
GLASGOW CITY COUNCIL

ANNUAL ACCOUNTS

For the year ended 31 March 2015

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Management Commentary

Introduction

Glasgow City Council is the main provider of services to the city's 596,550 residents and those who visit, work and do business in the city. Our resources are focused on the provision of Education, Social Work and other services, as well as supporting investment in the city's infrastructure.

During 2014/15, the city delivered what the chairman of the Commonwealth Games Federation, HRH Prince Imran described as the "best ever" Commonwealth Games, as well as a host of other major cultural events. The council was also instrumental in securing the City Deal across the Clyde Valley, bringing over £1.13 billion of infrastructure investment and employment initiatives to the Clyde Valley area over the next 10 years. The council achievements during 2014/15 were recently recognised by being named UK Council of the Year 2015 by the Local Government Chronicle.

This publication represents the Annual Accounts of both Glasgow City Council (the council) and its group for the year ended 31 March 2015, which have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector.

Strategic objectives

The council has identified an ambitious and targeted strategy to develop both the city and the services we provide. The council's Strategic Plan 2012-2017 identifies 6 key objectives and the process through which progress is measured. The key objectives are that Glasgow:

- Has economic growth; and is
- A world class city,
- A sustainable city,
- A city that looks after its vulnerable people,
- A learning city; and
- Makes best use of its resources.

The Strategic Plan is reviewed and updated on a regular basis with the most recent update approved by the Executive Committee on 25 June 2015.

As this is mid-way through the plan's delivery, the council has updated its priorities and commitments to reflect progress, incorporate a number of commitments agreed since the plan was launched, review the financial outlook and how we make best use of our resources to meet the challenges ahead. The full plan can be found on the council's website.

Performance management

The council's approach to reporting on performance at both a Corporate and a Service level is set out in full in the Corporate Performance Management Framework, reported to the Operational Delivery Scrutiny Committee (ODSC) and the Finance and Audit Scrutiny Committee (FASC) in November 2013.

This approach to performance management has been refined to ensure that we can monitor and report progress against the council's commitments and programmes, improve benchmarking reporting and activity, and streamline how we gather residents' views on services.

The target audience for much of the reporting output is the Executive Committee, the ODSC, the FASC and the Extended Corporate Management Team (ECMT). Information is also provided to other committees and to the public, as part of our Public Performance Reporting arrangements.

A number of reports form the core of the framework including, for example, the council's Strategic Plan and the Annual Performance Report, Annual Service Plan and Improvement Reports (ASPIRs), the Single Outcome Agreement (SOA) and SOA Annual Report, Equality Outcomes and Equality Monitoring reports, as well as the Local Government Benchmarking Framework Indicators and activity. Our performance information is hosted on a performance page on our website. Performance reporting to council committees also incorporates thematic scrutiny reporting, as well as operational performance reporting. The Corporate Performance Management Framework also includes financial reports, Human Resources reports, Service Reform Programme reports, risk registers and Annual Household Survey reports.

The annual performance against the council's Strategic Plan 2012 to 2017 is incorporated with the council's Annual Performance Report. The latest report for 2014/15 was approved by the Executive Committee on 13 August 2015 and is published on the council's website. This report provides an assessment of how the council is performing against the strategic priorities and commitments outlined within the strategic plan. A summary of progress is outlined below:

Theme	Commitment met – Action is complete or is delivering on target.	Commitment is in progress – Original target may have been revised or there is a lack of evidence.	Commitment not met.
Economic Growth	18 (95%)	1	0
World Class City	27 (90%)	3	0
Sustainable City	19 (90%)	2	0
Vulnerable People	20 (91%)	2	0
Learning City	14 (100%)	0	0
Total	98	8	0
	92%	8%	

The council's performance in relation to Making Best Use of Resources is contained within the financial review below.

Risk management

The council operates a risk management policy and strategy which identifies risks affecting the council, aligned to the strategic plan objectives. All risks are assessed on a six monthly basis by the Corporate Risk Management Working Group which consists of service representatives and members of the council's resilience team.

Individual Services maintain and report their own risk registers to their management teams with the corporate risk register reported to the Corporate Management team and thereafter to FASC. The latest report to the 31 March 2015 was considered by FASC on 17 June 2015.

The top six risks identified in that report were:

Theme	Risk
Economic Growth	Worklessness
A city that looks after its vulnerable people	Welfare reform – Increase in deprivation for the most vulnerable citizens Duty of care to children and vulnerable adults Social renewal
Making Best Use of Resources	Budget provision Health and Social Care Integration

Financial review

The financial review outlines some of the key financial issues affecting the council during the year and the overall financial position of the council, in line with the reporting requirement of the Code.

• Income and expenditure

In 2014/15, the council continued to face significant financial pressures. These related mainly to the impact of the general economic climate and in particular, budget pressures within Social Work and Education Services. The principal reasons for the pressures within Social Work Services relate to delays in the implementation of the personalisation programme for adults and the cost associated with the provision of homelessness services within the city, and within Education Services, relate to increased teacher costs associated with higher than anticipated school rolls. The pressures on each service budget were closely monitored throughout the year and corrective action was identified by Executive Directors to contain net expenditure within approved budgets as far as possible. This process was supported by the completion of probable outturns at various stages during the year. Notwithstanding these actions, services are reporting a net overspend of £1.0 million (0.08%) against budget.

The principal sources of finance utilised by the council in 2014/15 were as follows:

General Revenue Grant	£909.939 million	provided by the Scottish Government
Non-Domestic Rate Income	£363.061 million	provided by the Scottish Government
Council Tax / Community Charge	£181.428 million	raised from local taxpayers

Council Tax / Community Charge income is the only significant funding source within the council's control, albeit restricted by the Scottish Government's budget commitments in recent years. This funding represents only around 12% of total funding, limiting the council's capacity to vary expenditure through raising Council Tax income.

The Scottish Government operates a pooling arrangement for the collection and re-distribution of Non-Domestic Rates Income, whereby the council acts as an agent, collecting income on its behalf. A 'pool' account is maintained and reported by the Scottish Government, outlining the amount collected on its behalf by councils and the amount re-distributed to authorities.

In year collection levels for Council Tax have increased to 94.6% (2013/14 93.9%). The actual value of Council Tax income received was £181.428 million, £0.111 million more than budgeted (2013/14 £0.022 million more than budgeted).

The Local Government in Scotland Act 2003 created a requirement to maintain statutory trading accounts and report on the performance of significant Trading Operations in a best value environment. Over the year the Area Operations Trading Operation reported a surplus of £1.317 million and the Transport Trading Operation reported a surplus of £1.069 million. This represents £0.008 million and £0.582 million more than budget respectively.

In terms of the statutory requirement to break-even over a three year period, both Trading Operations reported a surplus over the current cycle. Note 12 on page 45 summarises the performance of the Trading Operations.

Surpluses received from related companies amounted to £6.400 million, some £3.341 million less than budgeted. This reflects a restructuring of service delivery within Cordia (Care) Limited Liability Partnership.

Financing costs (see note 1.11, page 20) associated with the council's debt portfolio were underspent by £16.312 million. This reflects the application of capital receipts from asset sales (£11.423 million), lower than anticipated revenue consequences of capital investment and the ongoing impact of lower interest rates. The capital interest rate charged by the council's Loans Fund in the year was 4.72%. Further details can be found in note 29 on pages 65 to 69. The application of asset sales in the year allowed for the same level of resources to be contributed to the Culture and Recreational Fund (£11.423 million) to meet future commitments.

The Comprehensive Income and Expenditure Statement records an accounting deficit of £236.733 million, represented by a movement in Unusable Reserves of £193.949 million and Usable Reserves of £42.784 million (as shown in the Movement in Reserves Statement). The Financial Statements show an increase to the General Fund Reserve balance of £6.824 million for the year. This results in a total General Fund Reserve balance of £39.613 million. Having accounted for earmarked reserves of £20.185 million, General Fund unearmarked reserves (including those built up in prior years) total £19.428 million, which represents 1.5% of the net budgeted expenditure. The council's policy remains to restore balances to 2% of the net budgeted expenditure over the medium term.

- **Assets and liabilities**

The council's Balance Sheet shows Net Assets of £1,085.747 million as at 31 March 2015 (Net Assets of £1,322.480 million at 31 March 2014).

Long-term assets amount to £4,495.952 million (2013/14 £4,491.576 million) and mainly reflect Property, Plant and Equipment and Heritage assets.

The Financial Statements reflect provisions for anticipated future liabilities, including outstanding equal pay compensation payments, claims relating to the former Strathclyde Regional Council, and estimated future costs in respect of former landfill site decommissioning and those associated with the council's schools PPP scheme. Council Tax debtors of £16.938 million (2013/14 £19.030 million) have been written off in

accordance with the council's policy of writing off such debt more than five years old from the Balance Sheet, whilst continuing to pursue collection of these debts with individuals. These costs were fully provided for in previous years. In addition, sundry debtors over two years old totalling £15.004 million (2013/14 £10.126 million) have been written off in the year against the provision, in accordance with the council's accounting policy.

The council's total debt outstanding amounts to £1,692.463 million (2013/14 £1,712.620 million). The majority of the council's borrowing comes from the Public Works Loans Board (PWLb), with the remainder coming from Lender Option Buyer Options (LOBOs) and temporary borrowing from various public bodies and financial institutions. The management of this debt is governed by the council's Treasury Management Strategy which is approved annually by the Executive Committee.

Council employees are entitled to join the Local Government Pension Scheme (LGPS) or, for teachers, the Scottish Teachers' Superannuation Scheme (STSS). The STSS is accounted for as a defined contribution scheme and, therefore, the Annual Accounts show the amounts contributed by the council to the scheme in the year. The LGPS is a defined benefit scheme, requiring an actuarial assessment of the council's overall assets and liabilities to be included in the Annual Accounts. The 2014/15 actuarial report shows a £234 million increase in the net pension liability, which is £1,536 million as at 31 March 2015.

- **Capital investment expenditure and income**

The council's Capital Expenditure and Income Statement is detailed in note 19.7 on page 57. Gross Capital Expenditure for the year totalled £187.901 million. The major elements of expenditure are outlined in the table below.

Nature of project	2014/15 £m
Phase 5 of the pre-12 strategy, which represents further investment in the primary school estate	45.890
Future City project	18.271
Provision of new care homes and day centres to meet the needs of older people and enhance quality of life	15.616
Continued investment in the city's roads and pathways infrastructure	11.454

Of the total expenditure, £0.375 million was met from finance leasing, and £102.278 million was met from revenue contributions, government grants and other receipts. This resulted in a balance of £85.248 million to be met from borrowing. The council has an investment programme capital fund to provide resources for tackling investment priorities within the authority. The balance on this fund at 31 March 2015 was £5.135 million (see note 7 on page 39). Capital receipts from asset sales achieved during the year totalled £11.423 million.

- **Prudential indicators**

The Capital Financing Requirement (CFR) defines the underlying need to borrow for capital purposes. As at 31 March 2015, the CFR was £1,572 million, while net external borrowing stood £44 million lower at £1,528 million. This is a measure of prudence, demonstrating that borrowing has only been undertaken for capital investment purposes and to meet short-term cash flow requirements. It is also reflective of the

council's treasury management strategy, where it has been deemed prudent to make use of internal funds held for longer-term purposes, to minimise exposure to investment risk.

The Ratio of Financing Costs to Net Revenue Stream provides an indication of affordability of capital investment. As at 31 March 2015, the ratio of financing costs to net revenue stream was 12.86%. The council's ability to service the borrowing costs is integral to capital investment decisions. Both capital and revenue budget forecasts are therefore inextricably linked, with the revenue implications of capital investment plans reflected within the council's revenue budget forecasts. Current capital investment plans will have no incremental impact on the Council Tax, with ongoing revenue implications of investment decisions being managed within existing budgetary levels.

- **Group accounts**

The Code requires the council to include summary Group Accounts in the Annual Accounts, showing the joint financial position of the council and its subsidiaries and associates. The Group Balance Sheet shows Net Assets of £987.283 million as at 31 March 2015 (£1,304.193 million at 31 March 2014).

The 2014/15 Annual Accounts show an overall group pension liability of £1,771.846 million. These liabilities, falling due in future years, will be financed by future years' annual pension contributions and returns on investments. It is expected that future revenue streams, aligned with the group's budget process and service reform programme, will provide sufficient resources to finance future liabilities.

Outlook

The financial outlook remains very challenging due to anticipated funding gaps between revenues from central government income and local taxation, and increasing demand for council services and other cost pressures. These financial pressures have been reflected in the council's financial forecasts and approved budgets. For that reason, the council continues to implement and develop its programme of service reform.

The council approved the 2015/16 revenue and capital budget on 19 February 2015. The approved budget included a savings package totalling £28.903 million to meet the funding gap arising from a decline in central government grant, inflationary pressures on expenditure, and to support the council's Strategic Plan. Financial forecasts are prepared and updated each year to inform financial planning and identify savings requirements.

Councillor Frank McAveety
Leader of the Administration
24 September 2015

Annemarie O'Donnell
Chief Executive
24 September 2015

Lynn Brown
Executive Director of Financial
Services
24 September 2015

Further information on the Annual Accounts, or on any aspect of the council's finances, can be obtained from the Executive Director of Financial Services, City Chambers, Glasgow G2 1DU. Telephone 0141 287 3837 or e-mail financial@glasgow.gov.uk.

❖ Statement of Responsibilities

1. The Council's Responsibilities

The council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the council has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this council, that officer is the Executive Director of Financial Services;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Scotland Act 2003); and
- Approve the Annual Accounts for signature.

I certify that the Annual Accounts have been approved for signature by the Executive Committee at its meeting on 24 September 2015.

Councillor Frank McAveety
Leader of the Administration
24 September 2015

2. The Executive Director of Financial Services Responsibilities

The Executive Director of Financial Services 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 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Annual Accounts, the Executive Director of Financial Services has:

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

The Executive Director of Financial Services has also:

- Kept adequate accounting records, which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Glasgow City Council and its group as at 31 March 2015 and the transactions for the year then ended.

Lynn Brown MA (Hons) CPFA
Executive Director of Financial Services
24 September 2015

❖ The Financial Statements

A summary of the main financial statements is provided below.

Movement in Reserves Statement - summarises the movement in the different reserves held by the council, analysed into Usable Reserves (that is, those that can be applied to fund expenditure or reduce local taxation) and Unusable Reserves, required by statute or regulation to adjust between proper accounting practice and the funding basis (these reserves are not available to fund expenditure or reduce local taxation). The 'Surplus or (Deficit) on the Provision of Services' line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund balance for council tax setting purposes. The main statutory adjustments to the General Fund balance relate to capital investment (which is accounted for as it is financed, rather than when the fixed assets are consumed) and retirement benefits (which are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned). The 'Net Increase or (Decrease) before transfers to other statutory reserves' line shows the statutory General Fund balance before any discretionary transfers to or from statutory reserves undertaken by the council. The opening and closing reserves reflect the balances shown in the Balance Sheet.

Comprehensive Income and Expenditure Statement - shows income and expenditure incurred in the year relating to the provision of council services, financing and investing activities, taxation and grant income, and other unrealised gains and losses. In total, this reflects the movement in the overall council reserves shown in the Balance Sheet but excludes the statutory adjustments to the General Fund balance.

Balance Sheet - represents the value of the assets and liabilities of the council as at 31 March. The Net Assets (assets less liabilities) are matched by the total Usable and Unusable Reserves. Usable Reserves are those that the council may use to fund expenditure or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Reserve Funds may only be used to fund capital expenditure or repay debt).

Unusable Reserves are those that the council is not able to use to provide services and include reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences (for example, the Pension Reserve), where amounts will fall to be paid when they are due and not when they are earned. The effect of these reserves is shown in the 'Adjustments between accounting basis and funding basis under regulations' line within the Movement in Reserves Statement.

Cash Flow Statement - details 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 from Operating Activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income, or from the recipients of services provided by the council. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from Financing Activities are useful in predicting claims on future cash flows by providers of capital to the council.

Other statements - there are a number of other statements included in the Annual Accounts, which provide more detail behind the main statements outlined above.

Statement	Information provided
Council Tax Income Account	Council Tax collectable by the council and the basis on which it is levied. The residual collection of outstanding Community Charge is also shown.
Non-Domestic Rates Income Account	Non-Domestic Rates Income collectable by the council and the amount contributable to the national pool.
Common Good Fund	Funds held under statute for the people of Glasgow. Expenditure from the fund does not represent a charge to council tax payers and primarily meets the costs of civic ceremonies and hospitality for distinguished visitors to the city.
Sundry Trusts and Funds	The income and expenditure in respect of donations made by individuals and organisations. The Balance Sheet shows the balance on these funds as at 31 March, represented by investments and other net assets.
Group Financial Statements	Consolidates the Financial Statements of the council and its subsidiaries and associates. The Group Financial Statements comprise the same primary statements as the council: Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement.

Movement in Reserves Statement for the Year ended 31 March 2015

	General Fund Reserve £000	Revenue Reserve Funds £000	Capital Reserve Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2013	43,473	75,895	8,919	8,867	137,154	1,336,159	1,473,313
Movement in reserves during 2013/14 (Restated):							
Surplus or (Deficit) on the Provision of Services	(84,191)				(84,191)		(84,191)
Other Comprehensive Income and (Expenditure)					0	(66,642)	(66,642)
Total Comprehensive Income and (Expenditure)	(84,191)	0	0	0	(84,191)	(66,642)	(150,833)
Adjustments between accounting basis and funding basis under regulations (note 6)	60,951			21,011	81,962	(81,962)	0
Net Increase or (Decrease) before transfers to other statutory reserves	(23,240)	0	0	21,011	(2,229)	(148,604)	(150,833)
Transfers (to) and from other statutory reserves (note 7)	12,556	(9,238)	(3,318)		0	0	0
Increase or (Decrease) in the year	(10,684)	(9,238)	(3,318)	21,011	(2,229)	(148,604)	(150,833)
Balance at 31 March 2014 (Restated)	32,789	66,657	5,601	29,878	134,925	1,187,555	1,322,480
Movement in reserves during 2014/15:							
Surplus or (Deficit) on the Provision of Services	(55,656)				(55,656)		(55,656)
Other Comprehensive Income and (Expenditure)						(181,077)	(181,077)
Total Comprehensive Income and (Expenditure)	(55,656)				(55,656)	(181,077)	(236,733)
Adjustments between accounting basis and funding basis under regulations (note 6)	30,507			(17,635)	12,872	(12,872)	0
Net Increase or (Decrease) before transfers to other statutory reserves	(25,149)			(17,635)	(42,784)	(193,949)	(236,733)
Transfers (to) and from other statutory reserves (note 7)	31,973	(31,507)	(466)		0	0	0
Increase or (Decrease) in the year	6,824	(31,507)	(466)	(17,635)	(42,784)	(193,949)	(236,733)
Balance at 31 March 2015	39,613	35,150	5,135	12,243	92,141	993,606	1,085,747

Notes 5 to 7 on pages 32 to 39 provide further details on the Movement in Reserves Statement

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2015

2013/14 Expenditure (Restated) £000	2013/14 Income £000	2013/14 Net Expenditure (Restated) £000	Service	Note	2014/15 Expenditure £000	2014/15 Income £000	2014/15 Net Expenditure £000
175,255	(10,633)	164,622	Cultural and Related Services		190,574	(11,998)	178,576
512,945	(28,143)	484,802	Education Services		526,158	(26,851)	499,307
156,216	(16,057)	140,159	Environmental Services		111,773	(18,408)	93,365
535,385	(471,476)	63,909	Housing Services		550,868	(478,661)	72,207
127,379	(26,980)	100,399	Planning and Development Services		129,289	(29,801)	99,488
81,990	(34,625)	47,365	Roads and Transport Services		78,956	(29,440)	49,516
553,702	(156,527)	397,175	Social Work Services		565,858	(159,449)	406,409
48,134	(25,805)	22,329	Central Services		46,125	(26,596)	19,529
16,656	0	16,656	Corporate and Democratic Core		14,117	0	14,117
36,074	0	36,074	Non-distributed Costs		17,123	0	17,123
(2,294)	0	(2,294)	Former Authority Residual Costs		(60)	0	(60)
2,241,442	(770,246)	1,471,196	Cost of Services		2,230,781	(781,204)	1,449,577
0	(2,894)	(2,894)	(Gain) or loss on the disposal of Property, Plant and Equipment		0	(1,228)	(1,228)
0	(2,894)	(2,894)	Other Operating (Income) and Expenditure		0	(1,228)	(1,228)
4,257	(5,877)	(1,620)	(Surplus) or deficit on Trading Operations (where not included elsewhere)		3,221	(5,592)	(2,371)
101,342	0	101,342	Interest payable		100,247	0	100,247
0	(7,726)	(7,726)	Interest and investment income		0	(7,017)	(7,017)
51,000	0	51,000	Net interest on the net defined benefit liability	13	56,000	0	56,000
156,599	(13,603)	142,996	Financing and Investment (Income) and Expenditure		159,468	(12,609)	146,859
0	(918,539)	(918,539)	Non-ring fenced government grants	14	0	(909,939)	(909,939)
0	(333,668)	(333,668)	Non-Domestic Rates	14	0	(363,061)	(363,061)
0	(179,008)	(179,008)	Council Tax / Community Charge		0	(181,428)	(181,428)
0	(95,892)	(95,892)	Capital grants and contributions	14	0	(85,124)	(85,124)
0	(1,527,107)	(1,527,107)	Taxation and Non-specific Grant Income		0	(1,539,552)	(1,539,552)
2,398,041	(2,313,850)	84,191	(Surplus) or Deficit on the Provision of Services		2,390,249	(2,334,593)	55,656
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(36,590)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				8,912
		102,000	Actuarial (gains) or losses on Pension Assets and Liabilities	13			172,000
		128	Other unrealised (gains) or losses				117
		65,538					181,029
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services				
		1,104	(Surplus) or deficit on revaluation of Available-for-Sale Financial Assets				48
		66,642	Other Comprehensive (Income) and Expenditure				181,077
		150,833	Total Comprehensive (Income) and Expenditure				236,733

Balance Sheet as at 31 March 2015

31 March 14 £000 (Restated)	Note	£000	31 March 15 £000
2,044,592	Other land and buildings	2,040,336	
103,592	Vehicles, plant, furniture and equipment	139,998	
530,723	Infrastructure assets	561,685	
25,179	Community assets	25,528	
106,641	Assets under construction	83,988	
101,877	Corporate surplus assets	74,267	
2,912,604	Property, Plant and Equipment	20	2,925,802
1,417,228	Heritage assets	21	1,417,088
8,598	Intangible assets	22	8,121
5,600	Assets held for sale	23	0
34,640	Long-term investments	29	31,923
112,906	Long-term debtors	29	113,018
4,491,576	Long-term Assets		4,495,952
25,738	Short-term investments	29	33,198
1,588	Inventories	24	1,240
211,095	Net short-term debtors	25	183,344
76,093	Cash and cash equivalents	26	68,847
0	Intangible Assets		1,523
6,513	Assets held for sale	23	13,388
321,027	Current Assets		301,540
(259,797)	Short-term borrowing	29	(312,511)
(216,479)	Short-term creditors	27	(235,747)
(13,949)	Short-term provisions	28	(20,677)
(490,225)	Current Liabilities		(568,935)
(31,662)	Long-term provisions	28	(19,738)
(1,452,823)	Long-term borrowing	29	(1,379,953)
(1,302,000)	Net pensions liability	13	(1,536,000)
(213,413)	Deferred liabilities	30	(204,321)
0	Capital grants receipts in advance	14	(2,798)
(2,999,898)	Long-term Liabilities		(3,142,810)
1,322,480	Net Assets		1,085,747
32,789	General Fund Reserve	5,6	39,613
66,657	Revenue Reserve Funds	5,7	35,150
5,601	Capital Reserve Fund	5,7	5,135
29,878	Capital Grants Unapplied Account	5,6	12,243
134,925	Usable Reserves		92,141
1,187,555	Unusable Reserves	5,6	993,606
1,322,480	Total Reserves		1,085,747

The unaudited accounts were issued on 17 June 2015 and the audited accounts were authorised for publication on 24 September 2015

Lynn Brown, MA (Hons) CPFA
Executive Director of Financial Services
24 September 2015

Cash Flow Statement for the Year ended 31 March 2015

2013/14 £000 (Restated)		Note	2014/15 £000
84,191	(Surplus) or Deficit on the Provision of Services		55,656
164,770	Adjustments to (Surplus) or Deficit on the Provision of Services for non-cash movements		89,299
(287,942)	Adjustments for items included in the (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities		(254,207)
(38,981)	Net cash flows from Operating Activities	33	(109,252)
82,489	Investing Activities	34	82,410
(37,018)	Financing Activities	35	34,088
6,490	Net (increase) or decrease in Cash and cash equivalents		7,246
(82,583)	Cash and cash equivalents at the beginning of the reporting period		(76,093)
(76,093)	Cash and cash equivalents at the end of the reporting period		(68,847)

❖ Notes to the Financial Statements

The main objective of these notes is to provide further explanation for certain aspects of the core Financial Statements.

1. Statement of accounting policies

The Financial Statements for the year ended 31 March 2015 have been prepared on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the council and its group.

The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. In this regard, the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of long-term assets and the fair value of investments and pensions.

1.1. Income and debtors

Income includes all sums due to the council for the year of account. Government grants and other contributions are accounted for on an accruals basis and are recognised as income when the conditions of entitlement have been satisfied and there is reasonable assurance that the monies will be received. An appropriate provision has been made for bad and doubtful debts.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

1.2. Supplies and services

Suppliers' invoices received up to 31 March 2015 are included, together with the specific accrual of invoices received after that date for material amounts, provided the goods or services were received in 2014/15. Where applicable, expenditure and income are reduced by the value of recharges to other council services under the heading inter-departmental recharges. This ensures that the cost is only reflected in the receiving service.

1.3. Long-term contracts

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date, as compared to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred, where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.4. Overheads and support services

The full cost of overheads and support services are allocated to services in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation;
- Non-distributed Costs – the cost of discretionary benefits awarded to employees retiring early, impairment losses chargeable on assets held for sale, and the cost of permanently unoccupied office accommodation; and
- Charges to Capital Projects - costs relating to capital projects incurred by the Chief Executive's Office and Corporate Services, Financial Services, Development and Regeneration Services and Land and Environmental Services are charged to capital projects.

1.5. Employee benefits

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

Termination benefits are amounts payable as a result of a decision by the council to terminate an employment before the normal retirement date, or following an employee's decision to accept voluntary redundancy. Termination benefits are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the council is demonstrably committed to a termination.

1.6. Retirement benefits

The council participates in two formal pension schemes, the Local Government Pension Scheme, which is administered by Strathclyde Pension Fund, and the Scottish Teachers' Superannuation Scheme, which is administered by the Scottish Government.

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

- (i) Attributable assets are measured at fair value at the balance sheet date, after deducting accrued expenses. Attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the schemes are recorded as creditors due within one year.
- (ii) For pension charges, the change in defined benefit asset or liability is analysed and charged to the Comprehensive Income and Expenditure Statement as follows:
 - Current service cost, past service cost and gains / losses on curtailments and settlements are included within Cost of Services;
 - Net interest on the net defined benefit liability is included within Financing and Investment Income and Expenditure; and
 - Actuarial gains / losses are incorporated within Other Comprehensive Income and Expenditure.

The nature of the teachers' scheme prevents the council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme. Further details of pension costs can be found in note 13 on pages 46 to 51.

1.7. Value Added Tax

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

1.8. Trading Operations

The Local Government in Scotland Act 2003 requires the council to maintain statutory trading accounts and report on Trading Operations in a best value environment. The Act requires the Trading Operations to break-even over a rolling three year period.

Trading Operations form part of the council's overall activities and as such, their performance is reported within Financing and Investment Income and Expenditure supported by note 12 on page 45.

1.9. Service expenditure analysis

The Comprehensive Income and Expenditure Statement is presented in accordance with the CIPFA Service Reporting Code of Practice (SeRCOP). The CIPFA SeRCOP analysis is not in accordance with the council's management structure. Details of income and expenditure based on the council's internal management structure are provided in note 9 on pages 41 to 43.

1.10. Charges to revenue for long-term assets

Services are debited with the following to recognise the cost of holding long-term assets during the year:

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

The council is not required to raise Council Tax to fund these items. However, it is required to make an annual loans fund principal repayment from revenue to reduce the overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the loans fund principal, by way of an adjusting transaction between the General Fund and the Capital Adjustment Account within the Movement in Reserves Statement.

1.11. Financing costs

Repayment of debt to the consolidated Loans Fund is based on annuity principles. Repayment periods are in line with asset useful lives, for which debt has been incurred. They generally range from 5 to 10 years for major items of vehicles, plant, furniture and equipment to 40 years for infrastructure and buildings. The repayment of debt incurred in respect of significant components with specific useful lives is in line with the useful life of the component. Capital receipts from asset sales are applied in line with the council's overall financial planning model.

Interest is allocated by the Loans Fund on the basis of the debt outstanding at the start of the financial year with a proportionate adjustment in respect of borrowings or repayments during the financial year. Interest payable on external borrowings and interest receivable are accounted for on an accruals basis.

Financing costs comprise principal and interest. Interest is debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, while the principal is debited to the General Fund through the Movement in Reserves Statement.

1.12. Leases and lease type arrangements

1.12.1. Finance leases

Leases are accounted for as finance leases when substantially all the risks and rewards relating to the leased asset transfer to the lessee. Finance leases have a number of characteristics, however, the council has determined the principal factor in defining a finance lease to be where the present value of the minimum lease payments amounts to substantially all of the fair value of the leased asset. Substantially all of the fair value will generally be at least 80%.

Property leases are classified and accounted for as separate leases of land and buildings. The council implements the requirements of International Financial Reporting Interpretations Committee 4 (IFRIC 4), to assess whether an arrangement contains the substance of a lease. This includes lease rental payments embedded within service payments, where this is significant.

The acquisition of the interest in assets under the terms of a finance lease is recognised in the Balance Sheet as a Deferred Liability at the inception of the lease, matched by a Long-term Asset. This liability is written down as rentals become payable. Rentals payable under finance leases are apportioned between principal and interest. Interest is debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, while the principal is debited to the General Fund through the Movement in Reserves Statement.

The interest in assets disposed of under the terms of a finance lease is recognised in the Balance Sheet as a Long-term Asset. Rentals receivable under finance leases are apportioned between finance income and a reduction in the finance lease receivable. Finance income is credited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, with the balance applied to reduce the debtor.

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to Long-term Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

1.12.2. Operating leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

1.13. Public Private Partnership

The Public Private Partnership (PPP) agreement for the provision of secondary school buildings, maintenance and other facilities is accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The standard recognises that the council is in control of services provided under the PPP scheme. As ownership of the Long-term Assets will pass to the council at the end of the contract for no additional charge, the council carries the assets on the Balance Sheet.

The amounts payable to the PPP operator, 3ED Glasgow Limited each year are analysed into 5 elements:

- Fair value of the services received during the year – charged to the Comprehensive Income and Expenditure Statement within Education Services;
- Finance cost – the interest charge of 8.37% on the outstanding Balance Sheet liability charged to the Comprehensive Income and Expenditure Statement within Financing and Investment Income and Expenditure;
- Contingent rent – increase in the amount to be paid for the property arising during the contract charged to the Comprehensive Income and Expenditure Statement within Financing and Investment Income and Expenditure;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator; and
- Lifecycle replacement costs – recognised as Long-term Assets on the Balance Sheet.

1.14. Revenue expenditure funded from capital under statute

Revenue expenditure incurred during the year that may be capitalised under statutory provisions has been charged to the relevant service in the Comprehensive Income and Expenditure Statement. However, this is reversed out to the Capital Adjustment Account through the Movement in Reserves Statement, so that there is no impact on the General Fund balance.

1.15. Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, that are expected to be used during more than one financial year, are classified as Property, Plant and Equipment.

1.15.1. Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Property, Plant and Equipment purchased from revenue in excess of the council's *de minimis* level of £6,000 is recognised as a Long-term Asset. Enhancement expenditure, which substantially lengthens the useful life, value or extent to which the council will receive benefits from the asset, is capitalised. Expenditure on repairs and maintenance that does not add to an asset's potential to deliver future economic benefits is charged to the appropriate service revenue account.

1.15.2. Measurement

Assets are initially measured at cost. The council does not capitalise borrowing costs incurred whilst assets are under construction. Where an asset is acquired via an exchange, the cost of the acquisition is deemed to be equivalent to the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure assets, vehicles, plant, furniture and equipment assets and intangible assets – depreciated historic cost.
- Community assets - valued at £1 on 1 April 1994, with any additions or enhancement from that date included at cost. The major assets in this category are areas of open parkland.
- Corporate surplus assets (i.e. surplus assets that do not meet the criteria to be held for sale) - carrying value of the asset at the point at which it was declared surplus.
- All other assets - fair value. Where there is no market-based evidence of fair value, due to the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

1.15.3. Componentisation

Componentisation refers to accounting separately for the different component parts of assets. A *de minimis* level of £1 million is applied to the overall asset value in this respect. The council separately accounts for significant components with substantially different useful economic lives. Components are deemed to be significant where the cost is more than 10% of the cost of the asset. In practice, the following components are accounted for separately, where material:

- Land (useful life not applicable);
- Buildings (useful life 40 years);
- Plant and equipment (useful life 5 to 10 years); and
- Other components with substantially different useful economic lives.

As assets under construction become operational and existing assets are revalued, componentisation will apply. Where a component is replaced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount.

1.15.4. Revaluation

Assets held at fair value, including significant components, are revalued on a five year rolling basis, in accordance with the guidelines provided within the Royal Institution of Chartered Surveyors Valuation Standards Manual. In addition, any material changes in the value of individual assets that arise between the periodic valuations are immediately reflected in the Balance Sheet.

Where a significant component of an existing asset is replaced, prior to the componentisation of the asset, as part of the five year rolling programme of revaluations, the carrying value of the component being replaced is assumed not to be material.

Increases in valuations are matched by credits to the Revaluation Reserve, to recognise unrealised gains, except where they arise from the reversal of a loss previously charged to a service revenue account.

In respect of decreases in value, where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance, up to the amount of the accumulated gains. Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

1.15.5. Depreciation and impairment

Depreciation is calculated on a straight-line basis and is provided for on all Property, Plant and Equipment over their useful lives. An exception is made for assets without a determinable finite useful life, that is, freehold land, community assets and assets under construction. Where an item of Property, Plant and Equipment has significant components, the components are depreciated separately, in accordance with their useful lives. Depreciation is applied in the year from 1 April based on asset valuations as at 31 March of the previous financial year.

Depreciation on corporate surplus assets is not charged to service revenue accounts. It is, however, reflected in the Comprehensive Income and Expenditure Statement within Non-distributed Costs.

The useful lives of property assets are determined in consultation with City Property (Glasgow) LLP. Technical officers within services determine non-property asset lives.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value and the historic cost depreciation transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. All impairment losses are written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess thereafter charged to the relevant service line within the Comprehensive Income and Expenditure Statement.

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

1.15.6. Disposals and Long-term Assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued upon reclassification and held at the lower of the carrying value and fair value less cost of sale. Where there is a subsequent decrease in fair value less costs to sell, the loss is debited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria of Assets Held for Sale, they are reclassified back to Property, Plant and Equipment assets and revalued the subsequent year at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation and revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Receipts from disposals are credited to the same line to give the gain or loss on disposal. Any accumulated revaluation gains are transferred from the Revaluation Reserve to the Capital Adjustment Account.

Amounts received for disposals are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to this reserve from the General Fund balance through the Movement in Reserves Statement. Similarly, the written-off value of disposals is appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement. Disposals have no impact on Council Tax as long-term assets are fully provided for under separate capital financing arrangements. Balances are transferred from the Capital Receipts Reserve to the Capital Adjustment Account as they are applied.

1.16. Intangible assets

Expenditure on assets that do not have physical substance but are controlled by the council as a result of past events (for example, software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council. Internally generated assets would also be capitalised, where it could be demonstrated that a project will be able to generate future economic benefits by being able to sell or use the asset.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost.

Intangible assets are amortised over their useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any impairment losses are recognised within the relevant service lines, while any gains or losses arising from disposal are recognised within the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

1.17. Heritage assets

Heritage assets have historical, cultural, artistic, scientific, geophysical or environmental qualities and are held and maintained for future generations for their contribution to knowledge and culture. Operational heritage assets that are also used to provide other services are accounted for as operational assets. The Code relaxes some of the measurement rules where information on cost or value is not available and where the cost of obtaining information outweighs benefit to users of the annual accounts.

The council's heritage assets comprise museum and gallery collections, which are held according to valuations for insurance purposes, and civic regalia, held at fair value. These valuations include some pieces of artwork, which are held on long term loan to the council but are not significant compared to the overall valuation. Where the council holds information on the cost of statues and fountains, these are included at cost.

Heritage assets are deemed to have indeterminate lives and high residual values; hence the council does not consider it appropriate to charge depreciation on these assets.

There are a number of other public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout the city. The council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. Such assets are therefore excluded from the Balance Sheet.

The council's museum and gallery collections are managed by Culture and Sport Glasgow (trading as Glasgow Life) on behalf of the council, in accordance with the council's policy for acquisition, preservation, management and disposal of collections outlined within the Museums Acquisition and Disposal Policy.

1.18. Interest in companies and other entities

The council has interests in companies and other entities that have the nature of subsidiaries and associates and these are included in the council's Group Financial Statements. In the council's single entity accounts, the interests in these companies are recorded as long-term investments at cost.

1.19. Valuation of other assets and investments

Inventories are included at the lower of cost and net realisable value of the separate items of inventory or of groups of similar items, calculated on the basis of weighted average cost. Work in progress has been valued at cost plus an appropriate proportion of overheads, together with allowances for foreseeable losses.

1.20. Cash and cash equivalents

Cash is represented as 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 within three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.21. Foreign currency translation

Where the council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the transaction date. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the exchange rate as at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.22. Provisions

The value of provisions is based upon the council's obligations arising from past events, the probability that a transfer of economic benefit will take place, and a reasonable estimate of the obligation. Provisions are charged to the appropriate service revenue account in the year the obligation becomes known and are reviewed at each balance sheet date. Any related reimbursement to be met by another party is only recognised where the receipt is virtually certain on settlement of the obligation.

Further details of provisions can be found in note 28 on page 64.

1.23. Contingent liabilities

Contingent liabilities are included in note 31 on page 69 and reflect possible liabilities facing the council where the potential amount is unable to be estimated, and / or it is still not deemed probable that an obligating event has arisen.

1.24. Deferred liabilities

Deferred liabilities are released to the Comprehensive Income and Expenditure Statement to match future payments. Further detail on deferred liabilities can be found within note 30 on page 69.

1.25. Financial instruments

Loans and receivables, and loans payable are carried at amortised cost on the Balance Sheet. Available-for-Sale investments are carried at fair value based on quoted market price. The council has financial guarantees on bank loans taken out by City Parking (Glasgow) Limited Liability Partnership (LLP), City Property Glasgow (Investments) LLP and City Legacy Limited, which are measured at fair value and estimated by considering the probability of the guarantee being called. Premiums and discounts arising from debt restructuring are written off through the Movement in Reserves Statement to the Financial Instruments Adjustment Account. Amortisation is undertaken in line with statutory instruction.

The interest receivable or payable that is recognised within Financing and Investment Income and Expenditure is based on the effective interest rate chargeable to the carrying amount.

There are two accounting reserves arising from the re-measurement of financial instruments:

- (i) The Available-for-Sale Financial Instruments Reserve holds the gains or losses arising from the policy of carrying the available-for-sale investments at fair value;
- (ii) The Financial Instruments Adjustment Account holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the accumulated financing costs required in accordance with the regulations to be charged to the General Fund balance.

Further details can be found in note 29 on pages 65 to 69.

1.26. Capital grants and contributions

Capital grants or contributions and donated assets are recognised as due to the council when there is reasonable assurance that the council will comply with any conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the council are credited to the Capital Grants and Contributions Line in the Comprehensive Income and Expenditure Statement when grant conditions have been complied with. Amounts credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund balance in the Movement in Reserves Statement. Where grant conditions have not been met, the grant will be accounted for as Capital Grants Receipts in Advance on the Balance Sheet and donated assets will be accounted for in the Donated Assets Account. Where grant conditions have been met but the grant has not yet been used to finance capital expenditure, the grant will be held within the Capital Grants Unapplied Account and transferred to the Capital Adjustment Account as they are applied.

1.27. Usable and unusable reserves

Usable Reserves represent funds available to the council. The Capital Fund and various Revenue Reserve Funds, such as the Repairs and Renewals Fund, the Cultural and Recreational Fund and the Insurance Fund, are Usable Reserves which have been set up by the council for specific purposes.

Unusable reserves represent funds that are not available to the council. These balances are recognised as part of the accounting arrangements for capital, financial instruments, pensions and employee benefits. The Capital Adjustment Account contains entries relating to the financing of capital expenditure and the Revaluation Reserve reflects movements in the value of assets. The Available-for-Sale Financial Instruments Reserve and the Financial Instruments Adjustment Account are required to permit the re-measurement of financial instruments. The Pension Reserve has been set up in accordance with statutory accounting requirements to absorb the timing differences arising from accounting and funding for post employment benefits. The Employee Statutory Adjustment Account has been created to negate the impact of the employee benefits accrual on the General Fund. Details of the movement in these reserves can be found in note 5 on pages 32 to 36, and in note 7 on page 39.

1.28. Material items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the council's financial performance.

1.29. Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events may be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events is disclosed in the notes.

1.30. Prior period adjustments, changes in accounting policies and estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied. Changes in accounting estimation techniques are applied in the current and future years.

Subsequent to detailed analysis of assets held on the Balance Sheet as Assets under construction (AUC), prior period adjustments to previously reported 2013/14 figures have been necessary in respect of the following:

- Assets shown on the Balance Sheet as AUC when they were in fact operational. These related mainly to schools and infrastructure projects (£101.355 million);
- Assets wrongly remaining on the council's Balance Sheet as AUC after they had been transferred to outside bodies or were now subject to a lease (£18.040 million); and
- Assets included within AUC, which had previously been included in operational assets and had already been subject to revaluation (£3.884 million).

In addition, prior year analyses of Balance Sheet debtor and creditor balances for Cash Flow Statement purposes have been re-stated to reflect the correct classification across the council's Operating, Financing and Investing Activities.

These prior period adjustments resulted in the following changes to the main statements:

Effect on Movement in Reserves Statement 2013/14

	2013/14 Original Balance £000	Adjustment £000	2013/14 Restated Balance £000
Movement in reserves during 2013/14 (for General Fund Reserve)			
Surplus or (Deficit) on the Provision of Services	(63,885)	(20,306)	(84,191)
Adjustments between accounting basis and funding basis under regulations (note 6)	40,645	20,306	60,951
Movement in reserves during 2013/14 (for Total Usable Reserves)			
Surplus or (Deficit) on the Provision of Services	(63,885)	(20,306)	(84,191)
Adjustments between accounting basis and funding basis under regulations (note 6)	61,656	20,306	81,962
Movement in reserves during 2013/14 (for Total Unusable Reserves)			
Other Comprehensive Income and (Expenditure)	(63,912)	(2,730)	(66,642)
Adjustments between accounting basis and funding basis under regulations (note 6)	(61,656)	(20,306)	(81,962)
Movement in reserves during 2013/14 (for Total Reserves)			
Surplus or (Deficit) on the Provision of Services	(63,885)	(20,306)	(84,191)
Other Comprehensive Income and (Expenditure)	(63,912)	(2,730)	(66,642)
Balance at 31 March 2014 (Restated)			
Total Unusable Reserves	1,210,591	(23,036)	1,187,555
Total Reserves	1,345,516	(23,036)	1,322,480

Effect on Comprehensive Income and Expenditure Statement 2013/14

	2013/14 Original Net Expenditure £000	Adjustment £000	2013/14 Restated Net Expenditure £000
Cultural and Related Services	164,492	130	164,622
Education Services	483,806	996	484,802
Environmental Services	139,135	1,024	140,159
Planning and Development Services	83,299	17,100	100,399
Roads and Transport Services	46,531	834	47,365
Central Services	22,107	222	22,329
Cost of Services	1,450,890	20,306	1,471,196
(Surplus) or Deficit on the Provision of Services	63,885	20,306	84,191
(Surplus) or Deficit for the year on revaluation of Property, Plant and Equipment	(39,320)	2,730	(36,590)
Other Comprehensive (Income) and Expenditure	63,912	2,730	66,642
Total Comprehensive (Income) and Expenditure	127,797	23,036	150,833

Effect on Balance Sheet 2013/14

	2013/14 Original Balance £000	Adjustment £000	2013/14 Restated Balance £000
Other land and buildings	2,004,089	40,503	2,044,592
Vehicles, plant, furniture and equipment	96,418	7,174	103,592
Infrastructure assets	479,212	51,511	530,723
Community assets	24,588	591	25,179
Assets under construction	229,920	(123,279)	106,641
Property, plant and equipment	2,936,104	(23,500)	2,912,604
Heritage assets	1,417,198	30	1,417,228
Intangible assets	8,164	434	8,598
Long-term assets	4,514,612	(23,036)	4,491,576
Net Assets	1,345,516	(23,036)	1,322,480
Unusable Reserves	1,210,591	(23,036)	1,187,555
Total Reserves	1,345,516	(23,036)	1,322,480

Effect on Cash Flow Statement 2013/14

	2013/14 Original Balance £000	Adjustment £000	2013/14 Restated Balance £000
(Surplus) or Deficit on the Provision of Services	63,885	20,306	84,191
Adjustments to (Surplus) or Deficit on the Provision of Services for non-cash movements	172,325	(7,555)	164,770
Adjustments for items included in the (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities	(283,737)	(4,205)	(287,942)
Net cash flows from Operating Activities	(47,527)	8,546	(38,981)
Investing Activities	90,423	(7,934)	82,489
Financing Activities	(36,406)	(612)	(37,018)

The prior period adjustments outlined above do not alter the closing 2013/14 General Fund Reserve balance, as any impact on the Comprehensive Income and Expenditure Statement is adjusted for through the Movement in Reserves Statement.

2. New standards issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

- IFRS 13 Fair Value Measurement (May 2011)
- Annual Improvements to IFRS 2011-2013 Cycle
- IFRIC 21 Levies

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 annual accounts.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures. IFRS improvements are generally minor, principally providing clarification. IFRIC 21 provides guidance on recognition of a liability to pay levies. Overall, these new or amended standards are not expected to have a significant impact on the Annual Accounts.

3. Critical judgements made in applying accounting policies

In applying the accounting policies set out in note 1, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the annual accounts are as follows:

- Judgements made in assessing lease-type arrangements are set out in the accounting policy at 1.12.
- Judgements made in respect of accounting for asset components are set out in the accounting policy at 1.15.3.
- Assets held at fair value are revalued on a five year rolling basis, as set out in the accounting policy at 1.15.4. Additional valuations may be carried out on an ad hoc basis outwith the rolling programme

arrangements, for example, when assets change category. The authority asserts that at any point in time, the carrying amount does not differ materially from that which would be determined using fair value.

- In assessing potential liabilities arising from legal claims against the council, legal opinion has been sought. Where it is judged that there is more than 50% chance of a liability arising and the amount can be reliably estimated, then a provision has been made. Where the council is challenging a claim through the legal system and is of the view that there is a less than 50% chance of a significant liability arising, then no provision has been made. However, such cases continue to be monitored for potential liabilities that require to be recognised, including any developments up to the point of signing the Annual Accounts.
- The annual unitary charge payable by the council in respect of the PPP contract for secondary schools is allocated across various expenditure headings based on a detailed financial model, in line with assumptions contained within the service provider's operating model.

4. Assumptions about the future and other sources of estimation uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The item in the council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year is 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 effects on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated that a 0.5% decrease in the real discount rate would result in an increase to the pension liability of £485.9 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £202.4 million and £342.1 million respectively. In terms of life expectancy, an increase of 1 year would equate to an increased liability of £128.3 million.

5. Reserves

The council holds a number of reserves in the Balance Sheet for a variety of purposes. These are classified as either 'Usable' or 'Unusable' Reserves. Usable Reserves are those that can be applied to fund expenditure or reduce taxation. Usable Reserves can also be earmarked for future spending plans. Unusable Reserves are generally required to comply with proper accounting practice or statute.

5.1. Usable Reserves

5.1.1. General Fund Reserve

The General Fund Reserve represents the accumulated surplus of the council. The balance on the General Fund Reserve as at 31 March 2015 stands at £39.613 million, an increase of £6.824 million from the previous year. A cumulative total of £20.185 million has been earmarked to meet expenditure in future years, leaving an uncommitted balance of £19.428 million (31 March 2014 £18.314 million).

5.1.2. Revenue and Capital Reserve Funds

The council also has statutory powers to hold Revenue Reserve Funds (Repairs and Renewals, Culture and Recreational, and Insurance Funds) and Capital Reserve Funds to meet future service revenue costs and capital investment respectively. Note 7 on page 39 provides information on these reserves showing the purpose of the reserve and an analysis of the movement in reserves from 1 April 2013 to 31 March 2015.

5.1.3. Capital Grants Unapplied Account

In accounting for grants and other contributions related to capital investment, the Capital Grant Unapplied represents the total grant and other contributions received, for which expenditure has not yet been incurred.

5.2. Unusable Reserves

Unusable Reserves in the Balance Sheet comprises the following reserves:

2013/14 £000 (Restated)	Unusable Reserves	2014/15 £000
663,883	Capital Adjustment Account	727,957
1,918,093	Revaluation Reserve	1,890,749
(81,421)	Financial Instruments Adjustment Account	(77,878)
2,124	Available-for-Sale Financial Instruments Reserve	2,076
(1,302,000)	Pensions Reserve	(1,536,000)
(13,124)	Employee Statutory Adjustment Account	(13,298)
1,187,555	Total	993,606

5.2.1. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of Long-term assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The following table shows the movement on the Capital Adjustment Account during the year:

2013/14 £000 (Restated)	Capital Adjustment Account	2014/15 £000
654,347	Balance at 1 April	663,883
	Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(156,289)	Charges for depreciation and impairment	(106,287)
(31,456)	Revaluation losses	(45,774)
(1,646)	Amortisation of Intangible assets	(1,801)
(2,181)	Disposals	(10,195)
15,677	Adjusting amounts written out of the Revaluation Reserve	18,432
	Capital financing applied in the year:	
71,541	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	84,061
3,340	Application of grants to capital financing from Capital Grant Unapplied	18,698
103,007	Loans Fund principal repayment	104,123
(128)	Home loans principal repayment	(117)
7,671	Capital expenditure charged against the General Fund Reserve	2,934
663,883	Balance at 31 March	727,957

5.2.2. Revaluation Reserve

The Revaluation Reserve contains the unrealised gains made by the council arising from the increases in the value of its Property, Plant and Equipment. The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. The following table shows the movement on the Revaluation Reserve during the year:

2013/14 £000 (Restated)	Revaluation Reserve	2014/15 £000
1,897,180	Balance at 1 April	1,918,093
57,550	Upward revaluation of assets	32,910
(20,960)	Downward revaluation of assets and impairment losses not charged to (Surplus) or Deficit on the Provision of Services	(41,822)
36,590	Surplus or deficit on revaluation of Property, Plant and Equipment not posted to (Surplus) or Deficit on the Provision of Services	(8,912)
(15,089)	Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(12,938)
(588)	Accumulated gains on assets sold or scrapped	(5,494)
(15,677)	Amounts written off to the Capital Adjustment Account	(18,432)
1,918,093	Balance at 31 March	1,890,749

5.2.3. Financial Instruments Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments. The council uses the account primarily to manage premiums paid on the early redemption of loans in line with the Treasury Management Strategy. Over time the expense is posted to the General Fund Reserve balance in accordance with statutory arrangements to spread the burden on Council Tax. The following table shows the movement on the Financial Instruments Adjustment Account during the year:

2013/14 £000	Financial Instruments Adjustment Account	2014/15 £000
(84,802)	Balance at 1 April	(81,421)
3,381	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	3,543
(81,421)	Balance at 31 March	(77,878)

5.2.4. Available-for-Sale Financial Instruments Reserve

The Available-for-Sale Financial Instruments Reserve contains the gains or losses made by the council arising from changes in the value of its investments that have quoted market prices. The balance is reduced when investments are revalued downward or impaired, or disposed of and the gains are realised. The following table shows the movement on the Available-for-Sale Financial Instruments Reserve during the year:

2013/14 £000	Available-for-Sale Financial Instruments Reserve	2014/15 £000
3,228	Balance at 1 April	2,124
(1,104)	Surplus/(Deficit) arising on revaluation of Available-for-Sale financial assets	(48)
2,124	Balance at 31 March	2,076

5.2.5. Pension Reserve

The Pension 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 Pension 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. Employers' contribution rates and contribution strategy will be reviewed following the next formal valuation as at 31 March 2017. The following table shows the movement on the Pension Reserve during the year:

2013/14 £000	Pension Reserve	2014/15 £000
(1,124,000)	Balance at 1 April	(1,302,000)
(102,000)	Actuarial gains or (losses) on Pension Assets/Liabilities	(172,000)
(147,000)	Reversal of items relating to net charges for retirement benefits charged to (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(131,000)
71,000	Employers' pension contributions paid to Strathclyde Pension Fund	69,000
(1,302,000)	Balance at 31 March	(1,536,000)

5.2.6. Employee Statutory Adjustment Account

This account absorbs the differences that would otherwise arise on the General Fund Reserve balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement accrued by but not taken as at 31 March. Statutory arrangements require that the impact on the General Fund Reserve balance is neutralised by transfers to or from the Employee Statutory Adjustment Account. The following table shows the movement on the Employee Statutory Adjustment Account during the year:

2013/14 £000	Employee Statutory Adjustment Account	2014/15 £000
(9,794)	Balance at 1 April	(13,124)
9,794	Settlement or cancellation of accrual made at the end of the preceding year	13,124
(13,124)	Amounts accrued at the end of the current year	(13,298)
(13,124)	Balance at 31 March	(13,298)

6. Adjustments between accounting basis and funding basis under regulation

This note details the adjustments required to total Comprehensive Income and Expenditure for the year in accordance with either proper accounting practice or statutory provisions and applied to the General Fund Reserve. Figures for 2013/14 are provided in an additional table to allow comparison:

Accounting adjustments permitted under regulation during 2014/15	31 March 2015		
	Usable Reserves		Unusable Reserves £000
	General Fund Reserve £000	Capital Grants Unapplied Account £000	
Adjustments primarily involving the Capital Adjustment Account:			
Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale	152,061		(152,061)
Amortisation of Intangible assets	1,801		(1,801)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(85,124)	(17,635)	102,759
Net gain on sale of Property, Plant and Equipment and Assets held for sale	(1,228)		1,228
Loans Fund principal	(104,123)		104,123
Capital receipts applied	11,423		(11,423)
Capital expenditure charged to General Fund Reserve	(2,934)		2,934
Adjustments primarily involving the Financial Instruments Adjustment Account:			
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	(3,543)		3,543
Adjustments primarily involving the Pension Reserve:			
Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	62,000		(62,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:			
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	174		(174)
Totals	30,507	(17,635)	(12,872)

Comparative Information 2013/14

Accounting adjustments permitted under regulation during 2013/14	31 March 2014		
	Usable Reserves		Unusable Reserves
	General Fund Reserve	Capital Grants Unapplied Account	
	(Restated)	(Restated)	(Restated)
	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:			
Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale	187,745		(187,745)
Amortisation of Intangible assets	1,646		(1,646)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(95,892)	21,011	74,881
Net gain on sale of Property, Plant and Equipment and Assets held for sale	(2,894)		2,894
Loans Fund principal	(103,007)		103,007
Capital receipts applied	5,075		(5,075)
Capital expenditure charged to General Fund Reserve	(7,671)		7,671
Adjustments primarily involving the Financial Instruments Adjustment Account:			
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	(3,381)		3,381
Adjustments primarily involving the Pension Reserve:			
Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	76,000		(76,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:			
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	3,330		(3,330)
Totals	60,951	21,011	(81,962)

7. Transfers to or from statutory reserves

Under statute, the council is permitted to hold a number of revenue and capital reserves to provide financing for future expenditure plans. These funds include Repairs and Renewals Funds, the Culture and Recreational Fund, Insurance Fund and Capital Reserve Fund. The table below provides an analysis of the movement in reserve funds from 1 April 2013 to 31 March 2015. The Code requires that all income and expenditure associated with statutory reserves is reported within the Comprehensive Income and Expenditure Statement and transferred to the appropriate reserve in the Movement in Reserves Statement.

Reserve	Balance at 1 April 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31 March 2015 £000	Purpose of the reserve
Property Repairs and Renewals	11,690	(4,326)	1,573	8,937	(2,035)	1,552	8,454	For the repair and renewal of council property
Winter Gardens Appeal	38	0	0	38	0	0	38	For the upkeep of the Winter Gardens
Energy Efficiency	611	(326)	553	838	(516)	714	1,036	For energy efficiency initiatives in council properties
New Technology	6,341	(3,583)	1,040	3,798	(217)	669	4,250	To fund new technology projects
Douglas Flagpole Appeal	16	0	0	16	0	1	17	For maintenance of the flagpole in the Botanic Gardens
Botanic Book Fund Appeal	17	0	1	18	0	0	18	For the purchase of books for the Botanic Gardens
Hostels Repairs and Renewals	184	(134)	1	51	(51)	0	0	For the repair and renewal of council hostels
Winter Maintenance Reserve Fund	1,528	0	10	1,538	0	10	1,548	To equalise the effect of severe, mild and average winters
Total Repairs and Renewals Funds	20,425	(8,369)	3,178	15,234	(2,819)	2,946	15,361	
Culture and Recreational Fund	40,336	(12,368)	8,324	36,292	(43,392)	13,116	6,016	For the provision of social, cultural, and recreational activities and in 2014/15 the Commonwealth Games contribution
Insurance Fund	15,134	(9,054)	9,051	15,131	(9,095)	7,737	13,773	For property, motor and liability insurance
Total Revenue Reserves	75,895	(29,791)	20,553	66,657	(55,306)	23,799	35,150	
Capital Reserve Fund	8,919	(3,377)	59	5,601	(502)	36	5,135	To fund capital investment projects
Total Revenue and Capital Reserve Funds	84,814	(33,168)	20,612	72,258	(55,808)	23,835	40,285	

8. Subjective analysis

2013/14 £000 (Restated)	Subjective analysis	2014/15 £000	%
Where the money came from			
(1,446,074)	Government grants and local taxation	(1,468,144)	62.9
(532,160)	Other grants, reimbursements and contributions	(543,411)	23.3
(229,072)	Customer and client receipts	(229,630)	9.8
(5,219)	Interest	(5,416)	0.2
(124,802)	Income from other departments	(121,047)	5.2
(2,539)	Other miscellaneous income	(1,640)	0.1
(2,894)	Gain on disposal of property, plant and equipment	(1,228)	0.1
124,802	Inter-departmental recharges	121,047	-5.2
(95,892)	Capital grants and contributions	(85,124)	3.6
(2,313,850)	Total income	(2,334,593)	100.0
How the money was spent			
679,454	Employee costs	662,320	27.7
86,721	Premises costs	87,535	3.7
217,817	Supplies and services	218,345	9.1
70,486	Transport and plant	65,873	2.8
631,617	Third party payments	658,600	27.6
505,208	Transfer payments	517,179	21.6
189,391	Depreciation, amortisation and impairment	153,862	6.4
101,342	Financing costs	100,247	4.2
(7,899)	Allocations	(8,605)	-0.4
51,000	Net interest on the net defined benefit liability	56,000	2.3
(124,802)	Inter-departmental recharges	(121,047)	-5.0
(2,294)	Former authority residual costs	(60)	0
2,398,041	Total expenditure	2,390,249	100.0
84,191	(Surplus) or Deficit on the Provision of Services	55,656	

9. Amounts reported for resource allocation decisions

The standard service groups shown on the face of the Comprehensive Income and Expenditure Statement are prescribed by the CIPFA '*Service Reporting Code of Practice*' and are designed to make inter-authority comparisons more meaningful. These nation-wide generic groups do not reflect the local management of service delivery and budgetary responsibilities as determined by the council.

The council is divided into the following service areas:

- Education Services
- Social Work Services
- Land and Environmental Services
- Chief Executive's Office and Corporate Services
- Development and Regeneration Services
- Financial Services

Each service area provides four weekly financial monitoring reports to council members via the Executive Committee and Finance and Audit Scrutiny Committee. These reports are also presented to senior management at the Council Management Team. A separate monitoring report is also provided, which details the amounts paid to the council's subsidiaries, associates and joint boards in the form of service fees and other contributions. The overall financial performance of subsidiaries (including all their income and expenditure, not just the council's contribution) is also reported to the Operational Delivery Scrutiny Committee during the year.

These internal financial reports are prepared on a different basis from the accounting policies used in the Financial Statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year; and
- Expenditure on support services is budgeted for centrally and is not recharged to services.

The income and expenditure of the council's service areas as reported to management for the financial year is detailed in the following tables (prior year figures have also been included for comparative purposes). The Code requires a service to be reported where its expenditure is 10% or more of the gross expenditure within the net cost of services, or its income is 10% or more of the gross income within the net cost of services.

2014/15 Service Income and Expenditure

Service Income and Expenditure	Development and Regeneration Services £000	Education Services £000	Financial Services £000	Social Work Services £000	Joint Boards and Related Companies £000	Total £000
Income	(100,591)	(25,263)	(355,880)	(183,510)	(24,920)	(690,164)
Specific grant	0	(505)	0	0	0	(505)
Total Income	(100,591)	(25,768)	(355,880)	(183,510)	(24,920)	(690,669)
Employee costs	18,616	312,151	9,520	144,911	104	485,302
Premises costs	5,230	40,892	1,656	21,540	0	69,318
Transport costs	131	12,045	1,559	6,082	95	19,912
Supplies and services	10,701	99,442	3,478	19,053	83	132,757
Third party costs	5,943	12,936	5,766	371,017	195,645	591,307
Transfer payments	94,672	12,609	354,422	25,914	1,400	489,017
Allocations	(5,036)	0	(219)	0	0	(5,255)
Total Expenditure	130,257	490,075	376,182	588,517	197,327	1,782,358
Net Expenditure	29,666	464,307	20,302	405,007	172,407	1,091,689

The table below shows how the figures in the analysis of Service Income and Expenditure reconcile to the subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15 Reconciliation to subjective analysis

Reconciliation	Service analysis £000	Services and support services not in analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Allocation of recharges £000	Sub-total Cost of Service £000	Corporate amounts £000	Total £000
Fees, charges and other service income	(158,044)	(66,291)	(14,435)	0	14,574	(224,196)	(5,592)	(229,788)
Gain on disposal of property, plant and equipment	0	0	0	0	0	0	(1,228)	(1,228)
Interest and investment income	(22)	(4)	(12)	0	0	(38)	(7,017)	(7,055)
Income from council tax	0	0	0	0	0	0	(181,428)	(181,428)
Government grants and contributions	(532,603)	(5,461)	(18,906)	0	0	(556,970)	(1,358,124)	(1,915,094)
Total Income	(690,669)	(71,756)	(33,353)	0	14,574	(781,204)	(1,553,389)	(2,334,593)
Employee costs	485,302	110,669	55,880	(43,695)	0	608,156	54,164	662,320
Other service costs	1,297,056	185,092	3,521	0	(14,574)	1,471,095	(53,275)	1,417,820
Support service recharges	0	(2,248)	0	0	0	(2,248)	2,248	0
Depreciation, amortisation and impairment	0	0	153,778	0	0	153,778	84	153,862
Interest payments	0	0	0	0	0	0	100,247	100,247
Net Interest on the net defined benefit liability	0	0	0	0	0	0	56,000	56,000
Total Expenditure	1,782,358	293,513	213,179	(43,695)	(14,574)	2,230,781	159,468	2,390,249
(Surplus) or Deficit on the Provision of Services	1,091,689	221,757	179,826	(43,695)	0	1,449,577	(1,393,921)	55,656

2013/14 Service Income and Expenditure

Service Income and Expenditure	Development and Regeneration Services £000	Education Services £000	Financial Services £000	Social Work Services £000	Joint Boards and Related Companies £000	Total £000
Income	(89,223)	(26,239)	(355,117)	(182,354)	(25,964)	(678,897)
Specific grant	0	(505)	0	(660)	0	(1,165)
Total Income	(89,223)	(26,744)	(355,117)	(183,014)	(25,964)	(680,062)
Employee costs	19,306	319,125	12,229	154,780	101	505,541
Premises costs	4,945	38,015	1,647	21,423	0	66,030
Transport costs	126	12,433	1,549	7,299	0	21,407
Supplies and services	10,357	97,110	4,275	18,906	416	131,064
Third party costs	7,012	12,736	3,002	372,688	170,762	566,200
Transfer payments	85,672	14,446	348,334	27,368	1,400	477,220
Allocations	(5,233)	7	(216)	0	0	(5,442)
Total Expenditure	122,185	493,872	370,820	602,464	172,679	1,762,020
Net Expenditure	32,962	467,128	15,703	419,450	146,715	1,081,958

2013/14 Reconciliation to subjective analysis

Reconciliation (Restated)	Service analysis £000	Services and support services not in analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Allocation of recharges £000	Sub-total Cost of Service £000	Corporate amounts £000	Total £000
Fees, charges and other service income	(155,858)	(65,248)	(16,386)	0	14,103	(223,389)	(5,877)	(229,266)
Gain on disposal of property, plant and equipment	0	0	0	0	0	0	(2,894)	(2,894)
Interest and investment income	(29)	(2)	(2)	0	0	(33)	(7,726)	(7,759)
Income from council tax	0	0	0	0	0	0	(179,008)	(179,008)
Government grants and contributions	(524,175)	(3,994)	(18,655)	0	0	(546,824)	(1,348,099)	(1,894,923)
Total Income	(680,062)	(69,244)	(35,043)	0	14,103	(770,246)	(1,543,604)	(2,313,850)
Employee costs	505,541	82,867	82,059	(45,598)	0	624,869	54,585	679,454
Other service costs	1,256,479	182,945	3,942	0	(14,103)	1,429,263	(52,409)	1,376,854
Support service recharges	0	(1,967)	0	0	0	(1,967)	1,967	0
Depreciation, amortisation and impairment	0	0	189,277	0	0	189,277	114	189,391
Interest payments	0	0	0	0	0	0	101,342	101,342
Net Interest on the net defined benefit liability	0	0	0	0	0	0	51,000	51,000
Total Expenditure	1,762,020	263,845	275,278	(45,598)	(14,103)	2,241,442	156,599	2,398,041
(Surplus) or Deficit on the Provision of Services	1,081,958	194,601	240,235	(45,598)	0	1,471,196	(1,387,005)	84,191

10. Material items

The Code requires disclosure of the nature and amount of material items. During 2014/15 the following items are regarded as material:

Nature	2014/15 £m
An increase in the net pension liability mainly arising from adverse market conditions impacting the fair value of pension assets and an increase in the present value of funded and unfunded liabilities.	234.000

11. Education Services – Public Private Partnership

The council entered into a Public Private Partnership for the provision of school buildings, maintenance and other facilities. This agreement provides the council with 29 replacement or renovated secondary schools and one primary school. The provider is required to maintain these schools to a high standard. When the agreement ends in July 2030 the schools will be handed back to the council with a guarantee of no major maintenance requirements for a five year period. The value of the assets held under the PPP scheme are £343.007 million (2013/14 £353.219 million). Under the agreement the council is committed to paying the following sums (in cash terms at today's prices):

Future repayment periods	Payment for services £m	Repayment of liability £m	Interest £m	Total £m
Within 1 year	22.356	7.631	20.872	50.859
2 to 5 years	96.208	33.628	82.991	212.827
6 to 10 years	152.378	43.120	93.533	289.031
11 to 15 years	180.559	52.533	84.751	317.843
16 to 20 years	12.664	1.752	2.330	16.746
Total	464.165	138.664	284.477	887.306

12. Trading Operations

The council currently operates two Trading Operations, Area Operations and Transport. The service objectives of the Trading Operations are as follows:

- **Area Operations Trading Operation**

To provide integrated neighbourhood services encompassing roads maintenance, grounds maintenance, cleansing and refuse collection functions. Specific services include roads, lighting, grounds and winter maintenance services, street sweeping and de-littering services, refuse collection and recycling services for household, commercial and industrial waste.

- **Transport Trading Operation**

To provide an efficient and competitive fleet management service including vehicle and plant maintenance, taxi inspection, chauffeur services, and drivers for the Additional Support for Learning Service.

The Local Government in Scotland Act 2003 places a statutory requirement on Trading Operations to break-even over a rolling three year period. The calculation of the statutory performance of each of the Trading Operations is summarised as follows:

2012/13 (Surplus)/ Deficit £000	2013/14 (Surplus)/ Deficit £000	Trading Operations Financial Summary	Expenditure £000	Income £000	(Surplus)/ Deficit £000	3-year (Surplus)/ Deficit £000
(1,732)	(1,274)	Area Operations	76,714	(78,031)	(1,317)	(4,323)
(736)	(358)	Transport	32,980	(34,049)	(1,069)	(2,163)
(2,468)	(1,632)	(Surplus) / Deficit for year	109,694	(112,080)	(2,386)	(6,486)

On consolidating the Trading Operations into the Comprehensive Income and Expenditure Statement it is necessary to remove the impact of internal trading from the income and expenditure of the Trading Operations. In addition, interest received by the Trading Operations of £0.015 million (2013/14 £0.012 million) must be presented in the Comprehensive Income and Expenditure Statement against Interest and investment income.

In 2014/15 the Area Operations Trading Operation and Transport Trading Operation each reported a surplus for the year. In relation to the statutory three year performance targets, both Trading Operations met the requirement to break-even.

13. Pension costs

13.1. Local Government Pension Scheme

Disclosure of information relating to pensions follows the reporting requirements of IAS 19 'Employee Benefits'. The table on page 48 details the assumptions made in estimating the figures contained in this note. The council offers retirement benefits to its employees under the Terms and Conditions of Employment.

The Local Government Pension Scheme is the main vehicle for the provision of pensions to council staff. The Strathclyde Pension Fund Office, which is part of Glasgow City Council's Financial Services, administers the scheme for all local authorities in the West of Scotland. This scheme is a funded defined benefits scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The scheme provides pension benefits for councillors and local government employees (excluding teachers). For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years the person has been a member of the scheme. There is a statutory requirement for the Strathclyde Pension Fund to publish a separate annual report, which can be accessed on their website: <http://www.spfo.org.uk>.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund Reserve the amounts required by statute as described in the accounting policies note.

The council recognises the cost of retirement benefits within Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, as the charge made when calculating Council Tax is based on the cash payable in the year, the cost of retirement benefits under IAS 19 is reversed out of the General Fund Reserve in the Movement in Reserves Statement as an adjustment between the accounting basis and funding basis under regulation.

The following transactions have been made during the year in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

2013/14 £000	Local Government Pension Scheme	2014/15 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
64,000	Current service cost	73,000
32,000	Past service cost	2,000
Financing and Investment Income and Expenditure:		
51,000	Net interest cost	56,000
147,000	Total Post-employment Benefits charged / (credited) to the (Surplus) or Deficit on the Provision of Services	131,000
Other Comprehensive Income and Expenditure		
Remeasurement of the net defined benefit liability:		
(55,000)	Return on assets	(121,000)
140,000	Actuarial (gains) / losses arising on changes in financial assumptions	417,000
0	Actuarial (gains) / losses arising on changes in demographic assumptions	85,000
17,000	Other Experience	(209,000)
249,000	Total Post-employment Benefits charged / (credited) to the Comprehensive Income and Expenditure Statement	303,000
147,000	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	131,000
Movement in Reserves Statement		
(76,000)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS 19	(62,000)
Actual amount charged against the General Fund balance for pensions in the year:		
71,000	Employers contribution paid	69,000

13.1.1. Pension assets and liabilities

As explained in the Accounting Policies (see note 1.6, Retirement Benefits on pages 18 to 19) the council participates in two formal schemes, the Local Government Pension Scheme, which is administered by the Strathclyde Pension Fund Office, and the Scottish Teachers' Superannuation Scheme. The Strathclyde Pension Fund is a funded, multi-employer, defined benefit scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. The Teachers' Scheme is also a defined benefit scheme but the assets and liabilities cannot be identified at individual employer level. The council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with HM Treasury. The council has additional liabilities for unfunded discretionary pension payments outside the main schemes.

Assets are valued at fair value. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The council's liabilities have been assessed by Hymans Robertson Limited Liability Partnership, an independent firm of actuaries. Calculations have been based on the triennial valuation of the scheme as at 31 March 2014.

The credit to the Surplus or Deficit on the Provision of Services from the Pension Reserve per note 13.1 is £62.000 million. The council's net liability in respect of pensions increased by £234.000 million in 2014/15 to £1,536.000 million. The pension liability represents the best estimate of the current value of pensions, which the council will have to fund. The real discount factor, which is used to express the benefits in current value terms rather than cash terms, has reduced from 1.5% at March 2014 to 0.8% at March 2015.

The decrease in the real discount factor has contributed to the increase in the reported pension liability. A lower real discount rate leads to a higher value being placed on the liabilities therefore the change in the real discount rate has a negative impact on the IAS19 Balance Sheet.

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the council of £1,536.000 million at 31 March 2015:

2013/14	Actuarial assumptions	2014/15
	Long-term expected rate of return on assets in the scheme:	
4.3%	Equity investments	3.2%
4.3%	Bonds	3.2%
4.3%	Property	3.2%
4.3%	Cash and net debtors / creditors	3.2%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.0	Men	22.1
23.4	Women	23.6
	Longevity at 65 for future pensioners:	
23.3	Men	24.8
25.3	Women	26.2
	General assumptions:	
2.8%	Rate of price increases	2.4%
See note	Rate of increase in salaries	See note
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%
50.0%	Take-up of option to convert annual pension into retirement lump sum (pre-April 2009 service)	50.0%
75.0%	Take-up of option to convert annual pension into retirement lump sum (post-April 2009 service)	75.0%

Note: Salary increases are 1% per annum for the years to 31 March 2015, reverting to 4.3% per annum thereafter.

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2013/14 £000	Pension Assets and Liabilities recognised in the Balance Sheet	2014/15 £000
3,923,000	Present value of the defined benefit obligation	4,346,000
(2,621,000)	Fair value of plan assets	(2,810,000)
1,302,000	Net liability arising from defined benefit obligation	1,536,000

The following tables set out the reconciliation of scheme assets and liabilities:

2013/14 £000	Reconciliation of the movements in the fair value of scheme assets	2014/15 £000
2,489,000	Opening fair value of scheme assets	2,621,000
111,000	Interest income	112,000
	Remeasurement gain / (loss):	
55,000	Return on assets, excluding the amount included in the net interest cost	121,000
71,000	Contributions by employer	69,000
16,000	Contributions by scheme participants	17,000
(121,000)	Benefits paid	(130,000)
0	Other	0
2,621,000	Closing fair value of scheme assets	2,810,000

2013/14 £000	Reconciliation of present value of scheme liabilities	2014/15 £000
3,613,000	Opening balance at 1 April	3,923,000
64,000	Current service costs	73,000
162,000	Interest costs	168,000
16,000	Contributions by scheme participants	17,000
	Remeasurement (gains) and losses:	
140,000	Actuarial (gains) / losses arising from changes in financial assumptions	417,000
0	Actuarial (gains) / losses arising from changes in demographic assumptions	85,000
17,000	Other	(209,000)
32,000	Past service cost (including curtailments)	2,000
(121,000)	Benefits paid	(130,000)
3,923,000	Closing balance at 31 March	4,346,000

13.1.2. Analysis of Pension Fund's Assets

Quoted Prices in Active Markets £m	2013/14		Local Government Pension Scheme assets	Quoted Prices in Active Markets £m	2014/15	
	Prices not quoted in Active Markets £m	Total £m			Prices not quoted in Active Markets £m	Total £m
0	125	125	Cash and cash equivalents	0	69	69
Equity Instruments:						
241	0	241	• Consumer	266	0	266
210	2	212	• Manufacturing	210	2	212
96	0	96	• Energy and utilities	83	0	83
175	0	175	• Financial institutions	195	0	195
90	0	90	• Health and care	114	0	114
143	0	143	• Information technology	162	0	162
955	2	957	Sub-total equity instruments	1,030	2	1,032
Private Equity:						
0	247	247	• All	0	273	273
Property:						
0	184	184	• UK	0	257	257
Other investment funds:						
64	734	798	• Equities	30	777	807
0	304	304	• Bonds	0	356	356
1	0	1	• Commodities	1	0	1
0	4	4	• Infrastructure	0	9	9
0	0	0	• Other	0	5	5
65	1,042	1,107	Sub-total other investment funds	31	1,147	1,178
Derivatives:						
1	0	1	• Other	1	0	1
1,021	1,600	2,621	Total Assets	1,062	1,748	2,810

13.1.3. Investment Strategy

The investment strategy is set for the long term but is monitored constantly and reviewed every 3 years using asset-liability modelling to ensure that it remains appropriate to the Fund's liability profile.

13.1.4. Impact on the Authority's Cash Flows

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy with the scheme's actuary to achieve a funding rate of 100% over time. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2017.

The total contributions expected to be made by the council to Strathclyde Pension Fund in the year to 31 March 2016 is £49.238 million.

The weighted average duration of the defined benefit obligation for scheme members is 17.8 years, (2013/14 17.8 years).

13.2. Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is an unfunded multi-employer defined benefit scheme. The scheme is financed by payments from employers and from those current employees. As the scheme is not able to identify each body's share of the underlying liabilities on a consistent and reasonable basis, the pension costs are accounted for as if it were a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2015, the council's level of participation in the scheme is approximately 7.7%.

The employer's rate of contribution for the teachers' pension scheme administered by the Scottish Government is set with reference to a funding valuation undertaken by the scheme actuary and was 14.9% from 1 April 2014 to 31 March 2015 and the employee rate was 9.5% throughout the year. The amount paid over to the Scottish Public Pensions Agency was as follows:

2013/14 £000	Scottish Teachers Superannuation Scheme	2014/15 £000
26,437	Employer's Contributions	26,641
15,943	Employees' Contributions	17,332
42,380	Total	43,973

The employer's contributions are set to increase to 17.2% from 1 September 2015, therefore employer's contributions due to be paid in the next financial year are estimated to be £29.330 million.

In addition, the council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2014/15 these amounted to £6.241 million (2013/14 £6.096 million).

13.3. Capital cost of discretionary increases

Councils are also required to disclose the capital cost of discretionary increases in pensions payments, whether the employees are members of the Local Government Pension Scheme or the Scottish Teachers' Superannuation Scheme. In 2014/15 the capitalised costs attributable to the early retirements from Glasgow City Council and from predecessor authorities, were as follows:

2013/14 £000	Capital cost of discretionary increases	2014/15 £000
3,825	2014/15	1,878
361,175	In earlier years	395,122
365,000	Total	397,000

14. Grant income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

2013/14 £000	Grant income in the Comprehensive Income and Expenditure Statement	2014/15 £000
	Credited to Taxation and Non-specific Grant Income	
(918,539)	General Revenue Grant	(909,939)
(333,668)	Redistribution from Non-Domestic Rates pool	(363,061)
(95,892)	Capital Grant and Contributions	(85,124)
	Credited to Services	
(342,330)	Housing benefit subsidy	(340,542)
(82,324)	Housing investment	(93,722)
(74,630)	Health Board	(75,001)
(18,184)	Criminal Justice	(18,225)
(7,376)	Benefits administration subsidy and initiatives	(5,586)
(7,084)	Various education services grants	(6,637)
(13,276)	Various other grants	(14,534)
(1,620)	Various other contributions	(2,723)
(1,894,923)	Total	(1,915,094)

The council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the provider, should the conditions not be met. The balances at the year end are as follows:

2013/14 £000	Capital grants receipts in advance	2014/15 £000
0	Scottish Government	(794)
0	Royal Scottish National Orchestra	(2,001)
0	Other	(3)
0	Total	(2,798)

15. Agency income and expenditure

The council is the billing authority for Non-Domestic Rates in Glasgow and, in this role, acts as an agent of the Scottish Government. During 2014/15, the council billed £362.734 million (2013/14 £355.713 million) on behalf of the Scottish Government. After provisions for bad and doubtful debts, and prior year adjustments, the council contributed £350.887 million to the National Non-Domestic Rates Pool (2013/14 £322.951 million) and received back from the pool £363.061 million in income (2013/14 £333.668 million).

The council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2014/15 the council received £2.544 million for providing this service (2013/14 £1.830 million).

The council is the appointed agent on behalf of Transport Scotland to manage the M74 Completion Project. The M74 was opened to the public on 28 June 2011. During 2014/15 expenditure on the project amounted to £0.578 million. The council received £0.090 million to the project in 2014/15 due to refunds issued for land sales (2013/14 contribution £0.326 million).

Scotland Excel provides a purchasing service to the council, obtaining and passing on discounts for bulk purchasing on behalf of 28 local authorities and similar bodies across Scotland. Payments of £0.312 million were made to Scotland Excel during 2014/15 in this respect (2013/14 £0.312 million).

16. Auditor remuneration

The council incurred fees of £0.704 million (2013/14 £0.697 million) for the statutory inspection of the Annual Accounts by Audit Scotland. No fees were payable in respect of other services provided by the appointed auditor.

17. Related party transactions

Related parties are organisations that the council can control or influence or who can control or influence the council. Central government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in note 14 on page 52.

The council has an interest in a number of companies and other public bodies. Where the interest in another entity is considered material, the entity is consolidated with the accounts of the council to form the Group Financial Statements. Further details on the combining entities are shown within the Group Financial Statements.

Related party transactions during the year and balances as at 31 March 2015 are as follows:

2013/14 Net Expenditure / (Income) £000	Debtor / (Creditor) at 31 March 2014 £000	Related party transactions and balances	2014/15 Expenditure £000	Income £000	Debtor / (Creditor) at 31 March 2015 £000
7,525	(1,057)	Glasgow City Marketing Bureau Ltd	9,342	(461)	42
519	42,058	Scottish Exhibition Centre Ltd	1,008	(472)	42,983
122,526	(1,396)	City Building (Glasgow) LLP	133,555	(4,303)	(1,763)
4,141	35,081	City Parking (Glasgow) LLP	5,905	(3,501)	35,144
74,580	(650)	Culture and Sport Glasgow	85,114	(10,342)	(2,049)
48,729	1,555	Cordia (Services) LLP	58,939	(5,871)	(3,401)
60,156	154	Cordia (Care) LLP	58,439	0	(420)
2,200	656	City Property Glasgow (Investments) LLP	5,676	(2,045)	(246)
1,925	(152)	City Property (Glasgow) LLP	1,989	(395)	10
13,887	434	Glasgow Community and Safety Services Ltd	16,811	(2,383)	360
50,017	(1,463)	Service Glasgow LLP	65,695	(8,624)	(3,503)
16,588	(2,470)	Jobs & Business Glasgow	12,547	(1,169)	(464)
11,101	990	Strathclyde Partnership for Transport	11,101	0	2,759
64,247	(996)	Strathclyde Pension Fund	68,452	(2,955)	(865)
26,437	(2,217)	Teachers' Pension Fund	26,641	0	(2,182)
0	0	Glasgow 2014 Ltd	26,186	0	0
(230)	2,079	Clyde Gateway	356	(2,314)	211

There were no transactions during the year or balances held in respect of City Buildings (Contracts) LLP as at 31 March 2015.

In addition to transactions with related companies and other related bodies noted above, significant revenue and capital payments made to organisations where council members are represented, totalled £19.535 million (2013/14 £12.228 million). Payments made to organisations on which council officers are represented or have interests totalled £0.060 million (2013/14 £0.057 million).

18. Operating leases

The council utilises 791 items of vehicles, plant, furniture and equipment under the terms of an operating lease. Lease rentals charged to the Comprehensive Income and Expenditure Statement in the year for such assets total £3.297 million (2013/14 £3.585 million). The future minimum lease payments due under non-cancellable leases in future years and in cash terms are as follows:

31 March 14 £000	Operating lease commitments	31 March 15 £000
2,009	No later than one year	2,195
3,195	Later than one year and not later than five years	2,408
5,204	Total	4,603

19. Long-term assets

19.1. Valuation of long-term assets

Category	Valuer	Basis of Valuation	Date of last full Valuation	Useful Life
Property, Plant and Equipment:				
Other land and buildings	City Property (Glasgow) LLP	Fair value	March 2011	Land – Not applicable Buildings – 40 years
Vehicles, plant, furniture and equipment	Not applicable	Depreciated historic cost	Not applicable	5-10 years
Infrastructure assets	Not applicable	Depreciated historic cost	Not applicable	40 years
Community assets	Not applicable	Valued at £1 on 1 April 1994, with additions valued at cost	Not applicable	Not applicable
Heritage assets (museum and gallery collections and civic regalia)	Not applicable	Declared valuation for insurance purposes or fair value	Not applicable	Not applicable
Assets under construction	Not applicable	Cost	Not applicable	Not applicable
Corporate surplus assets	City Property (Glasgow) LLP	Carrying value at date declared surplus	Date declared surplus	40 years
Other Long-term Assets:				
Investment property	City Property (Glasgow) LLP	Fair value	March 2013	Not applicable
Intangible assets	Not applicable	Depreciated historic cost	Not applicable	7 years
Assets held for sale	City Property (Glasgow) LLP	Lower of carrying value at date declared held for sale and fair value less cost of sale.	Date declared surplus	40 years

Land and property are re-valued on a five year rolling basis in accordance with the guidelines provided within the Royal Institution of Chartered Surveyors Valuation Standards Manual. In addition, any material changes in the value of individual assets that arise between the periodic valuations are immediately reflected in the Balance Sheet.

19.2. Depreciation

Depreciation is calculated on a straight-line basis and is provided for all operational and surplus assets other than land, community assets and heritage assets. The useful life of property assets are determined in consultation with City Property (Glasgow) LLP. Technical officers within services determine non-property asset lives. Infrastructure assets are depreciated over 40 years.

19.3. Community assets

When the council's asset register was first compiled in 1994, existing community assets were included at £1 in accordance with accepted practice. Additions to this category since 1994 have been added at cost.

19.4. Heritage assets

The council's heritage assets comprise museum and gallery collections, which are held according to valuations for insurance purposes, and civic regalia, held at fair value. Where the council holds information on the cost of statues and fountains, these are included at cost. However, where information on cost or value is not available, and where cost of obtaining information outweighs benefit to users of the Annual Accounts, these assets are not recognised in the Balance Sheet.

19.5. Summary of capital expenditure and sources of finance

2013/14 £000 (Restated)	Capital expenditure and sources of finance	2014/15 £000
	Capital investment	
243,149	Property, Plant and Equipment	187,085
1,130	Intangible assets	798
17	Assets held for sale	18
30	Heritage assets	0
244,326	Total Gross Expenditure per Capital Expenditure and Income Statement (page 57)	187,901
	Sources of finance	
115,654	Net borrowing	85,248
5,075	Asset Sales	11,423
20,694	Assets acquired under finance leases	375
95,232	Government grants and other capital contributions	87,921
7,671	Revenue contributions	2,934
244,326	Total	187,901

19.6. Summary of assets held**19.6.1. Intangible assets**

These assets relate wholly to software licences purchased by the council over the current and previous financial years.

19.6.2. Property

To deliver the wide range of services it provides, the council operates over 300 schools, owns more than 150 cultural and recreational facilities, around 300 playing pitches and 46 residential facilities for the young, elderly and those with learning or physical disabilities. The council has over 150 offices, depots and workshops throughout the city and, in addition, operates a wide range of other facilities including, for example, crematoria and cemeteries.

19.6.3. Plant, vehicles and equipment

The council directly owns a fleet of around 200 vehicles, with additional vehicles held under the terms of a finance lease.

19.6.4. Infrastructure

Included within the city's infrastructure are approximately 1,700 kilometres of roads, around 300 road bridges and over 70,000 street lighting units.

19.6.5. Community assets

Included within this category are parklands, amenity sites and allotments.

19.6.6. Heritage assets

These assets include historical monuments, museum and gallery collections, works of art and civic regalia.

19.6.7. Assets held under finance leases

The council utilises 398 items of vehicles, plant, furniture and equipment and nine properties under the terms of a finance lease. Lease rentals payable under these arrangements in the year total £10.113 million (2013/14 £10.227 million), comprising £5.533 million (2013/14 £5.623 million) charged to the Comprehensive Income and Expenditure Statement in respect of interest and £4.580 million (2013/14 £4.604 million) in respect of principal repayments.

19.7. Capital Expenditure and Income Statement

2013/14 Gross Capital Expenditure £000		Gross Capital Expenditure £000	2014/15 Sources of Finance			
			Finance Leases £000	Revenue £000	Receipts £000	Net Borrowing £000
2,490	Corporate Services	2,664	0	300	0	2,364
16,023	Cultural and Related Services	12,780	0	2,301	4,487	5,992
33,712	Development and Regeneration Services	18,845	0	(479)	5,758	13,566
60,609	Education Services	61,266	0	257	3,895	57,114
219	Financial Services	282	0	282	0	0
6,225	Service Reform	14,250	0	0	114	14,136
98,596	Land and Environmental Services	57,119	375	273	13,835	42,636
26,452	Social Work Services	20,695	0	0	0	20,695
0	General Capital Grant	0	0	0	59,832	(59,832)
0	Asset Sales	0	0	0	11,423	(11,423)
244,326	Total	187,901	375	2,934	99,344	85,248

The above table reflects the receipt of asset sales totalling £11.423 million during the year. However, these asset sales have been fully applied in the year, reducing the principal repayment reflected within the Movement in Reserves Statement by an equivalent amount. There has been therefore no change to debt outstanding in respect of asset sales achieved in the year.

19.8. Commitments under capital investments

The council's approved capital investment programme will continue to progress during 2015/16 and subsequent years. As at 31 March 2015, the council has outstanding commitments on significant contracts for capital investment totalling £164.334 million (31 March 2014 £183.503 million). These outstanding commitments comprise the following:

Project description	Outstanding commitment at 31 March 2015 £000	Contract completion
Reconfiguration of residential care for older people	37,263	Early 2017
Redevelopment of Kelvin Hall	25,436	Mid 2016
Pre-12 strategy - Phase 5	15,656	Early 2018
Scottish Futures Trust Building Programme Phase 1	12,942	Mid 2017
Replacement Services for Homelessness Provision	11,333	Mid 2016
Investment in the council's ICT Infrastructure	9,258	Early 2018
East End Regeneration Route Phase 2	8,700	Early 2017
Children's Residential Strategy	5,765	Early 2016
Fastlink Core Route	5,315	Mid 2015
Various other projects (47 contracts)	32,666	Various
Total	164,334	

As at 31 March 2015, outstanding obligations to make payments under finance leases are as follows:

31 March 2014 £000	Finance lease obligations	31 March 2015 £000
4,573	Not later than one year	3,439
18,002	Later than one year and not later than five years	14,630
43,569	Later than five years	42,794
66,144	Total	60,863

The total outstanding obligations are accounted for within short-term creditors (leases expiring within one year) £3.439 million (2013/14 £4.573 million) and deferred liabilities (leases expiring after one year) £57.424 million (2013/14 £61.571 million).

19.9. Tax Incremental Financing (TIF) Projects

The council entered into an agreement with the Scottish Government in October 2012 in respect of the Buchanan Quarter Tax Increment Finance (TIF) scheme. This agreement essentially allows for the repayment of debt arising from infrastructure investment from incremental Non-Domestic Rates (NDR) revenue. The assets to be funded by the TIF project largely comprise public realm and infrastructure improvements within the Buchanan Quarter of Glasgow city centre.

The project is for a period of 25 years, with the first material capital investment incurred during the financial year ending 31 March 2014. During the TIF project period, the council is entitled to retain the TIF revenue from its NDR revenue, a pro-rated amount of NDR equal to the amount (if any) by which the collected amount exceeds the baseline collectable amount. The council is required to apply 100% of the TIF revenue towards repayment of the TIF debt. Following repayment in full, and until the end of the project period, the council is entitled to retain 50% of the TIF revenue for further infrastructure investment.

Net capital expenditure incurred in the year to 31 March 2015, to be funded from borrowing, in respect of TIF assets totalled £7.705 million (2013/14 £1.435 million). This is reflected within the 'Summary of capital expenditure and sources of finance', outlined within note 19.5 on page 56. Total TIF debt, to be repaid over the project period, in respect of investment to 31 March 2015, has been calculated in accordance with Local Government Finance Circular No. 4/2014 at £13.466 million (£2.233 million at 31 March 2014).

20. Property, Plant and Equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2014/15. The valuation bases, useful lives and depreciation methods used are disclosed within notes 19.1 and 19.2 (page 55). A summary of capital expenditure during the year, together with the sources of finance and the amount of contractual commitments for PPE, are disclosed separately in notes 19.7 and 19.8 (pages 57 to 58).

Movement in PPE 2014/15	Other Land and Buildings £000	Vehicles, Plant, Furniture and Infrastructure Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000	PPP Assets included in Property, Plant and Equipment £000
Cost or Valuation:								
At 1 April 2014 (Restated)	2,216,251	163,134	691,146	25,179	106,641	111,059	3,313,410	399,515
Additions in year	73,185	35,726	11,994	271	64,968	941	187,085	574
Revaluation adjustments to Revaluation Reserve	(2,920)	0	0	0	0	(5,639)	(8,559)	(484)
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(42,210)	0	0	0	0	(13,454)	(55,664)	(3,963)
Disposals	(107,830)	(6,026)	0	0	0	(6,595)	(120,451)	0
Reclassifications from / (to) Held for Sale	(3,967)	0	0	0	0	(8,389)	(12,356)	0
Other reclassifications (transfers)	24,912	24,023	37,690	78	(87,621)	392	(526)	3,289
At 31 March 2015	2,157,421	216,857	740,830	25,528	83,988	78,315	3,302,939	398,931
Depreciation and impairment:								
At 1 April 2014 (Restated)	(171,659)	(59,542)	(160,423)	0	0	(9,182)	(400,806)	(46,296)
Depreciation charge for year	(59,339)	(20,887)	(18,722)	0	0	(1,651)	(100,599)	(10,565)
Depreciation written out to the Revaluation Reserve	1,677	0	0	0	0	2,549	4,226	(440)
Depreciation written out to the Surplus/Deficit on the Provision of Services	12,118	0	0	0	0	694	12,812	1,606
Impairment losses to Revaluation Reserve	(1,772)	0	0	0	0	(30)	(1,802)	0
Impairment losses to Comprehensive Income and Expenditure Statement	(4,745)	(809)	0	0	0	(137)	(5,691)	0
On Disposals	105,776	4,952	0	0	0	3,492	114,220	0
Reclassifications from / (to) Held for Sale	277	0	0	0	0	226	503	0
Other reclassifications (transfers)	582	(573)	0	0	0	(9)	0	(229)
At 31 March 2015	(117,085)	(76,859)	(179,145)	0	0	(4,048)	(377,137)	(55,924)
Balance Sheet Amount at 31 March 2015	2,040,336	139,998	561,685	25,528	83,988	74,267	2,925,802	343,007
Balance Sheet Amount at 31 March 2014 (Restated)	2,044,592	103,592	530,723	25,179	106,641	101,877	2,912,604	353,219
Nature of Asset Holding:								
Owned	1,681,517	125,404	561,685	25,528	83,988	74,267	2,552,389	0
Finance leased	18,296	12,110	0	0	0	0	30,406	0
PPP	340,523	2,484	0	0	0	0	343,007	343,007
Total	2,040,336	139,998	561,685	25,528	83,988	74,267	2,925,802	343,007

Movement in PPE 2013/14 (Restated)	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000	PPP Assets included in Property, Plant and Equipment £000
Cost or Valuation:								
At 1 April 2013	2,124,380	206,102	553,618	24,632	217,613	73,653	3,199,998	399,527
Additions in year	125,467	16,821	41,598	591	58,386	286	243,149	2
Revaluation adjustments to Revaluation Reserve	(9,679)	0	0	0	0	(4,291)	(13,970)	(14)
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(34,666)	0	0	0	0	(3,710)	(38,376)	0
Disposals	(51,503)	(76,118)	(397)	(44)	0	(2,039)	(130,101)	0
Reclassifications from / (to) Held for Sale	(499)	0	0	0	0	46,645	46,146	0
Other reclassifications (transfers)	62,751	16,329	96,327	0	(169,358)	515	6,564	0
At 31 March 2014 (Restated)	2,216,251	163,134	691,146	25,179	106,641	111,059	3,313,410	399,515
Depreciation and impairment:								
At 1 April 2013	(126,721)	(117,041)	(145,158)	(44)	0	(9,340)	(398,304)	(37,414)
Depreciation charge for year	(56,170)	(18,073)	(15,662)	0	0	(1,128)	(91,033)	(10,550)
Depreciation written out to the Revaluation Reserve	43,714	0	0	0	0	2,439	46,153	1,668
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,211	0	0	0	0	278	5,489	0
Impairment losses to Revaluation Reserve	(327)	0	0	0	0	0	(327)	0
Impairment losses to Comprehensive Income and Expenditure Statement	(63,713)	0	0	0	0	(1,439)	(65,152)	0
On Disposals	26,091	75,572	397	44	0	2,004	104,108	0
Reclassifications from / (to) Held for Sale	256	0	0	0	0	(1,990)	(1,734)	0
Other reclassifications (transfers)	0	0	0	0	0	(6)	(6)	0
At 31 March 2014 (Restated)	(171,659)	(59,542)	(160,423)	0	0	(9,182)	(400,806)	(46,296)
Balance Sheet Amount at 31 March 2014 (Restated)	2,044,592	103,592	530,723	25,179	106,641	101,877	2,912,604	353,219
Balance Sheet Amount at 31 March 2013	1,997,659	89,061	408,460	24,588	217,613	64,313	2,801,694	362,113
Nature of Asset Holding:								
Owned	1,675,671	83,423	530,723	25,179	106,641	101,877	2,523,514	0
Finance leased	18,952	16,919	0	0	0	0	35,871	0
PPP	349,969	3,250	0	0	0	0	353,219	353,219
Total	2,044,592	103,592	530,723	25,179	106,641	101,877	2,912,604	353,219

21. Heritage assets

This note details the movement in Heritage Assets during 2014/15. The valuation bases, useful lives and depreciation methods used are disclosed within notes 19.1 and 19.4 (page 55).

Movement in Heritage assets 2014/15	Fine art £000	Civic regalia £000	Statues and fountains £000	Total Heritage assets £000
Cost or Valuation:				
At 1 April 2013	1,400,000	566	16,590	1,417,156
Additions in year	0	0	30	30
Revaluations	0	42	0	42
At 31 March 2014 (Restated)	1,400,000	608	16,620	1,417,228
Movement in 2014/15:				
Revaluations	0	(140)	0	(140)
At 31 March 2015	1,400,000	468	16,620	1,417,088

The following table shows assets that may be regarded as Heritage Assets, which have not been included in the Balance Sheet as the council considers that obtaining valuations would involve disproportionate cost, or reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet.

Assets excluded from Heritage Assets	Estimated number of assets 31 March 2015
Fountains	5
Statues	54
War memorials	35

22. Intangible assets

The council accounts for purchased software licences held for various Information and Communications Technology (ICT) systems used throughout the council as Intangible assets. The cost of the licences are written-off on a straight-line basis over the expected life of the licences, which is seven years for all systems. The council does not recognise any internally generated intangible assets.

There have been no changes to the estimated useful life and there have been no revaluations or disposals of Intangible assets during the year. The amortisation charge for intangible assets in 2014/15 was £1.801 million (2013/14 £1.646 million) and there has been no impairment charge in 2014/15 (2013/14 £nil). The movement on Intangible asset balances during the year is as follows:

2013/14 £000 (Restated)	Movement in Intangible assets	2014/15 £000
	Balance at start of year:	
12,424	Gross carrying amounts	11,748
(3,413)	Accumulated amortisation	(3,150)
9,011	Net carrying amount at start of year	8,598
1,130	Additions	798
103	Transfers	526
0	Impairment losses	0
(1,646)	Amortisation for the period	(1,801)
8,598	Net carrying amount at end of the year	8,121
	Comprising:	
11,748	Gross carrying amounts	13,072
(3,150)	Accumulated amortisation	(4,951)
8,598	Net carrying amount at end of the year	8,121

23. Assets held for sale

2013/14			2014/15	
Long-term £000	Current £000	Assets held for sale	Long-term £000	Current £000
50,002	8,491	Balance at 1 April	5,600	6,513
		Assets newly classified as held for sale:		
0	604	Property, plant and equipment	0	12,066
(52)	(484)	Revaluation losses	0	(5,555)
0	0	Revaluation gains	0	0
(59)	(47)	Impairment losses	0	0
		Assets declassified as held for sale:		
(41,414)	(3,602)	Property, plant and equipment	0	(213)
(1,124)	(219)	Assets disposed	0	(5,041)
7	10	Expenditure in year	0	18
0	0	Transfers from current to long-term	0	0
(1,760)	1,760	Transfers from long-term to current	(5,600)	5,600
5,600	6,513	Balance at 31 March	0	13,388

24. Inventories

The balance of inventories within the Balance Sheet comprises raw materials and consumables, and work in progress. A reconciliation of the movement in inventories in the year is provided in the following table:

2013/14			Inventories	2014/15		
Raw materials and consumables £000	Work in progress £000	Total £000		Raw materials and consumables £000	Work in progress £000	Total £000
1,436	0	1,436	Opening balance	1,588	0	1,588
65	0	65	Purchases	33	0	33
165	0	165	Reclassifications / transfers	(307)	0	(307)
(78)	0	(78)	Disposals	(74)	0	(74)
1,588	0	1,588	Closing balance	1,240	0	1,240

25. Net short-term debtors

The Net short-term debtors balance consists of amounts owed to the council, primarily in respect of Council Tax and grants, and H.M. Revenue and Customs debtors. It also includes sums due from other authorities and various other sundry debtors. During 2014/15, there was an accounting adjustment made to debtors and the associated bad debt provision within the Financial Statements of £31.942 million. This mainly related to Council Tax (£16.938 million). The individual Non-Domestic Rates debtors are not included in the Balance Sheet but the outstanding debt and bad debt provision are monitored separately, with the council acting as a collecting agent for the Scottish Government. Records associated with all outstanding debts are retained and recovery action will continue to be taken, where possible. The following table shows an analysis of debtors outstanding by customer group:

2013/14 £000 (Restated)	Analysis of Net short-term debtors	2014/15 £000
106,030	Bodies external to general government	97,119
94,996	Central government bodies	80,610
8,983	Other local authorities	4,103
1,068	NHS bodies	1,496
18	Public corporations and trading funds	16
211,095	Total	183,344

26. Cash and cash equivalents

The council hold cash in hand, as well as deposits with financial institutions. Cash equivalents are short-term, highly liquid investments, principally held to meet liabilities in the short term, rather than to make an investment gain. They are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. The balance of Cash and cash equivalents comprises the following elements:

2013/14 £000	Cash and cash equivalents	2014/15 £000
0	Short-term deposits	9,043
75,929	Bank current accounts	59,637
164	Cash imprest held by the council	167
76,093	Total	68,847

27. Short-term creditors

The Short-term creditors balance consists of amounts received in advance or owed by the council, primarily in respect of payroll, grants and various other sundry creditors. The following table provides further analysis by supplier group:

2013/14 £000	Analysis of creditors	2014/15 £000
207,562	Bodies external to general government	202,685
2,007	Central government bodies	28,362
2,384	Other local authorities	1,653
2,078	NHS bodies	2,101
2,448	Public corporations and trading funds	946
216,479	Total	235,747

28. Short and long-term provisions

The council has identified a number of material liabilities, where the amount or timing of the transaction is uncertain, and made provision for future expenditure. All provisions have been reassessed at the financial year end. The following table provides an analysis of the movement in provisions during 2014/15 and balances:

Provisions	Asset decommissioning £000	Other Outstanding legal cases £000	Employee related legal cases £000	Other provisions £000	Total £000
Balance as at 1 April 2014	43,500	474	595	1,042	45,611
Additional provisions made during the year	0	54	275	343	672
Costs incurred and charged against provision	(4,960)	(14)	(207)	(521)	(5,702)
Unused amounts reversed during the year	0	(116)	0	(50)	(166)
Balance at 31 March 2015	38,540	398	663	814	40,415

Provisions for asset de-commissioning reflect the council's liability for restoration and ongoing maintenance in respect of landfill sites formerly operated by the council, principally Cathkin Landfill Site. These have been provided for based on the net present value of estimated future costs.

Provisions for employee related legal cases comprise provision for estimated outstanding compensation payments in respect of equal pay claims, including associated tax and national insurance liabilities (£0.399 million at 31 March 2015), and a newly created provision for the council's estimated liability in relation to the Working Time Directive in respect of holiday pay (£0.164 million at 31 March 2015). During 2014/15, equal pay compensation payments of £0.207 million have been met from the provision and £0.011 million has been added, reflecting a reassessment of outstanding claims that the council has agreed to settle.

Provisions for other legal cases include estimated payments in respect of claims by former employees of Strathclyde Regional Council (SRC) and Glasgow District Council (GDC) (£0.367 million at 31 March 2015). During the year, the actual settlement of such claims, previously provided for at a higher value, allowed the release of £0.114 million from the provision. The remaining £0.031 million at 31 March 2015 relates to the potential clawback of payments made by Municipal Mutual Insurance Limited to former employees of SRC and GDC under occupational disease claims. This follows the Supreme Court ruling on Employers' Liability

Insurance 'Trigger' Litigation on 28 March 2012. The level of provision in this respect has been reassessed based on a 15% clawback, allowing the release of £0.002 million during the year.

Other provisions include estimated future costs associated with the council's schools PPP scheme (£0.443 million). All other provisions are individually immaterial.

29. Financial instruments

29.1. Types of financial instruments

The statement of accounting policies in note 1.25, page 26, explains the requirement of the reporting basis for financial instruments. Borrowing, and Loans and receivables, are measured on the Balance Sheet at amortised cost. Available-for-sale assets, which relate to the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership are measured at fair value.

The borrowings and investments in the Balance Sheet comprise the following categories of financial instruments:

2013/14		Category of financial instrument	2014/15	
Long-term £000	Short-term £000		Long-term £000	Short-term £000
1,452,823	259,797	Financial liabilities amortised at cost - borrowing	1,379,953	312,511
213,884	197,325	Financial liabilities amortised at cost - other	204,792	218,040
1,666,707	457,122	Total financial liabilities	1,584,745	530,551
112,906	278,673	Loans and receivables	113,018	256,454
34,640	635	Available-for-sale financial assets	31,923	1,173
147,546	279,308	Total investments	144,941	257,627

29.2. Gains and losses on financial instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement (page 14) in relation to the financial instruments comprise the following:

2013/14		Financial liabilities measured at amortised cost £000	2014/15		Total £000
Total £000	Gains and losses financial instruments		Loans and receivables £000	Available- for-sale £000	
100,749	Interest expense	100,247	0	125	100,372
7,641	Impairment loss	0	7,330	0	7,330
108,390	Interest payable	100,247	7,330	125	107,702
(7,726)	Interest and investment income	0	(5,247)	(1,770)	(7,017)
1,104	(Gain) / loss on revaluation	0	0	48	48
101,768	Net (gain) / loss for the year	100,247	2,083	(1,597)	100,733

29.3. Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. 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. The rates quoted in this valuation were obtained by the council's treasury management advisors from the market on 31 March 2015.

The calculations are made using the following assumptions:

- (i) The PWLB new loan rate, in force at 31 March 2015, has been used as the discount rate for PWLB debt;
- (ii) For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender;
- (iii) Interpolation techniques have been used between available rates where the exact maturity date was not available;
- (iv) No early repayment or impairment is recognised.

2013/14		Valuation of financial liabilities	2014/15	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
1,712,620	1,812,703	Borrowing	1,692,464	2,015,667

The fair values of all financial instruments have been calculated. The fair value of financial liabilities is more than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The council's commitment to pay interest above current market rates increases the amount the council would have to pay if the lender requested or agreed to early repayment of the loan.

29.4. Nature and extent of risks arising from financial instruments

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

29.5. 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 exposures to the council's customers. The council's policy for managing credit risk is outlined within the approved Treasury Management Strategy.

The following analysis summarises the council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the council expects full repayment on the due date of deposits placed with counterparties.

2013/14			Credit risk	2014/15		
Historical experience of non-payment adjusted for market conditions	Estimated maximum exposure to default and uncollectibility			Historical experience of non-payment adjusted for market conditions	Estimated maximum exposure to default and uncollectibility	
£000	%	£000		£000	%	£000
101,032	0	0	Deposits with banks and other financial institutions	100,705	0	0
320,782	9.477	30,399	Customers	292,347	8.123	23,747
421,814		30,399	Total	393,052		23,747

The council does not generally allow credit for customers. The past due date for payments can be analysed as follows:

2013/14 £000	Aged debt profile	2014/15 £000
197,037	Less than 3 months	169,577
2,405	3 to 6 months	2,156
1,884	6 months to 1 year	2,073
119,456	More than 1 year	118,541
320,782	Total	292,347

29.6. Liquidity risk

As the council has access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The council's policy is to ensure that no more than 20% of loans are due to mature within any financial year, through a combination of prudent planning of new loans taken out and, where it is economic to do so, debt restructuring and early repayments.

The maturity analysis of financial liabilities at nominal value is as follows:

2013/14 £000	Loans outstanding	2014/15 £000
967,074	Public Works Loans Board	954,241
449,000	Lender Option Buyer Option (LOBO)	449,000
264,120	Temporary borrowing	257,195
1,680,194	Total	1,660,436
241,954	Less than 1 year	294,954
185,840	Between 1 and 2 years	106,731
179,456	2 to 5 years	195,766
173,183	5 to 10 years	129,777
282,761	10 to 30 years	316,208
448,000	30 to 50 years	448,000
169,000	50 to 70 years	169,000
1,680,194	Total	1,660,436

The maturity analysis of financial liabilities is outlined in the above table at nominal values. However, these liabilities are reflected in the Balance Sheet at amortised cost, which includes accrued interest of £17.556 million (£17.843 million in 2013/14) and an effective interest rate adjustment of £14.471 million (£14.583 million in 2013/14) in respect of LOBOs with stepped interest rates.

All trade and other payables are due to be paid in less than one year.

29.7. Market risk

29.7.1. Interest rate risk

Movements in market interest rates expose the council to risk due to uncertainty in the interest payable on borrowings and interest receivable on investments. Higher interest rates would increase the interest charged on variable borrowing and increase income received on variable rate lending, both of which would impact on the Comprehensive Income and Expenditure Statement.

A further risk in the movements of market rates is the impact on the fair value of borrowings and investments. An increase in interest rates would decrease the fair value of borrowings and investments at fixed rates. Changes to the fair value of borrowings do not impact on the council taxpayer as they are not carried at fair value in the council's Balance Sheet and are only reflected in the notes to the accounts for information.

The council has a number of strategies for managing interest rate risk. In conjunction with its treasury management advisors, the council actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowing and restructuring of debt.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

2013/14 £000	Estimated financial effect	2014/15 £000
4,033	Increase in the interest payable on variable rate borrowings	5,025
(1,166)	Increase in interest receivable on variable rate investments	(1,048)
2,867	Net impact on the Surplus or Deficit on the Provision of Services	3,977

2013/14 £000	Other presentational changes (no impact on the Comprehensive Income and Expenditure Statement)	2014/15 £000
158,870	Decrease in the fair value of fixed rate borrowings	211,962

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

29.7.2. Market price risk

Part of the council's Insurance Fund is invested in externally managed portfolios under the powers of Schedule 3 of the Local Government (Scotland) Act 1975 and Section 3 of the Local Government etc. (Scotland) Act 1994. The Insurance Fund investments were managed during the year by Ruffer Limited Liability Partnership. The investment objectives of the fund are as follows:

To achieve low volatility, positive returns from an actively managed portfolio of different asset classes, including internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supra-nationals or government organisations and currencies. The portfolio may also be invested in collective investment schemes, cash and money market instruments. Pervading this objective is a fundamental philosophy of capital preservation. The principal performance objective of the portfolio is to achieve a positive total annual return, after all expenses, of double the Bank of England base rate.

29.7.3. Foreign exchange rate risk

Investment in foreign currency denominated equities and bonds forms a part of the investment strategy of funds managed by Ruffer Limited Liability Partnership and the foreign exchange risk is actively managed as a key element of the portfolio's asset allocation. In addition, the council held euros to meet future currency commitments with a sterling equivalent value of £1.984 million as at the 31 March 2015 exchange rate. The potential financial impact of exchange rate movements in this respect is not considered to be material.

30. Deferred liabilities

Deferred liabilities represent amounts falling due in more than 12 months from the balance sheet date. An analysis of Deferred liabilities at 31 March 2015 is provided in the following table:

2013/14 £000 (Restated)	Analysis of Deferred liabilities	2014/15 £000
138,874	Long-term liability relating to the PPP secondary schools contract	131,219
61,571	Long-term lease liability relating to council properties, vehicles and equipment	57,424
7,923	Developers' contributions received for the provision of recreational greenspace in line with council policy	11,028
5,045	Other	4,650
213,413	Total	204,321

31. Contingent liabilities

The council remains liable for a share of potential liabilities arising from claims lodged against Strathclyde Regional Council (SRC) on a geographical basis, and of other expenditure above a specified level on an agreed basis. There is also a potential liability to meet expenditure in respect of the former Glasgow District Council in proportion to an agreed formula. These potential liabilities include shared liability in connection with Municipal Mutual Insurance Limited, one of the key insurers of the former SRC (and other local authorities across the United Kingdom). Following the Supreme Court ruling on Employers' Liability Insurance 'Trigger' Litigation on 28 March 2012, the council has a provision to meet a 15% clawback of estimated payments made by Municipal Mutual Insurance Limited in respect of known claims. The council recognises a contingent liability for further unknown claims in the future.

The council recognises the potential for compensation claims following the prosecution of former members of staff at Kerelaw Residential School. Some claims will be historic and relate to SRC and some will date post-reorganisation.

Whilst the council has made appropriate provision for all tax and national insurance liabilities and the settlement of all known outstanding claims in respect of equal pay and the implementation of the Workforce Pay and Benefits Review, the council recognises the potential for compensation claims in respect of cases not yet settled or presented.

The council recognises a potential liability in respect of guaranteeing any unfunded pension costs, which may arise in certain circumstances, in relation to former Glasgow City Council employees transferred to City Building (Glasgow) Limited Liability Partnership Culture and Sport Glasgow, City Parking (Glasgow) Limited Liability Partnership, Cordia (Care) Limited Liability Partnership, Cordia (Services) Limited Liability Partnership, City Property Glasgow (Investments) Limited Liability Partnership, Jobs & Business Glasgow and Glasgow Housing Association. As sponsoring authority, the council has guaranteed to accept liability for any unfunded costs, which may arise relating to their membership of the Local Government Pension Scheme (LGPS) administered by Glasgow City Council should they cease to exist, withdraw from the LGPS or otherwise become unable to continue covering any unfunded liabilities with regard to the Local Government Pension Scheme (Scotland) Regulations 1998, as amended, or the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998.

The council has provided two financial guarantees in relation to loan repayments of group subsidiaries (80% of loan value), namely City Parking (Glasgow) Limited Liability Partnership (original total loan £40 million) and City Property Glasgow (Investments) Limited Liability Partnership (original total loan £120 million). The likelihood of these guarantees being called is assessed annually. As at 31 March 2015, the risk has been assessed as minimal and the guarantees have been accounted for on that basis. However, the council also recognises the potential for future liabilities in the event that the related companies do not meet the requirements of their business plans. In addition, the council has guaranteed loan repayments to Strathclyde Pension Fund by City Legacy (80% of original total loan value of £40 million). Whilst the value of the guarantee has been assessed as immaterial, based on the probability of repayments being made, the council recognises the potential for a future liability if City Legacy did not meet the conditions of the loan agreement.

The council recognises an exposure to risk with regard to possible future environmental claims associated with land transferred to Glasgow Housing Association. The Scottish Government awarded a sum of £10 million to the council as a contribution towards any potential claim with regard to these environmental risks, with all liabilities falling to be met by the council.

The council recognises and has provided for the liability in respect of its obligation to undertake restoration and aftercare work in respect of former landfill sites. As at 31 March 2015, a sum of £38.540 million has been provided for, principally in respect of the former Cathkin Landfill Site. However, the council recognises a contingent liability in respect of other landfill sites formerly operated by the council. The timing of further liabilities in respect of asset de-commissioning is uncertain and the associated costs cannot be reliably estimated at this time.

The council recognises a potential liability in respect of European funded grant claims the outcome of which is subject to discussions with the Scottish Government.

Various other actions and claims are pending. These include procurement claims, contractual disputes and employer, public and motor liability claims. The council is opposing these claims but continues to review each case individually for liabilities that arise as the legal process progresses.

It is anticipated that any costs subsequently arising from these contingent liabilities will in the main be borne by the council and not reimbursed by other parties.

32. Events after the balance sheet date

There were no material events between 31 March 2015 and the date of signing that require to be reflected in the Financial Statements.

33. Cash flow statement - Operating activities

2013/14 £000 (Restated)		2014/15 £000
672,688	Cash paid to and on behalf of employees	658,430
(918,539)	General Revenue Grant	(909,939)
(340,130)	Non-Domestic Rates receipts from national pool	(369,327)
547,000	Other net operating cash payments	511,584
(38,981)	Net cash flows from Operating Activities	(109,252)

34. Cash flow statement - Investment activities

2013/14 £000 (Restated)		2014/15 £000
178,662	Purchase of Property, Plant and Equipment and Intangible assets	184,054
(5,075)	Proceeds from sale of Property, Plant and Equipment and Intangible assets	(11,423)
(3,554)	Purchase of Short-term and Long-term investments	4,791
(87,544)	Other receipts from Investing Activities	(95,012)
82,489	Net cash flows from Investing Activities	82,410

35. Cash flow statement - Financing activities

2013/14 £000 (Restated)		2014/15 £000
(1,079,087)	Cash receipts of Short-term and Long-term borrowing	(584,954)
3,381	Other receipts from Financing Activities	71
3,193	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PPP contracts	14,260
1,035,495	Repayment of Short-term and Long-term borrowing	604,711
(37,018)	Net cash flows from Financing Activities	34,088

❖ Council Tax Income Account

2013/14 £000	Council Tax	2014/15 £000
329,035	Gross Council Tax levied and contributions in lieu	330,540
	Less :	
(66,873)	Other discounts and reductions	(66,625)
(3,081)	Prior years' Council Tax	(4,246)
(8,907)	Provision for bad and doubtful debts	(9,613)
(71,168)	Council Tax Reduction	(68,629)
	Add :	
2	Community Charge	1
179,008	Transfers to Comprehensive Income and Expenditure Statement	181,428

Note: Council Tax Reduction replaced Council Tax Benefit on 1 April 2013. The funding is now included within the General Revenue Grant.

Notes to the Council Tax Income Account

The charge for each household is based on the valuation banding to which the dwelling is allocated by the Assessor. The Council Tax is reduced by 25% where a dwelling has only one occupant, or 50% where the property is empty. Second home properties are subject to a 10% discount. The property bandings are adjusted where the property is occupied by disabled persons and total exemptions are available for certain categories of occupants.

From 1 April 1996, charges in respect of water and sewerage became the responsibility of the relevant Water Authority, now Scottish Water. Glasgow City Council collects total monies and makes a precept payment to Scottish Water on the basis of anticipated collection rates.

Calculation of the Council Tax base (The Band D figures quoted are based on the Council Tax base as at 5 September 2013)

Band	Valuation	No. of dwellings	No. of exemptions	No. of disabled relief cases	No. of discounts			Total equivalent dwellings	Ratio to Band D	No. of Band D equivalents	Charges per band
					10%	25%	50%				
A	Up to £27,000	67,083	10,424	191	61	42,279	658	45,945	6/9	30,622	£809
B	£27,001 - £35,000	78,748	5,172	64	156	42,838	788	62,521	7/9	48,627	£943
C	£35,001 - £45,000	66,444	4,200	-58	176	29,357	620	54,519	8/9	48,461	£1,078
D	£45,001 - £58,000	40,771	3,463	-37	155	14,424	389	33,455	1	33,455	£1,213
E	£58,001 - £80,000	28,920	2,725	-114	187	8,327	262	23,850	11/9	29,150	£1,483
F	£80,001 - £106,000	12,876	1,340	-41	105	3,154	127	10,633	13/9	15,359	£1,752
G	£106,001 - £212,000	6,131	309	-40	61	1,174	55	5,455	15/9	9,092	£2,022
H	Over £212,000	660	52	-4	4	72	18	577	18/9	1,154	£2,426
										215,920	
Add: Class 17 and 24 dwellings										26	
Less: Provision for non-payment										10,797	
Band D Equivalent										205,149	

Note: The charges above exclude the water and sewerage element of the Council Tax.

❖ **Non-Domestic Rates Income Account**

2013/14 £000	Non-Domestic Rates	2014/15 £000
470,952	Gross rates levied and contributions in lieu	479,067
	Less :	
(115,239)	Relief and other deductions	(116,333)
(12,046)	Provision for bad and doubtful debts	(10,260)
343,667	Net Non-Domestic Rate Income	352,474
(20,716)	Prior years - adjustments	(1,587)
322,951	Contribution to National Non-Domestic Rates Pool	350,887
333,668	Sum due from central rates pool	363,061
333,668	Income credited to Comprehensive Income and Expenditure Statement	363,061

Notes to the Non-Domestic Rates Income Account

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial etc property within their areas, as distinct from a charge for their use of service. The basis of tax, the rateable value of the property, was subject to revaluation by the Assessor at 1 April 2010. The uniform business rate for 2014/15 was set by the Scottish Government at 47.1p (46.2p in 2013/14). The Small Business Rates Relief scheme was superseded by the Small Business Bonus Scheme, introduced on 1st April 2008 and applies to properties with a rateable value up to and including £25,000. This scheme is funded by a supplement (1.1p in the pound) to the rate poundage for businesses with a rateable value of more than £35,000.

The Contribution to the National Non-Domestic Rates Pool shown in the table above is the Non-Domestic Rates contributed by the council through the pooling arrangements for government grant purposes. The sum due from the central rates pool shown in the same table represents the Non-Domestic Rates distributed to the council through the aggregate external finance distribution.

Rateable values and numbers of premises as at 1 April

Premises	Number of subjects		Rateable values	
	2013/14	2014/15	2013/14 £000	2014/15 £000
Industrial and freight	1,901	1,915	54,029	54,333
Commercial subjects				
Shops	8,059	8,135	300,194	301,788
Offices	7,376	7,460	268,498	265,995
Hotels, boarding houses etc.	200	210	18,412	19,055
Others	3,439	3,457	117,600	117,145
Miscellaneous and formula valued subjects	4,134	4,142	221,739	222,020
Total	25,109	25,319	980,472	980,336

❖ Common Good Fund

The Common Good is the ancient patrimony of the former burghs, with additions that have taken place from time to time. The most concise statement of the administration of the Common Good Fund is contained in a judgement by Lord Kyllachy - "The Common Good is corporate property and falls as such to be administered by the council - and applied by them for the benefit of the community in such manner as, and using reasonable judgement as, they think proper". It is an indispensable qualification of any object, to which the Common Good can be legally applied, that it should be one in which the general public of Glasgow City Council, as distinct from the general public of any other locality, is interested.

The Common Good Fund (the Fund) primarily meets the cost of civic ceremonies and hospitality to distinguished visitors to the city. The principal assets of the Fund are its various properties throughout the city and financial investments.

The council has an approved policy to maintain the overall value of the Fund over time. The net worth of the Fund was £18.351 million as at 31 March 2015 (£16.402 million at 31 March 2014).

Common Good Fund Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2013	13,925	2,322	16,247
Movement in reserves during 2013/14:			
Surplus or (Deficit) on the Provision of Services	565	0	565
Other Comprehensive Income and (Expenditure)	0	(410)	(410)
Increase or (Decrease) in the year	565	(410)	155
Balance at 31 March 2014	14,490	1,912	16,402
Movement in reserves during 2014/15:			
Surplus or (Deficit) on the Provision of Services	1,485	0	1,485
Other Comprehensive Income and (Expenditure)	0	464	464
Increase or (Decrease) in the year	1,485	464	1,949
Balance at 31 March 2015	15,975	2,376	18,351

More detail on Unusable Reserves is provided in note 5 to the Common Good Fund (page 77).

Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

2013/14 £000		Note	2014/15 £000
516	Gross expenditure		968
(67)	Gross income		(57)
449	Cost of Services		911
(850)	Interest and investment income		(1,700)
(164)	Income, expenditure and changes in the fair value of investment properties		(696)
(1,014)	Financing and Investment (Income) and Expenditure		(2,396)
(565)	(Surplus) or Deficit on the Provision of Services	6	(1,485)
410	(Surplus) or deficit on revaluation of Available-for-Sale Financial Assets		(464)
(155)	Total Comprehensive (Income) and Expenditure		(1,949)

Balance Sheet as at 31 March 2015

31 March 14 £000		Note	31 March 15 £000
1,800	Investment property	2	2,315
13,679	Long-term investments	3	14,146
15,479	Long-term Assets		16,461
589	Short-term investments	3	1,382
4	Inventories		16
114	Net short-term debtors		87
326	Cash and cash equivalents	4	507
1,033	Current Assets		1,992
(110)	Short-term creditors		(102)
(110)	Current Liabilities		(102)
16,402	Net Assets		18,351
14,490	Usable Reserves	5	15,975
1,912	Unusable Reserves	5	2,376
16,402	Total Reserves		18,351

Notes to the Common Good Fund

1. Accounting policies

- 1.1 The financial statements for the year ended 31 March 2015 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a true and fair view of the financial performance and position of the Fund.
- 1.2 The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. In this regard, the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.
- 1.3 The accounting convention adopted is historical cost, modified by the revaluation of certain categories of long-term assets and the fair value of investments.

2. Investment property

The Fund owns a number of properties across the city, which are held to generate rental income and / or capital appreciation. They are, therefore, accounted for as investment property and held at fair value in accordance with the Code. The fair value must reflect market conditions at the balance sheet date and thus the fair value of investment property is reviewed annually for material differences. Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services. Investment properties are not depreciated. The consumption of the economic benefits in the asset over time is, instead, automatically reflected in the property's fair value. All the investment properties are leased under operating leases to third parties. The amounts received in rental income are detailed at note 6 (page 77).

3. Short and long-term investments

The Fund's investments were managed by Ruffer Limited Liability Partnership during the year. The fair value of investments as at 31 March 2015 was £15.528 million (£14.268 million at 31 March 2014). These are split between Short and Long-term investments on the Common Good Fund Balance Sheet.

The investment objective of the Fund is to achieve low volatility, positive returns from an actively managed portfolio of different asset classes, including internationally listed or quoted equities or equity related securities (including convertibles) or bonds, which are issued by corporate issuers, supra-nationals or government organisations, and currencies. The portfolio may also be invested in collective investment schemes, cash and money market instruments. Pervading this objective is a fundamental philosophy of capital preservation. The principal performance objective of the portfolio is to achieve a positive total annual return, after all expenses, of double the Bank of England base rate.

4. Cash and cash equivalents

Cash and cash equivalents of £0.507 million represents the balance held in the council's loans fund at 31 March 2015 (£0.326 million at 31 March 2014).

5. Reserves

The Code requires reserves to be summarised as Usable and Unusable Reserves. The Usable Reserve represents the accumulated Surplus on the Provision of Services. This balance stands at £15.975 million at 31 March 2015, an increase of £1.485 million from the previous year.

Unusable reserves relate to the Available-for-sale Financial Instruments Reserve, which contains the gains or losses made by the Fund arising from changes in the value of its investments that have quoted market prices. The balance is reduced when investments are revalued downward or impaired, or disposed of and the gains are realised. The balance on the reserve stands at £2.376 million as at 31 March 2015, an increase of £0.464 million from last year due to the movement on revaluation of available-for-sale financial assets.

The overall net worth of the Common Good Fund has, therefore, increased by £1.949 million.

6. Analysis of income and expenditure

The following table provides an analysis of the Fund's income and expenditure:

2013/14 £000		2014/15 £000	%
Where the money came from			
(850)	Interest and gains on investments	(2,215)	89
(240)	Rental income	(235)	9
(67)	Other receipts	(57)	2
(1,157)	Total income	(2,507)	100
How the money was spent			
419	Civic hospitality	437	43
77	Investment property costs	55	5
93	Treasury management	121	12
3	Other supplies and services	9	1
0	Contribution to Citizen Theatre	400	39
592	Total expenditure	1,022	100
(565)	(Surplus) or Deficit on the Provision of Services	(1,485)	

❖ Sundry Trusts and Funds

Introduction

Sundry Trusts and Funds have been set up from donations made by various individuals and organisations over many years. It is generally the case that only income arising from these funds can be disbursed each year, thus ensuring that resources are available to meet their continuing requirements.

A total of 14 Sundry Trusts were held at 31 March 2015, with an overall balance of £15.235 million (14, with an overall balance of £15.372 million at 31 March 2014), including:

- The Arts and Museums Purchase Fund, with a balance of £6.704 million. This fund was set up to purchase works of art for the council;
- The Lord Provost's Trust Funds (The Goodwill Fund, The Fund for Vulnerable Citizens, The Children's Fund and the Fund for Older People), which benefit needy children in the Glasgow area, provide relief for the poor of the city and generally assist in cases of distress. The aggregate value of these funds as at 31 March 2015 was £4.660 million;
- The Blindcraft Trust Fund, with a value of £2.759 million, which is used for the advancement of education and the relief of poverty amongst individuals who are blind or visually impaired;
- The Mitchell Library Centenary Fund, with a fund value of £0.354 million and the Donald McPherson Bequest, with a fund value of £0.232 million, which are used for the purchase of books for the Mitchell Library;
- The Fossil Grove Trust, with a fund value of £0.360 million, which is used for the preservation of fossils at Victoria Park; and
- The Glasgow Necropolis Trust, with a fund value of £0.104 million, which is used for the upkeep of the Necropolis.

Of the Sundry Trusts reported, 6 have charitable status, with a Total Reserves balance of £7.779 million at 31 March 2015 (6, with an overall balance of £7.252 million at 31 March 2014).

During the year, the council set up the Queen Street Appeal Fund in response to the Queen Street disaster. This is subject to a separate set of accounts and will be independently audited. It is not included within the Sundry Trusts balances reported above.

Sundry Trusts and Funds Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2013	13,506	2,250	15,756
Movement in reserves during 2013/14:			
Surplus or (Deficit) on the Provision of Services (Restated)	1,870	0	1,870
Other Comprehensive Income and (Expenditure)	(4)	(2,250)	(2,254)
Increase or (Decrease) in the year (Restated)	1,866	(2,250)	(384)
Balance at 31 March 2014 (Restated)	15,372	0	15,372
Movement in reserves during 2014/15:			
Surplus or (Deficit) on the Provision of Services	(1,767)	0	(1,767)
Other Comprehensive Income and (Expenditure)	0	1,630	1,630
Increase or (Decrease) in the year	(1,767)	1,630	(137)
Balance at 31 March 2015	13,605	1,630	15,235

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2015

Charities £000 (Restated)	2013/14 Non – Charities £000	Total £000 (Restated)	Sundry Trusts and Funds	Note	2014/15		
					Charities £000	Non – Charities £000	Total £000
1,355	439	1,794	Expenditure		378	1,873	2,251
(73)	(21)	(94)	Income	1	(80)	(224)	(304)
1,282	418	1,700	Cost of Services		298	1,649	1,947
(1,553)	(2,017)	(3,570)	Interest and investment income		(85)	(95)	(180)
(1,553)	(2,017)	(3,570)	Financing and Investment Income		(85)	(95)	(180)
(271)	(1,599)	(1,870)	(Surplus) or Deficit on the Provision of Services		213	1,554	1,767
1,024	1,230	2,254	(Surplus) or deficit on revaluation of Available-for-Sale Financial Assets		(740)	(890)	(1,630)
753	(369)	384	Total Comprehensive (Income) and Expenditure		(527)	664	137

Balance Sheet as at 31 March 2015

2013/14			2014/15				
Charities £000 (Restated)	Non – Charities £000 (Restated)	Total £000 (Restated)	Sundry Trusts and Funds	Note	Charities £000	Non – Charities £000	Total £000
174	0	174	Long-term investments	2	7,218	7,420	14,638
6,360	7,634	13,994	Short-term investments	2	0	0	0
37	14	51	Short-term debtors	1	96	150	246
693	487	1,180	Cash and cash equivalents	1/3	485	416	901
7,090	8,135	15,225	Current Assets		581	566	1,147
(12)	(15)	(27)	Short-term creditors		(20)	(530)	(550)
(12)	(15)	(27)	Current Liabilities		(20)	(530)	(550)
7,252	8,120	15,372	Net Assets		7,779	7,456	15,235
7,252	8,120	15,372	Usable Reserves		7,039	6,566	13,605
0	0	0	Unusable Reserves		740	890	1,630
7,252	8,120	15,372	Total Reserves		7,779	7,456	15,235

Notes to the Accounts**1. Prior period adjustments**

All of the six charitable trusts are subject to a separate, independent audit. The prior year balances have been re-stated to reflect the adjustments arising from these individual audits. Income and Short-term debtors (Charities) have both been increased by £0.004 million, with a corresponding increase in Usable Reserves (Charities) at 31 March 2014. In addition, Cash and cash equivalents of £0.004 million have been transferred from Charities to Non-Charities, with a similar movement in the analysis of total Current Assets, Net Assets, Usable Reserves and Total Reserves between Charities and Non-Charities.

2. Short and Long-term investments

On 31 March 2014, Long-term investments of £13.994 million, previously managed by Standard Life, were translated into Short-term investments, in preparation for the transfer of the management of the fund to Ruffer LLP. These Short-term investments were subsequently translated into Long-term Investments during 2014/15.

The fair value of investments managed by Ruffer LLP at 31 March 2015 was £14.588 million (£13.994 million at 31 March 2014). The investment objectives of the Fund is to preserve the capital over rolling 12 month periods, and secondly to grow the portfolio at a higher rate (after fees) than could reasonably be expected from depositing the cash in a UK bank. The Fund is invested in a variety of different asset classes, including fixed interest stocks and equities (both UK and international), and an allocation of other risk investments designed to improve the overall return, but never to the extent of risking serious capital loss.

Further Long-term investments held at 31 March 2015 total £0.050 million (£0.174 million at 31 March 2014) relating to a National Savings Deposit Bond.

3. Cash and cash equivalents

Cash and cash equivalents of £0.901 million represents the balance held in the council's loans fund at 31 March 2015 (£1.180 million at 31 March 2014).

4. Reserves

The Code requires reserves to be summarised as Usable and Unusable Reserves. The Usable Reserve represents the accumulated Surplus on the Provision of Services. This balance stands at £13.605 million at 31 March 2015, a decrease of £1.767 million from the previous year.

Unusable Reserves relate to the Available-for-Sale Financial Instruments Reserve. The Available-for-Sale Financial Instruments Reserve contains the gains or losses made by the Fund arising from changes in the value of its investments that have quoted market prices. The balance is reduced when investments are revalued downward, impaired, or disposed of and the gains are realised. The Unusable Reserves balance stands at £1.630 million as at 31 March 2015, an increase of £1.630 million from the previous year, due to the movement on the revaluation of Available-for-Sale Financial Assets. The overall net worth of the Sundry Trusts Fund has, therefore, decreased by £0.137m.

❖ Group Financial Statements

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 places a requirement on authorities to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the authority is required to prepare a full set of Group Financial Statements, in addition to those prepared for the authority's single entity Financial Statements. The Group Financial Statements are designed to give a 'true and fair view' of the financial performance and position of the council's group.

Combining entities

In recent years the council has created a number of companies, commonly known as Arm's Length External Organisations (ALEOs), to further council objectives. Where the council has a 'controlling interest', these companies are termed 'subsidiaries'. The council also has a 'significant interest' in a number of ALEOs, other companies and statutory bodies that are termed 'associates'. The subsidiaries and associates representing the combining entities are listed below. Additional information on these entities can be found in note 3 on pages 89 to 94.

Subsidiaries

- Scottish Exhibition Centre Limited
- City Building (Glasgow) Limited Liability Partnership
- City Building (Contracts) Limited Liability Partnership
- Culture and Sport Glasgow, trading as Glasgow Life
- City Parking (Glasgow) Limited Liability Partnership
- Cordia (Care) Limited Liability Partnership
- Cordia (Services) Limited Liability Partnership
- City Property Glasgow (Investments) Limited Liability Partnership
- Jobs & Business Glasgow (formerly Glasgow's Regeneration Agency)

Associates

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme
- Service Glasgow Limited Liability Partnership, trading as ACCESS

Basis of consolidation

The Group Financial Statements for the year ended 31 March 2015 have been prepared on the basis of a full consolidation, with all financial transactions and balances of the council and its subsidiaries consolidated on a line by line basis. To permit consolidation, the Profit and Loss Accounts of the subsidiary entities have been presented in accordance with the CIPFA 'Service Reporting Code of Practice (SerCOP) Service Expenditure Analysis'. Associates have been incorporated using the equity method, where an opening investment is recognised in the Group Balance Sheet and adjusted each year by the council's share of the associate's operating results and other gains and losses.

The accounting periods for all entities are for the year to 31 March 2015, with the exception of Service Glasgow LLP, which has a year end of 31 December 2014.

Group Movement in Reserves Statement for the year ended 31 March 2015

Movement in Reserves Statement	General Fund Reserve £000	Revenue Reserve Fund £000	Capital Reserve Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Usable Reserves of Subsidiaries & Associates £000	Authority's share of Unusable Reserves of Subsidiaries & Associates £000	Minority Interest £000	Total Reserves £000
Balance at 1 April 2013 (Restated)	43,473	75,895	8,919	8,867	137,154	1,336,159	1,473,313	31,345	(28,964)	2,501	1,478,195
Movement in reserves during 2013/14:											
Surplus or (Deficit) on the Provision of Services	(413,630)				(413,630)	0	(413,630)	338,179		(81)	(75,532)
Other Comprehensive Income and (Expenditure)	0				0	(66,642)	(66,642)		(31,835)	7	(98,470)
Total Comprehensive Income and (Expenditure)	(413,630)	0	0	0	(413,630)	(66,642)	(480,272)	338,179	(31,835)	(74)	(174,002)
Adjustments between group accounts and authority accounts (note 8)	329,439				329,439	0	329,439	(329,439)			0
Net Increase or (Decrease) before transfers	(84,191)	0	0	0	(84,191)	(66,642)	(150,833)	8,740	(31,835)	(74)	(174,002)
Adjustments between accounting basis and funding basis under regulations	60,951			21,011	81,962	(81,962)	0				0
Net Increase or (Decrease) before transfers to other statutory reserves	(23,240)	0	0	21,011	(2,229)	(148,604)	(150,833)	8,740	(31,835)	(74)	(174,002)
Transfers (to) and from other statutory reserves	12,556	(9,238)	(3,318)	0	0	0	0				0
Increase or (Decrease) in the year	(10,684)	(9,238)	(3,318)	21,011	(2,229)	(148,604)	(150,833)	8,740	(31,835)	(74)	(174,002)
Balance at 31 March 2014 (Restated)	32,789	66,657	5,601	29,878	134,925	1,187,555	1,322,480	40,085	(60,799)	2,427	1,304,193
Movement in reserves during 2014/15:											
Surplus or (Deficit) on the Provision of Services	(387,889)				(387,889)	0	(387,889)	347,425		516	(39,948)
Other Comprehensive Income and (Expenditure)	0				0	(181,077)	(181,077)	0	(95,700)	(185)	(276,962)
Total Comprehensive Income and (Expenditure)	(387,889)	0	0	0	(387,889)	(181,077)	(568,966)	347,425	(95,700)	331	(316,910)
Adjustments between group accounts and authority accounts (note 8)	332,233				332,233	0	332,233	(332,233)			0
Net Increase or (Decrease) before transfers	(55,656)	0	0	0	(55,656)	(181,077)	(236,733)	15,192	(95,700)	331	(316,910)
Adjustments between accounting basis and funding basis under regulations	30,507			(17,635)	12,872	(12,872)	0				0
Net Increase or (Decrease) before transfers to other statutory reserves	(25,149)	0	0	(17,635)	(42,784)	(193,949)	(236,733)	15,192	(95,700)	331	(316,910)
Transfers (to) and from other statutory reserves	31,973	(31,507)	(466)	0	0	0	0				0
Increase or (Decrease) in the year	6,824	(31,507)	(466)	(17,635)	(42,784)	(193,949)	(236,733)	15,192	(95,700)	331	(316,910)
Balance at 31 March 2015	39,613	35,150	5,135	12,243	92,141	993,606	1,085,747	55,277	(156,499)	2,758	987,283

Note 8 on page 98 provides further details on the Movement in Reserves Statement

Group Comprehensive Income and Expenditure Statement for the Year ended 31 March 2015

2013/14 Exp. £000 (Restated)	2013/14 Income £000 (Restated)	2013/14 Net Exp. £000 (Restated)			2014/15 Exp. £000	2014/15 Income £000	2014/15 Net Exp. £000
			Service	Note			
221,350	(56,500)	164,850	Cultural and Related Services		240,257	(67,008)	173,249
465,907	(40,179)	425,728	Education Services		497,854	(45,750)	452,104
157,494	(18,359)	139,135	Environmental Services		114,464	(21,734)	92,730
535,938	(471,116)	64,822	Housing Services		550,118	(485,947)	64,171
137,066	(37,147)	99,919	Planning and Development Services		136,131	(38,361)	97,770
81,049	(40,355)	40,694	Roads and Transport Services		81,983	(38,875)	43,108
476,408	(152,642)	323,766	Social Work Services		568,190	(179,144)	389,046
72,622	(13,817)	58,805	Trading Services		26,148	(17,579)	8,569
38,126	(13,050)	25,076	Central Services		36,751	(10,972)	25,779
16,919	0	16,919	Corporate and Democratic Core		14,358	0	14,358
37,059	0	37,059	Non Distributed Costs		17,940	0	17,940
(2,294)	0	(2,294)	Former Authority Residual Costs		(60)	0	(60)
187,351	(112,527)	74,824	Contracted Services		123,160	(47,147)	76,013
228	(41)	187	Common Good Fund	5	602	(51)	551
669	(94)	575	Sundry Trusts	5	792	(22)	770
2,425,892	(955,827)	1,470,065	Cost of Services		2,408,688	(952,590)	1,456,098
221	(2,894)	(2,673)	(Gain) or loss on the disposal of Property, Plant and Equip.		0	(1,262)	(1,262)
221	(2,894)	(2,673)	Other Operating Expenditure		0	(1,262)	(1,262)
4,257	(5,877)	(1,620)	(Surplus) or deficit on Trading Operations where not included above		3,221	(5,592)	(2,371)
109,870	0	109,870	Interest payable		108,774	0	108,774
0	(6,731)	(6,731)	Interest and investment income		0	(5,346)	(5,346)
56,180	0	56,180	Net interest on the net defined benefit liability	11	62,628	0	62,628
7,799	(18,824)	(11,025)	Income, expenditure and changes in the fair value of investment properties	15	7,746	(19,512)	(11,766)
81	0	81	Minority interest		0	(516)	(516)
178,187	(31,432)	146,755	Financing and Investment Income and Expenditure		182,369	(30,966)	151,403
0	(918,539)	(918,539)	Non-ringfenced Government grants		0	(909,939)	(909,939)
0	(333,668)	(333,668)	Non-Domestic Rates		0	(363,061)	(363,061)
0	(179,008)	(179,008)	Council Tax / Community Charge		0	(181,428)	(181,428)
0	(95,892)	(95,892)	Capital grants and contributions		0	(85,124)	(85,124)
0	(1,527,107)	(1,527,107)	Taxation and Non-specific Grant Income		0	(1,539,552)	(1,539,552)
2,604,300	(2,517,260)	87,040	(Surplus) or Deficit on the Provision of Services		2,591,057	(2,524,370)	66,687
52,771	(54,292)	(1,521)	Share of (surplus) or deficit on provision of services by associates		56,030	(56,856)	(826)
0	(95)	(95)	Tax expenses or (receipts) of subsidiaries	13	0	(1,020)	(1,020)
2,657,071	(2,571,647)	85,424	Group (Surplus) or Deficit		2,647,087	(2,582,246)	64,841
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(45,857)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				8,906
		127,303	Actuarial (gains) or losses on Pension Assets and Liabilities	11			241,579
		1,432	Other unrealised (gains) or losses				1,517
		2,017	Share of other comprehensive (income) and expenditure of associates				1,597
		(81)	Minority interest				516
		84,814					254,115
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services				
		3,764	(Surplus) or deficit on revaluation of Available-for-Sale Financial Assets				(2,046)
		88,578	Other Comprehensive (Income) and Expenditure				252,069
		174,002	Total Comprehensive (Income) and Expenditure				316,910

Group Balance Sheet as at 31 March 2015

31 March 14 £000 (Restated)		Note	£000	31 March 15 £000
2,217,309	Other land and buildings		2,207,365	
113,220	Vehicles, plant, furniture and equipment		154,195	
530,723	Infrastructure assets		561,685	
25,179	Community assets		25,528	
106,641	Assets under construction		83,988	
<u>101,877</u>	Corporate surplus assets		<u>74,267</u>	
3,094,949	Property, Plant and Equipment	14		3,107,028
1,417,228	Heritage assets			1,417,088
154,469	Investment property	15		154,725
8,598	Intangible assets			8,121
5,600	Assets held for sale			0
28,612	Long-term investments			40,826
42,810	Investments in associates	16		42,310
<u>37,849</u>	Long-term debtors			<u>37,957</u>
4,790,115	Long-term Assets			4,808,055
40,321	Short-term investments			34,580
5,656	Inventories	17		5,358
257,314	Net short-term debtors			225,307
147,657	Cash and cash equivalents	18		124,172
0	Intangible Assets			1,523
<u>6,513</u>	Assets held for sale			<u>13,388</u>
457,461	Current Assets			404,328
(6,177)	Cash and cash equivalents	18		(544)
(262,975)	Short-term borrowing			(315,991)
(312,431)	Short-term creditors			(324,481)
<u>(16,571)</u>	Short-term provisions			<u>(22,233)</u>
(598,154)	Current Liabilities			(663,249)
(31,191)	Long-term provisions			(19,267)
(1,606,848)	Long-term borrowing			(1,524,402)
(1,451,003)	Net pensions liability	11		(1,771,846)
(213,613)	Deferred liabilities			(204,825)
0	Capital grants receipts in advance			(2,798)
(1,693)	Deferred tax liability	19		(673)
(33,059)	Deferred grants	20		(32,221)
(7,668)	Deferred income	21		(5,394)
<u>(154)</u>	Liabilities in associates	16		<u>(425)</u>
(3,345,229)	Long-term Liabilities			(3,561,851)
1,304,193	Net Assets / (Liabilities)			987,283
32,789	General Fund Reserve		39,613	
66,657	Revenue Reserve Funds		35,150	
5,601	Capital Reserve Funds		5,135	
<u>29,878</u>	Capital Grants Unapplied Account		<u>12,243</u>	
134,925	Usable Reserves			92,141
1,187,555	Unusable Reserves			993,606
(18,287)	Group Reserves			(98,464)
1,304,193	Total Reserves			987,283

The unaudited accounts were issued on 17 June 2015 and the audited accounts were authorised for publication on 24 September 2015

Lynn Brown, MA (Hons) CPFA
Executive Director of Financial Services
24 September 2015

Group Cash Flow Statement for the Year ended 31 March 2015

2013/14 £000 (Restated)		2014/15 £000
85,424	Group (Surplus) or Deficit on the Provision of Services	64,841
135,032	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	73,190
(285,135)	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	(250,568)
(134)	Taxation	0
(64,813)	Net cash flows from operating activities	(112,537)
132,486	Investing activities	90,015
(39,810)	Financing activities	40,374
27,863	Net (increase) or decrease in Cash and cash equivalents	17,852
(169,343)	Cash and cash equivalents at the beginning of the reporting period	(141,480)
(141,480)	Cash and cash equivalents at the end of the reporting period	(123,628)

❖ Notes to the Group Financial Statements

1. Group accounting policies

The group accounting policies are those specified for the single entity Financial Statements on pages 17 to 30. Where materially different, the accounting policies of group members have been aligned to those of the single entity. Where group members are not required to prepare their financial statements on an IFRS basis, consolidation adjustments have been made.

The accounting policies of all group members are materially the same as those of the single entity except in the following cases:

1.1. Goodwill

The council inherited its interest in Scottish Exhibition Centre Limited, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme as a result of local government reorganisation in April 1996. There was no goodwill on acquisition.

1.2. Going concern

For three subsidiaries, the council's share of net worth is a net liability. The net liabilities of City Building (Glasgow) LLP and Culture and Sport Glasgow are a direct consequence of the requirement to fully account for FRS 17 Retirement Benefits. As with the council's pension liabilities, the 2014/15 Financial Statements show an increase in the overall group pension liability. These liabilities, falling due in future years, will be financed by annual pension contributions and returns on investments.

The net liability within City Parking (Glasgow) LLP reflects the application of proper accounting practice and the business model which underpins the operation of the company. The LLP's business model provides for the funding of all known liabilities over time.

The financial effect of the subsidiaries reporting a net liability in the Group Financial Statements is to reduce group balances and reserves by £252.993 million (£171.551 million in 2013/14).

All associates have prepared their accounts on a going concern basis. In common with these public bodies, the council's Group Financial Statements have been prepared on a going concern basis as it is expected that funding, aligned with robust budget processes, will continue to provide sufficient resources.

1.3. Pensions

Disclosure of information relating to the pensions of Glasgow City Council and its associates follows the reporting requirements of IAS 19 Employee Benefits. Information relating to the pensions of subsidiaries continues to follow FRS 17.

Glasgow City Council, City Building (Glasgow) LLP, Culture and Sport Glasgow, City Parking (Glasgow) LLP, Cordia (Services) LLP and Jobs & Business Glasgow are members of the Local Government Pension Scheme, a defined benefit scheme. The cost of providing pensions for employees was charged to the Group Comprehensive Income and Expenditure Statement in accordance with the Code.

Strathclyde Partnership for Transport is also an admitted body of the Local Government Pension Scheme and has used the same assumptions as the council in arriving at their net pension liability.

Scottish Exhibition Centre Limited, Jobs & Business Glasgow and Service Glasgow LLP operate defined contribution schemes on behalf of their employees. By exception, those employees who transferred from Glasgow City Council to Service Glasgow LLP retain pension entitlements under the Local Government Pension Scheme. For these defined contribution schemes, the pension costs reported for the year are equal to the contributions payable to the scheme for the accounting period and are included within Cost of Services in the Group Comprehensive Income and Expenditure Statement. Assets or liabilities are recognised only to the extent that they are prepaid or outstanding at the year end.

1.4. Common Good Fund and Sundry Trusts

Expenditure and income associated with the Common Good Fund and Sundry Trusts are included within Cost of Services in the Group Comprehensive Income and Expenditure Statement. Trading between the Common Good Fund, Sundry Trusts and the group has been eliminated.

1.5. Depreciation

For the group and its associates, depreciation has been provided on a straight-line basis for the following long-term assets:

Category	Useful Life (years)
Buildings	5-60
Plant, Vehicles and Equipment	1-20
Infrastructure	10-40
Surplus Property	40
Surplus Equipment	10
Rolling Stock	1-25
Sundry Assets	1-25

1.6. Prior year restatement

The prior year figures have been restated as a result of the audit adjustments of consolidating entities (see note 1.30, page 28).

2. Assumptions about the future and other sources of estimation uncertainty

The Group Financial Statements contain estimated figures that are based on assumptions made by the group about the future or outcomes 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 item in the Group Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year is 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 effects on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated that a 0.5% decrease in the real discount rate would result in an increase to the pension liability of £619.3 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £261.1 million and £412.5 million respectively. In terms of life expectancy, an increase of 1 year would equate to an increased liability of £159.6 million.

3. Combining entities

3.1. Scottish Exhibition Centre Limited

Scottish Exhibition Centre Limited is a company incorporated under the terms of the Companies Acts to promote international exhibitions, conferences and events. The council is the principal shareholder in the company holding 19,900,000 ordinary £1 shares representing 90.87% of the issued share capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

Net assets of the company were £9.698 million at 31 March 2015, compared to £2.027 million at 31 March 2014. The profit on ordinary activities before taxation for the year to 31 March 2015 was £6.651 million, compared to £0.062 million for the period to 31 March 2014. The limit of the council's commitment to meet accumulated losses is £0.200 million (exclusive of RPI increases), in addition to the value of any rates paid or payable in the year for the conference centre. No dividend payments were due to, or received by, the council in respect of its investment.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Chief Executive, Scottish Exhibition Centre Limited, Glasgow G3 8YW.

3.2. City Building (Glasgow) Limited Liability Partnership

City Building (Glasgow) Limited Liability Partnership was incorporated on 14 July 2006 to provide an integrated, responsive, effective and efficient building repair and construction service to Glasgow City Council, Glasgow Housing Association Limited and other service users. The council is the principal member of the partnership, holding 99.99% of the ordinary share capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

After accounting for FRS 17 Retirement Benefits, the net liabilities of the partnership were £153.169 million at 31 March 2015, compared to £102.088 million at 31 March 2014. The loss on ordinary activities before and after taxation for the year to 31 March 2015 was £4.108 million, compared to £4.366 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Managing Director, City Building (Glasgow) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

3.3. **City Building (Contracts) Limited Liability Partnership**

City Building (Contracts) Limited Liability Partnership was incorporated on 2 October 2006 to provide construction and repairs services to local authorities, other public sector organisations and the private sector. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

Net assets were £0.500 million at 31 March 2015, compared to £0.450 million at 31 March 2014. The profit on ordinary activities before and after taxation for the year to 31 March 2015 was £0.050 million, compared to £0.050 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Managing Director, City Building (Contracts) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

3.4. **Culture and Sport Glasgow, trading as Glasgow Life**

Culture and Sport Glasgow was incorporated on 22 December 2006 as a company limited by guarantee. The company is also a registered charity, with Glasgow City Council being the sole member. The limit of the council's liability if the company was wound up is £1. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The company's principal objectives are to advance the arts, heritage, culture and science, education and health, participation in sport, citizenship and community development through the provision of recreational facilities and other services that contribute to the advancement of well-being.

After accounting for FRS 17 Retirement Benefits, the net liabilities of the company were £70.192 million at 31 March 2015, compared to £41.041 million at 31 March 2014. The loss on ordinary activities before and after taxation for the year to 31 March 2015 was £4.828 million, compared to a profit of £0.767 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Chief Executive, Culture and Sport Glasgow, 220 High Street, Glasgow G4 0QW.

3.5. **City Parking (Glasgow) Limited Liability Partnership**

City Parking (Glasgow) Limited Liability Partnership was incorporated on 23 March 2007 to provide secure off-street parking facilities in the Glasgow area. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

After accounting for FRS 17 Retirement Benefits, the net liabilities of the partnership were £29.632 million at 31 March 2015, compared to £28.422 million at 31 March 2014. The loss on ordinary activities before and after taxation for the year to 31 March 2015 was £0.317 million, compared to £0.720 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Managing Director, City Parking (Glasgow) Limited Liability Partnership, Third Floor, 5 Cadogan Square, Anderston Centre, Glasgow G2 7PH.

3.6. **Cordia (Care) Limited Liability Partnership**

Cordia (Care) Limited Liability Partnership was incorporated on 25 November 2008 to deliver welfare services to Glasgow City Council. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £0.064 million at 31 March 2015, compared to £0.059 million at 31 March 2014. The profit on ordinary activities before and after taxation for the year to 31 March 2015 was £0.005 million, compared to £0.010 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Managing Director, Cordia (Care) Limited Liability Partnership, Port Dundas Business Park, Blair Court, 100 Borron Street, Glasgow G4 9XE.

3.7. **Cordia (Services) Limited Liability Partnership**

Cordia (Services) Limited Liability Partnership was incorporated on 25 November 2008 to deliver facilities management services including catering, building and window cleaning, janitorial services and school crossing patrol services to Glasgow City Council and other external organisations. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

After accounting for FRS 17 'Retirement Benefits', the net assets of the partnership were £0.273 million at 31 March 2015, compared to £8.896 million at 31 March 2014. The profit on ordinary activities before and after taxation for the year to 31 March 2015 was £0.532 million, compared to a loss of £0.572 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Managing Director, Cordia (Services) Limited Liability Partnership, Port Dundas Business Park, Blair Court, 100 Borron Street, Glasgow G4 9XE.

3.8. **City Property Glasgow (Investments) Limited Liability Partnership**

City Property Glasgow (Investments) Limited Liability Partnership was incorporated on 13 August 2009 to acquire and manage Glasgow City Council's investment property portfolio. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £56.158 million at 31 March 2015, compared to £50.562 million at 31 March 2014. The profit on ordinary activities before and after taxation for the year to 31 March 2015 was £5.914 million, compared to £5.576 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Investments) Limited Liability Partnership, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

3.9. **Jobs & Business Glasgow (formerly Glasgow's Regeneration Agency)**

Glasgow's Regeneration Agency was incorporated on 28 March 2011 as a company limited by guarantee and formally changed its name to Jobs & Business Glasgow on 11 March 2013.

The company is also a registered charity, with Glasgow City Council being the sole member. The limit of the council's liability if the company was wound up is £1. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The company's principal objectives are to reduce the gap between Glasgow's and Scotland's employment rate by increasing the percentage of Glasgow's jobs going to Glasgow's residents, and to match business density rates in competitor cities by raising the rate of sustainable business.

After accounting for FRS 17 'Retirement Benefits', the net assets of the company were £27.544 million at 31 March 2015, compared to £28.806 million at 31 March 2014. The loss on ordinary activities before and after taxation for the year to 31 March 2015 was £1.090 million, compared to a profit of £3.494 million for the period to 31 March 2014.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Managing Director, Jobs & Business Glasgow, Ground Floor, Exchange House, 231 George Street, Glasgow G1 1RX.

3.10. Strathclyde Partnership for Transport

Strathclyde Partnership for Transport was formed on 1 April 2006 as successor to Strathclyde Passenger Transport Authority and Strathclyde Passenger Transport Executive. It is one of the seven Regional Transport Partnerships in Scotland and is responsible for formulating the public transport policy for the 12 local authorities in the West of Scotland.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Under accounting standards, the council has a significant interest in this statutory body. The Board is included within the Group Financial Statements as an associate. In 2014/15, Glasgow City Council contributed £10.049 million or 26.88% of the Board's estimated running costs and its share of the year-end net assets of £41.904 million (2013/14 net assets of £42.410 million) is included in the Group Balance Sheet.

The following table represents the group's share of key financial information extracted from the Strathclyde Partnership for Transport accounts for 2014/15:

2013/14 £000	Strathclyde Partnership for Transport	2014/15 £000
(23,900)	Gross (income)	(24,766)
(64)	(Surplus) or Deficit on the Provision of Services	(1,091)
1,156	Other Comprehensive (Income) and Expenditure	1,597
40,001	Long-term assets	35,758
23,944	Current assets	34,699
(7,450)	Current liabilities	(12,190)
(5,983)	Long-term liabilities excluding pension liability	(5,882)
(8,102)	Pension liability	(10,481)

An analysis of the amounts owed and owing between Glasgow City Council and Strathclyde Partnership for Transport is provided below and includes normal trade debtors and creditors:

2013/14 £000	Strathclyde Partnership for Transport	2014/15 £000
	Amounts owed to GCC	
5,367	Short-term debtors	3,034
	Amounts owing by GCC	
(167)	Short-term creditors	(275)

3.11. Strathclyde Concessionary Travel Scheme

Strathclyde Concessionary Travel Scheme comprises the 12 councils within the West of Scotland and oversees the operation of the concessionary fares scheme for public transport within the area. The costs of the Scheme are met by the 12 councils and by the Scottish Government via grant funding. Strathclyde Partnership for Transport administers the Scheme on behalf of the Board.

The latest set of audited accounts is for the year to 31 March 2015. Copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Under accounting standards, the council has a significant interest in this statutory body. The Board is included within the Group Financial Statements as an associate. In 2014/15, Glasgow City Council contributed £1.052 million or 24.70% of the Board's estimated running costs and its share of the year-end net assets of £0.406 million (2013/14 £0.400 million) is included in the Group Balance Sheet.

The following table represents the group's share of key financial information extracted from Strathclyde Concessionary Travel Scheme accounts for 2014/15:

2013/14 £000	Strathclyde Concessionary Travel Scheme	2014/15 £000
(1,059)	Gross (income)	(1,059)
(53)	(Surplus) or Deficit on the Provision of Services	(6)
630	Current assets	546
(230)	Current liabilities	(140)

There were no amounts owing or owed between Glasgow City Council and Strathclyde Concessionary Travel Scheme as at 31 March 2015.

3.12. Service Glasgow Limited Liability Partnership, trading as ACCESS

Service Glasgow Limited Liability Partnership was incorporated on 28 January 2008 as a vehicle to support Glasgow City Council's business transformation by integrating property, facilities management and information and communications technology. Although the council has a 50% representation on the Board of Directors, there is no share capital and the limit of the council's liability if the company were to be wound up is £1.

The latest set of audited accounts is for the year to 31 December 2014. Copies of the audited accounts may be obtained from the Chief Executive, Service Glasgow Limited Liability Partnership, 220 High Street, Glasgow G4 0QW.

Under accounting standards, the council has a significant interest in this company. The company is included within the Group Financial Statements as an associate. In 2014/15, the council contributed £40.025 million to the company's running costs and its share of the year-end net liability was £0.425 million (2013/14 £0.154 million).

The following table represents the group's share of key financial information extracted from the accounts of Service Glasgow Limited Liability Partnership for 2014/15:

2013/14 £000	Service Glasgow Limited Liability Partnership	2014/15 £000
(27,860)	Turnover	(31,031)
70	(Surplus) or Deficit on the Provision of Services	271
371	Long-term assets	494
8,225	Current assets	8,044
(8,750)	Current liabilities	(8,963)

An analysis of the amounts owed and owing between Glasgow City Council and Service Glasgow Limited Liability Partnership relating to normal trade debtors and creditors is provided below:

2013/14 £000	Service Glasgow Limited Liability Partnership	2014/15 £000
	Amounts Owed to GCC	
2,021	Short-term debtors	1,817
	Amounts Owing by GCC	
(3,298)	Short-term creditors	(5,320)

4. Nature of combination

The council inherited its interest in Scottish Exhibition Centre Limited, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme as a result of local government reorganisation in April 1996. To advance council objectives, the council has established two further limited companies and seven Limited Liability Partnerships which were incorporated between November 2004 and March 2011.

The combination of these entities has been accounted for on an acquisition basis. There was no goodwill on acquisition.

5. Reporting authority adjustments to align to IFRS

The Code requires that the Common Good Fund and Sundry Trusts are included within the Group Comprehensive Income and Expenditure Statement if material. Following the elimination of inter-company trading, net expenditure on the Common Good Fund of £0.551 million (£0.187 million in 2013/14) and net expenditure on Sundry Trusts of £0.770 million (net income of £0.575 million in 2013/14) have been included as separate lines within Cost of Services in the Comprehensive Income and Expenditure Statement.

6. Financial impact of consolidation

The effect of the inclusion of the subsidiaries and associates in 2014/15 was to reduce council reserves and net assets by £98.464 million (2013/14 £18.287 million) representing the council's net liability in the consolidating entities.

7. Non-material interest in subsidiaries, associates and joint committees

The following companies and joint committees have not been consolidated into the Group Financial Statements as they are considered immaterial to the understanding of the accounts:

- **GCC LLP Investments Limited** is a subsidiary company incorporated under the terms of the Companies Act on 4 July 2006. The company is an investment holding company being the council's partner in the limited liability partnerships formed in recent years. The company is limited by guarantee with Glasgow City Council holding 1,000 ordinary shares representing 100% of the issued share capital. Current assets of £0.001 million were matched by share capital of £0.001 million as at 31 March 2015.
- **City Property (Glasgow) Limited Liability Partnership** is a subsidiary company that was incorporated on 17 February 2009. It was formed to manage and dispose of Glasgow City Council's surplus properties. After accounting for FRS 17 'Retirement Benefits', the net liabilities of the partnership were £4.288 million at 31 March 2015 compared to £2.553 million at 31 March 2014. The profit on ordinary activities before and after taxation for the year to 31 March 2015 was £0.153 million compared to a loss of £0.301 million for the period to 31 March 2014.

During the year transactions between City Property (Glasgow) LLP and the council's group were as follows:

2013/14 Net Expenditure/ (Income) £000	Debtor / (Creditor) at 31 March 2014 £000	City Property (Glasgow) Limited Liability Partnership	2014/15 Expenditure £000	Income £000	Debtor / (Creditor) at 31 March 2015 £000
(1,925)	152	Glasgow City Council	395	(1,989)	(10)
23	(16)	City Building (Glasgow) LLP	32	(15)	(9)
138	(160)	City Property Glasgow (Investments) LLP	43	(173)	(39)
439	(73)	Cordia (Services) LLP	0	0	0

- Glasgow City Marketing Bureau Limited** is a subsidiary company that was incorporated on 11 November 2004. It was formed to promote and improve the well-being of Glasgow and the well-being of persons within Glasgow. These objectives are achieved through a range of strategies directed towards increasing the economic activity within Glasgow as a place to live, work and pursue leisure activities, and also as a city to conduct business and attract inward investment. Net assets were £0.077 million at 31 March 2015 compared to £0.060 million as at 31 March 2014. The profit on ordinary activities before taxation for the year to 31 March 2015 was £0.018 million compared to a profit of £0.002 million for the period to 31 March 2014. During the year transactions between Glasgow City Marketing Bureau Limited and the council's group were as follows:

2013/14 Net Expenditure/ (Income) £000	Debtor / (Creditor) at 31 March 2014 £000	Glasgow City Marketing Bureau Limited	2014/15 Expenditure £000	Income £000	Debtor / (Creditor) at 31 March 2015 £000
(7,525)	1,057	Glasgow City Council	461	(9,342)	(42)
11	(16)	City Building (Glasgow) LLP	0	0	0
443	(47)	Culture and Sport Glasgow	594	(59)	(120)
74	2	Scottish Exhibition Centre Ltd	97	(4)	(8)

- Glasgow Community and Safety Services Limited** is an associate company limited by guarantee with charitable status. The company was created to promote the protection of people and property and to improve public safety and crime prevention within the city. During the year, the council made a contribution of £10.880 million (2013/14 £11.389 million) representing 42% of the organisation's estimated running costs for the year to 31 March 2015.
- Scotland Excel** is a Joint Committee established on 1 April 2008 to replace the Authorities Buying Consortium and other similar bodies across Scotland. It is the largest non-profit purchasing agency in Scotland and serves the buying needs of 28 local authorities and similar public sector bodies in Scotland. During the year, the council made a contribution of £0.312 million (2013/14 £0.312 million) representing 9.8% of the organisation's estimated running costs for the year to 31 March 2015.
- Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee**, formerly known as the Glasgow and Clyde Valley Structure Plan Joint Committee, was constituted under a formal agreement of the eight councils in the Glasgow and Clyde Valley area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in their area but also the strategic issues that cover the wider area of the Glasgow and Clyde Valley. Accordingly the Joint Committee prepares, monitors and reviews the Structure Plan on behalf of member councils and liaises with Central Government, Scottish Enterprise and other bodies. During the year, the council made a contribution of £0.072 million (2013/14 £0.072 million) representing 12.5% of the Joint Committee's estimated running costs for the year to 31 March 2015.
- West of Scotland European Forum (WoSEF)** was set up in 2007 as a Joint Committee including the 12 local authorities and a number of influential organisations in the region. Following on from the work previously undertaken by the West of Scotland European Consortium, WoSEF's purpose is to develop positive links between the communities of the region and the institutions of the European Union. During the year, the council made a contribution of £0.006 million towards the Joint Committee's estimated running costs for the year to 31 March 2015 (2013/14 £nil million).

- **Continuing Education Gateway** is a consortium of 11 local authorities in the West of Scotland. It was formed in April 2000 to further the provision of careers and educational guidance services. During the year, the council made a contribution of £0.123 million (2013/14 £0.123 million) representing 30% of the consortium's estimated running costs for the year to 31 March 2015.
- **West of Scotland Archaeology Service** was set up in 1997 as a Joint Committee of 12 local authorities in the region. It is currently funded by the 12 local authorities and by Historic Scotland for specific projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process. During the year, the council made a contribution of £0.009 million (2013/14 £0.009 million) representing 6.7% of the Joint Committee's estimated running costs for the year to 31 March 2015.
- **Dams to Darnley Country Park Joint Committee** was established by Glasgow City Council and East Renfrewshire Council in 2006. The Joint Committee aims to conserve and enhance the area's landscape, deliver environmental education activities and to raise awareness of the area's natural heritage. During the year, the council made a contribution of £0.070 million towards the Joint Committee's estimated running costs for the year to 31 March 2015 (2013/14 £nil).
- **SEEMIS Group LLP** was incorporated on 11 May 2009 and commenced trading on 1 July 2010. It is funded by the 28 participating authorities and the principal activity of the LLP is the provision of information technology solutions to Education Services. During the year, the council made a contribution of £0.282 million (2013/14 £0.291 million) representing 9.54% of the organisation's estimated running costs for the year to 31 March 2015.
- **The Glasgow and Clyde Valley Cabinet** is a Joint Committee established on 20 January 2015. The purpose of the Committee is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The City Deal programme anticipates the delivery for a £1.1 billion investment programme and in addition, delivery of labour market and innovation programmes. During the year Glasgow made a contribution of £0.023 million representing 33.2% of the organisations running costs for the year to March 2015.
- **Scotcash CIC** is an associate company limited by guarantee with charitable status. The company was created to provide a cost effective alternative for lending to individuals where a bank or building society cannot help. During the year, the council made a contribution of £0.057 million (2013/14 £0.057 million) representing 9% of the organisation's estimated running costs for the year to 31 March 2015.

8. Adjustments between Group Financial Statements and Authority Financial Statements in the Group Movement in Reserves Statement

2013/14 adjustments	General Fund Reserve £000	Revenue & Capital Reserve Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Usable Reserves of Subsidiaries & Associates £000	Authority's share of Unusable Reserves of Subsidiaries & Associates £000	Total Reserves £000
Purchase of goods and services from subsidiaries	329,439	0	0	329,439	0	329,439	(329,439)	0	0
Grants and contributions	0	0	0	0	0	0	0	0	0
Total adjustments between Group Financial Statements and Authority Financial Statements	329,439	0	0	329,439	0	329,439	(329,439)	0	0

2014/15 adjustments	General Fund Reserve £000	Revenue & Capital Reserve Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Usable Reserves of Subsidiaries & Associates £000	Authority's share of Unusable Reserves of Subsidiaries & Associates £000	Total Reserves £000
Purchase of goods and services from subsidiaries	332,233	0	0	332,233	0	332,233	(332,233)	0	0
Grants and contributions	0	0	0	0	0	0	0	0	0
Total adjustments between Group Financial Statements and Authority Financial Statements	332,233	0	0	332,233	0	332,233	(332,233)	0	0

9. Group subjective analysis

2013/14 £000 (Restated)	Subjective analysis	2014/15 £000	%
Where the money came from			
(1,446,074)	Government grants and local taxation	(1,468,144)	56.9
(582,001)	Other grants, reimbursements and contributions	(584,520)	22.7
(137,187)	Customer and client receipts	(78,584)	3.0
(23,048)	Interest and investment income	(23,257)	0.9
(124,802)	Income from other departments	(121,047)	4.7
(230,259)	Other miscellaneous income	(284,499)	11.0
124,802	Inter-departmental recharges	121,047	(4.7)
(2,894)	Gain on disposal of property, plant and equipment	(1,262)	0.0
(54,292)	Share of surplus from associates	(56,856)	2.2
(95,892)	Capital grants and contributions	(85,124)	3.3
(2,571,647)	Total income	(2,582,246)	100.0
How the money was spent			
966,237	Employee costs	955,845	36.1
(1,039)	Premises costs	(1,175)	0.0
172,863	Supplies and services	156,493	5.9
87,807	Transport and plant	85,455	3.2
637,979	Third party payments	664,130	25.1
505,831	Transfer payments	519,095	19.6
195,516	Depreciation, amortisation and impairment losses	161,747	6.1
117,700	Financing costs	116,551	4.4
(7,899)	Allocations	(8,605)	(0.3)
56,180	Net interest on the net defined benefit liability	62,628	2.4
(124,802)	Inter-departmental recharges	(121,047)	(4.6)
221	Loss on disposal of property, plant and equipment	0	0.0
(2,294)	Former authority residual costs	(60)	0.0
52,771	Share of deficit from associates	56,030	2.1
2,657,071	Total expenditure	2,647,087	100.0
85,424	Group (surplus) or deficit for the year	64,841	

10. Amounts reported for resource allocation decisions

The standard service groupings on the face of the Group Comprehensive Income and Expenditure Statement are specified by the CIPFA 'Service Reporting Code of Practice (SerCOP) Service Expenditure Analysis' to make inter-authority comparisons more meaningful. These generic groups do not reflect the local management of service delivery and budgetary responsibilities as determined by the council services or the Arms Length External Organisations (ALEOs).

Council services provide 4-weekly financial monitoring reports to council members via the Executive Committee and the Finance and Audit Scrutiny Committee. These reports are also presented to senior management at the Council Management Team. All ALEOs provide quarterly financial monitoring reports to the Operational Delivery Scrutiny Committee. Reports by ALEOs to the Operational Delivery Scrutiny Committee differ to those presented to the Executive Committee and the Finance and Audit Scrutiny Committee in that the reports include both cash and non-cash transactions. Quarterly monitoring statements will also include, for example, charges in relation to depreciation and impairment losses. A number of the ALEOs are not consolidated within the group financial statements on materiality grounds.

Income and expenditure of the council's group is detailed in the following tables. The Code requires that significant segments are reported, therefore, only those that meet the 10% threshold are included. The figures for ALEOs include the Common Good Fund which currently reports to the Executive Committee and Finance and Audit Scrutiny Committee.

2014/15 Service Income and Expenditure

Service Income and Expenditure	Development and Regeneration Services £000	Education Services £000	Financial Services £000	Social Work Services £000	Joint Boards and Related Companies £000	ALEOs £000	Group Total £000
Income	(100,591)	(25,263)	(355,880)	(183,510)	(24,920)	(664,770)	(1,354,934)
Specific grant	0	(505)	0	0	0	0	(505)
Total Income	(100,591)	(25,768)	(355,880)	(183,510)	(24,920)	(664,770)	(1,355,439)
Employee costs	18,616	312,151	9,520	144,911	104	287,072	772,374
Premises costs	5,230	40,892	1,656	21,540	0	37,203	106,521
Transport costs	131	12,045	1,559	6,082	95	19,581	39,493
Supplies and services	10,701	99,442	3,478	19,053	83	324,948	457,705
Third party costs	5,943	12,936	5,766	371,017	195,645	4,987	596,294
Transfer payments	94,672	12,609	354,422	25,914	1,400	599	489,616
Depreciation and impairment	0	0	0	0	0	2,805	2,805
Financing costs	0	0	0	0	0	822	822
Allocations	(5,036)	0	(219)	0	0	0	(5,255)
Total Expenditure	130,257	490,075	376,182	588,517	197,327	678,017	2,460,375
Net Expenditure	29,666	464,307	20,302	405,007	172,407	13,247	1,104,936

The following table shows how the figures in the analysis of Service Income and Expenditure above reconcile to the Surplus or Deficit on the Provision of Services, and the Group Surplus or Deficit as reported in the Group Comprehensive Income and Expenditure Statement:

2014/15 Reconciliation to subjective analysis

Reconciliation	Service Analysis £000	Services & Support Services not in Analysis £000	Amounts not Reported to Management for decision making £000	Amounts not included in CIES £000	Allocation of Recharges £000	Sub-total Cost of Services £000	Corporate Amounts £000	Group Total £000
Fees, charges and other service income	(822,814)	(101,493)	(14,435)	528,586	14,574	(395,582)	(25,620)	(421,202)
Gain on the disposal of property, plant and equipment	0	0	0	0	0	0	(1,262)	(1,262)
Interest and Investment income	(22)	(4)	(12)	0	0	(38)	(5,346)	(5,384)
Income from Council Tax	0	0	0	0	0	0	(181,428)	(181,428)
Government grants and contributions	(532,603)	(5,461)	(18,906)	0	0	(556,970)	(1,358,124)	(1,915,094)
Total Income	(1,355,439)	(106,958)	(33,353)	528,586	14,574	(952,590)	(1,571,780)	(2,524,370)
Employee costs	772,374	118,711	55,880	(45,284)	0	901,681	54,164	955,845
Other service costs	1,684,374	204,269	3,521	(530,820)	(14,574)	1,346,770	(52,484)	1,294,286
Support service recharges	0	(2,248)	0	0	0	(2,248)	2,248	0
Depreciation, amortisation and impairment	2,805	3,057	153,778	2,023	0	161,663	84	161,747
Interest payments	822	0	0	0	0	822	115,729	116,551
Net interest on the net defined benefit liability	0	0	0	0	0	0	62,628	62,628
Loss on the disposal of property, plant and equipment	0	0	0	0	0	0	0	0
Total Expenditure	2,460,375	323,789	213,179	(574,081)	(14,574)	2,408,688	182,369	2,591,057
(Surplus) or Deficit on the Provision of Services	1,104,936	216,831	179,826	(45,495)	0	1,456,098	(1,389,411)	66,687
Net share of (surplus) or deficit on provision of services by associates								(826)
Tax expenses of subsidiaries								(1,020)
Group (surplus) or deficit								64,841

2013/14 Service Income and Expenditure

Service Income and Expenditure	Development and Regeneration Services £000	Education Services £000	Financial Services £000	Social Work Services £000	Joint Boards and Related Companies £000	ALEOs £000	Group Total £000
Income	(89,223)	(26,239)	(355,117)	(182,354)	(25,964)	(711,265)	(1,390,162)
Specific grant	0	(505)	0	(660)	0	0	(1,165)
Total Income	(89,223)	(26,744)	(355,117)	(183,014)	(25,964)	(711,265)	(1,391,327)
Employee costs	19,306	319,125	12,229	154,780	101	278,151	783,692
Premises costs	4,945	38,015	1,647	21,423	0	34,256	100,286
Transport costs	126	12,433	1,549	7,299	0	17,321	38,728
Supplies and services	10,357	97,110	4,275	18,906	416	369,686	500,750
Third party costs	7,012	12,736	3,002	372,688	170,762	6,327	572,527
Transfer payments	85,672	14,446	348,334	27,368	1,400	0	477,220
Depreciation and impairment	0	0	0	0	0	3,071	3,071
Financing costs	0	0	0	0	0	821	821
Allocations	(5,233)	7	(216)	0	0	0	(5,442)
Total Expenditure	122,185	493,872	370,820	602,464	172,679	709,633	2,471,653
Net Expenditure	32,962	467,128	15,703	419,450	146,715	(1,632)	1,080,326

2013/14 Reconciliation to subjective analysis

Reconciliation	Service Analysis £000	Services & Support Services not in Analysis £000	Amounts not Reported to Management for decision making £000	Amounts not included in CIES £000	Allocation of Recharges £000	Sub-total Cost of Services £000	Corporate Amounts £000	Group Total £000
Fees, charges and other service income	(867,123)	(88,664)	(16,386)	549,100	14,103	(408,970)	(24,701)	(433,671)
Gain on the disposal of property, plant and equipment	0	0	0	0	0	0	(2,894)	(2,894)
Interest and Investment income	(29)	(2)	(2)	0	0	(33)	(6,731)	(6,764)
Income from Council Tax	0	0	0	0	0	0	(179,008)	(179,008)
Government grants and contributions	(524,175)	(3,994)	(18,655)	0	0	(546,824)	(1,348,099)	(1,894,923)
Total Income	(1,391,327)	(92,660)	(35,043)	549,100	14,103	(955,827)	(1,561,433)	(2,517,260)
Employee costs	783,692	90,489	82,059	(44,588)	0	911,652	54,585	966,237
Other service costs	1,684,069	198,132	3,942	(552,056)	(14,103)	1,319,984	(51,538)	1,268,446
Support service recharges	0	(1,967)	0	0	0	(1,967)	1,967	0
Depreciation, amortisation and impairment	3,071	2,107	189,277	947	0	195,402	114	195,516
Interest payments	821	0	0	0	0	821	116,879	117,700
Net interest on the net defined benefit liability	0	0	0	0	0	0	56,180	56,180
Loss on the disposal of property, plant and equipment	0	0	0	0	0	0	221	221
Total Expenditure	2,471,653	288,761	275,278	(595,697)	(14,103)	2,425,892	178,408	2,604,300
(Surplus) or Deficit on the Provision of Services	1,080,326	196,101	240,235	(46,597)	0	1,470,065	(1,383,025)	87,040
Net share of (surplus) or deficit on provision of services by associates								(1,521)
Tax expenses of subsidiaries								(95)
Group (surplus) or deficit								85,424

11. Pension Costs

11.1. Local Government Pension Scheme

Glasgow City Council, City Building (Glasgow) LLP, Culture and Sport Glasgow, City Parking (Glasgow) LLP, Cordia (Services) LLP and Jobs & Business Glasgow are members of the Local Government Pension Scheme - a defined benefit scheme that offers retirement benefits to employees under the terms and conditions of employment. Although these benefits will not actually be payable until employees retire, the group has a commitment to recognise the cost of retirement benefits within Cost of Services when the employees earn them, rather than when the benefits are eventually paid as pensions.

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement in 2014/15:

2013/14 £000	Local Government Pension Scheme	2014/15 £000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
93,574	Current service cost	107,725
32,996	Past service cost	3,539
	Financing and Investment Income and Expenditure:	
56,180	Net interest cost	62,628
182,750	Total post-employment benefits charged / (credited) to the Surplus or Deficit on the Provision of Services	173,892
	Other Comprehensive Income and Expenditure	
	Remeasurement of the net defined benefit liability:	
(69,287)	Return on assets	(182,538)
179,552	Actuarial (gains) / losses arising on changes in financial assumptions	538,085
0	Actuarial (gains) / losses arising from changes in demographic assumptions	119,595
17,038	Other Experience	(233,563)
310,053	Total post-employment benefits charged / (credited) to the Comprehensive Income and Expenditure Statement	415,471
182,750	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	173,892
	Movement in Reserves Statement	
(87,772)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS 19	(79,264)
	Actual amount charged against the General Fund balance for pensions in the year:	
94,978	Employers contribution paid	94,628

11.2. Pension Assets and Liabilities

Assets are valued at fair value. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The council's liabilities have been assessed by Hymans Robertson Limited Liability Partnership, an independent firm of actuaries. Calculations have been based on the triennial valuation of the scheme as at 31 March 2014.

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the group of £1,771.846 million:

2013/14	Actuarial Assumptions	2014/15
	Long-term expected rate of return on assets in the scheme:	
4.3%	Equity Investments	3.2%
4.3%	Bonds	3.2%
4.3%	Property	3.2%
4.3%	Cash and net debtors/ creditors	3.2%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.0	Men	22.1
23.4	Women	23.6
	Longevity at 65 for future pensioners:	
23.3	Men	24.8
25.3	Women	26.2
	General assumptions:	
2.8%	Rate of price increases	2.4%
5.1%	Rate of increase in salaries (see note)	4.3%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%
50.0%	Take-up of option to convert annual pension into retirement lump sum (pre April 2009 service)	50.0%
75.0%	Take-up of option to convert annual pension into retirement lump sum (post-April 2009 service)	75.0%
	Employer share of net assets	
76%	Equities Investments	76%
12%	Bonds	13%
7%	Property	9%
5%	Cash and Net Debtors/Creditors	2%
100%	Total	100%

Note: Salary increases for Glasgow City Council are 1% per annum until 31 March 2015 reverting to 4.3% per annum thereafter.

The amount included in the Balance Sheet arising from the group's obligation in respect of its defined benefit plans is as follows:

2013/14 £000	Pension Assets and Liabilities recognised in the Balance Sheet	2014/15 £000
4,764,779	Present value of the defined benefit obligation	5,386,760
(3,313,776)	Fair value of plan assets	(3,614,914)
1,451,003	Net liability arising from defined benefit obligation	1,771,846

The following tables set out the reconciliation of scheme assets and liabilities:

2013/14 £000	Reconciliation of present value of scheme liabilities:	2014/15 £000
4,354,243	Opening balance at 1 April	4,764,779
93,574	Current service costs	107,725
195,957	Interest costs	204,831
23,364	Contributions by scheme participants	24,828
	Remeasurement (gains) and losses:	
179,552	Actuarial (gains) / losses arising from changes in financial assumptions	538,085
0	Actuarial (gains) / losses arising from changes in demographic assumptions	119,595
17,038	Other	(233,563)
32,996	Past service cost (including curtailments)	3,539
(131,945)	Benefits paid	(143,059)
4,764,779	Closing balance at 31 March	5,386,760

2013/14 £000	Reconciliation of present value of scheme assets:	2014/15 £000
3,118,315	Opening balance at 1 April	3,313,776
139,777	Interest income	142,203
	Remeasurement gain / (loss):	
69,287	Return on assets, excluding the amount included in the net interest cost	182,538
94,978	Contributions by employer	94,628
23,364	Contributions by scheme participants	24,828
(131,945)	Benefits paid	(143,059)
3,313,776	Closing balance at 31 March	3,614,914

11.3. Analysis of Pension Fund's Assets

2013/14			Local Government Pension Scheme assets	2014/15		
Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000		Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000
0	158,133	158,133	Cash and cash equivalents	0	88,777	88,777
Equity Instruments:						
304,805	11	304,816	• Consumer	342,049	18	342,067
265,581	2,480	268,061	• Manufacturing	270,237	2,501	272,738
121,372	0	121,372	• Energy and utilities	106,898	0	106,898
221,353	0	221,353	• Financial institutions	250,959	4	250,963
113,742	16	113,758	• Health and care	146,701	18	146,719
180,727	24	180,751	• Information technology	208,236	67	208,303
1,207,580	2,531	1,210,111	Sub-total equity instruments	1,325,080	2,608	1,327,688
Debt Securities						
0	4	4	• Corporate Bonds	0	4	4
Private Equity:						
0	312,338	312,338	• All	0	351,324	351,324
Property:						
0	232,531	232,531	• UK	0	330,539	330,539
Other investment funds:						
80,873	927,987	1,008,860	• Equities	38,465	999,472	1,037,937
0	384,394	384,394	• Bonds	0	457,911	457,911
1,275	0	1,275	• Commodities	1,305	0	1,305
0	4,983	4,983	• Infrastructure	0	11,720	11,720
0	0	0	• Other	0	6,463	6,463
82,148	1,317,364	1,399,512	Sub-total other investment funds	39,770	1,475,566	1,515,336
Derivatives:						
1,147	0	1,147	• Other	1,246	0	1,246
1,290,875	2,022,901	3,313,776	Total Assets	1,366,096	2,248,818	3,614,914

11.4. Impact on Group Cash Flows

The liabilities show the underlying commitments that the group has in the long run to pay retirement benefits. The total liability of £1,771.846 million has a substantial impact on the net worth of the group as recorded in the Group Balance Sheet. Statutory arrangements for funding the deficit mean that the financial position of the group remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme.

The total contribution expected to be made to the Local Government Pension Scheme by the group in the year to 31 March 2016 is £73.183 million.

11.5. Defined Contribution Schemes

SEC Ltd, Service Glasgow LLP and Jobs & Business Glasgow operate defined contribution schemes for employees where assets of the scheme are held separately from those of the group. Contributions are charged to the Group Comprehensive Income and Expenditure Statement as they become payable in

accordance with the rules of the scheme. The amounts paid into these pension schemes in the year are as follows:

2013/14 £000	Defined Contribution Schemes	2014/15 £000
552	Scottish Exhibition Centre Limited	561
233	Jobs & Business Glasgow	115
1,323	Service Glasgow	1,341

12. Minority interest

The minority interest credited to the Group Comprehensive Income and Expenditure Statement is in recognition of the share of the gain for the year that is attributable to the minority shareholdings of SEC Ltd.

On the Group Balance Sheet within group reserves, with accounting policies aligned, the share of the assets of SEC Ltd attributable to minority shareholdings was £2.758 million for 2014/15 (2013/14 £2.427 million).

13. Taxation

The taxation receipt for the year relates to corporation tax this year and deferred tax in respect of previous years for the Scottish Exhibition Centre Limited. The difference between tax at the standard rate on the company's profits for the year and the actual level of corporation tax is mainly as a result of timing differences on capital expenditure and tax relief for earlier year losses.

The analysis of the tax receipt in the period is shown below:

2013/14 £000	UK Corporation Tax	2014/15 £000
0	Current period tax receipt	0
0	Amounts relating to prior years	0
0	Sub-total	0
(95)	Deferred tax	(1,020)
(95)	Total	(1,020)

14. Long-term assets

14.1. Movement in Property, plant and equipment

The table below illustrates the movement in property, plant and equipment, analysed by asset category, arising from additions, disposals, revaluations, depreciation and transfers during the year. As a result of these movements, the net book value held at 31 March 2015 was £3,107.687 million.

Movement in PPE 2014/15	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000
Cost or valuation:							
At 1 April 2014 (Restated)	2,463,113	194,701	691,146	25,179	106,641	111,059	3,591,839
Additions in year	74,879	42,495	11,994	271	64,968	941	195,548
Donations in year	0	0	0	0	0	0	0
Disposals	(107,854)	(9,403)	0	0	0	(6,595)	(123,852)
Revaluation adjustments to Revaluation Reserve	(3,996)	0	0	0	0	(5,639)	(9,635)
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(42,210)	0	0	0	0	(13,454)	(55,664)
Reclassifications from / (to) Held for Sale	(3,967)	0	0	0	0	(8,389)	(12,356)
Other reclassifications	24,912	24,023	37,690	78	(87,621)	392	(526)
At 31 March 2015	2,404,877	251,816	740,830	25,528	83,988	78,315	3,585,354
Depreciation and impairment:							
At 1 April 2014 (Restated)	(245,804)	(81,481)	(160,423)	0	0	(9,182)	(496,890)
Depreciation charge for year	(60,682)	(22,248)	(18,722)	0	0	(1,651)	(103,303)
Depreciation written out to Revaluation Reserve	(346)	0	0	0	0	2,549	2,203
Depreciation written out to Comprehensive Income and Expenditure Statement	9,837	(776)	0	0	0	694	9,755
Impairment losses to Revaluation Reserve	(2,432)	0	0	0	0	(30)	(2,462)
Impairment losses to Comprehensive Income and Expenditure Statement	(4,745)	(809)	0	0	0	(137)	(5,691)
Disposals	105,801	8,266	0	0	0	3,492	117,559
Reclassifications from / (to) Held for Sale	277	0	0	0	0	226	503
Other reclassifications	582	(573)	0	0	0	(9)	0
At 31 March 2015	(197,512)	(97,621)	(179,145)	0	0	(4,048)	(478,326)
Balance Sheet amount at 31 March 2015	2,207,365	154,195	561,685	25,528	83,988	74,267	3,107,028
Balance Sheet amount at 31 March 2014 (Restated)	2,217,309	113,220	530,723	25,179	106,641	101,877	3,094,949
Nature of asset holding:							
Owned	1,845,296	138,978	561,685	25,528	83,988	74,267	2,729,742
Finance leased	21,546	12,733	0	0	0	0	34,279
PPP	340,523	2,484	0	0	0	0	343,007
Total	2,207,365	154,195	561,685	25,528	83,988	74,267	3,107,028

Movement in PPE 2013/14 (Restated)	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000
Cost or valuation:							
At 1 April 2013	2,234,031	237,275	553,618	24,632	296,602	73,653	3,419,811
Additions in year	127,842	20,186	41,598	591	98,583	286	289,086
Donations in year	0	0	0	0	0	0	0
Disposals	(52,383)	(79,089)	(397)	(44)	0	(2,039)	(133,952)
Revaluation adjustments to Revaluation Reserve	6,851	0	0	0	0	(4,291)	2,560
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(34,666)	0	0	0	0	(3,710)	(38,376)
Reclassifications from / (to) Held for Sale	(499)	0	0	0	0	46,645	46,146
Other reclassifications	181,937	16,329	96,327	0	(288,544)	515	6,564
At 31 March 2014	2,463,113	194,701	691,146	25,179	106,641	111,059	3,591,839
Depreciation and impairment:							
At 1 April 2013	(160,776)	(138,961)	(145,158)	(44)	(36,145)	(9,340)	(490,424)
Depreciation charge for year	(57,513)	(19,450)	(15,662)	0	0	(1,128)	(93,753)
Depreciation written out to Revaluation Reserve	41,766	0	0	0	0	2,439	44,205
Depreciation written out to Comprehensive Income and Expenditure Statement	3,929	(825)	0	0	0	278	3,382
Impairment losses to Revaluation Reserve	(327)	0	0	0	0	0	(327)
Impairment losses to Comprehensive Income and Expenditure Statement	(63,713)	0	0	0	0	(1,439)	(65,152)
Disposals	26,719	77,755	397	44	0	2,004	106,919
Reclassifications from / (to) Held for Sale	256	0	0	0	0	(1,990)	(1,734)
Other reclassifications	(36,145)	0	0	0	36,145	(6)	(6)
At 31 March 2014	(245,804)	(81,481)	(160,423)	0	0	(9,182)	(496,890)
Balance Sheet amount at 31 March 2014	2,217,309	113,220	530,723	25,179	106,641	101,877	3,094,949
Balance Sheet amount at 31 March 2013	2,073,255	98,314	408,460	24,588	260,457	64,313	2,929,387
Nature of asset holding:							
Owned	1,845,138	93,051	530,723	25,179	106,641	101,877	2,702,609
Finance leased	22,202	16,919	0	0	0	0	39,121
PPP	349,969	3,250	0	0	0	0	353,219
Total	2,217,309	113,220	530,723	25,179	106,641	101,877	3,094,949

14.2. Summary of capital expenditure and sources of finance

2013/14 £000	Capital expenditure and sources of finance	2014/15 £000
Capital investment		
289,086	Property, plant and equipment	195,548
1,130	Intangible assets	798
17	Assets held for sale	18
30	Heritage assets	0
290,263	Total gross expenditure	196,364
Sources of finance		
130,654	Borrowing	85,649
5,075	Asset Sales	11,423
20,694	Assets acquired under finance leases	998
96,162	Government grants and other capital contributions	88,041
37,678	Revenue contributions	10,253
290,263	Total	196,364

15. Investment property

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement in relation to investment properties owned by the group for capital appreciation or rental income:

2013/14 £000	Investment property	2014/15 £000
(18,824)	Rental income from investment property	(19,512)
7,799	Direct operating expenses arising from investment property	7,746
(11,025)	Net (gain) / loss	(11,766)

There are no restrictions on the group's ability to realise the value inherent in its investment property or on the group's right to the remittance of income and the proceeds of disposal. The group has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2013/14 £000	Movement in fair value	2014/15 £000
144,581	Balance at start of year:	154,469
0	Additions - construction	0
0	Disposals	(1,241)
9,988	Net gain / (loss) from fair value adjustments	1,597
0	Transfer (to) / from property, plant and equipment	0
(100)	Other changes	(100)
154,469	Balance at end of year	154,725

16. Investments / liabilities in associates

The effect of accounting for associate Service Glasgow LLP resulted in the inclusion of a liability within the Group Balance Sheet. By comparison, the group share of the investments in Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme is an asset and is included on the Balance Sheet as a long-term investment.

The group's share of the net asset by associate is shown below:

2013/14 £000	Investments in Associates	2014/15 £000
42,410	Strathclyde Partnership for Transport	41,904
400	Strathclyde Concessionary Travel Scheme	406
42,810	Sub-total	42,310
Liabilities in Associates		
(154)	Service Glasgow LLP	(425)
(154)	Sub-total	(425)
42,656	Total	41,885

The aggregation of the group's share of the gross income, assets and liabilities of the associates are provided in the following table:

2013/14 £000	Associates	2014/15 £000
(54,292)	Gross income	(56,856)
40,372	Long-term assets	36,252
32,799	Current assets	43,289
(16,430)	Current liabilities	(21,293)
(14,085)	Long-term liabilities	(16,363)
42,656	Net asset	41,885

17. Inventories

The balance of inventories within the Group Balance Sheet comprises raw materials and consumables, work in progress and finished goods. A reconciliation of the movement in inventories in the year is provided in the following table:

2013/14				Inventories	2014/15			
Raw materials and consumables £000	Work in progress £000	Finished Goods £000	Total £000		Raw materials and consumables £000	Work in progress £000	Finished Goods £000	Total £000
4,918	0	448	5,366	Opening balance	5,177	0	479	5,656
16,599	0	47	16,646	Purchases	14,631	0	10	14,641
(16,259)	0	0	(16,259)	Reclassifications / transfers	(14,821)	0	0	(14,821)
(81)	0	0	(81)	Disposals	(74)	0	(43)	(117)
0	0	(16)	(16)	Write offs	(1)	0	0	(1)
5,177	0	479	5,656	Closing balance	4,912	0	446	5,358

18. Cash and cash equivalents

The group holds cash in hand as well as deposits with financial institutions. Cash equivalents are short-term, highly liquid investments, principally held to meet liabilities in the short-term, rather than to make an investment gain. They are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. The balance of cash and cash equivalents comprises the following elements:

2013/14 £000	Cash and cash equivalents	2014/15 £000
8,325	Short-term deposits	17,543
136,103	Bank current accounts	105,441
3,229	Cash imprests	1,188
147,657		124,172
(6,177)	Temporary overdraft facilities	(544)
141,480	Total	123,628

19. Deferred taxation

Deferred taxation is tax provided through the Group Comprehensive Income and Expenditure Statement to take account of timing differences between accounting profits and tax which are expected to reverse in the future. As at 31 March 2015 the balance mainly related to timing differences on capital expenditure.

The movement in deferred taxation during the current period is as follows:

2013/14 £000	Deferred Taxation	2014/15 £000
1,788	As at 1 April	1,693
(95)	Receipt for the period	(1,020)
1,693	As at 31 March	673

All deferred tax has been provided for and has been calculated using the rate of 23% (23% in 2013/14) as follows:

2013/14 £000	Deferred Taxation	2014/15 £000
2,514	Accelerated capital allowances	1,154
(821)	Other timing differences	(481)
1,693	As at 31 March	673

20. Deferred grants

Following the elimination of inter-company transactions, the balance remaining on deferred grants of £32.221 million (2013/14 £33.059 million) represents external funding in support of capital projects.

21. Deferred income

Deferred income of £5.394 million (2013/14 £7.668 million) largely represents payments received by SEC Ltd for future events which will be recognised when the events take place.

22. Charitable reserves

Included within Group Reserves are charitable reserves representing the funds of Culture and Sport Glasgow, Jobs & Business Glasgow and the charitable element of Sundry Trusts.

The following table identifies charitable funds prior to consolidation adjustments:

Charitable Funds	Balance at 31 March 2014 £000 (Restated)	Net movement 2014/15 £000	Balance at 31 March 2015 £000
Culture and Sport Glasgow	10,864	(3,439)	7,425
Jobs & Business Glasgow	29,636	(1,042)	28,594
Sundry Trusts - charitable element	7,252	527	7,779
Total	47,752	(3,954)	43,798

❖ Annual Governance Statement

Scope of responsibility

Glasgow City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the council's Corporate Management Team is responsible for putting in place proper arrangements (known as the governance framework) for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The council has established various subsidiaries and associates to deliver services more effectively and has established an Extended Corporate Management Team which considers matters of common interest.

The council has approved and adopted a Local Code of Corporate Governance (The Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. A copy of The Code is available on the council's website at:

<http://www.glasgow.gov.uk/index.aspx?articleid=4441>

The Code evidences the council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. The Code is regularly reviewed and updated.

The council also has put in place a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the 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.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled. Through the framework it is accountable to, engages with and leads the community. It enables the council to monitor the achievement of the strategic objectives set out in the Council Strategic Plan and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The governance framework continually will be updated to reflect best practice, new legislative requirements and the expectations of stakeholders.

The council has responsibility for ensuring the continuing effectiveness of its governance framework and system of internal control. The review of effectiveness is informed by the work of the members of the Corporate Management Team, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Inspection's annual report; and by observations made by the external auditors and other review agencies and inspectorates.

The governance framework

The main features of the governance arrangements are described in the Local Code of Corporate Governance and are summarised below.

Five priority areas have been identified within the Council Strategic Plan. These are to make sure Glasgow has:

- Economic growth; and is
- A world class city,
- A sustainable city,
- A city that looks after its vulnerable people, and
- A learning city.

The Council Strategic Plan also sets out its commitment to making best use of its resources, people and assets to deliver for Glasgow. This will be achieved by having:

- A financial strategy to deliver on its commitments and stay on budget;
- Service reform and organisational development programmes to drive improvement and cultural change across the organisation;
- A workforce plan that sets out how the council can ensure it has the right number of staff for the organisation and that they are trained and equipped to deliver the high quality services it needs; and
- A strategic approach to assets, including how the council manages its buildings and information technology.

Tomorrow's Glasgow is the council's programme to help deliver these key priorities for the duration of the plan.

The monitoring of the plan and its programme is overseen by the Executive and Policy and Scrutiny Committees. The Extended Corporate Management Team has overall responsibility for the programme, providing sponsorship and strategic direction. The enablers and governance for the programme include strategic boards and the service reform programme.

The Council Strategic Plan 2012 to 2017 is available on the council's website at:

<http://www.glasgow.gov.uk/index.aspx?articleid=4568>

The Council Strategic Plan informs and reflects the Single Outcome Agreement (SOA) which details how the council will discharge its obligation to work with other organisations across the city to achieve the overall vision of 'A prosperous city for all Glaswegians'. Through the council's community planning network, major services such as health and police, work with council service providers to develop strategies to meet the objectives of the SOA, and community engagement increases local participation, accountability and influences decision making.

The Corporate Performance Management Framework sets out how the council reports progress and performance to elected members and the public on the delivery of the SOA and Council Strategic Plan, service performance and benchmarking and citizens' views on services. A copy of the framework can be found on the council's website at:

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=e%97%9D%92j%7D%8B>

In 2014/15, the council facilitated policy and decision making through a committee structure which was agreed in June 2010 (updated in May 2012) and included an Executive Committee, two Scrutiny Committees and five Policy Development Committees.

The Executive Committee has responsibility for discharging all of the council's functions, except those reserved to the council and those matters specifically delegated to statutory committees. The scrutiny committees are responsible for holding Services and subsidiaries and relevant associates to account. The Policy Development Committees have a policy-making role.

The council has continued to enhance and strengthen its internal control environment through the introduction of new policies and procedures, and the updating of those already in existence. The Scheme of Delegated Functions sets out delegations made to committees, Lord Provost/Deputy Lord Provost and officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved.

The document, Financial Management and Control: A Code of Practice is an integral part of the stewardship of council funds. Adhering to this Code helps ensure that all financial transactions of the council are conducted in a manner which demonstrates openness, integrity and transparency. The Code was updated, revised and approved by the first meeting of the new council on 17 May 2012.

Since 2004, financial management and reporting has been undertaken through the SAP software package which provides ledger, accounts payable, accounts receivable and banking services.

A risk management strategy was introduced some years ago and is regularly updated. The approach to risk management is well embedded, with a Corporate Risk Register, supported by Service Risk Registers and a risk register specifically dealing with the risks associated with the ongoing risks of providing services through subsidiaries and relevant associates. Regular reports are provided to the Finance and Audit Scrutiny Committee, which detail the six monthly reviews of the Corporate Risk Register. The council's Service Business Continuity Strategy continues to develop.

A publicised whistleblowing policy is in place. The policy was revised in 2013/14 and publicised throughout the council and community. It is available on the council's website at:

<http://www.glasgow.gov.uk/index.aspx?articleid=5453>

A Complaints Handling Procedure which monitors formal contact with members of the public was updated in 2012/13. It is available on the council's website at:

<http://www.glasgow.gov.uk/index.aspx?articleid=9986>

The council operates a Code of Conduct for employees, and elected members adhere to the nationally prescribed councillors' Code of Conduct. During 2014/15 there were five complaints made to the Standards Commission against elected members. In two cases the Commissioner determined that the matters raised did not breach the Code of Conduct. The other three complaints were made late in the year and the Commissioner has not yet responded.

The integrated Budget and Service Planning process continues to play a pivotal role in identifying and delivering improvement and efficiency throughout the council.

Standing Orders relating to contracts are in place and are regularly reviewed.

The council conducts a household survey once a year of over 1,000 citizens to establish views on matters ranging from service delivery through to the development of strategy. We provide a dedicated web page to co-ordinate consultation with residents and businesses which can be found on the council's website at:

<http://www.glasgow.gov.uk/index.aspx?articleid=3040>

The council regularly publishes information about itself and the services it provides and makes the information available in a wide variety of forms and formats.

CIPFA has issued statements on the role of chief financial officers in local government and the role of the head of internal audit in public sector organisations. Both officers fulfil the principles set out in these statements.

Internal Audit adheres to standards and guidelines laid down by relevant bodies and professional institutions. In particular Internal Audit is required to comply with the Public Sector Internal Audit Standards (PSIAS) which have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA).

Review of effectiveness

The remits of both the Operational Delivery Scrutiny Committee and the Finance and Audit Scrutiny Committee are available on the council's website. Included in the Finance and Audit Scrutiny Committee remit is responsibility for monitoring internal financial control, corporate risk management and corporate governance, and receiving and considering summaries of internal and external audit reports, which relate to any issue falling within the remit of the committee. The remit of the Operational Delivery Scrutiny Committee includes scrutinising the performance of subsidiaries and relevant associates, including financial management, statutory and other performance targets, and outcomes set through the SOA, which are relevant to partnership working.

The review of the governance framework is conducted on an annual basis by means of a self assessment questionnaire issued to Service Executive Directors and Managing Directors or Chief Executives of subsidiaries and relevant associates by Internal Audit. The self assessment questionnaire includes the principles contained in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government, and requires Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) to determine the extent to which their Service/organisation complies with each principle. The responses to the questionnaires are confirmed on a sample basis by Internal Audit, as part of a rolling programme. All Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) have signed a statement of internal control declaring that "There are, in my opinion, no significant matters that require to be raised in this Certificate, which is provided to support Glasgow City Council's

Statement of Internal Control for the financial year 2014/15, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately”.

Senior officers have been advised on the implications of the result of the review of the effectiveness of the governance framework by Internal and External Audit, and plans to address weaknesses and ensure continuous improvement of the systems are in place.

The Finance and Audit Scrutiny Committee considered the effectiveness of the system of internal control and Internal Audit at their meeting on 13 May 2015.

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal assent in April 2014. It established the framework for the integration of health and social care in Scotland. During 2014/15 the council has worked with partners in NHS Greater Glasgow and Clyde Health Board (NHSGGC) to create a shadow Integrated Joint Board and develop an Integration Scheme that was submitted to the Scottish Ministers in March 2015. Once approved, the Integration Joint Board will be established by Order of the Scottish Ministers. During 2015/16 Internal Audit will report on the assurance framework of the Integrated Joint Board to the council's Finance and Audit Scrutiny Committee and, in conjunction with NHSGGC internal audit, to the Integrated Joint Board's audit committee.

Update on significant governance issues previously reported

The 2013/14 Annual Governance Statement reported issues concerning the arrangements in place for the management and control of asbestos across the entire Glasgow City Council Group portfolio. A detailed follow up review of the planned management action was undertaken by Internal Audit during 2014/15.

Of the five recommendations from the initial audit, four have been implemented by 31 March 2015. The ongoing recommendation relates to the completion of a programme of asbestos surveys for the 101 entries identified as not having a record of an asbestos survey. This programme is expected to be completed by June 2015. A further review of the control and management of asbestos is planned for 2015/16.

A review of Firewall Management in 2013/14 identified a number of issues which resulted in the control environment being assessed as unsatisfactory. A detailed follow up was undertaken by Internal Audit during 2014/15, which confirmed that all recommendations have now been implemented.

The 2013/14 statement highlighted that no assurance could be placed on the control environment of the Contract Management Framework operating within Social Work Services. A total of 15 recommendations were agreed and Social Work Services established short-term steering and working groups to address these recommendations and report on progress to the Social Work Leadership Team. Evidence provided by Social Work Services has confirmed that satisfactory progress has been made on these recommendations, with many being completed ahead of the target timescales. It is intended that the new Contract Management Framework will become fully operational at the start of 2015/16. Compliance with the recommendations and new Framework requirements will be assessed by formal follow up work and a planned assurance audit during 2015/16.

The 2013/14 statement also referenced an Internal Audit investigation into the alleged misappropriation of funds by a small number of employees within the economic and development section of Development and Regeneration Services. The matter has been passed to Police Scotland. During 2014/15, management implemented a number of improvements to the internal control environment in response to the audit findings.

Significant governance issues

Where the audit opinion arising from an audit states that the control environment has been assessed as unsatisfactory the concerns highlighted are reported in the Annual Governance Statement.

An Internal Audit of the procurement of plant hire in Land and Environmental Services found that the Council's procurement procedures had not been adhered to and there was insufficient audit evidence that the arrangement represented Best Value. Management are undertaking a review of the contract and have agreed to ensure full compliance with procurement procedures going forward.

Internal Audit has undertaken a review of European funded grant claims. The audit found that the control environment was not adequate to ensure that accurate claims were submitted and identified areas where the grant conditions had not been complied with. Audit fieldwork is ongoing and further audit and assurance work is planned to ensure improvements in systems, controls and audit trail are implemented as a matter of priority. Management have taken steps to suspend funding where non-compliance has been identified.

Information management

In June 2012 Glasgow City Council was the subject of a consensual audit by officers from the Information Commissioner's Office (ICO). A number of areas in the council were reviewed which related to the processing of personal data, and as a result of the audit, a number of recommendations were made for improving these processes. Subsequently, the council has made significant improvements in its handling of personal and sensitive data.

As at February 2015, of the 30 recommendations made by the ICO, 14 have been completed and the remaining 16 are in progress. Data security and records management has a high profile within the council and attracts significant attention from senior management to ensure that the recommendations contained within the ICO report are being addressed.

Key areas of progress include addressing recommendations relating to physical security as well as the formalisation of security incident reporting processes. An enhanced approach is also being taken in relation to the development of the Information Risk Policy and Information Risk Officers within services. This should ensure a risk based approach to management of information within services and ensure that local responsibility is assumed for ensuring appropriate procedures and processes are implemented to ensure information is subject to appropriate levels of protection.

Management plan to further develop the council's Electronic Document and Records Management System (EDRMS) during 2015/16. This will include implementation of the records management module and enhance the council's Records Retention and Disposal Schedule. Successful implementation of the Information Risk Policy and the Records Management Module should result in a large number of the actions being resolved.

There have been no reports made to the Information Commissioner's Office in relation to information security breaches in 2014/15.

Other significant work undertaken in the year

The council's Internal Audit section is carrying out an investigation into an alleged misappropriation of funds by a member of staff. The investigation is ongoing and is subject to police enquiries.

Internal Audit Opinion

Based on the audit work undertaken, the assurances provided by Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) and excluding the significant issues noted above, it is the Head of Audit and Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2014/15 in the council and its subsidiaries and relevant associates.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate in Glasgow City Council and its subsidiaries and relevant associates and that these arrangements were in place for the whole of 2014/15. The self assessments, the statements of internal control signed by Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) and the work undertaken by Internal Audit has shown that, with the exception of those matters listed above, the arrangements in place are operating as planned. We propose over the coming year to take steps to address these matters and officers will monitor and report on their implementation.

We will continue to review and enhance, as necessary, our governance arrangements.

Councillor Frank McAveety

Annemarie O'Donnell

Leader of the Administration

Chief Executive

24 September 2015

24 September 2015

Remuneration report for the year ended 31 March 2015

1. Introduction

The remuneration report is set out in accordance with the Local Government Accounts (Scotland) Regulations 1985 (as amended by the Local Authority (Scotland) Amendment Regulations 2011). These Regulations require various disclosures about the remuneration and pension benefits of senior councillors and senior employees.

All information disclosed in the tables at 4.1 to 4.6 and 5.1 to 5.3 in this remuneration report will be audited by Audit Scotland. The other sections of the remuneration report will also be reviewed by Audit Scotland to ensure that they are consistent with the Financial Statements.

2. Definitions

The term senior councillor means the Leader of the Council, the Lord Provost or a councillor who holds a significant position of responsibility in the council's management structure, all as defined by regulation 2 of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).

The term senior employee means any employee of Glasgow City Council and its subsidiaries:

- 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 (including activities involving the expenditure of money), during the year to which the report relates, 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 (4); or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The term 'remuneration' means gross salary, fees and bonuses, taxable allowances and expenses and compensation for loss of employment. It excludes pension contributions paid by the council. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

The term 'pension benefits' covers in-year pension contributions for the employee or councillor by the council and the named person's accrued pension benefits at the reporting date.

3. Remuneration policy

Elected members

The full council sets the remuneration levels for senior councillors and senior officers. Its role is to ensure the application and implementation of fair and equitable systems for pay and for performance management within the guidelines of, and as determined by, Scottish Ministers and the Scottish Government. In reaching its decisions, the council has regard to the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities; the council's policies for the improvement of the delivery of public services; and the funds available to the council.

The remuneration of senior councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (which is the Lord Provost in Glasgow), senior councillors or councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the council's political management structure.

The salary that is to be paid to the Leader of the Council is set out in the regulations. For 2014/15 the salary for the Leader of the Council is £49,683. The regulations permit the council to remunerate one Civic Head and set out the maximum salary that may be paid to that Civic Head. For 2014/15 the salary for the Civic Head is £37,262.

The regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The council is able to exercise local flexibility in the determination of the precise number of senior councillors and their salaries within these maximum limits. The council pays senior councillor supplements to executive members, chairs of committees and Community Health Partnership area representatives. In 2014/15 the council had no more than 24 senior councillors at any one time and the total additional senior councillor salary paid to these councillors did not exceed £645,867. The table at 4.1 shows the total remuneration paid to any councillors that held a senior council post at any point in 2014/15. Since the total remuneration paid includes basic councillor salaries for any periods during 2014/15 where councillors were not senior councillors, the total shown in table 4.1 exceeds £645,867.

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 Glasgow City Council Members' Allowances Scheme, for those councillors who elect to join the scheme, was agreed at a meeting of the full council on 17 May 2007.

Senior officers

The salaries of senior employees within the council are set based upon the salary points of the leadership job family, as set out in the council's Pay, Grading and Benefits Structure. These arrangements were originally agreed through approval of the Workforce Pay and Benefits Review report at a special meeting of the council's Executive Committee on 13 October 2006 and may be amended each year to allow for cost of living increases as negotiated by the Scottish Joint Council (SJC), for the general workforce and the Scottish Negotiating Council for teachers (SNCT). The council does not pay bonuses or performance related pay. All council officers are eligible to join the Local Government Pension Scheme (LGPS). The scheme is described in section 5 entitled 'Pension Benefits'.

Subsidiaries

The council has a number of subsidiary bodies, which are governed via their company documents, service agreements and boards of directors. The council's Executive Committee approved a Corporate Member Scheme of Delegations report on 1 May 2009. This report grants responsibility for appointing directors and chairpersons to subsidiary boards. Since the introduction of the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2011, on the 1 July 2011, there has been no remuneration paid to any subsidiary councillors.

The council does not have any influence over the remuneration arrangements for the employees of any of these subsidiary bodies. The powers to set remuneration for employees lies solely with the board of each subsidiary body.

Councillor Frank McAveety
Leader of the Administration
24 September 2015

Annemarie O'Donnell
Chief Executive
24 September 2015

4. Remuneration

4.1. Remuneration of senior councillors

2013/14 Total remuneration £	Remuneration of senior councillors (includes the basic councillor salary of £16,560)	Date from	Date to	Year ended 31 March 2015 Total remuneration £
49,047	Gordon Matheson Leader of the Council	April 2014	March 2015	49,536
36,785	Sadie Docherty Lord Provost	April 2014	March 2015	37,151
36,785	Archibald Graham Depute Leader of Council and Executive Member for Commonwealth Games	April 2014	March 2015	37,151
27,588	Gerald Leonard Depute Lord Provost	April 2014	March 2015	27,862
23,556	Graeme Hendry Leader of Opposition	April 2014	April 2014	16,749
-	Susan Aitken Leader of Opposition	April 2014	March 2015	23,552
23,556	Bill Butler Convenor of Licensing Board	April 2014	March 2015	23,790
23,556	Frank McAveety Convenor Sustainability and the Environment Policy Development Committee	April 2014	March 2015	23,790
23,556	Soryia Siddique Convenor Children and Families Policy Development Committee	April 2014	March 2015	23,790
23,556	Paul Carey Convenor Regeneration and the Economy Policy Development Committee	April 2014	March 2015	23,790
31,409	Paul Rooney City Treasurer	April 2014	March 2015	31,722
31,409	Elizabeth Cameron Executive Member for Economic Development	April 2014	March 2015	31,722
31,409	Stephen Curran Executive Member for Education and Young People	April 2014	March 2015	31,722
31,409	Aileen Colleran Executive Member for Communities	April 2014	October 2014	25,786
-	Martin Rhodes Executive Member for Communities	December 2014	March 2015	20,691
26,620	Matthew Kerr Executive Member for Personnel	April 2014	March 2015	31,722
23,556	Frank Docherty Convenor Public Petitions and General Purposes Policy Development Committee	April 2014	March 2015	23,791
23,556	Marie Garrity Area Lead - Communities (North East)	April 2014	March 2015	23,791
29,339	James Adams Business Manager	April 2014	March 2015	32,722
21,656	Emma Gillan Area Lead - Communities (South)	April 2014	March 2015	23,791
19,303	Mohammed Razaq Convenor of Health and Social Care Policy Development Committee	April 2014	March 2015	23,791

2013/14 Total remuneration £	Remuneration of senior councillors (includes the basic councillor salary of £16,560)	Date from	Date to	Year ended 31 March 2015 Total remuneration £
23,556	Jonathan Findlay Area Lead - Communities (North West)	April 2014	March 2015	23,791
23,556	David McDonald Convenor Operational Delivery Scrutiny Committee	April 2014	March 2015	23,791
23,556	Kenneth McLean Convenor Finance and Audit Scrutiny Committee	April 2014	March 2015	23,791
31,409	Alistair Watson Executive Member for Sustainability and Transport	April 2014	March 2015	31,721
23,556	Malcolm Cuning Executive Member for Social Care	April 2014	March 2015	23,791
23,556	Christopher Kelly Convenor Licensing and Regulatory Committee	April 2014	March 2015	23,791
23,615	James Scanlon Chair of Planning Applications Committee	April 2014	March 2015	23,791
710,455	Total			762,879

Notes:

1. Payments only include salaries. There were no payments for bonuses, compensation for loss of office or taxable allowances / expenses. Business expenses are disclosed at note 4.2.
2. Salaries are paid four weekly and this can give rise to small differences in the actual payments made from one financial year to the next.
3. During 2014/15, there were changes to the membership of the council's committees. These changes have been reflected in table 4.1 and throughout this remuneration report. Further information is available in the public minutes of the council and the Executive Committee (www.glasgow.gov.uk/CouncillorsandCommittees).

4.2. Remuneration paid to councillors

The council paid the following salaries, allowances and expenses to all councillors (including the senior councillors above) during the year:

2013/14 £000	Remuneration	2014/15 £000
1,584	Salaries	1,604
7	Allowances	11
109	Expenses	110
1,700	Total	1,725

Note:

The annual return of councillors' salaries and expenses for 2014/15 is available for any member of the public to view on the council's website at:

<http://www.glasgow.gov.uk/index.aspx?articleid=3496>

This information is also available to view at all council libraries and public offices during normal working hours.

4.3. Remuneration of senior employees

2013/14 Total Remuneration £	Remuneration of senior employees	Year ended 31 March 2015			
		Salary, fees and allowances £	Compensation for loss of office £	Election duties £	Total remuneration £
167,248	George Black Chief Executive (from 1 April to 31 December 2014)	131,480	0	44,948	176,428
-	Annemarie O'Donnell Chief Executive (from 1 January 2015)	39,287 (FYE 159,333)	0	0	39,287
129,821	Executive Director of Corporate Services (from 1 April to 31 December 2014)	104,574	0	22,474	127,048
-	Carole Forrest Acting Executive Director of Corporate Services (from 1 January 2015)	77,404 (FYE 120,751)	0	1,300	78,704
132,451	Lynn Brown Executive Director of Financial Services	133,341	0	3,150	136,491
124,720	Richard Brown Executive Director of Development and Regeneration Services	129,653	0	0	129,653
131,379	Maureen McKenna Executive Director of Education Services	133,341	0	0	133,341
129,056	Brian Devlin Executive Director of Land and Environmental Services	133,341	0	0	133,341
120,644	David Williams Executive Director of Social Care Services	131,277	0	0	131,277
86,779	Colin Edgar (note 1) Head of Communication and Organisational Development	87,492	0	1,250	88,742
69,529	Anne Connolly (note 1) Strategic Adviser to the Chief Executive	70,225	0	0	70,225
1,091,627	Total	1,171,415	0	73,122	1,244,537

Notes:

1. Employee included as post is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4).
2. There were no payments in the form of bonuses, taxable allowances or expenses, or other benefits in kind.

4.4. Remuneration of senior employees of subsidiaries

2013/14 Total Remuneration £	Remuneration of senior employees of subsidiaries	Year ended 31 March 2015						Total remuneration £
		Salary, fees and allowances £	Bonus £	Taxable allowances and expenses £	Comp. for loss of office £	Benefits in kind other than in cash £	Election duties £	
240,390	John Sharkey Former Chief Executive, SEC Ltd (from 1 April to 17 April 2015)	10,435	0	1,539	178,316	0	0	190,290
-	Peter Duthie Chief Executive, SEC Ltd (from 18 April 2015)	165,000	26,582	18,008	0	0	0	209,590
159,878	Malcolm Close Operations Director, SEC Ltd	129,421	20,850	13,008	0	0	0	163,279
-	Billy McFadyen Corporate Services Director, SEC Ltd	119,304	19,220	13,008	0	0	0	151,532
-	John Langford Sales Director, SEC Ltd	129,030	20,787	13,008	0	0	0	162,825
139,109	Dr Graham Paterson Executive Director, City Building (Glasgow) LLP	135,414	0	5,005	0	0	8,100	148,519
134,911	Dr Bridget McConnell Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	133,864	0	0	0	0	0	133,864
126,933	David Melvin Managing Director, Cordia (Glasgow) LLP	131,955	0	0	0	0	0	131,955
61,351	William Taggart Managing Director, City Parking (Glasgow) LLP	65,532	0	0	0	0	0	65,532
6,580	Pauline Barclay Managing Director, City Property (Glasgow) LLP	89,849	0	0	0	0	0	89,849
105,710	Scott Taylor Chief Executive, Glasgow City Marketing Bureau Ltd	110,336	0	0	0	0	0	110,336
95,435	Calum Graham Chief Executive, Jobs and Business Glasgow	94,400	0	4,215	0	0	0	98,615
1,070,297	Total	1,314,540	87,439	67,791	178,316	0	8,100	1,656,186

4.5. Remuneration of employees receiving more than £50,000

In accordance with the disclosure requirement of the regulations, the number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in the table below in bands of £5,000. This information includes those senior officers who are subject to the fuller disclosure requirements in the tables above.

Remuneration in 2014/15					
<i>Total 2013/14</i>	£5,000 band	Teachers	Those receiving compensation for loss of office	Staff (excl teachers)	Total
208	50,000 - 54,999	171	1	69	241
139	55,000 - 59,999	79	0	117	196
27	60,000 - 64,999	7	1	20	28
34	65,000 - 69,999	6	2	10	18
11	70,000 - 74,999	9	0	16	25
9	75,000 - 79,999	4	0	2	6
10	80,000 - 84,999	2	0	6	8
12	85,000 - 89,999	2	0	15	17
1	90,000 - 94,999	0	0	1	1
5	95,000 - 99,999	0	0	5	5
0	100,000 - 104,999	0	0	0	0
1	105,000 - 109,999	0	0	1	1
0	110,000 - 114,999	0	0	1	1
0	115,000 - 119,999	0	0	0	0
2	120,000 - 124,999	0	0	0	0
2	125,000 - 129,999	0	0	1	1
2	130,000 - 134,999	0	0	3	3
0	135,000 - 139,999	0	0	1	1
0	140,000 - 164,999	0	0	0	0
1	165,000 - 169,999	0	0	1	1
0	170,000 - 174,999	0	0	0	0
0	175,000 - 179,999	0	0	1	1
464	Total	280	4	270	554

4.6. Exit packages

The Code requires disclosure of all exit packages agreed, in rising bands. The table below shows all exit packages that were accrued in the year, of which all were voluntary. Exit package values include redundancy, compensatory lump sum, pension strain, and notional capitalised compensatory added years costs (CAY). The notional capitalised compensatory added years costs are based on an assessment of the present value of all future payments to the retiree until death. Notional capitalised compensatory added years and pension strain costs relating to teachers are based on a calculation provided by the Scottish Public Pensions Agency.

2013/14				Exit packages bands	2014/15			
Number	Cash value	Notional CAY value	Total		Number	Cash value	Notional CAY value	Total
	£000	£000	£000			£000	£000	£000
25	150	64	214	£1 - £20,000	35	171	202	373
11	158	163	321	£20,001-£40,000	9	66	160	226
5	116	121	237	£40,001-£60,000	2	100	0	100
5	210	130	340	£60,001-£80,000	0	0	0	0
3	174	104	278	£80,001-£100,000	0	0	0	0
6	481	221	702	£100,001-£150,000	0	0	0	0
0	0	0	0	£150,001-£200,000	1	124	47	171
2	310	141	451	£200,001-£250,000	0	0	0	0
2	380	179	559	£250,001-£300,000	0	0	0	0
0	0	0	0	£300,001-£350,000	0	0	0	0
0	0	0	0	£350,001-£400,000	0	0	0	0
0	0	0	0	£400,001-£450,000	0	0	0	0
0	0	0	0	£450,001-£500,000	0	0	0	0
0	0	0	0	£500,001-£550,000	0	0	0	0
0	0	0	0	£550,001-£600,000	0	0	0	0
59	1,979	1,123	3,102	Total	47	461	409	870

5. Pension benefits

Pension scheme benefits for councillors and local government employees (excluding teachers) are provided through the Local Government Pension Scheme (LGPS). The LGPS is a funded scheme whereby fund balances are maintained from employee / employer contributions and returns on investments to meet the ongoing and anticipated future costs. Benefits are then paid out of this fund. The LGPS is therefore unique in the Scottish public sector. The other five Scottish public sector schemes (NHS, civil service, police, fire fighter, and teachers) are unfunded, also known as 'pay-as-you-go', where no fund is built up to help cover future payments and employers and employees contribute as if the scheme were funded. One of the objectives of a funded scheme is to reduce the variability of costs over time for employers compared with an unfunded (pay-as-you-go) alternative. The funding mechanism should also minimise inter-generational transfer of liabilities. The LGPS is subject to an actuarial revaluation every three years, and employer contribution rates are re-assessed.

Councillors' benefits earned up to 31 March 2015 are based on career average pay. Pay for each year or part year ending 31 March (other than the pay in final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate indices between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate average career pay. This is used to calculate the benefits.

For local government employees the LGPS was a final salary pension scheme up to 31 March 2015. This means that benefits are based on the final year's pay and the number of years the person has been a member of the scheme.

For service from 1 April 2015 both Councillors and local government employees are in a career revalued actual pension scheme. Each year an amount of pension is earned that is then revalued for inflation until retirement.

From 1 April 2009 a five tier contribution system was introduced with contributions from members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Up to 31 March 2015 if a person works part-time their contribution rate was worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. From 1 April 2015 contribution rates are worked out on actual pay. The tiers and member / Councillor contribution rates for 2014/15 and 2015 / 2016 are as follows:

Whole time pay 2014/15 bandings	Employee contribution rate	Whole time pay 2015/16 bandings
On earnings up to and including £20,335	5.50%	On earnings up to and including £20,500
On earnings above £20,335 and up to £24,853	7.25%	On earnings above £20,500 and up to £25,000
On earnings above £24,853 and up to £34,096	8.50%	On earnings above £25,000 and up to £34,400
On earnings above £34,096 and up to £45,393	9.50%	On earnings above £34,400 and up to £45,800
On earnings above £45,393	12.00%	On earnings above £45,800

At retirement members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The pension accrual rate from 1 April 2015 is 1/49th of pensionable pay. The pension accrual rate from 1 April 2009 to 31 March 2015 guaranteed a pension based on 1/60th of final pensionable salary for each year of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

For benefits earned up to 31 March 2015, the LGPS normal pension age for both councillors and employees was 65. Benefits earned from 1 April 2015 have a normal pension age equal to the member's state pension age (or 65 if higher).

The tables at 5.1 and 5.2 summarise the in-year employer contributions and the accrued benefits for all senior councillors and senior employees that held post at some point during 2014/15 and are regarded as senior as outlined at section 2. The tables do not include contributions made by employees or councillors to the pension fund. As noted at 4.1, there were a number of changes to council committees and memberships during 2013/14, and all councillors that held senior posts at any time are included, where they are members of the scheme.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement, without reduction, on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; without any adjustments for the effects of future inflation; and total local government service (not just their current appointment). Membership of the pension scheme is voluntary and not all councillors or employees are members.

5.1. Pension benefits of senior councillors

Pension benefits of senior councillors	In year pension contributions		Accrued pension benefits		
	For year to 31 March 2014 £	For year to 31 March 2015 £		Difference from 31 March 2014 £000	As at 31 March 2015 £000
Gordon Matheson	9,466	9,560	Pension	1	13
			Lump sum	0	25
Sadie Docherty	7,099	7,170	Pension	0	3
			Lump sum	0	2
Archibald Graham	7,099	7,170	Pension	0	3
			Lump sum	0	0
Gerald Leonard	5,324	5,377	Pension	1	3
			Lump sum	0	1
Graeme Hendry	4,546	3,232	Pension	0	2
			Lump sum	0	1
Frank McAveety	4,546	4,591	Pension	0	1
			Lump sum	0	0
Paul Carey	4,546	4,591	Pension	0	2
			Lump sum	0	1
Paul Rooney	6,062	6,122	Pension	0	4
			Lump sum	0	3
Aileen Colleran	6,062	4,977	Pension	0	3
			Lump sum	0	1
Frank Docherty	4,546	4,591	Pension	1	3
			Lump sum	0	0
Marie Garrity	4,546	4,591	Pension	0	1
			Lump sum	0	0
James Adams	5,662	6,122	Pension	0	1
			Lump sum	0	0
David McDonald	4,546	4,591	Pension	0	2
			Lump sum	0	1
Mohammed Razaq	3,692	4,591	Pension	1	3
			Lump sum	1	2
Malcolm Cunning	4,546	4,591	Pension	0	1
			Lump sum	0	0
Christopher Kelly	4,546	4,591	Pension	0	1
			Lump sum	0	0
James Scanlon	4,546	4,591	Pension	0	2
			Lump sum	0	0
Susan Aitken	3,155	4,545	Pension	0	1
			Lump sum	0	0
Martin Rhodes	3,155	3,993	Pension	0	1
			Lump sum	0	0
Total	97,690	99,587	Pension	4	50
			Lump sum	1	37

5.2. Pension benefits of senior employees

Pension benefits of senior employees	In year pension contributions		Accrued pension benefits		
	For year to 31 March 2014 £	For year to 31 March 2015 £		Difference from 31 March 2014 £000	As at 31 March 2015 £000
George Black	32,279	29,680	Pension	7	66
			Lump sum	6	142
Lynn Brown	25,486	25,735	Pension	2	50
			Lump sum	1	111
Annemarie O'Donnell	24,978	27,554	Pension	14	54
			Lump sum	25	113
Carole Forrest	18,292	20,511	Pension	5	32
			Lump Sum	7	63
Richard Brown	24,071	25,023	Pension	4	47
			Lump sum	3	102
Maureen McKenna	25,356	25,735	Pension	3	66
			Lump sum	2	159
Brian Devlin	24,908	25,735	Pension	4	53
			Lump sum	4	138
David Williams	23,284	25,337	Pension	3	13
			Lump sum	0	0
Colin Edgar	16,719	16,886	Pension	2	13
			Lump sum	0	12
Anne Connolly	13,419	13,553	Pension	2	28
			Lump sum	1	62
Total	228,792	235,749	Pension	46	422
			Lump sum	49	902

5.3. Pension benefits of senior employees of subsidiaries

Pension benefits of senior employees of Glasgow City Council subsidiaries	In year pension contributions		Accrued pension benefits		
	For year to 31 March 2014 £	For year to 31 March 2015 £		Difference from 31 March 2014 £000	As at 31 March 2015 £000
John Sharkey (note 1) Former Chief Executive, SEC Ltd	25,194	2,099	Pension	n/a	n/a
			Lump sum	n/a	n/a
Peter Duthie (note 1) Chief Executive, SEC Ltd	16,122	24,750	Pension	n/a	n/a
			Lump sum	n/a	n/a
Malcolm Close (note 1) Operations Director, SEC Ltd	19,033	19,413	Pension	n/a	n/a
			Lumps sum	n/a	n/a
John Langford (note 1) Sales Director, SEC Ltd	11,500	14,193	Pension	n/a	n/a
			Lump sum	n/a	n/a
Billy McFadyen (note 1) Corporate Services Director, SEC Ltd	11,788	14,337	Pension	n/a	n/a
			Lump sum	n/a	n/a
Dr Graham Paterson Executive Director, City Building (Glasgow) LLP	25,881	27,624	Pension	6	62
			Lump sum	9	143
Dr Bridget McConnell Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	23,448	23,025	Pension	2	55
			Lump sum	-1	124
David Melvin Managing Director, Cordia (Glasgow) LLP	24,498	25,467	Pension	4	52
			Lump sum	4	117
William Taggart Managing Director, City Parking (Glasgow) LLP	11,841	13,088	Pension	1	27
			Lump sum	0	62
Pauline Barclay Managing Director, City Property (Glasgow) LLP	15,304	17,341	Pension	3	18
			Lump sum	3	28
Scott Taylor Chief Executive, Glasgow City Marketing Bureau Ltd	20,402	21,295	Pension	3	28
			Lump sum	2	52
Calum Graham Chief Executive, Jobs and Business Glasgow	17,370	18,045	Pension	2	5
			Lump sum	0	0
Total	222,381	220,677	Pension	21	247
			Lump sum	17	526

Notes:

1. All senior councillors and senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS), with the exception of SEC Ltd employees who are all members of a group stakeholder scheme with SEC Ltd. This is a defined contribution scheme and so accrued pension benefits information is not applicable.

❖ Independent Auditor's Report

Independent auditor's report to the members of Glasgow City Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Glasgow City Council and its group for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise for the group and authority-only Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets, and Cash Flow Statements, the authority-only Council Tax Income Account, the Non-Domestic Rates Income Account, Common Good Fund and Sundry Trust and Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Executive Director of Financial Services and auditor

As explained more fully in the Statement of Responsibilities, the Executive Director of Financial Services is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the authority and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Financial Services; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the group and of the local authority as at 31 March 2015 and of the income and expenditure of the group and the authority for the year then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA
Assistant Director
Audit Scotland
18 George Street
EDINBURGH
EH2 2QU

29 September 2015

❖ **The Scottish Public Services Ombudsman**

If you have gone through the council's complaints process and are still unhappy, you have the right to take your complaint to the Scottish Ombudsman, 4, Melville Street, Edinburgh EH3 7NS. Tel: 0800 377 7330.

Generally, if you want to do this, you must contact the Ombudsman within one year.