed to ensure required monitoring processes are undertaken and confirmed through annual reporting on key partnerships to Committee.	Complete.	N/A	N/A

8. Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2023-24 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Cllr Stephen McCabe

Leader of the Council

27 June 2024

Louise Long

Chief Executive

27 June 2024

1. Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of the Tiered Contribution Pay Rates table on Page 23, will be audited by KPMG. The other sections of the Remuneration report will be reviewed by KPMG to ensure that they are consistent with the financial statements.

2. Remuneration of the Leader of the Council, the Provost and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2017. In 2023-2024 Councillors received a 6.2% pay increase. The salary for the Leader of the Council is £35,580 per annum (2022-2023 £33,503) and for the Provost is £26,686 per annum (2022-2023 £25,128).

In terms of the same Regulations, the Scottish Government permits Inverclyde Council to nominate up to nine Senior Councillors (in addition to the Leader of the Council and the Provost) whose salaries in aggregate must not exceed a specified amount, currently £216,135 per annum (2022-2023 £203,553) and whose salaries individually must be on a specified scale, currently £21,345 to £26,685 (2022-2023 £20,107 to £25,128). The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The Inverclyde Council Members' Salary and Expense scheme was agreed at a meeting of the full Council on 24 May 2006. On 19 May 2022 the Council approved that Inverclyde Council would have up to nine senior Councillors, (four Strategic Committee Convenors, three Regulatory Board Chairs, one Depute Leader and one Leader of the largest non-administration group); each paid a salary of £22,552 per annum (2022-2023 £22,092).

3. Remuneration of Senior Officers

The salary of Senior Officers is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities. Inverclyde Council does not pay bonuses or performance related pay.

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

- Who has responsibility for the management of the Local Authority to the extent that the person has the power to direct or control the major activities of the Authority, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a),(b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

The Council has interpreted the above criteria as including the Chief Executive, Corporate Directors, Directors, Chief Financial Officer and the Monitoring Officer.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. The table below outlines the remuneration details for Senior Officers, including prior year figures. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2024. The table below contains remuneration details for those persons who were Senior Officers in 2023-2024.

Remuneration Report

Senior Officers	Year ended 31 March 2024				2022-2023
	Gross Salary	Other Fees and Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£	£
Binks R: Corporate Director Education, Communities & Organisational Development	129,688	0	0	129,688	122,320
Rocks, K: Chief Officer, Inverclyde Health and Social Care Partnership	131,633	0	0	131,633	77,325
Hinds, J: Head of Children's Services and Chief Social Work Officer	101,331	0	0	101,331	9,757
Long, L: Chief Executive	140,205	0	0	140,205	133,273
Puckrin, A: Chief Financial Officer	106,244	0	0	106,244	111,282
Jamieson, S: Director Environment & Regeneration	117,984	0	0	117,984	111,282
Strachan, I: Head of Legal, Democratic, Digital and Customer Services (until 7th March 2024)	95,411	0	0	95,411	95,114
Pollock, V: Interim Head of Legal, Democratic, Digital and Customer Services (From 4th March 2024)	70,504	0	0	70,504	0
Totals	893,000	0	0	893,000	660,353

4. Remuneration of Senior Councillors

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Provost and any Councillor designated a Senior Councillor. The table below shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2024.

Leader of the Council, Provost and Senior Councillors	Year ended 31 March 2024			2022-2023
	Gross Salary	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
Clocherty, J: Convener, Education & Communities	22,552	0	22,552	21,950
McCabe, S: Leader of the Council	33,413	385	33,798	32,607
McCormick, M: Convener, Environment & Regeneration	22,552	0	22,552	21,950
Moran, R: Chair of Inverclyde Integration Joint Board	22,552	0	22,552	21,950
Robertson, E: Leader of the largest non-administration group	22,552	0	22,552	22,092
Brooks, G: Chair of Inverclyde Licensing Board	22,552	25	22,577	21,753
Jackson, C: Convenor of Health & Social Care (Until 20/04/2023)	20,195	0	20,195	21,724
McGuire, N: Depute Leader of the Council	22,552	0	22,552	21,724
McKenzie, A: Provost	25,061	0	25,061	23,949
McVey, T: Chair of Planning Board	22,552	0	22,552	21,724
Nelson, I: Convenor of Audit	22,552	0	22,552	22,109
Brennan, F: Convenor of Health & Social Care (From 21/04/2023)	22,404	0	22,404	0
Totals	281,489	410	281,899	253,532

1. No payments were made in connection with loss of employment or office, nor were any other payments received which are not in the above table.
2. No Senior Councillor received any remuneration from a subsidiary of the Council as a representative of the Council.

5. Pension Entitlement

Pension benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS). The pension is based on the person's pensionable service (how long he or she has been a member of the LGPS) and his or her pay. For Councillors, the pension is based on a "career average" – the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, the pension is based on a career average from 1 April 2015. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

A LGPS member's contribution depends upon his or her full-time equivalent pay. The tables for the allocation of rates for 2023-2024 and 2022-2023 are shown below.

Tiered Contribution Pay Rates

Full Time Equivalent (FTE) Pensionable Pay (2023-2024)	Rate (%)
On earnings up to and including £25,300	5.50%
On earnings above £25,301 and up to £31,000	7.25%
On earnings above £31,001 and up to £42,500	8.50%
On earnings above £42,501 and up to £56,600	9.50%
On earnings above £56,601	12.00%

Full Time Equivalent (FTE) Pensionable Pay (2022-2023)	Rate (%)
On earnings up to and including £25,300	5.50%
On earnings above £25,301 and up to £31,000	7.25%
On earnings above £31,001 and up to £42,500	8.50%
On earnings above £42,501 and up to £56,600	9.50%
On earnings above £56,601	12.00%

The value of benefits in the table below has been provided by the Strathclyde Pension Fund Office and is calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date: without exercising any option to commute pension entitlement into a lump sum: and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service, and not just their current appointment.

The pension entitlements for Senior Officers and Senior Councillors for the year to 31 March 2024 are shown in the tables below, together with the contribution made by the Council to each person's pension during the year. The tables contain information for those persons who were Senior Officers or Senior Councillors in 2023-2024.

Remuneration Report

<u>Senior Officers</u>	Accrued Pension Benefits		Change in Accrued Benefits		Pension Contributions made by Inverclyde Council		Length of Service at 31 March 2024 (years / days)
	as at 31 March 2024		since 31 March 2023		2023-2024	2022-2023	
	Pension	Lump Sum	Pension	Lump Sum			
	£000	£000	£000	£000	£000	£000	
Binks R: Corporate Director Education, Communities & Organisational Development	21	0	5	0	25	24	8/247
Long, L: Chief Executive	30	0	6	0	27	26	19/48
Rocks, K: Chief Officer, Inverclyde Health and Social Partnership	5	0	3	0	25	15	1/227
Hinds, J: Head of Children's Services and Chief Social Work Officer	4	0	4	0	20	2	1/39
Puckrin, A: Chief Financial Officer	60	90	(2)	(14)	19	21	38/268
Jamieson, S: Director Environment & Regeneration	40	28	4	(1)	23	21	23/139
Strachan, I: Head of Legal, Democratic, Digital and Customer Services (Until 7th March 2024)	4	0	2	0	18	18	2/63
Pollock, V: Interim Head of Legal, Democratic, Digital and Customer Services (From 4th March 2024)	26	21	1	0	14	0	18/26
Totals	190	139	23	(15)	171	127	

<u>Leader of the Council, Provost and Senior Councillors</u>	Accrued Pension Benefits		Change in Accrued Benefits		Pension Contributions made by Inverclyde Council	
	as at 31 March 2024		since 31 March 2023		2023-2024	2022-2023
	Pension	Lump Sum	Pension	Lump Sum		
	£000	£000	£000	£000	£000	£000
Clocherty, J: Convener, Education & Communities	9	3	2	0	4	4
McCabe, S: Leader of the Council	8	0	2	0	6	6
McCormick, M: Convener, Environment & Regeneration	9	2	2	0	4	4
Moran, R: Chair of Inverclyde Integration Joint Board	9	3	2	0	4	4
Robertson, E: Leader of the largest non-administration group	3	0	1	0	4	4
Brooks, G: Chair of Inverclyde Licensing Board	3	0	1	0	4	4
Jackson, C: Convener of Health & Social Care (Until 20/04/2023)	3	0	1	0	4	4
McGuire, N: Depute Leader of the Council	3	0	1	0	4	4
McKenzie, A: Provost	3	0	1	0	5	5
McVey, T: Chair of Planning Board	3	0	1	0	4	4
Nelson, I: Convener of Audit	8	0	1	0	4	4
Brennan, F: Convener of Health & Social Care (From 21/04/2023)	1	0	1	0	4	0
Totals	62	8	16	0	51	47

6. Councillors' Remuneration

The Council paid the salaries, allowances and expenses to Councillors (including the Senior Councillors above) detailed in the table below for 2023-2024. The annual return of Councillors' salaries and expenses 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 website at <http://www.inverclyde.gov.uk/council-and-government/councillors/elected-members-expenses/>

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument.

<u>All Councillors (Information from public record)</u>	2023-2024	2022-2023
	£	£
Salaries	485,714	472,522
Travel costs - reimbursed	1,696	2,389
Travel costs - paid directly by the Council	7,279	6,389
Subsistence expenses - reimbursed	1,177	789
Subsistence expenses - paid directly by the Council	16	0
Training and conferences - paid directly by the Council	2,225	4,233
Telephone and ICT expenses - reimbursed	830	722
Telephone and ICT expenses - paid directly by the Council	1,529	1,696
Other allowances and expenses	0	0
Totals	500,466	488,740

7. Remuneration of Officers receiving more than £50,000

The following table details the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2023-2024 in bands of £5,000; the details of the number of those employees who left the employment of the Council during 2023-2024; and the details of the number of those employees who were part or fully funded by other bodies.

Remuneration Report

Officers over £50,000 Remuneration Bands	Number of Employees		Left during	Part funded or fully funded by
	2022-2023	2023-2024	2023-2024	other organisations
£50,000 - £54,999	100	332	7	31
£55,000 - £59,999	37	107	0	7
£60,000 - £64,999	52	67	2	2
£65,000 - £69,999	10	44	3	3
£70,000 - £74,999	4	28	0	1
£75,000 - £79,999	4	13	0	0
£80,000 - £84,999	2	8	0	0
£85,000 - £89,999	2	3	0	0
£90,000 - £94,999	4	6	1	1
£95,000 - £99,999	1	6	2	1
£100,000 - £104,999	0	2	0	1
£105,000 - £109,999	1	1	0	0
£110,000 - £114,999	2	1	0	1
£115,000 - £119,999	0	1	0	0
£120,000 - £124,999	1	0	0	0
£125,000 - £129,999	0	1	0	0
£130,000 - £134,999	1	1	0	1
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	1		
Totals	221	622	15	49

8. Exit Packages of Employees

The Council has agreed a number of exit packages as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

Exit package cost band (including special payments)	(a)		(b)		(c)		(d)		(e)
	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band		
	2023-2024	2022-2023	2023-2024	2022-2023	2023-2024	2022-2023	£'s	£'s	
£0 - £20,000	0	0	0	13	0	13	0	152,609	
£20,001 - £40,000	0	0	1	16	1	16	26,369	491,390	
£40,001 - £60,000	0	0	0	6	0	6	0	301,201	
£60,001 - £80,000	0	0	0	0	0	0	0	0	
£80,001 - £100,000	0	0	0	2	0	2	0	151,940	
£100,001 - £150,000	0	0	0	0	0	0	0	0	
£150,001 - £200,000	0	0	0	0	0	0	0	0	
Total	0	0	1	37	1	37	26,369	1,097,140	

Notes:

1. The above exit package values include redundancy, pension strain, and compensatory lump sums for all retirees, the cost of which is reported under Note 16 Defined Benefit Pension Schemes.
2. For employees with pensions provided by the Scottish Public Pensions Agency (the pension provider for teachers), the values include the notional capitalised cost of compensatory added years. The notional cost has not been assessed by the pensions provider and the values have instead been calculated by the local authority using a calculator developed and provided by the pensions provider on the understanding that it is fit for purpose.
3. For employees with pensions provided by the Strathclyde Pension Fund (the pensions provider for all employees other than teachers), the values also include the notional capitalised cost of added years. These costs are based on an assessment by the pensions provider itself of the present value of all future payments to the retiree until death.

Termination Benefits of Employees

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

The Council terminated the contract of 1 employee in 2023-2024 (2022-2023: 37 employees). The above table includes £0.027 million liabilities relating to this release (2022-2023 £1.125 million).

Cllr Stephen McCabe

Leader of the Council

27 June 2024

Louise Long

Chief Executive

27 June 2024

Trade Union Facility Time

Inverclyde Council recognises six trade unions for the purpose of collective bargaining, Unison, GMB, Unite, EIS, UCATT and SSTA.

There were 10 (8 FTE) staff members who were trade union officials during 2023-2024 (2022-2023: 11 staff).

Percentage of time spent on facility time

Percentage of time	Number of Employees 2023-2024	Number of Employees 2022-2023
0%	0	0
1% - 50%	7	8
51% - 99%	0	0
100%	3	3

The total cost of facility time amounted to 0.08% (2022-2023: 0.08%) of the total pay bill, including gross amounts spent on wages, pension contributions and national insurance contributions. 3.69% of the total paid facility time hours was spent on trade union activities (2022-2023: 3.91%).

Expenditure and Funding Analysis

Note 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government Grants, Council Tax and Non-Domestic Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

Expenditure and Funding Analysis 2023-2024

	Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Adjustment to Insurance Fund	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£000	£000	£000	£000
Education	107,398	9,073	193	116,664
Communities	6,062	3,904	7	9,973
Environment & Regeneration	26,361	22,195	180	48,736
Health & Social Care	70,106	834	(52)	70,888
Policy & Resources	14,188	3,108	94	17,390
Net Cost of Services	224,115	39,114	422	263,651
(Gain)/Loss on disposal of non-current assets	0	(108)	0	(108)
Financing and Investment (Income) and Expenditure (Note 4)	(1,512)	4,326	(422)	2,392
Taxation and Non-specific Grant Income (Note 5)	(232,317)	(17,969)	0	(250,286)
(Surplus) or Deficit on the Provision of Services	(9,714)	25,363	0	15,649
Opening General Fund balance at 1 April 2023	27,428			
Transfer (to)/from Other Statutory Reserves	1,299			
Surplus/(Deficit) on General Fund in the year	9,714			
Closing General Fund balance at 31 March 2024	38,441			

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2023-2024	Adjustments for Capital purposes	Net change to Pension adjustments	Other differences	Total adjustments
	£000	£000	£000	£000
Education	15,339	298	(6,564)	9,073
Communities	3,743	17	144	3,904
Environment & Regeneration	23,249	151	(1,205)	22,195
Health & Social Care	441	332	61	834
Policy & Resources	933	(1,459)	3,634	3,108
Net Cost of Services	43,705	(661)	(3,930)	39,114
Other operating expenditure	(108)			(108)
Financing and Investment (Income) and Expenditure	13,330	(8,469)	(535)	4,326
Taxation and Non-specific Grant Income	(17,969)			(17,969)
Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service	38,958	(9,130)	(4,465)	25,363

Expenditure and Funding Analysis

Comparative Figures for 2022-2023

	Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis Restated	Adjustments to Insurance Fund	Net Expenditure in the Comprehensive Income & Expenditure Statement Restated
	£000	£000	£000	£000
Education	100,520	14,446	(124)	114,842
Communities	6,228	3,182	(13)	9,397
Environment & Regeneration	24,657	14,372	(90)	38,939
Health & Social Care	66,819	7,382	(59)	74,142
Policy & Resources	21,712	2,708	0	24,420
Net Cost of Services	219,936	42,090	(286)	261,740
(Gain)/Loss on disposal of non-current assets	0	181	0	181
Financing and Investment (Income) and Expenditure (Note 4)	16,674	(4,503)	286	12,457
Taxation and Non-specific Grant Income (Note 5)	(224,809)	(18,668)	0	(243,477)
(Surplus) or Deficit on the Provision of Services	11,801	19,100	0	30,901
Opening General Fund balance at 1 April 2021	39,109			
Transfer (to)/from other statutory reserves	120			
Surplus/(Deficit) on General Fund in the year	(11,801)			
Closing General Fund balance at 31 March 2022	27,428			

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts

2022-2023	Adjustments for Capital purposes	Net change to Pension adjustments	Other differences	Total adjustments
	£000	£000	£000	£000
Education	13,684	6,637	(5,875)	14,446
Communities	2,690	350	142	3,182
Environment & Regeneration	11,896	3,317	(841)	14,372
Health & Social Care	271	6,782	329	7,382
Policy & Resources	944	(216)	1,980	2,708
Net Cost of Services	29,485	16,870	(4,265)	42,090
Other operating expenditure	181	0	0	181
Financing and Investment (Income) and Expenditure	(5,316)	912	(99)	(4,503)
Taxation and Non-specific Grant Income	(18,668)	0	0	(18,668)
Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service	5,682	17,782	(4,364)	19,100

Expenditure and Funding Analysis

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

Changes for Pension Adjustments

Net change for the removal of pension contributions and addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with the current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income & Expenditure Statement.

Other Differences

Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income & Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For financing and investment (income) and expenditure** – the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:

- **For financing and investment (income) and expenditure** the other non-statutory adjustment column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

Expenditure and Funding Analysis

Expenditure and Income Analysed by Nature

Where items are not disclosed on the face of the Comprehensive Income & Expenditure Statement (CIES), *The Code* requires a disclosure of the nature and amount of material items. An analysis of material items of income and expenditure by nature is shown below:

	2023-2024	2022-2023
Expenditure	£000	£000
Employee Benefits Expenses	160,323	170,661
Depreciation, Amortisation, Impairment	44,292	29,734
Payment to IJB	70,086	66,817
Other Service Expenses	144,242	142,540
Interest Payments	2,392	12,457
(Gain) or Loss on the Disposal of Assets	(108)	181
Total Expenditure	421,227	422,390
Income		
Fees, Charges and Other Service Income	(36,463)	(18,617)
Payment from IJB	(70,086)	(66,817)
Income from Council Tax	(35,334)	(34,146)
Government Grants and Contributions	(263,695)	(271,909)
Total Income	(405,578)	(391,489)
(Surplus)/Deficit on the Provision of Service	15,649	30,901

Segmental Income

Income received on a segmental basis is analysed below:

	2023-2024	2022-2023
	Income from	Income from
	Services	Services
	£000	£000
Services		
Education	(24,391)	(25,133)
Communities	(537)	(464)
Environment & Regeneration	(24,402)	(24,736)
Health & Social Care	(101,446)	(91,463)
Policy & Resources	(24,761)	(25,412)
Total Income Analysed on a Segmental Basis	(175,537)	(167,208)

Comprehensive Income & Expenditure Statement

The Comprehensive Income & Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting costs. The taxation position is shown in the *Expenditure and Funding Analysis* and the *Movement in Reserves Statement*.

2022-2023				2023-2024		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
132,262	(17,420)	114,842	Education	132,711	(16,047)	116,664
9,861	(464)	9,397	Communities	10,510	(537)	9,973
57,395	(18,456)	38,939	Environment & Regeneration	66,694	(17,958)	48,736
165,605	(91,463)	74,142	Health & Social Care	172,334	(101,446)	70,888
49,183	(24,763)	24,420	Policy & Resources	41,438	(24,048)	17,390
414,306	(152,566)	261,740	Cost of Services	423,687	(160,036)	263,651
		181	Other Operating Expenditure and (Income) - (Gain)/Loss on disposal of non-current assets			(108)
		12,457	Financing and Investment (Income) and Expenditure (Note 4)			2,392
	(243,477)		Taxation and Non-specific Grant Income (Note 5)			(250,286)
		30,901	(Surplus) or Deficit on the Provision of Services			15,649
	(35,862)		(Surplus) or deficit on the revaluation of non current assets			(19,312)
	1,919		Impairment losses on non-current assets charged to the Revaluation Reserve			2,905
	(57,836)		Remeasurement of the net defined benefit pensions liability (Note 16)			56,386
	(91,779)		Other Comprehensive (Income) and Expenditure			39,979
	(60,878)		Total Comprehensive (Income) and Expenditure			55,628

Balance Sheet

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 is 'usable reserves', which are 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 'unusable reserves' and these are not available to provide services. This category of reserves holds unrealised gains or losses (in for example the Revaluation Reserve) and timing differences (as detailed in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations").

31 March 2023		Note	31 March 2024
£000			£000
580,525	Property, Plant & Equipment	7	576,742
19,522	Heritage Assets	10	19,417
16	Intangible Assets		3
243	Long-term Debtors	11	173
47,570	Long-term Pension Asset	16	0
647,876	Non-current Assets		596,335
10,224	Short-term Investments	20	53
50	Assets Held for Sale	8	1,330
383	Inventories		343
19,226	Short-term Debtors	11	17,204
16,126	Cash and Cash Equivalents	12	5,691
46,009	Current Assets		24,621
(14,449)	Short-term Borrowing	20	(19,570)
(57,185)	Short-term Creditors	13	(46,649)
(489)	Short-term Provisions	14	(374)
(2,208)	Short-term Finance Leases	15	(2,309)
(74,331)	Current Liabilities		(68,902)
(172,287)	Long-term Borrowing	20	(163,942)
(1,737)	Government Grants Deferred		(831)
	Other Long-term Liabilities:		
(53,068)	Finance Leases	15	(50,761)
(32,944)	Pensions	16	(32,630)
(260,036)	Long-term Liabilities		(248,164)
359,518	Net Assets		303,890
37,481	Usable Reserves	3	47,800
322,037	Unusable Reserves	18	256,090
359,518	Total Reserves		303,890

Alan Puckrin C.P.F.A
Chief Financial Officer

Issued on: 27 June 2024

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 Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The net increase/(decrease) line shows the statutory General Fund balance movements in the year following those adjustments.

Year ended 31 March 2024

	Usable Reserves						Unusable Reserves	Total Reserves of the Council
	General Fund Balance	Capital Grants and Receipts Unapplied Account	Capital Fund	Repairs & Renewal Fund	Insurance Fund	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023 Carried Forward	27,428	2,490	(315)	3,062	4,816	37,481	322,037	359,518
Movement in Reserves during 2023-2024								
Total Comprehensive Income & Expenditure	(15,649)	0	0	0	0	(15,649)	(39,979)	(55,628)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	25,363	(1,003)	0	0	0	24,360	(24,360)	0
Net Increase or (Decrease) before								
Transfers to Other Statutory Reserves	9,714	(1,003)	0	0	0	8,711	(64,339)	(55,628)
Transfers (to) and from Other Statutory Reserves	1,299	0	593	138	(422)	1,608	(1,608)	0
Increase or (Decrease) in the Year	11,013	(1,003)	593	138	(422)	10,319	(65,947)	(55,628)
Balance at 31 March 2024 Carried Forward	38,441	1,487	278	3,200	4,394	47,800	256,090	303,890

Comparative Figures for Year ended 31 March 2023

	Usable Reserves						Unusable Reserves	Total Reserves of the Council
	General Fund Balance	Capital Grants and Receipts Unapplied Account	Capital Fund	Repairs & Renewal Fund	Insurance Fund	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022 Carried Forward	39,109	800	156	3,369	4,633	48,067	250,573	298,640
Movement in Reserves during 2022-2023								
Total Comprehensive Income & Expenditure	(30,901)	0	0	0	0	(30,901)	91,779	60,878
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	19,100	1,690	0	0	0	20,790	(20,790)	0
Net Increase or (Decrease) before								
Transfers to Other Statutory Reserves	(11,801)	1,690	0	0	0	(10,111)	70,989	60,878
Transfers (to) and from Other Statutory Reserves	120	0	(471)	(307)	183	(475)	475	0
Increase or (Decrease) in the Year	(11,681)	1,690	(471)	(307)	183	(10,586)	71,464	60,878
Balance at 31 March 2023 Carried Forward	27,428	2,490	(315)	3,062	4,816	37,481	322,037	359,518

Cash Flow Statement

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

2022-2023		2023-2024
£000		£000
(30,901)	Net surplus or (deficit) on the provision of services	(15,649)
57,909	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements (Note 26)	25,627
	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and	
11,686	financing activities (Note 26)	(12,102)
38,694	Net cash inflow from Operating Activities (Note 26)	(2,124)
(34,006)	Investing Activities (Note 27)	(3,207)
(6,754)	Financing Activities (Note 28)	(5,104)
(2,066)	Net increase or (decrease) in cash and cash equivalents	(10,435)
18,192	Cash and cash equivalents at the beginning of the reporting period	16,126
16,126	Cash and cash equivalents at the end of the reporting period (Note 12)	5,691

Notes to the Principal Financial Statements

Note 2 Adjustments between Accounting Basis and Funding Basis under Regulations

Income and expenditure is recognised by the Council in the Comprehensive Income & Expenditure Statement (CIES) in accordance with proper accounting practice. Certain adjustments are then made by law in the Movement in Reserves Statement (MiRS). The adjusted figures are those that are available to meet future capital and revenue expenditure. The table below details these adjustments. Figures for 2022-2023 are provided in an additional table for the purposes of comparison.

2023-2024	Usable Reserves		Corresponding Adjustments to Unusable Reserves					
	Adjustments to Comprehensive Income & Expenditure £000	Adjustment to Capital Grants and Receipts Unapplied Account (Usable Reserve) £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Employee Statutory Adjustment Account £000	Net Movement in Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	44,278				(44,278)			(44,278)
Amortisation of intangible assets	14				(14)			(14)
Capital grants and contributions applied	(17,969)	(1,003)			18,972			18,972
Capital expenditure charged in-year to the General Fund balance.	(586)				586			586
Net gain or (loss) on non-current asset disposals	(108)				108			108
Statutory provision for the principal repayment of loan charges	9,770				(9,770)			(9,770)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(535)					535		535
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 16)	8,813			(8,813)				(8,813)
Employers' pension contributions payable in the year	(17,943)			17,943				17,943
Amount by which employees' remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(371)						371	371
Total Adjustments	25,363	(1,003)	0	9,130	(34,396)	535	371	(24,360)

Notes to the Principal Financial Statements

Comparative Information 2022-2023

2022-2023	Usable Reserves		Corresponding Adjustments to Unusable Reserves					
	Adjustments to Comprehensive Income & Expenditure £000	Adjustment to Capital Grants and Receipts Unapplied Account (Usable Reserve) £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Employee Statutory Adjustment Account £000	Net Movement in Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	29,718				(29,718)			(29,718)
Amortisation of intangible assets	16				(16)			(16)
Capital grants and contributions applied	(18,669)	1,690			16,979			16,979
Capital expenditure charged in-year to the General Fund balance.	(249)				249			249
Net gain or (loss) on non-current asset disposals	181				(181)			(181)
Statutory provision for the principal repayment of loan charges	(10,323)				10,323			10,323
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(99)					99		99
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 16)	34,394			(34,394)				(34,394)
Employers' pension contributions payable in the year	(16,612)			16,612				16,612
Amount by which employees' remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	743						(743)	(743)
Total Adjustments	19,100	1,690	0	(17,782)	(2,364)	99	(743)	(20,790)

Note 3 Usable Reserves

Reserves are created by appropriating amounts from 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 within the CIES. 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.

The Council has several usable reserve funds. The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes. The Repairs & Renewals Fund provides for the upkeep of specific assets held by the Council. The Capital Fund is used to meet the costs of capital investment in assets and for the repayment of the principal element of borrowings.

Notes to the Principal Financial Statements

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MiRS). The major part of the General Fund balance shown in the MiRS has been earmarked and effectively committed to fund specific projects in future years. The amounts set aside for earmarked reserves are shown in the following table:

	Balance at 1 April 2022 £000	Transfers Out 2022-2023 £000	Transfers In 2022-2023 £000	Balance at 31 March 2023 £000	Transfers Out 2023-2024 £000	Transfers In 2023-2024 £000	Balance at 31 March 2024 £000
Earmarked Reserves:							
Beacon Arts Centre	87	(27)	0	60	0	0	60
New Scots Funding	0	0	287	287	(208)	96	175
Miscellaneous Education & Communities Reserves	5,801	(21,368)	17,403	1,836	(1,836)	411	411
Renewal of Clune Park Area	2,327	(115)	90	2,302	(113)	590	2,779
Repopulating/Promoting Inverclyde	257	(162)	0	95	0	0	95
Job Recovery Plan	3,077	(650)	0	2,427	(998)	0	1,429
Covid Recovery - Business Development Interventions	90	(150)	728	668	(51)	0	617
Business Loans Scotland - SME Activities	230	0	0	230	0	0	230
Shared Prosperity Fund/Projects	0	0	0	0	(694)	1,307	613
Miscellaneous Environment & Regeneration Committee	4,502	(2,625)	1,125	3,002	(2,277)	245	970
Early Retiral/Voluntary Severance Reserve	1,473	(1,178)	0	295	(68)	2,900	3,127
Digital Modernisation	160	(62)	0	98	(119)	1,170	1,149
Anti Poverty Fund	1,188	(643)	657	1,202	(363)	1,409	2,248
Loans Charges Funding Model	337	0	1,308	1,645	(824)	0	821
2023/26 Budget Funding Reserves	6,000	(4,000)	0	2,000	(3,000)	4,000	3,000
Budget Delivery Reserve	0	0	0	0	0	2,671	2,671
Service Concession Smoothing Reserve	0	0	602	602	(254)	142	490
IRI Smoothing Reserve	0	0	0	0	646	0	646
Revenue Contribution to Capital Programme	2,776	(1,867)	497	1,406	(1,406)	6,852	6,852
Support with Energy Bill Costs	3,000	(3,000)	0	0	0	0	0
Fund March 2023 Budget Decisions	0	0	452	452	(452)	0	0
Allocation towards Ex - SRC Claims	0	0	0	0	0	500	500
Elections 2024/27	0	0	0	0	0	300	300
Allocation to sinking fund related for Asset Review	0	0	0	0	0	3,750	3,750
Miscellaneous Policy & Resources Committee Reserves	4,085	(3,244)	280	1,121	(1,007)	980	1,094
Total Earmarked Reserves	35,390	(39,091)	23,429	19,728	(13,024)	27,323	34,027

Notes to the Principal Financial Statements

	Balance at 1 April 2022 £000	Transfers Out 2022-2023 £000	Transfers In 2022-2023 £000	Balance at 31 March 2023 £000	Transfers Out 2023-2024 £000	Transfers In 2023-2024 £000	Balance at 31 March 2024 £000
Total Earmarked Reserves	35,390	(39,091)	23,429	19,728	(13,024)	27,323	34,027
Non-earmarked balance	3,719		3,981	7,700	(3,286)		4,414
Total General Fund Balance	39,109	(39,091)	27,410	27,428	(16,310)	27,323	38,441
Capital Fund	156	(471)	0	(315)	0	593	278
Repairs & Renewal Fund	3,369	(307)	0	3,062	0	138	3,200
Insurance Fund	4,633	0	183	4,816	(422)	0	4,394
Capital Receipts Unapplied Account	800	0	1,690	2,490	(1,003)	0	1,487
Total Usable Reserves	48,067	(39,869)	29,283	37,481	(17,735)	28,054	47,800

Note 4 Financing and Investment (Income) and Expenditure

	2023-2024 £000	2022-2023 £000
Interest payable and similar charges:		
- Schools' Public Private Partnership finance lease	4,998	4,814
- Other interest payments and similar charges	10,611	9,506
Net interest on the defined benefit pension liability	(8,469)	912
Interest receivable and similar income	(4,748)	(2,775)
Total	2,392	12,457

Note 5 Taxation and Non-specific Grant Income

	2023-2024 £000	2022-2023 £000
Income from Council Tax	(35,334)	(34,146)
Distribution from Non-Domestic Rates pool	(21,333)	(15,906)
General Revenue Grant	(175,650)	(174,757)
Recognised Capital Grants and contributions	(17,969)	(18,668)
Total	(250,286)	(243,477)

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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants) or Taxation and Non-specific Grant Income (non-ring-fenced revenue grants and all capital grants). Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the Movement in Reserves Statement.

Notes to the Principal Financial Statements

The Council credited the following grants, contributions and donations to the CIES in 2023-2024:

	2023-2024	2022-2023
	£000	£000
Credited to Taxation and Non-specific Grant Income		
General Revenue Grant	(177,054)	(179,255)
Distribution from Non-Domestic Rates pool	(19,929)	(15,906)
General Capital Grant (excludes amounts directly credited to Services)	(10,445)	(8,938)
Capital Grants	(5,905)	(9,481)
Credited to Services		
Housing Benefit	(22,133)	(22,001)
Housing Benefit Administration	(384)	(379)
Other Housing	(3,162)	(3,079)
Community Service Grant	(192)	(555)
Social Work	(5,215)	(5,022)
Regeneration	(2,822)	(2,869)
Resource Transfer	(12,680)	(12,248)
Roads	(115)	(118)
Education	(13,420)	(15,515)
Employability	(1,247)	0
Covid	(16)	(256)
Other	(36)	(537)
Total	(274,755)	(276,159)

Note 6 External Audit Fees

The Council incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections by the Council's external auditors.

	2023-2024	2022-2023
	£000	£000
Fees payable for external audit services carried out by the appointed auditor for the year.	312	299
	312	299

Note 7 Property, Plant & Equipment

Assets that have physical substance and are held for use in the supply of 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 & Equipment*.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset e.g. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

Notes to the Principal Financial Statements

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

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

- Infrastructure, community assets & assets under construction – depreciated historic cost.
- Surplus assets – current value as estimated at highest and best use from an open market perspective (fair value).
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost or insurance replacement cost has been used as an estimate of current value. For non-property assets that have short useful lives or low values, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. The Council has moved to an Indexation method of revaluation, rather than the five year interval which previously took place. This means that the value of the assets will be updated more frequently than every five years. The indexation valuation percentages are independently undertaken by Avison Young, a professional firm of chartered surveyors, and was completed on 31 March 2022.

Impairment

Assets are assessed at each year-end as to whether there is any indication of impairment. The Council recognises the impairment of non-current assets in accordance with Financial Standard IAS36 (Impairment of Assets) whereby any material reduction in asset value as a result of changing market conditions or clear consumption of an asset is recognised in the CIES only to the extent that the loss exceeds the balance on the Revaluation Reserve relating to the specific asset.

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 taken to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses in the (Surplus) or Deficit on Provision of Services.

Depreciation

Depreciation is provided for on all Property, Plant & Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged on a straight-line basis over the useful life of the assets. No depreciation is charged in the year of acquisition but a full year's depreciation is charged in the year of disposal.

The periods of depreciation and categories of assets are:

- Buildings – 10 to 60 years;
- Schools – 10 to 60 years;
- Vehicles, equipment and plant – 2 to 10 years;
- Infrastructure – 2 to 40 years.

Where a material item of Property, Plant & Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately in accordance with the Council approved policy for material assets with a value in excess of £1 million. Significant components are deemed to be those whose value is 25% or more of the total value of the asset.

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.

Notes to the Principal Financial Statements

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

Movement on Balances

The movements on balances for Property, Plant & Equipment (PPE) are shown in the following table. Figures for 2022-2023 are provided in an additional table below for the purposes of comparison.

Movements in 2023-2024

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets not for Sale £000	Assets Under Construction £000	Schools PPP Assets £000	Total PPE £000
Cost or Valuation							
At 1 April 2023	420,244	27,060	1,132	4,504	9,910	98,010	560,860
Additions in year	8,185	2,584	1,319	441	5,631	35	18,195
Disposals in year	(1,688)	(402)	0	0	0	0	(2,090)
Revaluation adjustments to Revaluation Reserve	1,830	0	1,539	(63)	0	725	4,031
Revaluation adjustments to CIES	(3,429)	0	(102)	0	(11,160)	0	(14,691)
Reclassifications to/from Held for Sale	(1,161)	0	0	(661)	0	0	(1,822)
Other reclassifications	0	0	0	0	0	0	0
At 31 March 2024	423,981	29,242	3,888	4,221	4,381	98,770	564,483
Depreciation and Impairment							
At 1 April 2023	34,015	19,204	510	698	3	2,001	56,431
Depreciation charge for the year	18,332	2,485	28	16	6	3,173	24,040
Impairment losses to Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses to CIES	0	0	0	0	0	0	0
Depreciation on disposals	(31)	(398)	0	0	0	0	(429)
On Revaluations to Revaluation Reserve	(10,123)	0	0	0	0	(2,096)	(12,219)
On Revaluations to CIES	0	0	0	0	0	0	0
Reclassifications to/from Held for Sale	(542)	0	0	0	0	0	(542)
Other reclassifications	0	0	0	0	0	0	0
At 31 March 2024	41,651	21,291	538	714	9	3,078	67,281
Balance Sheet amount at 31 March 2024	382,330	7,951	3,350	3,507	4,372	95,692	497,202
Balance Sheet amount at 31 March 2023	386,229	7,856	622	3,806	9,907	96,009	504,429
Nature of asset holding							
Owned	366,283	7,951	3,076	3,346	4,372	0	385,028
Managed properties	16,047	0	274	161	0	0	16,482
PPP	0	0	0	0	0	95,692	95,692

Notes to the Principal Financial Statements

The Net Book Value of the Infrastructure Assets, as at 31 March 2024 was £79.539m (2022-2023 £76.096m). The total NBV of PPE including the Infrastructure Assets is therefore £576.742m (2022-2023 £580.525m).

Comparative Movements in 2022-2023

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets not for Sale £000	Assets Under Construction £000	Schools PPP Assets £000	Total PPE £000
Cost or Valuation							
At 1 April 2022	393,768	26,825	805	4,144	11,425	96,642	533,609
Additions in year	8,363	1,752	445	333	9,999	1	20,893
Disposals in year	0	(1,517)	0	0		0	(1,517)
Revaluation adjustments to Revaluation Reserve	11,413	0	(27)	77	0	1,367	12,830
Revaluation adjustments to CIES	0	0	(91)	0	(4,814)	0	(4,905)
Reclassifications to/from Held for Sale	0	0	0	(50)	0	0	(50)
Other reclassifications	6,700	0	0	0	(6,700)	0	0
At 31 March 2023	420,244	27,060	1,132	4,504	9,910	98,010	560,860
Depreciation and Impairment							
At 1 April 2022	31,774	18,117	507	687	1	2,806	53,892
Depreciation charge for the year	16,819	2,481	3	11	2	2,960	22,276
Impairment losses to Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses to CIES	0	0	0	0	0	0	0
Depreciation on disposals	0	(1,394)	0	0	0	0	(1,394)
On Revaluations to Revaluation Reserve	(13,861)	0	0	0	0	(3,765)	(17,626)
On Revaluations to CIES	(717)	0	0	0	0	0	(717)
Reclassifications to/from Held for Sale	0	0	0	0	0	0	0
Other reclassifications	0	0	0	0	0	0	0
At 31 March 2023	34,015	19,204	510	698	3	2,001	56,431
Balance Sheet amount at 31 March 2023	386,229	7,856	622	3,806	9,907	96,009	504,429
Balance Sheet amount at 31 March 2022	361,995	8,708	298	3,457	11,424	93,835	479,717
Nature of asset holding							
Ow ned	369,040	7,856	366	3,669	9,907	0	390,838
Managed Properties	17,189		256	137	0	0	17,582
PPP						96,009	96,009

Commitments under Capital Contracts

At 31 March 2024, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant & Equipment and for contributions to capital works budgeted to cost £4.286 million. Similar contracts at 31 March 2023 were £8.874 million.

Notes to the Principal Financial Statements

The major capital commitments include:

	£000
West Blackhall Street	983
Greenock Town Hall, Roofing, Ventilation & Windows	1,796

Note 8 Assets Held for Sale

Property, land and buildings are classified as “*Held for Sale*” when the following criteria are met:

- The property is available for immediate sale in its present condition.
- The sale must be highly probable; and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances may extend the period to complete the sale beyond one year).

When these criteria are met, assets within the category of *Property, Plant & Equipment* will be reclassified to “*Assets Held for Sale*”. The date of reclassification will normally be the date approval was granted by Committee to sell the asset.

At 31 March 2024, the Council has 14 assets held for sale (£1.330m), (31 March 2023, one asset was held for sale £0.050m).

	31 March 2024	31 March 2023
	£000	£000
Opening Balance at 1 April	50	0
Disposals	0	0
Assets newly classified as "held for sale": Property, Plant & Equipment	1,280	50
Revaluation adjustments to Revaluation Reserve	0	0
Closing Balance at 31 March	1,330	50

Notes to the Principal Financial Statements

Note 9 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the assets acquired under finance leases and PPP 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, a measure of capital expenditure incurred historically by the Council that has yet to be financed.

	2023-2024	2022-2023
	£000	£000
Opening Capital Financing Requirement	283,779	285,180
Capital Investment:		
~ Capital Expenditure	26,889	26,565
~ Leased equipment and Schools PPP assets	35	1
Total Capital Investment for the year	26,924	26,566
Sources of Finance:		
~ Capital receipts from the sale of assets	(160)	(416)
~ Government grants and other contributions	(18,972)	(16,979)
~ Capital from current revenue	(586)	(249)
~ Loans Fund principal repayment (including finance leases & PPP)	9,770	(10,323)
Total Capital Financing for the year	(9,948)	(27,967)
Closing Capital Financing Requirement	300,755	283,779

	2023-2024	2022-2023
	£000	£000
Explanation of movements in the year:		
~ Increase/(Reduction) in underlying need to borrow	19,182	738
~ Increase/(Reduction) in finance leases obligations	0	0
~ Increase/(Reduction) in PPP finance lease creditor	(2,206)	(2,139)
Increase/(Reduction) in Capital Financing Requirement	16,976	(1,401)

Note 10 Heritage Assets

The Council holds and conserves heritage assets for future generations in support of the primary objective of increasing the knowledge, understanding and appreciation of the history of the area of Inverclyde.

As a general policy, heritage assets are recognised on the Balance Sheet where the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset is not recognised on the Balance Sheet.

The valuation disclosed in the Balance Sheet is based on a valuation of the fair value of the Council's Heritage Assets carried out by an external valuer, the valuation of the Heritage Assets is being carried out in 3 phases with phase 2 having been completed in 2023/24 resulting in the Revaluation adjustments shown in the table below. Phase 3 will be completed in 2024/25 and will result in the full collection having been revalued. The Council's policy on management, acquisitions and disposals is contained in its policy document. This document and further information about the collections are publicly available on the Museum's section of Inverclyde Council's website:

<https://www.inverclyde.gov.uk/community-life-and-leisure/heritage-services/collections/museum-collections>

The carrying value of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. It is likely that disposals of heritage assets will be made only very occasionally. Where this does occur, the proceeds of such items are accounted for in accordance with the Council's policies relating to the disposal of Property, Plant & Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements.

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

	2023-2024	2022-2023
	Total Assets	Total Assets
	£000	£000
Valuation or Cost		
1 April	19,522	18,060
Revaluations	(105)	1,453
Additions		9
31 March	19,417	19,522

Notes to the Principal Financial Statements

Note 11 Debtors

	31 March 2024				31 March 2023			
	Short-term		Long-term		Short-term		Long-term	
	£000	£000	£000	£000	£000	£000	£000	£000
Scottish Government (including NHS bodies)		9,547		0		12,850		0
Central Government bodies		1,223		0		1,182		0
Other Local Authorities		2,264		0		2,033		0
Council Tax receivable from taxpayers	19,247		0		18,326		0	
Impairment allowance for doubtful debts	(17,782)		0		(17,076)		0	
Council Tax (net of impairment)		1,465		0		1,250		0
Trade debtors	8,920		0		7,770		0	
Impairment allowance for doubtful debts	(6,268)		0		(5,912)		0	
Trade Debtors (net of impairment)		2,652		0		1,858		0
Other entities and individuals	53		173		53		243	
Impairment allowance for doubtful debts	0		0		0		0	
Other entities and individuals (net of impairment)		53		173		53		243
Totals for Short-term and Long-term Debtors		17,204		173		19,226		243

In March 2016, the Council made a £0.6 million loan to Inverclyde Leisure. This is shown within 'other entities and individuals (net of impairment)'.

Note 12 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 investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

	31 March 2024	31 March 2023
	£000	£000
Cash held by the Council	6	6
Bank current accounts	5,685	3,941
Deposits up to three months with UK Banks, Building Societies and Local Authorities	0	12,179
Total Cash and Cash Equivalents	5,691	16,126

Note 13 Creditors

Short Term Creditors

	31 March 2024 £000	31 March 2023 £000
Scottish Government (including NHS bodies)	(21,742)	(24,513)
Central Government bodies	(4,425)	(4,114)
Other Local Authorities	(616)	(473)
Trade Creditors	(18,927)	(27,050)
Public Corporations	(412)	(508)
Other Entities & Individuals	(527)	(527)
Total Short-term Creditors	(46,649)	(57,185)

Note 14 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income & Expenditure Statement when the Council has an 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 be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Short-term Provisions - Movement on Balances 2023-2024

	Balance at 1 April 2023 £000	Additional Provisions made in 2023-2024 £000	Amounts used in 2023-2024 £000	Unused amounts written back in 2023-2024 £000	Balance at 31 March 2024 £000
Municipal Mutual Insurance Claims (note 1)	(389)		15		(374)
Social Care Provision (note 2)	(100)		100		0
Total Short-term Provisions	(489)	0	115	0	(374)

Notes

- For any potential shortfall in the current Scheme of Arrangement to meet any new claims.
- For the anticipated costs in relation to an award of expenses granted against the Council in relation to a court case concerning an adult social care matter.

Notes to the Principal Financial Statements

Note 15 Schools Public Private Partnership

The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The agreement provides the Council with two secondary and two primary schools. The provider is required to ensure the availability of these buildings to a pre-agreed standard. When the agreement ends in 2040, the buildings will be handed back to the Council with a guarantee of no major maintenance requirements for a five-year period.

The Public Private Partnership agreement for the provision of school buildings, their maintenance and other facilities is accounted for in accordance with International Financial Reporting Interpretations Committee (IFRIC) 12 Service Concession Arrangements. The Council carries the assets and the associated liability to the PPP operator on its Balance Sheet. The annual amount payable to the PPP operator (the unitary charge) is apportioned between operating costs, interest payments and the repayment of debt. The property, plant & equipment of the PPP scheme are depreciated over the useful life of the assets and the associated liability to the operator is reduced by the principal repayments paid as part of the unitary charge.

The assets used to provide services at the schools are recognised on the Council's Balance Sheet. Movements in value over the year are detailed in the analysis of the movement in Note 7 Property, Plant & Equipment.

Remaining Payments under the Agreement

The Council makes payments each year, which are increased by inflation and reduced if the contractor fails to meet availability and performance standards. Payments remaining to be made under the PPP contract at 31 March 2024 (assuming an adjusted inflation rate of 2.70% and excluding any estimation of availability and performance deductions) are as follows:

	Future Payments for services (including lifecycle maintenance)	Repayment of Liability	Finance Interest Estimated Inflation	Contingent Rentals	Total
	£000	£000	£000	£000	£000
Not later than 1 year	5,003	2,309	3,096	1,894	12,302
Later than 1 year and not later than 5 years	21,992	10,776	10,085	9,163	52,016
Later than 5 years and not later than 10 years	35,289	15,189	6,447	14,260	71,185
Later than 10 years and not later than 15 years	30,234	20,727	481	18,721	70,163
Later than 15 years and not later than 20 years	6,161	4,069	0	4,147	14,377
Payable within 21 to 25 years	0	0	0	0	0
Total	98,679	53,070	20,109	48,185	220,043

Fair Value of Liability

The treasury advisor to Inverclyde Council has assessed the fair value of the lease liability as £58.6 million. The impact of a 1% increase in the discount factor is assessed at £4.0 million and would reduce the fair value to £54.6 million. More information on the assessment of fair values is available in Note 20 Financial Instruments.

Liabilities from PPP Arrangements

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

	2023-2024	2022-2023
	£ 000	£ 000
Balance outstanding at the start of the year	55,276	57,415
Payments during the year	(2,206)	(2,139)
Capital expenditure incurred in the year	0	0
Balance outstanding at year-end	53,070	55,276
Included in Balance Sheet		
~ Current	2,309	2,208
~ Non-current	50,761	53,068
	53,070	55,276

Note 16 Defined Benefit Pension Schemes

Post-Employment Benefits

The Council participates in two separate schemes; the Scottish Teachers' Pension Scheme which is administered by the Scottish Government (Note 17) and the post-employment scheme for employees other than teachers is the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund in respect of all local authorities and admitted bodies in the former Strathclyde area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

The LGPS is accounted for as a "defined benefit" scheme in accordance with International Accounting Standard 19 (IAS19). Inverclyde Council's share of the net pension liability in the Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The CIES recognises changes during the year in the pension liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. 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 Strathclyde Pension Fund.

Participation in Pension Schemes

Benefits

- It is a defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pension liability with investment assets.
- A Career Average Revalued Earnings (CARE) pension scheme has been introduced from 1 April 2015. The pension accrual rate guarantees a pension that is built up at a rate of 1/49th of the pensionable pay in the financial year. The amount built up in the year is transferred to the member's Pension Account and at the end of each financial year the total in the member's Pension Account is adjusted in line with the cost of living to ensure it retains its purchasing power.

Notes to the Principal Financial Statements

- For pension contributions from 2009 to 2015, the pension is based on 1/60th of final pensionable salary and years of service, and prior to 2009, the accrual rate guarantees a pension based on 1/80th and a lump sum based on 3/80th of final pensionable pay and years of pensionable service.
- For contribution from 2009 there is no automatic entitlement to a lump sum. Members of the Pension Scheme may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004. The scheme's retirement age is the normal age for the state pension. Pensions are increased annually in line with changes to the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Governance

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This Committee is comprised solely of Elected Members of Glasgow City Council. The Strathclyde Pension Fund Board meets alongside the Strathclyde Pension Fund Committee. It helps with compliance and to take account of all shareholder interests. The Board has eight members, four employer representatives and four from trade unions.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies) such as Inverclyde Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Principal Risks

- The principal risks to the Scheme are the longevity assumptions, statutory changes to the Scheme, changes to inflation, bond yields and the performance of the investments held by the Scheme. The long-term funding strategy and the employer's contribution rates are reviewed triennially and take into account these factors to mitigate the risks. The taxpayer is protected from temporary swings in some of these factors (inflation, bond yields and investment performance) by the adjustments by law to the amount charged to the General Fund as detailed in Note 2.

Discretionary Post-employment Benefits

- Discretionary post-employment benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when an award is made. There are no pension plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the Council's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Council Tax is based upon the pension contributions payable by the Council in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

The following transactions have been included in the accounting statements in 2023-2024 and the prior year 2022-2023.

Notes to the Principal Financial Statements

	31 March 2024	31 March 2023
	£000	£000
Comprehensive Income & Expenditure Statement (CIES)		
<i>Cost of Services:</i>		
<i>Service Cost comprising:</i>		
~ Current service cost	16,584	32,812
~ Past service costs (including curtailments)	698	670
~ Unfunded benefits	0	0
<i>Financing and Investment Income and Expenditure:</i>		
~ Net interest expense	(711)	912
Total Post-employment Benefit charged to (Surplus) or Deficit on the Provision of Services	16,571	34,394
<i>Other Post-employment Benefits Charged to the CIES:</i>		
<i>Re-measurement of the net defined benefit liability comprising:</i>		
~ Expected return on pension fund assets	(37,139)	31,507
~ Actuarial (gains) or losses arising on changes in demographic assumptions	(8,284)	(6,025)
~ Actuarial (gains) or losses arising on changes in financial assumptions	(19,372)	(285,320)
~ Non recognition of income due to ceiling cap 2022/23 (1)	(163,331)	163,331
~ Non recognition of income due to ceiling cap 2023/24 (1)	235,631	0
~ Actuarial (gains) or losses arising on changes in experience assumptions	48,881	38,670
Total Post-employment Benefit Charged to the CIES	56,386	(57,837)
Movement in Reserves Statement (MiRS)		
~ Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(38,443)	74,449
Actual amount charged against the General Fund balance for pensions in the year:		
Employers' contributions payable to Strathclyde Pension Fund	17,943	16,612

Pensions 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:

	31 March 2024	31 March 2023
	£000	£000
Present value of the defined benefit obligation*	(589,428)	(548,363)
Fair value of pension fund assets	792,429	726,320
Non recognition of income due to ceiling cap (1)	(235,631)	(163,331)
Net Asset/(Liability) arising from Defined Benefit Obligation	(32,630)	14,626
*Unfunded liabilities included in the figure for present value of liabilities		
~ unfunded liabilities for Pension Fund	(18,440)	(18,268)
~ teachers' unfunded pensions	(10,727)	(10,941)
~ unfunded liabilities prior to 1996 local government reorganisation	(3,463)	(3,735)

Notes to the Principal Financial Statements

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

	2023-2024	2022-2023
	£000	£000
Opening balance at 1 April	(711,694)	(763,271)
Effect of the asset ceiling	163,331	0
Revised Opening balance at 1 April	(548,363)	(763,271)
Current service cost	(16,584)	(32,812)
Interest cost	(25,959)	(20,835)
Contributions by Pension Fund participants	(4,635)	(4,327)
Re-measurement gains and (losses)		
~ Actuarial gains/(losses) from changes in demographic assumptions	8,284	6,025
~ Actuarial gains/(losses) from changes in financial assumptions	19,372	285,320
~ Non recognition of income due to ceiling cap (1)	(235,631)	(163,331)
~ Actuarial gains/(losses) from changes in experience assumptions	(46,508)	(38,670)
Past service costs (including curtailments)	(698)	(670)
Settlements	0	0
Benefits paid	25,663	20,877
Closing balance at 31 March	(825,059)	(711,694)

(1) The actuarial valuation of the pension fund indicated a net pension surplus of £203m, however the full surplus is not recognised in the balance sheet, a ceiling calculation performed by Hymans Robertson indicated a ceiling value of nil for the funded element with the further unfunded deficit of £(32.630)m and this is the deficit value as shown in the balance sheet.

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

	2023-2024	2022-2023
	£000	£000
Opening fair value of pension fund assets	726,320	737,842
Interest income	34,428	19,923
Re-measurement gains and (losses):		
~ other experience	0	0
~ expected rate of return on pension fund assets	34,766	(31,507)
The effect of changes in foreign exchange rates	0	0
Contributions from employers	17,943	16,612
Contributions from employees into the scheme	4,635	4,327
Benefits paid	(25,663)	(20,877)
Closing fair value of pension fund assets	792,429	726,320

Notes to the Principal Financial Statements

Analysis of Pension Fund's Assets

Inverclyde Council's share of the Pension Fund's assets at 31 March 2024 comprised:

	31 March 2024			31 March 2023		
	Quoted Prices	Prices not	Totals	Quoted Prices	Prices not Quoted	Totals
	in Active	Quoted in Active		in Active	in Active Markets	
	Markets	Markets	Markets	Markets	Markets	
£000	£000	£000	£000	£000	£000	
Cash and cash equivalent	1,234	13,455	14,689	10,045	3,714	13,759
Equity instruments	160,046	174	160,220	141,833	1,302	143,135
Debt instruments	0		0	0	0	0
Real Estate	0	62,308	62,308	0	59,885	59,885
Derivatives	0	0	0	0	(1)	(1)
Private Equity	0	189,185	189,185	0	178,521	178,521
Investment Funds	3,254	362,772	366,026	3,129	327,892	331,021
Asset-backed Securities	0		0	0	0	0
Structured Debt	0		0	0	0	0
Total assets	164,534	627,894	792,428	155,007	571,313	726,320

Basis for Estimating Assets and Liabilities

The Council's share of the net obligations of the Strathclyde Pension Fund is an estimated figure based on actuarial assumptions. Liabilities are included in the Balance Sheet on an actuarial basis using the "projected credit unit method" i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, salary levels and inflation. Liabilities are discounted to their value at current prices, using a discount rate (currently 4.8%) based on an average of high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, estimated fair value for unquoted securities and market price for property.

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 2023, projected forward to 31 March 2026. The significant assumptions used by the actuary are shown in the table below. Note 37 includes a sensitivity analysis for the pension obligation based on possible changes of these assumptions occurring at the reporting date.

	2023-2024	2022-2023
Rate of increase in salaries	3.50%	3.65%
Rate of increase in pensions	2.80%	2.95%
Rate for discounting Fund liabilities	4.8%	4.8%
Take-up option to convert annual pension into retirement lump sum	50.0%	50.0%
Mortality Assumptions*:		
Longevity at 65 for current pensioners (years):		
~ Men	19.9	19.3
~ Women	22.3	22.2
Longevity at 65 for future pensioners (years):		
~ Men	20.6	20.5
~ Women	24.2	24.2

* The life expectancy figures quoted assume members aged 65 (current) and 45 (future) as at the latest formal Fund valuation date.

Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of the Strathclyde Pension Fund does not have an ALM as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. The Fund invests in equities (i.e. stocks and shares), bonds, properties and in cash.

Impact on the Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. The triennial review set employer's contributions for Inverclyde Council at 6.5% for the period 1 April 2024 to 31 March 2026 and then 17.5% from 1 April 2026.

The Local Government Pension Scheme in Scotland moved from 1 April 2015 to a Career Average Revalued Earnings Scheme (CARE) for future accruals. The Fund is actively taking account of this and other national changes to the Local Government Pension Scheme in Scotland.

The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2025 is £5.085 million.

The assumed weighted average duration of the defined benefit obligations is 16 years.

Notes to the Principal Financial Statements

Note 17 Post-employment Benefits: Teachers

The Scottish Teachers' Pension Scheme is administered directly by the Scottish Government and is technically a "defined benefit" scheme. However the scheme is unfunded and the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. In this Statement of Accounts, it is therefore accounted for on the same basis as a "defined contribution" scheme. As a proportion of the total contributions into the teachers' pension scheme, the Council's own contributions equated to approximately 0.9% during the year ended 31 March 2023. The actual contributions for the year ended 31 March 2024 will not be published until October 2024, however the Council assumes that the percentage contribution will be similar to 31 March 2023.

In 2023-2024, Inverclyde Council paid £9.557 million in respect of teachers' retirement benefits, representing 23.2% of pensionable pay. The figures for 2022-2023 were £9.005 million and 23.0%.

Note 18 Unusable Reserves

Reserves are created by appropriating amounts from 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 within the CIES. 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 process for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the authority. These reserves are explained on the following pages.

Summary of Year-end Balances

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

	31 March 2024 £000	31 March 2023 £000
Revaluation Reserve	259,503	243,248
Capital Adjustment Account	37,234	73,086
Financial Instruments Adjustment Account	(3,302)	(3,836)
Pensions Reserve	(32,630)	14,626
Employee Statutory Adjustment Account	(4,715)	(5,087)
Balance at 31 March	256,090	322,037

Notes to the Principal Financial Statements

Movement on Balances – Revaluation Reserve

The Revaluation Reserve contains the unrealised gains made by the Council arising from increases in the value of its property, plant & equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

	2023-2024	2022-2023
	£000	£000
Balance at 1 April	243,248	209,472
Revaluation of non-current assets not posted to the Surplus or (Deficit) on the Provision of Services	18,105	21,314
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(152)	(167)
Impairments Charged to Revaluation Reserve Account	(14,065)	(6,733)
Depreciation on revaluations to Revaluation Reserve	12,367	19,362
Write back Depreciation on Disposal	0	0
Balance at 31 March	259,503	243,248

Movement on Balances – 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. Note 2 provides a summary of transactions posted to the Account during the year, apart from those involving the Revaluation Reserve.

	2023-2024	2022-2023
	£000	£000
Balance at 1 April	73,086	74,808
Items relating to capital expenditure charged to CIES:		
~ Charges for depreciation and impairment of non-current assets	(44,292)	(29,734)
~ Disposals of non-current assets	(1,662)	(122)
Transfers from Revaluation Reserve	152	167
Capital financing applied in the year:		
~ Use of the Capital Receipts Reserve to finance new capital expenditure	160	416
~ Capital grants and contributions credited to the CIES that have been applied to capital financing	18,974	16,979
~ Loans Fund principal repayments	(9,770)	10,323
~ Capital financed from current revenue	586	249
Balance at 31 March	37,234	73,086

Movement on Balances – Financial Instruments Adjustment Account

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

Notes to the Principal Financial Statements

	2023-2024	2022-2023
	£000	£000
Balance at 1 April	(3,836)	(3,936)
Amount by which finance costs charged to the CIES Statement are different from finance costs chargeable in the year in accordance with statutory requirements	534	100
Balance at 31 March	(3,302)	(3,836)

Movement on Balances – 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 Pensions Reserve shows a significant shortfall in the benefits earned by past and current employees and the Council's share of Strathclyde Pension Fund resources available to meet them. The triennial review by the Pension Fund in 2020 set employer's contribution rates for Inverclyde Council at 19.3% for the period 1 April 2021 to 31 March 2024.

	2023-2024	2022-2023
	£000	£000
Balance at 1 April	14,626	(25,428)
Actuarial gains or (losses) on pension assets and liabilities	(56,386)	57,836
Reversal of items relating to net charges for retirement benefits charged to Surplus or (Deficit) on the Provision of Services in the CIES	(8,813)	(34,394)
Employers' pension contributions paid to Strathclyde Pension Fund	17,943	16,612
Balance at 31 March	(32,630)	14,626

Movement on Balances – Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

	2023-2024	2022-2023
	£000	£000
Balance at 1 April	(5,087)	(4,343)
Settlement or cancellation of accrual made at the end of the preceding year	5,087	4,343
Amounts accrued at the end of the current year	(4,715)	(5,087)
Balance at 31 March	(4,715)	(5,087)

Note 19 Leases

Leases are classified as finance leases where the terms of the lease transfer the majority of the risks and rewards incidental to ownership of the property 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.

The Council as Lessee

Finance Leases

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their fair value measured at the lease's inception. The asset recognised has a corresponding liability to pay the lessor.

Notes to the Principal Financial Statements

Operating Leases

Rentals paid under operating leases are charged to the appropriate service account in the CIES as an expense of the services benefitting from use of the leased property over the term of the lease.

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet.

Operating Leases, Inverclyde Council as Lessee

The Council leases various properties as tenant on a variety of lease terms that are accounted for as operating leases. The rentals in 2023-2024 were £0.073 million (2022-2023: £0.073 million) and this expenditure has been included in the CIES. The rental commitments in future years under non-cancellable leases are shown in the table below.

	Future Rental Payable	
	31 March 2024	31 March 2023
	£000	£000
Not later than one year	68	68
Later than one year and not later than five years	128	139
Later than five years	295	325
	<u>491</u>	<u>532</u>

Operating Leases, Inverclyde Council as Lessor

The Council has granted commercial leases for properties to various tenants on a variety of lease terms. These arrangements are accounted for as operating leases.

The rental income receivable in 2023-2024 was £0.774 million (2022-2023 £0.798 million) and is included in the CIES. The rents receivable under non-cancellable leases in future years are shown in the table below.

	Future Rental Receivable	
	31 March 2024	31 March 2023
	£000	£000
Not later than one year	687	809
Later than one year and not later than five years	1,457	1,384
Later than five years	1,826	1,993
	<u>3,970</u>	<u>4,186</u>

Note 20 Financial Instruments

Fair Value Measurement

The Council measures the carrying value of some of its non-financial assets, mostly surplus assets, at fair value at each reporting date. Fair value is broadly the amount for which an asset could be exchanged or a liability settled. The Council uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Principal Financial Statements

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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 assets measured at:

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

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes 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 CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For all financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) in addition to any adjustment to the Financial Instrument Adjustment Account and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors), lease receivables and contract assets held by the authority. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment (Income) and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes contractually obliged by the financial instrument and the liabilities are measured at fair value and then carried at their amortised cost. 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 CIES is the amount payable for the year according to the loan agreement.

Costs associated with debt restructuring (premiums and discounts) are charged to the Financing and Investment (Income) and Expenditure line in the CIES in the year of repayment of the original debt in accordance with accounting regulations. Where premiums and discounts have been charged to the CIES, Scottish Government regulations permit the costs of restructuring to be released to revenue over the period of the replacement.

Notes to the Principal Financial Statements

Categories of Financial Instruments

The following categories of financial instruments were carried in the Balance Sheet; all financial instruments are classified as Amortised Cost:

Financial Assets	Non-Current		Current	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Investments				
Loans and receivables	0	0	53	10,224
Cash and Cash Equivalents				
Cash and Cash Equivalents	0	0	5,691	16,126
Debtors				
Loans and receivables (note 1)	173	243	13,344	15,412
Borrowings				
Financial Liabilities at amortised cost	(163,942)	(172,287)	(19,570)	(14,449)
Other Long Term Liabilities				
PPP and finance lease liabilities	(50,761)	(53,068)	(2,309)	(2,208)
Creditors				
Financial Liabilities at amortised cost (note 2)	0	0	(21,889)	(28,126)

Notes

- Of the items on the Balance Sheet, Short-term Loans and Receivables net of £3.860 million (2022-2023 £3.814m) are not regarded as Financial Instruments.
- Of the items on the Balance Sheet, Short-term Financial Liabilities net of £24.760 million (2022-2023 £29.059m) are not regarded as Financial Instruments.

Reclassifications

The adoption of IFRS 9 has had no impact on the classification of financial assets and they continue to be held as amortised costs as they were under IAS 39. There has been no movement in opening balances as a result of transition to IFRS 9.

Collateral

The Council holds collateral as security against certain lending and debt due. This takes the form of mortgages on dwelling houses for loans as "lender of last resort" to assist owners to buy or improve their homes and "rolled-up" debt for care home charges due by social work clients, payable on their death or when the house is sold.

Income, Expense, Gains and Losses

There was interest expenditure of £6.998 million (2022-2023 £7.365 million) and interest income of £1.105 million (2022-2023 £0.829 million) that were recognised in the CIES for the year.

Fair Values of Financial Assets and Financial Liabilities

All financial assets (represented by lending and long-term debtors) and financial liabilities (represented by borrowing and long-term creditors) are carried in the Balance Sheet at amortised cost. In such cases, the Code requires a set of additional disclosures about the fair value of these assets and liabilities. Fair value is broadly the amount for which an asset could be exchanged or a liability settled. Further information about how the Council has assessed fair value (and the fair value hierarchy) is provided below.

Notes to the Principal Financial Statements

The fair values calculated (and compared to carrying values) are as follows:

Financial Assets	31 March 2024		31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Loans and receivables - deposits with banks	53	53	10,224	10,224
Loans and receivables - cash and cash equivalents	5,691	5,691	16,126	16,126
Long-term debtors	173	173	243	243
Short-term debtors (at cost)	13,344	13,344	15,412	15,412
TOTAL	19,261	19,261	42,005	42,005

The fair value of loans and receivables – deposits with banks will be higher than the carrying amount where the Council's portfolio of investments includes fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date.

Financial Liabilities	31 March 2024		31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Borrowing - PWLB & Non-PWLB Debt	183,512	165,527	186,736	182,145
School PPP Lease	53,070	58,599	55,276	63,115
Short-term creditors (at cost)	21,889	21,889	28,126	28,126
TOTAL	258,471	246,015	270,138	273,386

The fair value is different from the carrying amount because the Council's borrowing figure includes loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. A commitment to pay interest above the current market rates increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Fair Value Hierarchy for Financial Assets and Financial Liabilities

The Council uses Level 2 inputs for all its fair value calculations for financial assets and financial liabilities, with the exception of cash and cash equivalents, debtors and creditors that are carried at cost as this is considered a fair approximation of their value. This is considered most appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Principal Financial Statements

	31 March 2024	31 March 2023
	Level 2	Level 2
	(Other Significant Observable Inputs)	(Other Significant Observable Inputs)
	£000	£000
<i>Recurring fair value measurements using:</i>		
Financial Assets		
Loans & receivables	53	10,224
Total	53	10,224
Financial Liabilities		
Financial Liabilities held at amortised cost		
- PWLB & Non-PWLB Borrowings	165,527	182,145
- PPP Finance Lease Liabilities	58,599	63,115
TOTAL	224,126	245,260

The fair values of the above financial assets and financial liabilities in the above table have been arrived at using a discounted cash flow technique with the most significant inputs being the discount rate. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following methodology and assumptions:

- The valuation date is 31 March 2024
- No early repayment or impairment is recognised
- The discount factor used in the NPV calculations is the comparable new borrowing or deposit rate of the same financial instruments from a comparable lender with a published market rate at the valuation date, using bid process where applicable. A consistent approach has been applied to assets and liabilities.
- For all Public Works Loan Board (PWLB debt), the new borrowing rate at 31 March has been used as the discount rate.
- The fair values include accrued interest up to and including the valuation date.
- Where an instrument will mature within the next twelve months, carrying amounts are assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- The fair value of the schools PPP liability has been assessed taking the carrying obligation at 31 March 2024 and applying an annuity repayment profile using the PWLB new borrowing rate for a comparable period (16 years) at 31 March 2024.

In the above tables, the Council has used discount rates for PWLB and Non-PWLB Borrowing based on rates chargeable for new borrowing. If, however, the Council was to use interest rates that would be charged for early repayment of the loans then the fair value would increase from £165.527 million to £190.147 million (including penalty costs). The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

Note 21 Nature and Extent of Risks Arising from Financial Instruments

The Management of Treasury Risk by the Council

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's management of treasury risk 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 manages its risk by various means including:

Notes to the Principal Financial Statements

- A full and formal adoption of the requirements of CIPFA's Treasury Management in the Public Services: Code of Practice and by the adoption of a Treasury Policy Statement and treasury management clauses within the Council's financial regulations;
- The adoption of written principles for overall risk management and rigorous observance of the written policies and procedures;
- The approval annually in advance of Prudential Indicators for the forthcoming four years;
- The approval of an investment strategy for the forthcoming year;
- Regular reporting to the members of the Policy & Resources Committee and the full Council on treasury matters.

Management of Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposure 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 criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution.

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 the Council's internal ratings procedures.

The Council's maximum exposure to credit risk in relation to its deposits in banks and building societies of £7.130 million 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. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council deposits, but there is no evidence at 31 March 2024 that this is likely to crystallise.

Credit limits were not exceeded during the year. The Council expects full repayment on the due date of deposits placed with its counterparties.

The Council has a potential maximum credit risk exposure (expected credit loss) of £6.268 million (2022-2023 £5.912 million) from debtors excluding Council Tax. This estimate is based on past experience and current market conditions.

The Council does not generally allow credit for customers, such that £19.612 million of the £19.784 million debtors regarded as Financial Instruments is past its due date for payment. The past due amount can be analysed by age as shown in the following table. The Council has made provision for the loss of income based on previous experience.

	31 March 2024 £000	31 March 2023 £000
Less than three months	18,135	20,118
Three to six months	210	122
Six months to one year	234	137
More than one year	1,033	947
	19,612	21,324

Management of Liquidity Risk

The Council has a responsive system of safeguards for the management of cash flow that seeks to ensure that cash is available as needed. The Council has ready access to borrowings from market loans and the UK Treasury's Public Works Loan Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has secure safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The Council's policy is to ensure that no more than 25% of loans are due to mature within any financial year through a combination of prudent planning of new loans and, where

Notes to the Principal Financial Statements

it is economic to do so, making early repayments. Any amendments to these policies, whether short-term or long-term, require the prior approval of the Policy & Resources Committee. The maturity analysis of financial liabilities is as follows:

	31 March 2024 £000	31 March 2023 £000
Less than one year	43,773	44,793
Later than 1 year and not later than 2 years	24,750	2,328
Later than 2 years and not later than 5 years	9,324	9,050
Later than 5 years and not later than 10 years	40,221	40,369
Later than 10 years and not later than 30 years	32,634	35,839
Later than 30 years and not later than 50 years	67,769	97,759
Over fifty years	40,000	40,000
	258,471	270,138

Management of Market Risk

The key area of market risk for the Council is in terms of its exposure to interest rate movements on its borrowings and investments. Changes in interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 45% of what it borrows.
- During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.
- The Council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and the restructuring of existing borrowings.

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2024, with all other variables held constant.

	31 March 2024 £000	31 March 2023 £000
Impact on taxpayer		
Increase on interest payable on variable rate borrowings	295	644
Increase in interest receivable on variable rate lending	(71)	(268)
Net effect on Comprehensive Income & Expenditure Statement	224	376
Other presentational changes		
A decrease in the "fair value" of fixed rate borrowing (disclosure confined to the Notes to the Accounts)	(12,954)	(14,868)
	(12,954)	(14,868)

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

Other areas of market risk are price risk and foreign exchange risk. The Council has no exposure to these risks through its treasury activities. The Council does not invest in equity shares and consequently is not exposed to gains or losses arising from movements in the prices of shares. The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Notes to the Principal Financial Statements

Note 22 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions and balances 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.

The Scottish Government

The Scottish Government has significant influence over the general operations of the Council, being responsible for providing the statutory framework within which the Council operates. The Scottish Government also provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (such as Council Tax bills and Housing Benefits). Grants received from the Scottish Government are disclosed in Note 5 Taxation and Non-specific Grant Income on pages 39-40.

Elected Members

Elected Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023-2024 is shown on page 25 within the Remuneration Report. There are no other significant related party transactions with members of the Council. Elected Members are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this arise, the relevant Member does not take part in any discussion or decision relating to that interest. The Register of Interests of each Member is available on the Councils' website <http://www.inverclyde.gov.uk/council-and-government/councillors/>.

Senior Officers

Senior Officers, as listed within the Remuneration Report on page 22, are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest.

Entities Controlled or Significantly Influenced by the Council

The Council has entered into a number of transactions under subsidiaries, associates and other trading arrangements deemed to be a related party mainly through the Council's ability to exert influence over the entity through its representation on the respective Boards. The relevant transactions with the bodies are detailed below.

	2023-2024				2022-2023			
	Income from Related Parties	Expenditure to Related Parties	Amounts Due to Related Parties	Amounts Owed by Related Parties	Income from Related Parties	Expenditure to Related Parties	Amounts Due to Related Parties	Amounts Owed by Related Parties
	£000	£000	£000	£000	£000	£000	£000	£000
Inverclyde Leisure Limited*1	(60)	827	(111)	1,197	(11)	2,187	(57)	1,069
Riverside Inverclyde Limited*1	(316)	13	0	51	(53)	0	0	21
Inchgreen Marine Park Ltd*1	0	5,440	0	349	0	4,622	0	0
Greenock Arts Guild Ltd (the Beacon Arts Centre)	(13)	208	(2)	0	0	242	(28)	0
Inverclyde Community Development Trust	(6)	1,682	(119)	0	0	1,514	(313)	0
River Clyde Homes	(39)	481	(34)	0	(30)	351	(28)	0

Notes:

*1 Further details of these entities are disclosed in the Group Accounts Note 30 Combining Entities.

Grants from government are disclosed in Note 5 Taxation and Non-specific Grant Income.

Notes to the Principal Financial Statements

Inverclyde Integration Joint Board

Inverclyde Integration Joint Board was established on 27 June 2015. The Council provides assistance in kind in terms of Board staff (Chief Officer) and administrative support for the operation of the Board. Delegation of resources by the Council to the Board was with effect from 1 April 2016.

Strathclyde Pension Fund

The Council is an admitted body to the local government pension scheme and has made payments as shown in Note 16 Defined Benefit Pension Schemes on pages 50-55.

Joint Boards

The Council is a member of the Joint Boards for Valuation, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme. The Council's contributions are disclosed in the Group Accounts Note 30 Combining Entities on pages 81-82.

Note 23 Agency Services

Where the Council acts as an agent for another entity, transactions are not reflected in the Council's financial statements, with the exception of cash collected or expenditure incurred by the Council on behalf of the other entity, in which case there is a debtor or creditor position in the balance sheet for amounts due or owed.

The Council bills and collects Non-Domestic Rates on behalf of the Scottish Government. During 2022-2023 the Council collected £19.6 million and received £0.4 million to the Non-Domestic Rates pool (2022-2023 £18.9 million and £1.4 million). The Council also bills and collects domestic water and sewerage charges on behalf of Scottish Water with the Council Tax. During 2023-2024 the Council collected and paid over £13.622 million (2022-2023 £13.218 million) and received £0.329 million (2022-2023 £0.294 million) for providing this service.

Note 24 Contingent Assets and Liabilities

A contingent liability or asset arises where an event has taken place that gives the Council a possible obligation or benefit 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 or assets also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow/inflow of resources will be required or the amount of the obligation/benefit cannot be measured reliably. Contingent liabilities and assets are not recognised in the Balance Sheet but disclosed in a Note to the Accounts where they are deemed material.

The Council transferred the bulk of its housing stock and some areas of land for the development of social housing to River Clyde Homes in December 2007. The Council retains the risk of any contamination present when the land transferred. The extent of any potential remedial work has not been assessed.

An EU ruling has highlighted that the Council may have some liability in respect of additional Holiday Pay entitlement. The extent of this liability cannot be assessed at this stage.

The removal of the limitation period for childhood abuse claims could result in a liability to the Council. The extent of any claims and resultant liability is unknown at this stage.

The Council agreed to act as sponsor with respect to Inverclyde Leisure's admission to the Strathclyde Pension Fund. In the event of the organisation ceasing to exist the Council will assume any liability for non-funded costs.

A Legal ruling regarding transitional provisions in public sector pensions schemes being unlawfully age discriminatory may impact on the pension liability and service cost. The extent of any impact is not known at this stage.

The Council has outstanding Employment Tribunals, if the Employees' action is successful will result in a liability to the Council.

Notes to the Principal Financial Statements

A recent circular from the Scottish Public Pensions Agency (Local Government Pension Scheme 2020/04) refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male survivors of female members. While this could have a financial impact on future years' costs, any impact cannot be quantified. Given the uncertainty, no provision has been made in the Accounts.

The Council is in receipt of funding for 3 major capital projects through the Glasgow and Clyde Valley City Deal with the Council progressing the projects initially with the grant being reimbursed over a 20 year period. In the event that certain targets are not met there is the potential that future grant may be reduced increasing the funding required from the Council. There is no indication at this stage that future grants will be reduced.

The Council is unaware of any other material contingent asset or liability at 31 March 2024.

Note 25 Events after the Balance Sheet Date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period; otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes. The Chief Financial Officer issued the unaudited Statement of Accounts on 27 June 2024. There have been no material events after the balance sheet date which necessitate revision of figures in the financial statements or notes thereto including contingent assets or liabilities.

Notes to the Principal Financial Statements

Note 26 Cash Flow Statement – Operating Activities

	2023-2024	2022-2023
	£000	£000
Net surplus or (deficit) on the Provision of Services	(15,649)	(30,901)
Adjustments to net surplus or (deficit) on the provision of services for non-cash movements		
Depreciation, amortisation & impairment	44,292	29,734
Net (gain) or loss on non-current assets	(108)	181
Movement in pension liability	(9,130)	17,782
(Increase) or decrease in inventories	40	11
(Increase) or decrease in debtors	2,092	9,143
Increase or (decrease) in creditors and provisions	(11,559)	1,058
	25,627	57,909
Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities		
Non-cash borrowing movements	(326)	(71)
Non-cash investing movements	(11,776)	11,757
	(12,102)	11,686
Net cash flow from Operating Activities	(2,124)	38,694

The net cash flow from Operating Activities in the above table includes the following elements of interest paid and received:

	2023-2024	2022-2023
	£000	£000
Interest received	1,452	472
Interest paid	(7,196)	(7,464)
Interest element of finance lease and PPP payments	(4,998)	(4,814)
Net cash flow from Servicing of Finance	(10,742)	(11,806)

Note 27 Cash Flow Statement – Investing Activities

	2023-2024	2022-2023
	£000	£000
Purchase of property, plant and equipment and intangible assets	(26,922)	(26,566)
Purchase of short-term and long-term investments	(15,053)	(27,000)
Other payments for investing activities	0	0
Proceeds from sale of property, plant and equipment and intangible assets	1,768	(59)
Proceeds from short-term and long-term investments	37,000	19,619
Other receipts from investing activities	0	0
Net cash flows from investing activities	(3,207)	(34,006)

Notes to the Principal Financial Statements

Note 28 Cash Flow Statement – Financing Activities

	2023-2024	2022-2023
	£ 000	£ 000
Cash receipts of short-term and long-term borrowing	54,537	17,501
Cash payments for the reduction of the outstanding liabilities relating to finance leases for schools PPP contracts	(2,206)	(2,139)
Repayment of short-term and long-term borrowing	(57,435)	(22,116)
Net cash flows from financing activities	(5,104)	(6,754)

Note 29 Reconciliation of Liabilities arising from Financing Activities

	2022-2023	Financing	Non-cash changes		2023-2024
	31 March	cash flows	Acquisition	Other non-cash changes	31 March
	£ 000	£ 000	£ 000	£ 000	£ 000
Long-term borrowings	172,287	(8,790)	0	445	163,942
Short-term borrowings	14,449	5,305	(32)	(152)	19,570
PPP liability	55,276	(2,206)	0	0	53,070
Total liabilities from financing activities	242,012	(5,691)	(32)	293	236,582

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from Council Taxes levied and deductions made under statute. Councils raise taxes from residents by way of Council Tax, which is based on property values. Each dwelling house in a local authority area is placed into one of eight bands A to H with band A being the lowest. The Council declares a tax for Band D properties and all other properties are charged a proportion of this. Lower valued properties pay less; higher valued properties pay more. The net income is transferred to the Comprehensive Income & Expenditure Statement of the Council. Council Tax Reduction (CTR) was introduced from 1 April 2013. The reduction in income is disclosed in a separate line in the table below.

	2023-2024	2022-2023
	£000	£000
Gross Council Tax levied and contributions in lieu	51,198	48,488
Adjustment: Council Tax Reduction Scheme	(7,262)	(6,841)
Less:		
Other discounts and reductions	(7,312)	(6,820)
Write offs	(8)	(4)
Impairment Allowance for doubtful debts	(1,176)	(1,053)
Net Council Tax income	35,440	33,770
Add/(Less) Prior years' Council Tax adjustments	(106)	376
Net Council Tax income transferred to General Fund	35,334	34,146

Calculation of the Council Tax Base

	No. Of Dwellings	No. Of Exemptions	*Disabled Transfer to Lower Band	*Disabled Transfer from Higher Band	Discounts 25%	Discounts 10% -50%	Total Effective No. Of Dwellings	Council Tax Reduction Scheme	Proportion of Band D	Band D Equivalents
Band A*				28	10	0	26	8	200/360	10
Band A	18,973	1,594	28	23	8,842	507	14,910	4,530	240/360	6,920
Band B	6,295	303	23	12	2,997	53	5,205	1,356	280/360	2,994
Band C	3,838	141	12	16	1,498	35	3,309	643	320/360	2,370
Band D	3,533	92	16	26	1,228	33	3,128	241	360/360	2,887
Band E	3,692	79	26	17	952	37	3,348	102	473/360	4,265
Band F	1,925	27	17	7	390	13	1,784	35	585/360	2,842
Band G	1,439	21	7	1	246	14	1,344	8	705/360	2,616
Band H	218	4	1	0	23	0	207	1	882/360	505

* Disabled Relief: Disabled relief takes the form of a drop in valuation band e.g. Band D to Band C and is applied where a house has been modified to meet the needs of a disabled person who lives there.

Contributions in Lieu - Band D equivalents

2

Total

25,411

Impairment Allowance for doubtful debt at 3%

(759)

Council Tax Base

24,652

Council Tax Income Account

Calculation of the Council Tax

Dwellings fall within a valuation band between A to H based on the value as determined by the Assessor. The Council Tax charge is calculated using the Council Tax base i.e. band D equivalents. This amount is then decreased or increased dependent on the band as is illustrated below. The band D charge for 2023-2024 was £1,429.77.

	£ Per Year
Band A	953.18
Band B	1,112.04
Band C	1,270.91
Band D	1,429.77
Band E	1,878.56
Band F	2,323.38
Band G	2,799.97
Band H	3,502.94

The Council Tax bill is reduced by 25% where a dwelling has only one occupant, by 100% where the property is empty, whilst an increased charge of 100% was imposed on long term empty properties. Total exemptions are available if all the occupants are students, all occupants are under 18 years of age or if all of the occupants are severely mentally impaired.

Charges for water and sewerage are the responsibility of Scottish Water. Inverclyde Council collects total monies and makes a precept payment to the Water Authority on the basis of collection levels based on a pre-determined formula. The above figures exclude the water and sewerage charges.

Non-Domestic Rates Income Account

The Non-Domestic Rates Income 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 Non-Domestic Rate income plus the contribution to the Council from the national Non-Domestic Rate pool is transferred to the Comprehensive Income & Expenditure Statement of the Council. The Business Rates Incentivisation Scheme (BRIS) was introduced from April 2012 and allows Councils that exceed their annual business rates target to retain 50% of any additional income. In accordance with guidance, the table below discloses this element of the Non-Domestic Rate income as "income retained by the Council". The local target set for 2023-2024 was 0.8%, the Council is not due any additional income for the year.

The amount deemed to be collected locally was £21.333m (£15.906m 2022-2023). The sum collected locally and contributed to the pool was £19.929m (£20.254m 2022-2023).

	2023-2024	2022-2023
	£ 000	£ 000
Gross rates levied	29,256	27,842
Relief and other remissions	(8,390)	(7,376)
Payment of interest	0	0
Provision for bad and doubtful debts	(1,314)	(1,599)
Net non-domestic rate income	19,552	18,867
Adjustments for years prior to introduction of national non-domestic rate pool	0	0
Non-domestic rates income retained by authority	0	0
Contribution from/(to) national non-domestic rate pool	377	1,387
Net non-domestic rate income transferred to General Fund	19,929	20,254

	2023	2022
	£ 000	£ 000
Rateable values at 1 April		
Commercial	26,504	27,494
Industrial / freight transport	8,265	6,925
Others	22,008	20,436
	56,777	54,855

The nature and amount of each rate fixed

The rates for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the rate per £ announced each year by the Scottish Government. For 2023-2024 the charge was 49.8p in the £ for properties with a rateable value under £51,000. An intermediate rate of 51.1p in the pound for properties with a rateable value of between £51,001 and £100,000. For properties with a rateable value over £100,000 the charge was 52.4p in the £.

Common Good Fund

The Common Good, administered by the Council, must be applied for the benefit of the people of Inverclyde. The figures below summarise the income and expenditure for the year as well as providing a snapshot of the assets and liabilities as at 31 March 2024. Each year, applications for funding support are considered by the Council's Policy & Resources Committee.

Summary Income and Expenditure Account for the Year Ended 31 March 2024

2022-2023		Usable Reserves:	Unusable Reserves:	2023-2024
£000		Revenue	Revaluation Reserve	Total
		£000	£000	£000
29	Gross Expenditure	251		251
(124)	Gross Income	(195)		(195)
(95)	Cost of Service	56	0	56
0	Interest Payable and Similar Charges	0		0
(3)	Interest and Investment Income	(7)		(7)
(3)	Financing and Investment Income and Expenditure	(7)	0	(7)
(98)	(Surplus) or Deficit on Provision of Services	49	0	49
Other Income and Expenditure				
111	Unrealised gains on revaluation of land and buildings	0	55	55
0	Assets transferred from Inverclyde Council	0	(695)	(695)
13		49	(640)	(591)
Transfers between Reserves				
0	Transfer to/from Revaluation Reserve	(83)	83	0
13	(Increase) or Decrease in the Year	(34)	(557)	(591)
(1,430)	Balance on Reserves brought forward	(124)	(1,293)	(1,417)
(1,417)	Balance on Reserves carried forward	(158)	(1,850)	(2,008)

Balance Sheet at 31 March 2024

31 March 2023		Notes	31 March 2024
£000			£000
Non-current Assets			
1,293	Property, Plant & Equipment	1	1,850
Current Assets			
2	Short-term investments		2
6	Short-term debtors		7
116	Deposits up to 3 months with Inverclyde Council		149
Current Liabilities			
0	Overdraft up to 3 months with Inverclyde Council		
1,417	Net Assets		2,008
124	Usable Reserves: Revenue Reserve		158
1,293	Unusable Reserves: Revaluation Reserve		1,850
1,417	Total Reserves		2,008

Notes to the Common Good

1. Property, Plant & Equipment

	2023-2024 Other Land & Buildings £000	2022-2023 Other Land & Buildings £000
Cost or Valuation		
At 1 April	1,425	1,748
Disposals in year	0	0
Revaluation Adjustments to Revaluation Reserve	(54)	(112)
Other reclassifications*	695	(211)
At 31 March	2,066	1,425
Depreciation and Impairment		
At 1 April	132	424
Depreciation charge for the year	84	0
Depreciation on revaluation to the revaluation reserve	0	(81)
Other reclassifications*	0	(211)
At 31 March	216	132
Balance Sheet amount at 31 March	1,850	1,293

*Other reclassifications in 2023-2024 relate to the transfer of Larkfield Industrial Estate from Inverclyde Council. Other reclassifications in 2022-2023 relate to the write-back of depreciation from prior years revaluations.

The values above relate to various buildings and land, mostly commercial properties in Port Glasgow and Larkfield Industrial Estate in Greenock. The majority of land and buildings of the Common Good require, under accounting regulations, to be disclosed on the Balance Sheet of the Council and accordingly are not included in the Common Good's Balance Sheet. The Council is the managing agent and is responsible for all costs and any income of these managed assets. A revaluation of Common Good land and buildings took place at 31 March 2023.

2. Operating Leases

The Common Good has granted commercial leases for properties to various tenants on a variety of lease terms. These arrangements are accounted for as operating leases. The rental income receivable in 2023-2024 was £0.190 million (2022-2023 £0.120 million) and is included in the Summary Income & Expenditure Account. The rents receivable under non-cancellable leases in future years are shown in the table below. (These figures do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews).

	Future Rental Income Receivable	
	31 March 2024	31 March 2023
	£000	£000
Not later than one year	190	108
Later than one year and not later than five years	432	226
Later than five years	237	289
	859	623

Trust Funds

The Council administers 4 trust funds, 1 of which is a registered Scottish charity. The funds do not represent assets of the Council and as such have not been included in the Council's Balance Sheet but are consolidated as part of the Group Accounts on Pages 77-83. The reserves of the trusts for 2023-2024 are as follows:

	2023 - 2024				2022-2023
	Income	Expenditure	Revaluations	Reserves	Reserves
	£000	£000	£000	£000	£000
1. The Birkmyre Trust	28	66	53	1,389	1,374
To ensure the availability of recreational facilities within the Birkmyre Park, Kilmacolm.					
2. The Watt Institution Trust	3	8	0	52	57
For the maintenance, preservation, repair, improvement and furnishing of the Watt Library and McLean Museum and Art Gallery.					
3. McLeod Trust Port Glasgow High School	0	0	0	51	51
To provide scholarships for pupils of Port Glasgow High School from disadvantaged backgrounds or with no history of further education.					
4. Peter Stanton Memorial Trust (SC021862)	2	0	0	28	26
For the promotion of recreational or other leisure activities for disabled persons in Inverclyde.					
Total Trust Funds	33	74	53	1,520	1,508

Group Comprehensive Income & Expenditure Statement

The Group Comprehensive Income & Expenditure statement shows the accounting cost in the year of providing the Council's services and its share of the results of its subsidiaries, associates and joint ventures in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting costs. The taxation position is shown in the *Group Movement in Reserves Statement*.

2022-2023				2023-2024		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
132,262	(17,420)	114,842	Education	132,711	(16,047)	116,664
7,617	262	7,879	Communities	9,572	720	10,292
57,395	(18,456)	38,939	Environment & Regeneration	66,694	(17,958)	48,736
165,605	(91,463)	74,142	Health & Social Care	172,334	(101,446)	70,888
49,183	(24,763)	24,420	Policy & Resources	41,438	(24,048)	17,390
7,643	(5,486)	2,157	Subsidiaries	5,355	(5,867)	(512)
419,705	(157,326)	262,379	Cost of Services	428,104	(164,646)	263,458
		181	Other Operating Expenditure and (Income) - (Gain)/Loss on disposal of non-current assets			(108)
		12,457	Financing and Investment (Income) and Expenditure (Note 4)			2,392
		(243,477)	Taxation and Non-specific Grant Income (Note 5)			(250,286)
		31,540	(Surplus) or Deficit on the Provision of Services			15,456
		2,334	Share of the (surplus) or deficit on the provision of services by associates and joint ventures (Note 31)			1,024
		33,874	Group (Surplus) or Deficit			16,480
		(35,862)	(Surplus) or deficit on the revaluation of non current assets			(19,312)
		1,919	Impairment losses on non-current assets charged to the Revaluation Reserve			2,905
		(57,836)	Remeasurement of the net defined benefit pensions liability (Note 16)			56,386
		(709)	Share of other Comprehensive (Income) and Expenditure of associates and joint ventures (Note 31)			110
		(92,488)	Other Comprehensive (Income) & Expenditure			40,089
		(58,614)	Total Comprehensive (Income) & Expenditure			56,569

Group Balance Sheet

The Balance Sheet is a snapshot of the value at the 31 March 2024 of the assets and liabilities recognised by the Council and of its share of the net assets or liabilities of its associates and joint ventures. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates and joint ventures is matched by its share of the reserves of the subsidiaries, associates and joint ventures (i.e. its group reserves).

31 March 2023		Note	31 March 2024
£000			£000
583,810	Property, Plant & Equipment		580,473
19,522	Heritage Assets		19,417
16	Intangible Assets		3
33,618	Investments in Associates	32	31,334
0	Long-term Debtors		0
53,445	Long-term Pension Asset		0
0	Long-term Investments		0
690,411	Non-current Assets		631,227
10,284	Short-term Investments		108
50	Assets Held for Sale		1,330
396	Inventories		364
19,488	Short-term Debtors		17,493
17,094	Cash and Cash Equivalents		6,444
47,312	Current Assets		25,739
(14,196)	Short-term Borrowing		(19,272)
(58,267)	Short-term Creditors		(47,479)
(489)	Short-term Provisions		(374)
(2,208)	Short-term Finance Leases		(2,309)
(75,160)	Current Liabilities		(69,434)
0	Long-term Provisions		(38)
(172,303)	Long-term Borrowing		(163,942)
0	Liabilities in Associates	32	0
(1,737)	Government Grants Deferred		(831)
	Other Long-term Liabilities:		
(53,068)	Finance Leases		(50,761)
(32,944)	Pensions		(25,142)
(260,052)	Long-term Liabilities		(240,714)
402,511	Net Assets/(Liabilities)		346,818
37,481	Usable Reserves of the Council		47,800
322,037	Unusable Reserves of the Council		256,090
	Usable Reserves, Share of Reserves of Subsidiaries, Associates and		
20,047	Joint Ventures		18,406
	Unusable Reserves, Share of Reserves of Subsidiaries, Associates and		
22,946	Joint Ventures		24,522
402,511	Total Reserves		346,818

Alan Puckrin C.P.F.A
Chief Financial Officer

Issued on: 27 June 2024

Group Movement in Reserves Statement

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

Year Ended 31 March 2024

	Council Usable Reserves				Council Unusable Reserves	Share of Subsidiaries, Associates & Joint Ventures Usable Reserves	Share of Subsidiaries, Associates & Joint Ventures Unusable Reserves	Total Group Reserves
	General Fund Balance	Other Revenue Reserves	Capital Reserves	Total Usable Reserves				
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023	27,428	7,878	2,175	37,481	322,037	20,046	22,947	402,511
Restatement due to change in % share in 2023-2024	27,428	7,878	2,175	37,481	322,037	20,031	21,810	401,359
Movement in Reserves during 2023-2024								
Surplus or (Deficit) on Provision of Services	(15,649)			(15,649)	(39,979)	(961)	(143)	(56,732)
Other Comprehensive (Expenditure) and Income						119	2,168	2,287
Total Comprehensive (Expenditure) and Income	(15,649)	0	0	(15,649)	(39,979)	(842)	2,025	(54,445)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	25,363		(1,003)	24,360	(24,360)	56	(56)	0
Net Increase or (Decrease) before Transfers to/from Other Statutory Reserves	9,714	0	(1,003)	8,711	(64,339)	(786)	1,969	(54,445)
Transfers (to) and from Other Statutory Reserves	1,299	(284)	593	1,608	(1,608)	(839)	743	(96)
Increase or (Decrease) in the Year	11,013	(284)	(410)	10,319	(65,947)	(1,625)	2,712	(54,541)
Balance at 31 March 2024 Carried Forward	38,441	7,594	1,765	47,800	256,090	18,406	24,522	346,818

Comparative Figures for Year Ended 31 March 2023

	Council Usable Reserves				Council Unusable Reserves	Share of Subsidiaries, Associates & Joint Ventures Usable Reserves	Share of Subsidiaries, Associates & Joint Ventures Unusable Reserves	Total Group Reserves
	General Fund Balance	Other Revenue Reserves	Capital Reserves	Total Usable Reserves				
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022	39,109	8,002	956	48,067	250,573	22,427	15,496	336,563
Restatement due to change in % share in 2022-2023	39,109	8,002	956	48,067	250,573	22,234	15,372	336,246
Movement in Reserves during 2022-2023								
Surplus or (Deficit) on Provision of Services	(30,901)			(30,901)	91,779	(1,713)	(574)	58,591
Other Comprehensive (Expenditure) and Income						(47)	7,729	7,682
Total Comprehensive (Expenditure) and Income	(30,901)	0	0	(30,901)	91,779	(1,760)	7,155	66,273
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	19,100		1,690	20,790	(20,790)	41	(46)	(5)
Net Increase or (Decrease) before Transfers to/from Other Statutory Reserves	(11,801)	0	1,690	(10,111)	70,989	(1,719)	7,109	66,268
Transfers (to) and from Other Statutory Reserves	120	(124)	(471)	(475)	475	(469)	466	(3)
Increase or (Decrease) in the Year	(11,681)	(124)	1,219	(10,586)	71,464	(2,188)	7,575	66,265
Balance at 31 March 2023 Carried Forward	27,428	7,878	2,175	37,481	322,037	20,046	22,947	402,511

Group Cash Flow Statement

2022-2023		2023-2024
£000		£000
	Net surplus or (deficit) on the Provision of Services	
(31,540)	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	(16,480)
58,676	Adjustments for items included in the net surplus or (deficit) on the provision of services	26,448
11,686	that are investing and financing activities	(12,102)
38,822	Net cash inflow from Operating Activities	(2,134)
(34,108)	Investing Activities	(3,363)
(6,800)	Financing Activities	(5,153)
(2,086)	Net increase or (decrease) in cash and cash equivalents	(10,650)
19,180	Cash and cash equivalents at the beginning of the reporting period	17,094
17,094	Cash and cash equivalents at the end of the reporting period	6,444

Note 30 Combining Entities

Inverclyde Council is represented on the Board of a number of organisations. The extent of the Council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the Group Accounts. Those organisations which have a significant impact on the Council's operations are listed below. The accounting period for all of these bodies is the year to 31 March 2024. In addition to the information included in the Group Accounts on the preceding pages, the accounting regulations require specific disclosures about the combining entities and the nature of their business. The Group Accounts on pages 77 to 83 combine the results of the Council with its share of its associates.

Associates

Strathclyde Partnership for Transport

This is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the former Strathclyde Region area. In 2023-2024, Inverclyde Council contributed £1.242 million or 3.42% (2022-2023 £1.225 million) of the Partnership's estimated running costs and its share of the year-end net asset of £17.124 million (2022-2023 £16.316 million) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Strathclyde Concessionary Travel Scheme Joint Board

This Travel Scheme comprises the 12 Councils within the former Strathclyde Region area and oversees the operation of the concessionary fares scheme for public transport within the area. The costs of the Scheme are met by a combination of funding from the 12 Councils and direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the Scheme on behalf of the Board. In 2023-2024, Inverclyde Council contributed £0.160 million or 3.86% (2022-2023 £0.156 million) of the Board's estimated running costs and its share of the year-end net asset of £0.197 million (2022-2023 £0.194 million) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Renfrewshire Valuation Joint Board

This Board was formed in 1996 at local government re-organisation by an Act of Parliament and is responsible for the maintenance of the electoral, Council Tax and Non-Domestic Rates registers for the three Councils of East Renfrewshire, Renfrewshire and Inverclyde. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The Board's running costs are met by the three member Councils. Surpluses or deficits on the Board's operations are shared between the Councils. In 2023-2024, Inverclyde Council contributed £0.618 million or 21.80% (2022-2023 £0.619 million) of the Board's estimated running costs and its share of the year-end net asset of £0.213 million (2022-2023 £1.339 million net asset) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire House, Paisley PA1 1JB.

Riverside Inverclyde

This is an Urban Regeneration Company limited by guarantee with charitable status and two member organisations, Inverclyde Council and Scottish Enterprise. The charitable company has been established to improve and regenerate the Inverclyde area. The company's operations are funded by grants from the Scottish Government, Inverclyde Council and Scottish Enterprise. The Charity's net assets at 31 March 2024 were £11.952 million (2022-2023 £11.454 million) and its net gain for the year was £0.498 million (2022-2023 £1.077 million net gain). The Council has no commitment to meet any losses of the company. The audited accounts of the company are published separately and may be obtained from, Suite G1, Clydeview, 22 Pottery Street, Greenock, PA15 2UZ which is also the company's principal place of business.

The company does not have shareholders and any surpluses are made available for reinvestment in other projects within the area. The company is entirely independent of the Council under law and for taxation. The Council has the right to appoint three of the nine representatives on the company's board, and for the purposes of accounting this equates to an interest of 33.33%. Under accounting standards the Council is required to include the results of Riverside Inverclyde as an associate because it has a 'significant influence' over the financial and operating policies of the charity. In 2023-2024, Inverclyde Council contributed £0.000

Notes to the Group's Principal Financial Statements

million (2022-2023 £0.000 million) or 0.00% of the charity's turnover, and its share of the year-end asset of £3.983 million (2022-2023 £3.818 million) is included in the Group Balance Sheet.

Joint Ventures

Inverclyde Integrated Joint Board (IJB)

This is a statutory body established to integrate health and social care services between Inverclyde Council and NHS Greater Glasgow and Clyde. The IJB comprises eight voting members with four (50%) made up of Inverclyde Council Elected Members. The contribution provided by Inverclyde Council to the IJB in 2023-2024 was £70.086m (2022-2023: £66.817 million), and its share of the year-end asset of £9.644 million (2022-2023: £12.131 million) is included in the Group Balance Sheet.

Inchgreen Marine Park Ltd

The Council has recently entered into a Joint Venture with Clydeport Operations with regards to the development of the Inchgreen site. Inverclyde Council's share of the year-end asset of £0.172 million is included in the Group Balance Sheet.

Subsidiaries

Inverclyde Leisure

This is a charitable company registered in Scotland that provides leisure facilities within Inverclyde Council's area to the general public and operates sports & leisure centres, community centres, swimming pools, parks and pitches owned by the Council. Inverclyde Leisure is paid a management fee by the Council for the provision of these services. The charity's net liability at 31 March 2024 was £8.065 million (2022-2023 £6.444 million net liability) and its net asset for the year was £0.283 million (2022-2023 £0.683 million).

The Council has no commitment to meet any losses of the company, and has no shares in or ownership of this company which is entirely independent of the Council under law and for taxation. In financial year 2023-2024 the Council had the right to appoint four of the nine representatives on the company's board, and for the purposes of accounting this equated to an interest of 44.44%. However, a review of the relationship between the council and the Trust in 2020-2021, identified that the Trust met the definition of a structured entity. This describes an entity that has been designed so that the relevant activities are directed by means of contractual arrangements. In recognition of this, Inverclyde Leisure has been included in the Group Financial Statements as a 100% subsidiary.

The accounts of the company are published separately and can be obtained from the Chief Executive, Waterfront Leisure Complex, Customhouse Way, Greenock, PA15 1EW which is also the company's principal place of business.

The Council has guaranteed to accept liability for any unfunded pension costs relating to the company's membership of the Local Government Pension Scheme (LGPS) in the event of the company ceasing to exist or withdrawing from the pension scheme.

Common Good and Trust Funds

The Council is the sole trustee of the Common Good and Charitable Trust Funds and summary financial results for these organisations appear on pages 74 to 76.

Non-Material Interest in Other Entities

The Council has an interest in a number of other organisations. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the Council is required to disclose the business nature of each organisation.

- Scotland Excel is a joint committee established through Section 57 of the Local Government (Scotland) Act 1973. The main purpose of the committee is co-ordination of collaborative buying initiatives, representation of interests in public sector contracts, and the development and operation of a centre of procurement expertise for Local Government in Scotland.
- Greenock Arts Guild Ltd runs the main arts venue for the Inverclyde area, the Beacon Arts Centre in Greenock. During 2023-2024 the Council provided revenue and capital grants to the Beacon Arts Centre totalling £0.208 million (£0.242 million in 2022-2023).

Notes to the Group's Principal Financial Statements

Note 31 Material Items of Group Income and Expenditure

In order to provide the reader with a better understanding of the impact of the inclusion of the results of associates and joint ventures, the following tables provide an analysis of the Council's share of the material amounts of income and expenditure disclosed on the face of the CIES. This note should be read in conjunction with the disclosures for the Council in Note 1 *Expenditure and Funding Analysis*.

	2023-2024	2022-2023
	£000	£000
Share of the (surplus) or deficit on the provision of services by Associates and Joint Ventures		
Strathclyde Partnership for Transport	(1,084)	486
Strathclyde Concessionary Travel Scheme Joint Board	(3)	(16)
Renfrewshire Valuation Joint Board	(24)	32
Inverclyde Leisure	0	0
Riverside Inverclyde	(181)	(200)
Inverclyde Integrated Joint Board	2,488	2,032
Inchgreen Joint Venture	(172)	0
	1,024	2,334
Share of Other Comprehensive (Income) and Expenditure of Associates and Joint Ventures		
Strathclyde Partnership for Transport	96	4
Strathclyde Concessionary Travel Scheme Joint Board	0	0
Renfrewshire Valuation Joint Board	14	(1,272)
Inverclyde Leisure	0	0
Riverside Inverclyde	0	559
Inverclyde Integrated Joint Board	0	0
Inchgreen Joint Venture	0	0
	110	(709)

Note 32 Group Assets and Liabilities of Associates and Joint Ventures

	2023-2024	2022-2023
	£000	£000
Net Assets of Associates and Joint Ventures		
Strathclyde Partnership for Transport	17,124	16,136
Strathclyde Concessionary Travel Scheme Joint Board	197	194
Riverside Inverclyde	3,984	3,818
Renfrewshire Valuation Joint Board	213	1,339
Inverclyde Integrated Joint Board	9,644	12,131
Inchgreen Joint Venture	172	0
	31,334	33,618
Net Liabilities of Associates and Joint Ventures		
Renfrewshire Valuation Joint Board	0	0
	0	0

Note 33 General Accounting Policies

The Council is required to prepare an annual "Statement of Accounts" by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires such accounts 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 2023-2024 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a "going concern" basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

A Accruals of Expenditure and Income

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 services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Interest receivable and dividend income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Council.
- 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The Council Tax income for the year is the accrued income for the year less reliefs and remissions. The net income is transferred to the Comprehensive Income & Expenditure Statement (CIES). The Non-Domestic Rates income for the year is the accrued income for the year less reliefs and remissions. The net Non-Domestic Rate income plus the contribution to the local authority from the national Non-Domestic Rate pool is transferred to the CIES.

B 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.
- Amortisation of intangible non-current assets attributable to the service.

The authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to the Statutory Repayment of Loans Fund Advances. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the Statutory Repayment of Loans Fund Advances, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement.

C Employee Benefits

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. The Council has made provision for the costs of settling claims for equal pay arising before the Council implemented its equal pay strategy. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

D Exceptional Items and Prior Period Adjustments

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

E 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 it will bring benefits to the Council for more than twelve months. Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life (assessed as between one to six years) to the relevant service lines in the CIES.

F Inventories

Inventories are made up of consumable stock. Consumable stock brought into account is included in the Balance Sheet at the lower of cost and net realisable value.

G VAT

Income in the accounts excludes VAT because all VAT charged by the Council is paid to HM Revenue & Customs. Expenditure in the accounts only includes VAT that cannot be recovered from HM Revenue & Customs.

Note 34 Group Accounting Policies

The Code of Practice on Local Authority Accounting in the United Kingdom 2023-2024 (The Code) requires Local Authorities to consider their interests in all types of entity. This includes other Local Authorities or similar bodies defined in Section 106 of the Local Government (Scotland) Act 1973. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The Accounting Policies in the preceding sections of this note apply to the Council and its Group members; where Group Accounting Policies differ these are highlighted below.

A Combining Entities and Group Boundary

The Group Accounts consolidate the results of the Council with four associates:

- Strathclyde Partnership for Transport (SPT)
- Strathclyde Concessionary Travel Scheme Joint Board
- Renfrewshire Valuation Joint Board
- Riverside Inverclyde

Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has a "significant influence" over their financial and operating policies. The Council has no shares in, or ownership of, any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards. Riverside Inverclyde is also included within the Group Accounts as an "associate" as the Council does not have a "controlling interest" in terms of the voting rights.

The Group's share of Riverside Inverclyde is calculated using the Member representation on the company's Board. For all other associates, the Council's share has been calculated on the Council's contribution to revenue costs.

The Integrated Joint Board results have been included as a “Joint Venture” and accounted for using the gross equity method of accounting.

The Council’s interest in each subsidiary has been accounted for using the acquisition method of accounting.

All entities have the same reporting date as the Council. Further details for each entity are provided in Note 30 Combining Entities.

B Basis of Preparation of Group Statements and Going Concern

The combination has been accounted for under the accounting conventions of the “acquisition basis” using the equity method – the Council’s share of the net assets or liabilities of each entity is incorporated and adjusted each year by the Council’s share of the entities’ results and its share of other gains and losses (recognised in the Group Comprehensive Income & Expenditure Statement (CIES)).

All associates consider it appropriate that their Statement of Accounts should follow the “going concern” basis of accounting. The Council’s Group Accounts have been prepared on a “going concern” basis as it is expected that future local government finance settlements, aligned with the Council’s robust budget process, which drives through efficiency savings, will provide sufficient resources to finance future liabilities.

C Employee Benefits: Post-employment Benefits

In common with Inverclyde Council, all combining entities participate in the Strathclyde Pension Fund. This is explained in Note 16 Defined Benefit Pension Schemes. The associates have accounting policies for pensions accounting that are consistent with those of the Council.

D Property, Plant & Equipment Measurement

The basis of valuation across the combining entities is in accordance with IFRS’s. PPE assets are shown at current value with the following exception:

- The Valuation Joint Board and Concessionary Travel Scheme Joint Board have no non-current assets.
- The SPT holds exceptional types of non-current assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also “third-party” assets that are rolling stock and other public assets used by other transport operators but which the SPT has the power to direct to the benefit of the travelling public within the SPT area. These are held at historic cost.
- Inverclyde Leisure uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use, on a replacement cost basis.

E Restrictions on Transfer of Funds

The Council’s share of the reserves of its associates is unusable i.e. it cannot be used to fund the Council’s services or to reduce taxation. All associates are entirely independent of the Council under law and for taxation. The Council is unable to access their reserves, whether classified as usable or otherwise in the associate’s own accounts.

Note 35 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2023-2024 Code:

- Amendments to IFRS 1, First Time Adoption – relating to foreign operations of acquired subsidiaries;
- Amendments to IFRS 16, Leases – removing a misleading example not referenced in the Code;
- Amendments to IAS 37, Onerous Contracts – clarifying the intention of the standard;
- Amendments to IAS 16, Property, Plant and Equipment – proceeds before intended use; and
- Amendments to IAS 41 Agriculture – only expected to apply to local authorities in limited circumstances.

The Code requires implementation from 1 April 2024 and there is therefore no impact on the 2023-2024 financial statements.

Note 36 Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council has entered into commercial lease agreements both as landlord and tenant for land and buildings on a variety of lease terms. These arrangements are accounted for as operating leases. The Council has considered the tests under IAS17 and concluded that there is no transfer of the risks and rewards of ownership.
- The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The Council has considered the tests under IFRIC12 and concluded this is a service concession.
- Two Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an “associate” although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent local authorities and the Joint Boards.
- The accounts have been prepared on a going concern basis as it is expected that future local government finance settlements, aligned with the Council’s robust budget process, which drives through efficiency savings, will provide sufficient resources to finance future liabilities.

Accounting Policies, Judgements and Assumptions

Note 37 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2024 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.	The sensitivities regarding the principal assumptions used by the consulting actuaries to measure the scheme liabilities are set out below: <ul style="list-style-type: none"> • A 0.1% decrease in the real discount rate would result in a 2% increase (£9.456 million) in the employer's obligation. • A one year increase in member life expectancy would result in a 4% increase in the employer's obligation. • A 0.1% increase in the salary increase rate would result in a 0% increase (£1.274 million) in the employer's obligation. • A 0.1% increase in the pension increase rate would result in a 1% increase (£8.336 million) in the employer's obligation.
Property, Plant & Equipment	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 whether the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.70 million for every year that useful lives are reduced.
Revaluation of Non-Current Assets	The revaluation of the Council's properties as at 31 March 2024 have been carried out by Avison Young. The properties valued typically fall in to one of three categories: <ul style="list-style-type: none"> • Specialised assets valued under a Depreciated Replacement Cost valuation methodology. This approach assumes that the asset would have been replaced with a new asset with the same operational value and potential as the existing asset. Estimation uncertainty within the revaluation of assets in this category is primarily driven by the following key assumptions: Selection of individual Building Cost Information Services (BCIS) values for each individual building component from within a published 	It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. Outcomes within the next financial year that differ from the assumptions adopted at 31 March 2024 around the valuation of Land or Buildings could result in a material adjustment to the carrying amount of the assets recorded in Note 7.

Accounting Policies, Judgements and Assumptions

Item	Uncertainties	Effect if Results differ from Assumptions
	<p>range, reflecting the condition and specifications of the actual component; the application of obsolescence adjustments to the valuation of individual buildings to reflect the building's age and condition; and application of functional obsolescence adjustments to reflect the extent to which a replacement asset would be configured in a more efficient manner and over a reduced gross internal area.</p> <ul style="list-style-type: none"> • Non-specialised assets valued at either the open market value at the highest and best use (fair value) or the current use (existing use value). This involves applying a number of assumptions; including in particular an expected rental income into the future (which for those currently vacant contains greater estimation uncertainty) and an appropriate rental yield for that type of property, with reference to applicable market indices. <p>For those assets not selected for formal revaluation in 2023/24, an indexation adjustment is applied to each asset type in line with applicable industry indices. The selection of these indexation factors from within the range suggested by industry metrics contains inherently an element of estimation uncertainty.</p>	

Independent Auditor's Report to the Members of Inverclyde Council and the Accounts Commission

Audit Arrangements

Under arrangements by the Accounts Commission for Local Authorities in Scotland, the auditor with responsibility for the audit of the accounts of Inverclyde Council for the year ended 31st March 2024 is:

Michael Wilkie,
Director
KPMG
319 St Vincent Street
Glasgow
G2 5AS

Statement

The audit of the Council's Accounts for 2023-2024 is yet to be undertaken i.e. the figures are "subject to audit". The certified Accounts will be presented to the Council for approval after audit.

1. Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

2. Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

3. Actuarial Gains and Losses (Pensions)

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

4. Asset

An item having value to the Council in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefit to the Council and to the Services it provides for a period of more than one year.

5. Associates

These are entities (other than a subsidiary or a joint venture) in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

6. Audit of Accounts

An independent examination of the Council's financial affairs.

7. Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

8. Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

9. Capital Expenditure

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

10. Capital Financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, capital receipts and grants, and revenue funding.

11. Capital Grants Unapplied Account

The Capital Grants 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.

12. Capital Programme

The capital schemes the Council intends to carry out over a specified period of time.

13. Capital Receipt

The proceeds from the disposal of land or other non-current assets.

14. CIES

The Comprehensive Income & Expenditure Statement (CIES) shows the accounting cost of providing services and managing the Council during the year. It includes, on an accruals basis, all of the Council's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that Councils need to take into account when setting the annual Council Tax. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

15. CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the major accountancy bodies in the United Kingdom. It develops and sets accounting standards for the public sector.

16. The Code

The Code of Practice on Local Authority Accounting in the United Kingdom (The Code) is the basis on which local authority accounts are prepared. The Code is based on European Union adopted International Financial Accounting Standards (that are primarily drafted for the commercial sector) and where required it interprets and adapts these standards to address all the accounting issues relevant to local government in the UK.

17. Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are municipal parks.

18. Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next, are the same.

19. Contingent Liability

A contingent liability is either

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain event, not wholly within the Council's control; or

- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

20. Corporate and Democratic Core

The Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

21. Creditor

Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

22. Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

23. Debtor

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

24. Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

25. Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

26. Discretionary Benefits (Pensions)

Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

27. Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the difference that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

28. Entity

A corporate body, partnership, trust, unincorporated association, or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

29. Equity

The Council's value of total assets less liabilities.

30. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

31. Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

32. Extinguishment

Extinguishment relates to financial liabilities and occurs when the Council's legal obligations end, either through the cancellation or expiry of the obligations or through payment being made to settle the amount owed by the Council.

33. Fair Value

The fair value of an asset is the price at which it could be exchanged for in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

34. Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

35. Financial Instruments Adjustment Account

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

36. General Revenue Grant

A grant paid by the Scottish Government to Councils, contributing towards the general cost of their services.

37. Going Concern

The concept that the Annual Accounts are prepared on the assumption that the Council (and its Associate bodies) will continue in operational existence for the foreseeable future.

38. Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

39. Gross Expenditure

This includes all expenditure attributable to the service and activity including employee costs, premises and transport costs, supplies and services, third party payments, support services and depreciation.

40. Gross Income

This includes grant income and all charges to individuals and organisations for the direct use of the Council's services.

41. Heritage Asset

A tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

42. IFRS

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements and has been extended into the public sector in the UK.

43. Impairment

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

44. Infrastructure Assets

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

45. Insurance Fund

The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes.

46. Intangible Assets

An intangible (non-physical) asset may be defined as such when access to the future economic benefits it represents are controlled by the Council. This Council's intangible assets are comprised solely of computer software licenses.

47. Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period of the scheme's liabilities because the benefits are one period closer to settlement.

48. Inventories

Items the Council has procured and holds in expectation of future use. Examples are consumable stores and raw materials.

49. Liability

A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year, at some point in the future, or is to be paid off by an annual sum over a period of time.

50. MiRS

The Movement in Reserves Statement (MiRS) shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (those reserves that can be applied to fund expenditure or to reduce taxation) and unusable reserves.

51. National Non-Domestic Rates Pool

All Non-Domestic Rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

52. Net Carrying Value

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

53. Non-current Assets

These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment etc.

54. Non-Distributable Costs

These are overhead costs where there is no direct linkage to services. Examples are the audit fee and historic pension costs.

55. Operating Leases

A lease where the ownership of the non-current asset remains with the lessor.

56. Past Service Cost (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme's liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

57. Pension Reserve

The Pension Reserve recognises the Council's share of the actuarial gains and losses in the Strathclyde Pension Fund and the change in the Council's share of the net liability chargeable to the CIES.

58. Pension Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoing due after the valuation date. The scheme's liabilities, measured using the "project unit method", reflect the benefits that the employer is committed to provide for service up to the valuation date.

59. Post-Employment Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment e.g. pensions in retirement.

60. Prior Year Adjustment

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

61. Provision

An amount put aside for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

62. Public Works Loan Board (PWLB)

A Central Government Agency which provides loans for one year and above to Councils at interest rates based on those at which the Government can borrow itself.

63. Rateable Value

The annual assumed rental of land or property, which is for national Non-Domestic Rates purposes.

64. Related Parties

Bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. For the Council's purposes related parties are deemed to include the Elected Members, the Chief Executive and its Corporate Directors.

65. Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses or allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

66. Repairs and Renewals Fund

The Repairs and Renewals Fund provides for the upkeep of specific assets held by the Council.

67. Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

68. Residual Value

The net realisable value of an asset at the end of its useful life.

69. Revaluation Reserve

The Revaluation Reserve represents the store of gains on the revaluation of fixed assets not yet realised through sales.

70. Revenue Expenditure

The day-to-day expenses of providing services.

71. Short-term Borrowing

Money borrowed where repayment is due in the following financial year.

72. Significant Interest

The reporting authority is deemed to have Significant Interest if it is actively involved and is influential in the direction of an entity through its participation in policy decisions.

73. Soft Loans

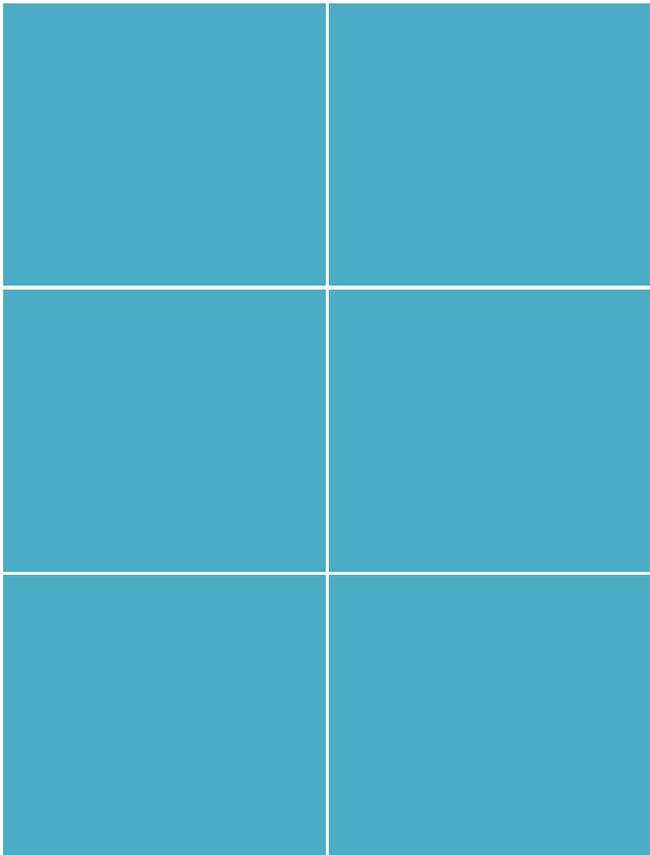
Loans made at significantly below market rates are deemed "soft loans" because there may be some element of subsidy between what the loan would have cost at market rates and the amount of interest actually charged. Examples include small start-up loans to small businesses.

74. Trust Funds

Funds administered by the Council for such purposes as awards and specific projects. Some of the Council's Trust Funds are Charities.

75. Useful Economic Life

The period over which the local authority will derive benefits from the use of a non-current asset.



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