
GLASGOW CITY COUNCIL

ANNUAL ACCOUNTS

For the year ended 31 March 2019

(Pre-Audit Inspection Copy)

GLASGOW CITY COUNCIL

Annual Accounts for the Year ended 31 March 2019

Contents	Page
• Management Commentary	3
• Statement of Responsibilities	13
• The Financial Statements	15
• Comprehensive Income and Expenditure Statement	17
• Movement in Reserves Statement	18
• Balance Sheet	19
• Cash Flow Statement	20
• Notes to the Financial Statements	
Note 1 - Statement of accounting policies	21
Note 2 - New standards issued but not yet adopted	32
Note 3 - Critical judgements made in applying accounting policies	32
Note 4 - Assumptions about the future and other sources of estimation uncertainty	33
Note 5 - Expenditure and Funding Analysis	34
Note 6 - Reserves	35
Note 7 - Adjustments between accounting basis and funding basis under regulation	40
Note 8 - Transfers to or from statutory reserves	42
Note 9 - Subjective analysis	43
Note 10 - Material items	44
Note 11 - Education Services - Public Private Partnership	44
Note 12 - Trading Operations	45
Note 13 - Pension costs	46
Note 14 - Grant income	52
Note 15 - Agency income and expenditure	52
Note 16 - Auditor remuneration	53
Note 17 - Related party transactions	53
Note 18 - Operating leases	54
Note 19 - Long-term assets	55
Note 20 - Property, Plant and Equipment	59
Note 21 - Heritage assets	61
Note 22 - Intangible assets	61
Note 23 - Assets held for sale	62
Note 24 - Inventories	62
Note 25 - Net short-term debtors	63
Note 26 - Cash and cash equivalents	63
Note 27 - Short-term creditors	63
Note 28 - Short and long-term provisions	64
Note 29 - Financial instruments	65
Note 30 - Deferred liabilities	70
Note 31 - Contingent liabilities	70
Note 32 - Events after the balance sheet date	71
Note 33 - Cash flow statement - Operating activities	72
Note 34 - Cash flow statement - Investment activities	72
Note 35 - Cash flow statement - Financing activities	72

Contents (continued)	Page
• Council Tax Income Account	73
• Non-Domestic Rates Income Account	74
• Common Good Fund	75
• Sundry Trusts and Funds	80
• Group Financial Statements	84
• Group Comprehensive Income and Expenditure Statement	86
• Group Movement in Reserves Statement	87
• Group Balance Sheet	88
• Group Cash Flow Statement	89
• Notes to the Group Financial Statements	
Note 1 - Group accounting policies	90
Note 2 - Assumptions about the future and other sources of estimation uncertainty	91
Note 3 - Group Expenditure and Funding Analysis	92
Note 4 - Combining entities	93
Note 5 - Nature of combination	100
Note 6 - Reporting authority adjustments to align to IFRS	100
Note 7 - Financial impact of consolidation	100
Note 8 - Non-material interest in subsidiaries, associates and joint committees	101
Note 9 - Adjustments between group financial statements and authority financial statements in the group movement in reserves statement	103
Note 10 - Group subjective analysis	104
Note 11 - Pension costs	105
Note 12 - Minority interest	109
Note 13 - Taxation	109
Note 14 - Long-term assets	110
Note 15 - Investment property	112
Note 16 - Fair value measurement of assets and liabilities	113
Note 17 - Investments / Liabilities in associates and joint boards	113
Note 18 - Inventories	114
Note 19 - Cash and cash equivalents	114
Note 20 - Deferred taxation	115
Note 21 - Deferred grants	115
Note 22 - Deferred income	115
Note 23 - Charitable reserves	115
• Annual Governance Statement	116
• Remuneration Report	129

❖ Management Commentary

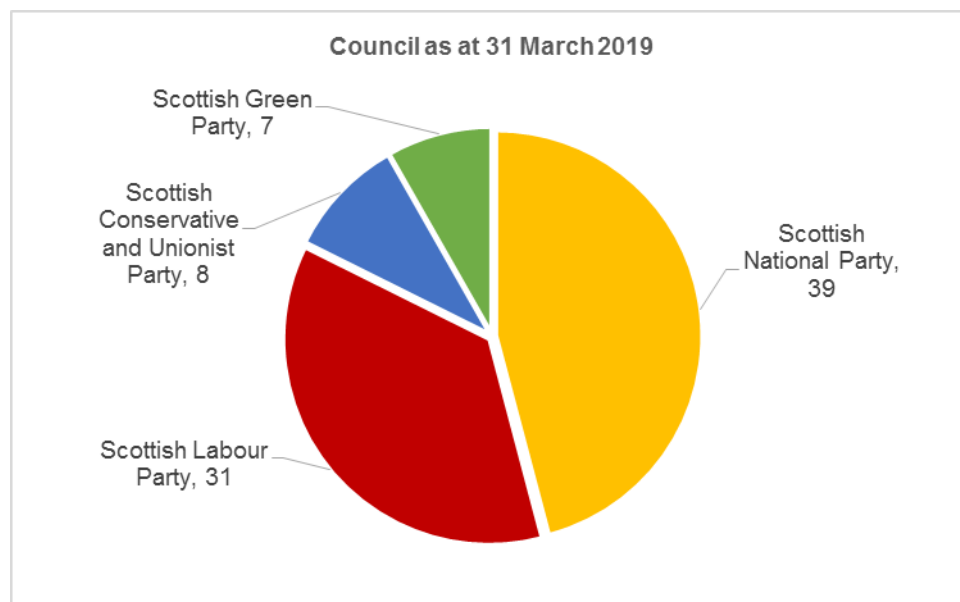
Introduction

Glasgow City Council is the main provider of services to the city's growing population of 626,410 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.

This publication represents the Annual Accounts of both Glasgow City Council (the council) and its group for the year ended 31 March 2019, which have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector.

Political Structure

The city council is made up of 23 multi member wards, electing 85 councillors. The current make-up of the council is outlined below.

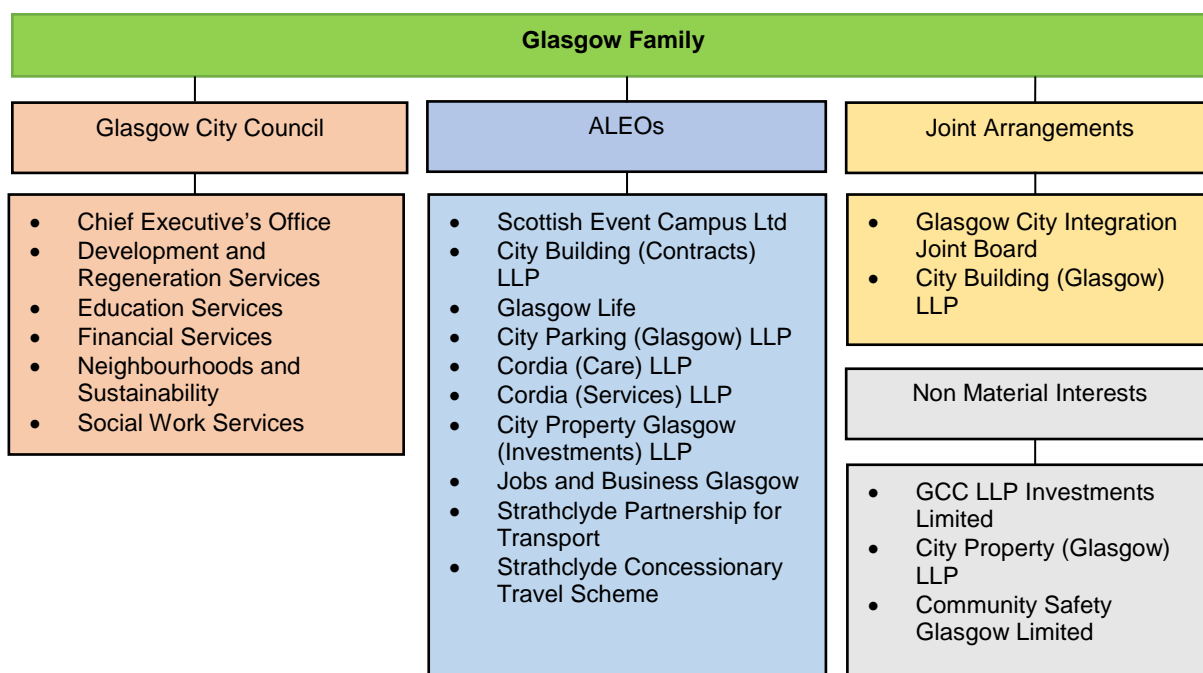


No formal coalition agreements are in place and the Scottish National Party have formed a minority administration.

Organisational Structure

The city council is organised to deliver its services through direct service provision, arms-length external organisations (ALEOs) or various partnership arrangements. This structure reflects the most effective means of delivering services and is governed and managed through the management structures of the council. The council refers to this structure as the "Glasgow Family". The financial results of each member of the council family are incorporated within the council's group accounts in line with proper accounting practice.

The key elements of the current organisational structure of the council is as follows.



Cordia (Care) LLP and Cordia (Services) LLP both ceased trading on the 29 September 2018. The functions of each organisation were transferred to the council with care services being delivered by Social Work Services and catering and facilities management services being delivered as part of the councils revised property and land arrangements within Development and Regeneration Services.

Community Safety Glasgow Limited ceased trading on the 16 February 2019. The functions of the company were transferred to the council and are now being delivered by Neighbourhoods and Sustainability.

Strategic objectives

The council's [Strategic Plan 2017 to 2022](#) was approved at Council on 2 November 2017. This sets out the council's vision to have a world class city with a thriving, inclusive economy where everyone can flourish and benefit from the city's success. The Plan sets out 7 cross cutting themes

- A Thriving Economy
- A Vibrant City
- A Healthier City
- Excellent and Inclusive Education
- A Sustainable and Low Carbon City
- Resilient and Empowered Neighbourhoods
- A Well Governed City that listens and responds

Each theme has a number of outcomes that we wish to achieve over the life of the plan and in turn is supported by a number of detailed actions.

The [Glasgow Community Plan](#) sets out 3 focus areas (economic growth, resilient communities and a fairer more equal Glasgow) and 2 priority areas (childcare and transport). These are the important issues where we believe we can make a difference by acting with our partners.

Alignment of the Strategic and Community Plan

Community Plan Theme	ECONOMIC GROWTH	RESILIENT COMMUNITIES	A FAIRER MORE EQUAL GLASGOW
Lead Strategy	GLASGOW ECONOMIC STRATEGY	RESILIENT CITY STRATEGY	FAIRER GLASGOW STRATEGY
Specific Aspects of the Strategy Community Planning will focus on	<ul style="list-style-type: none"> Raising Health Skills for all Linking Education to Employment opportunities Ensuring Inclusive Growth is part of city deal/master planning of projects 	<ul style="list-style-type: none"> Mental health and wellbeing Social isolation Empowering Glaswegians 	<ul style="list-style-type: none"> Attitudes Child poverty Participation Work and worth
Linked Council Strategic Plan Themes	<ul style="list-style-type: none"> A Thriving Economy A Healthier City Excellent & Inclusive Education A Vibrant City 	<ul style="list-style-type: none"> Resilient & Empowered Neighbourhoods A Healthier City Excellent & Inclusive Education A Well Governed City that Listens & Responds 	<ul style="list-style-type: none"> A Healthier City A Thriving Economy A Well Governed City that Listens & Responds Excellent & Inclusive Education A Vibrant City
Linked Council Strategic Plan Commitments that Deliver Community Plan Priorities	<ul style="list-style-type: none"> Deliver Economic Strategy & City Deal Ensure Benefits to Glaswegians Improve Attainment Improve % Positive Destination Employer Connections Community Learning Tourism & Visitor Strategy Cultural Strategy 	<ul style="list-style-type: none"> Neighbourhood Empowerment Participatory Budgeting Invest in Community Facilities Community Asset Management Volunteers/skills City Charter Consult on Service Redesign Review Funding to 3rd Sector Liveable communities Planning and licensing decisions Local festivals fund Housing 	<ul style="list-style-type: none"> Address Child Poverty, Summer Schemes & Free School Meals Support for Carers Age Friendly Financial Inclusion Strategy Employment Programmes Cost of the School Day Outdoor Play Equality & Diversity in Education Financial inclusion

Performance management

[Our Corporate Performance Management Framework](#) sets out our approach to reporting on performance at both a corporate and service level 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 City Administration Committee, the Operational Performance and Delivery Scrutiny Committee (OPDSC), the Finance and Audit Scrutiny Committee (FASC) and the Council Management Team (CMT). 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 the council's Strategic Plan and the Annual Performance Report (APR), Annual Service Plan and Improvement Reports (ASPIRs), the Glasgow Community Plan and associated performance reports, Equality Outcomes, Equality Monitoring reports and 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 Strategic Plan progress report.

Some key achievements this year are listed below:

- Approval of the Equal Pay settlement proposal and funding strategy to resolve and settle outstanding equal pay claims.
- Over 3,000 athletes competed in the first multi-sport European Championships in August and attendance at ticketed events was 137,300.
- The Glasgow Connectivity Commission reported during the year suggesting a range of measures to tackle congestion and pollution and improve public transport and we commenced implementation of Scotland's first Low Emission Zone which came into place by the end of 2018.
- A co-produced Concordat between the Council and the third sector was launched in August 2018. This sets out key principles and ways of working. Participatory budgeting pilots are underway in 4 wards along with 2 communities of interest pilots for disabled people and young people.
- Educational attainment continued to increase year on year, more pupils are staying on at school and the number of school leavers achieving positive destinations continues to rise. Glasgow's Attainment Challenge Report March 2019 (Education Scotland) noted the exceptional progress made in reducing the impact of poverty on educational achievement and attainment of children and young people.
- We have developed and delivered financial and digital inclusion services to help prepare the city and citizens for the rollout of Universal Credit from September 2018. Our Children's Holiday Food Programme has to date delivered over 130,000 healthy meals and snacks.

We will report on Year 2 performance through the Strategic Plan Progress Report 2018 to 2019. This will be finalised over the summer and reported to OPDSC in August 2019 and thereafter to City Administration Committee.

Risk management

In May 2018, a new [Corporate Risk Management Framework](#) was launched which refreshed the Council's approach to risk management and its importance as a core part of strategic planning, decision making, programme and project management, business continuity and Health and Safety.

The draft Corporate Risk Register contains a total of 27 open risks and each has been aligned to the seven strategic themes within the Council's Strategic Plan. Given their cross-cutting nature, a number of risks have been identified as being aligned to or underpinning several strategic themes.

There are six risks which have been rated as very high i.e. those with a risk score of 15 and over, as listed below:

Theme	Risk	Mitigation
A Thriving Economy	Constitutional Uncertainty	<ul style="list-style-type: none"> Establish council family working group and development of Brexit action plan Establish Cross-party Brexit Planning Group Identification of potential impact on Council policies. Engagement and monitoring of issues through COSLA, local and national resilience partners and Home Office briefings on the EU Settlement Scheme.
Several Themes	Significant Industrial Action	<ul style="list-style-type: none"> Regular meetings with Trade Unions, staff communications Involvement of external bodies Close monitoring of future budget options Business continuity plans have been invoked and proven to reduce the impact on service delivery.
A Sustainable and Low Carbon City	Carbon reduction	<ul style="list-style-type: none"> Monitor and Report Energy Usage and Carbon Emissions. Install smart metering Implement the actions in Energy and Carbon Masterplan, Climate Strategy Action Plan and Carbon Management Plan Implement Carbon Reduction Commitment arrangements and Sustainable Glasgow Initiatives.
Several Themes	Fiscal Uncertainty	<ul style="list-style-type: none"> Robust budgetary control and reporting to Finance and Audit Scrutiny and City Administration Committees. Financial frameworks established including financial regulations, internal and external audit and financial management steering group Dialogue with COSLA, CIPFA Directors of Finance section, Scottish Government and other agencies. Oversight by the Council's VAT Officer Implementation of funding strategy for equal pay obligations
A Healthier City	Poverty and inequality	<ul style="list-style-type: none"> Glasgow Economic Commission. Implementation of various economic and development strategies. Poverty Leadership Panel Local Child Poverty Action Plan

Theme	Risk	Mitigation
A Healthier City	Failure to fulfil duty of care to children and vulnerable adults	<ul style="list-style-type: none"> • Social Work performance management and supervision systems • Adult and Child Protection Committees • Regular meetings of Health and Social Care chief officers' group. • Review of Adult and Child Protection management information • Half yearly Local Management Review • Multi agency Adult and Child Protection training programmes • Criminal Justice review of practice • Liaison with national and local partners to review activity.

All risks are reviewed on a six monthly basis by the Corporate Governance Unit and informed by the Operational Risk Management Forum which consists of service representatives.

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 as at 31 March 2019 was considered by FASC on 12 June 2019.

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 2018/19 the council managed its operational net expenditure within its overall budget. During the year and at outturn, overspends were reported within Development and Regeneration Services, Education Services and Neighbourhoods and Sustainability offset by underspends within Financial Services. The key reasons for these variances are outlined below:

- Development and Regeneration Services reflect overspends in property and land due to repairs and utilities and within building standards due to additional costs incurred for emergency repairs on dangerous buildings. These overspends are partly offset by underspends in relation to the Glasgow Guarantee scheme and increased income from planning fees and building warrants.
- Education Services reflect overspends in employee costs and transport offset by savings in Additional Support for Learning external placements.
- Neighbourhoods and Sustainability reflects overspends due to lower commercial refuse and parking income offset by increased income in parks and open spaces due to events and underspends from vacancy management.
- Financial Services underspend reflects a lower level of commitment in respect of the Council Tax Reduction scheme and improved collection of housing benefit overpayments.

Financial pressures across service budgets were closely monitored 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 establishment of the probable outturn and the provision of updates throughout the year.

Services have spent between 98.3% and 101.2% of their final budget resulting in a net underspend in total net direct service expenditure of £0.8m.

The Glasgow City Integration Joint Board (IJB) assumed responsibility for the planning and commissioning of health and social care services within the city on 1 April 2016. While the financial position of Social Work Services continued to be monitored through the Council's existing reporting structures the overall financial position is now the responsibility of the IJB.

The financial outturn for the IJB reflects an underspend of £7.0m, which has been secured against health services. A break even position has been achieved on council services, after a transfer of £2.5m from IJB reserves in respect of homecare overspends. In addition, a surplus of £12.9m reflects a number of 2018/19 commitments which will be delivered in both health and social care services but will not complete until future years. This results in a total surplus for the IJB of £19.9m. This sum will be applied within the IJB accounts to support expenditure commitments in 2019/20 and contribute to the general reserves of the IJB in line with its reserves policy and its medium term financial plan of reaching 1% general reserves over the medium term. In line with proper accounting practice this underspend is reflected within the Council's accounts as a prepayment of income from the IJB. This has no net impact on the council's overall financial position.

The principal sources of finance utilised by the council in 2018/19 were General Revenue Grant of £870.993 million and Non-Domestic Rate Income of £340.778 million provided by the Scottish Government and Council Tax of £220.607 million raised from local taxpayers.

Council Tax 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 15% of total funding, limiting the council's capacity to vary expenditure through raising Council Tax income.

In year collection levels for Council Tax have increased to 95.03% (2017/18 95.0%). The actual value of Council Tax income received was £220.607 million, £9.193 million more than budgeted (2017/18 £4.088 million more than budgeted). This is due to improved collections and a related review of bad debt provisions and buoyancy.

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. The amount retained by local authorities reflects the amount raised within their local area. The balance of government funding is provided by amending the amount of General Revenue Grant received to meet the total government funding available.

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. The Area Operations Trading Operation reported a surplus of £1.469 million, and the Transport Trading Operation reported a surplus of £0.777 million, both of which are in line with budget.

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 £10.434 million, some £3.643 million less than budgeted. This is mainly as a result of homecare costs within Cordia.

Financing costs (see note 1.11 on page 23) associated with the council's debt portfolio were underspent by £25.188 million. This reflects the application of capital receipts from asset sales (£19.124 million) and the ongoing impact of lower interest rates. The capital interest rate charged by the council's Loans Fund in the year was 4.00%. The application of asset sales in the year allowed for resources to be contributed to the Culture and Recreational Fund (£10.000 million) to support ongoing cultural activities and to the Insurance Fund (£4.250 million) to meet potential future insurance liabilities.

As part of the 2017/18 annual accounts the council created a provision of £35.055 million in respect of its historical pay protection liabilities. During the course of 2018/19 negotiations with claimants concluded with a methodology for the settlement of all aspects of equal pay claims being agreed. In light of this agreement the provision has been increased by £469.734 million. This is reflected as a material item within the Comprehensive Income and Expenditure Statement and brings the total provision in respect of all equal pay liabilities to £504.789 million.

In line with statutory guidance the financial impact of the increase in provision has been mitigated through the annual accounts until actual payments have been made. It is anticipated that settlement payments will start to be paid from on or around June 2019 subject to securing appropriate funding.

The Comprehensive Income and Expenditure Statement records an accounting net expenditure of £686.455 million. Having accounted for changes in accounting policy outlined in note 1.25 page 30, this is represented by a decrease in Unusable Reserves of £709.627 million and an increase in Usable Reserves of £23.172 million (as shown in the Movement in Reserves Statement and detailed in note 6, page 35 to 39).

The Financial Statements show an increase in the General Fund Reserve balance of £21.675 million for the year. This results in a total General Fund Reserve balance of £69.493 million. Having accounted for earmarked reserves of £46.022 million, General Fund unearmarked reserves total £23.471 million, which represents 1.5% of the net budgeted expenditure. The council's policy remains to maintain balances at 2% of the net budgeted expenditure over the medium term.

- **Assets and liabilities**

The council's Balance Sheet shows Net Assets of £1,120.155 million as at 31 March 2019 (£1,806.610 million at 31 March 2018).

Long-term assets amount to £4,767.206 million as at 31 March 2019 (2017/18 £4,651.996 million) and mainly reflect Property, Plant and Equipment and Heritage assets.

The Financial Statements reflect provisions for anticipated future liabilities including the estimated costs of equal pay settlements, former landfill site decommissioning and the council's schools PPP scheme. Council Tax debtors of £14.610 million (2017/18 £15.187 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. In addition, sundry debtors over two years old totalling £3.690 million (2017/18 £9.342 million) have been written off in the year in accordance with the council's accounting policy. In both cases these debts were fully provided for in previous years and the council continues to pursue collection.

The council's total debt outstanding amounts to £1,458.741 million (2017/18 £1,532.543 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 City Administration 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 2018/19 actuarial report shows a £315 million increase in the net pension liability, which is £1,400 million as at 31 March 2019.

- **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 £203.457 million. The major elements of expenditure are Education estate investment programmes £31.893 million, City Deal - Sighthill Regeneration £28.907 million, ICT Development & Innovation £28.669 million and Local Authority Care Homes £22.714 million.

Of the total expenditure, £121.934 million was met from finance leasing, revenue contributions, government grants and other receipts. This resulted in a balance of £81.523 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 2019 was £12.563 million (see note 8 on page 42). Capital receipts from asset sales achieved during the year totalled £19.124 million.

- **Prudential indicators**

The Capital Financing Requirement (CFR) defines the underlying need to borrow for capital purposes. As at 31 March 2019, the CFR was £1,837 million, while gross external borrowing stood £187 million lower at £1,650 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 2019, the ratio of financing costs to net revenue stream was 9.43%. 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.

- **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 £1,249.871 million as at 31 March 2019 (£2,000.811 million at 31 March 2018).

The 2018/19 Annual Accounts show an overall group pension liability of £1,498.794 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 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. The council has established a Financial Framework for 2018-2023 which anticipates spending gaps at least to the level of those experienced in the last five years (£220 million) are to be expected over the period of 2018-2023. The council will update its current three year financial forecast later in the year in preparation for the 2020/21 budget process.

On 7 February 2019 the council agreed a proposal to settle approximately 15,500 equal pay claims. The funding of these claims will be supported through a refinancing of the City Property investment portfolio and a number of sale and lease back arrangements associated with council assets. It is anticipated that payments and funding will be in place on or around June 2019 and will be accounted for in the 2019/20 annual accounts in line with proper accounting practice.

Further information on the Annual Accounts, or on any aspect of the council's finances, can be obtained from the Executive Director of Finance, 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 Finance;
- 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.

These Annual Accounts were considered by the Finance and Audit Scrutiny Committee at its meeting on 12 June 2019 and will be submitted to the City Administration Committee to be approved for signature no later than 30 September 2019.

2. The Executive Director of Finance Responsibilities

The Executive Director of Finance 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 Finance 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 Finance 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 2019 and the transactions for the year then ended.

Martin Booth BA CPFA MBA
Executive Director of Finance
13 June 2019

❖ The Financial Statements

A summary of the main financial statements is provided below.

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.

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.

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.
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, associates and joint boards. The Group Financial Statements comprise the same primary statements as the council: Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement.

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2019

2017/18 Expenditure £000	2017/18 Income £000	2017/18 Net Expenditure £000	Service	Note	2018/19 Expenditure £000	2018/19 Income £000	2018/19 Net Expenditure £000
105,039	(27,891)	77,148	Chief Executive's Office		172,656	(61,345)	111,311
194,671	(116,917)	77,754	Development and Regeneration Services		215,700	(155,319)	60,381
554,972	(54,254)	500,718	Education Services		630,482	(65,209)	565,273
410,655	(341,225)	69,430	Financial Services		405,617	(344,517)	61,100
201,837	(49,333)	152,504	Neighbourhoods and Sustainability		207,760	(54,017)	153,743
1,009,422	(576,574)	432,848	Social Work Services		1,029,639	(602,824)	426,815
165,239	(19,326)	145,913	Related Companies and Joint Boards		112,773	(4,009)	108,764
35,055	0	35,055	Equal Pay Obligations (material item)	10	469,734	0	469,734
2,676,890	(1,185,520)	1,491,370	Cost of Services		3,244,361	(1,287,240)	1,957,121
0	(705)	(705)	(Gain) or loss on the disposal of Property, Plant and Equipment		0	(3,785)	(3,785)
0	(705)	(705)	Other Operating (Income) and Expenditure		0	(3,785)	(3,785)
3,019	(4,985)	(1,966)	(Surplus) or deficit on Trading Operations (where not included elsewhere)	12	2,043	(4,289)	(2,246)
88,296	0	88,296	Interest payable		86,447	0	86,447
0	(6,019)	(6,019)	Interest and investment income		0	(6,943)	(6,943)
43,000	0	43,000	Net interest on the net defined benefit liability	13	30,000	0	30,000
134,315	(11,004)	123,311	Financing and Investment (Income) and Expenditure		118,490	(11,232)	107,258
0	(834,785)	(834,785)	Non-ring fenced government grants	14	0	(870,993)	(870,993)
0	(373,374)	(373,374)	Non-Domestic Rates	14	0	(340,778)	(340,778)
0	(207,866)	(207,866)	Council Tax		0	(220,607)	(220,607)
0	(106,744)	(106,744)	Capital grants and contributions	14	0	(101,070)	(101,070)
0	(1,522,769)	(1,522,769)	Taxation and Non-specific Grant Income		0	(1,533,448)	(1,533,448)
2,811,205	(2,719,998)	91,207	(Surplus) or Deficit on the Provision of Services		3,362,851	(2,835,705)	527,146
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(75,441)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(80,691)
		(622,000)	Actuarial (gains) or losses on Pension Assets and Liabilities	13			240,000
		(697,441)					159,309
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services				
		455	(Surplus) or deficit on revaluation of Available-for-Sale Financial Assets				0
		(696,986)	Other Comprehensive (Income) and Expenditure				159,309
		(605,779)	Total Comprehensive (Income) / Expenditure				686,455

Movement in Reserves Statement for the Year ended 31 March 2019

	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 2017	59,232	41,541	7,997	870	109,640	1,091,191	1,200,831
Movement in reserves during 2017/18:							
Total Comprehensive Income and (Expenditure)	(91,207)	0	0	0	(91,207)	696,986	605,779
Adjustments between accounting basis and funding basis under regulations (note 7)	86,724	0	0	6,577	93,301	(93,301)	0
Net Increase or (Decrease) before transfers to other statutory reserves	(4,483)	0	0	6,577	2,094	603,685	605,779
Transfers (to) or from other statutory reserves (note 8)	(6,931)	4,043	2,888	0	0	0	0
Increase or (Decrease) in the year	(11,414)	4,043	2,888	6,577	2,094	603,685	605,779
Balance at 31 March 2018	47,818	45,584	10,885	7,447	111,734	1,694,876	1,806,610
Adjustment for the restatement of financial instruments	1,006	0	0	0	1,006	(1,006)	0
Adjusted Balance at 1 April 2018	48,824	45,584	10,885	7,447	112,740	1,693,870	1,806,610
Movement in reserves during 2018/19:							
Total Comprehensive Income and (Expenditure)	(527,146)	0	0	0	(527,146)	(159,309)	(686,455)
Adjustments between accounting basis and funding basis under regulations (note 7)	541,612	0	0	8,706	550,318	(550,318)	0
Net Increase or (Decrease) before transfers to other statutory reserves	14,466	0	0	8,706	23,172	(709,627)	(686,455)
Transfers (to) or from other statutory reserves (note 8)	6,203	(7,881)	1,678	0	0	0	0
Increase or (Decrease) in the year	20,669	(7,881)	1,678	8,706	23,172	(709,627)	(686,455)
Balance at 31 March 2019	69,493	37,703	12,563	16,153	135,912	984,243	1,120,155

Notes 6 to 8 on pages 35 to 42 provide further details on the Movement in Reserves Statement

Balance Sheet as at 31 March 2019

31 March 18 £000		Note	£000	31 March 19 £000
2,229,863	Other land and buildings		2,254,402	
97,743	Vehicles, plant, furniture and equipment		86,049	
642,838	Infrastructure assets		693,434	
24,699	Community assets		23,118	
56,013	Assets under construction		124,243	
39,831	Corporate surplus assets		37,517	
3,090,987	Property, Plant and Equipment	20		3,218,763
1,417,158	Heritage assets	21		1,417,376
9,810	Intangible assets	22		8,663
24,413	Long-term investments	29		23,281
109,628	Long-term debtors	29		99,123
4,651,996	Long-term Assets			4,767,206
275	Short-term investments	29		352
1,339	Inventories	24		2,247
192,879	Net short-term debtors	25		218,851
106,406	Cash and cash equivalents	26		28,015
358	Intangible assets			269
28,915	Assets held for sale	23		15,349
330,172	Current Assets			265,083
(293,208)	Short-term borrowing	29		(183,892)
(261,374)	Short-term creditors	27		(292,137)
(40,107)	Short-term provisions	28		(507,222)
(594,689)	Current Liabilities			(983,251)
(21,894)	Long-term provisions	28		(22,672)
(1,239,335)	Long-term borrowing	29		(1,274,849)
(1,085,000)	Net pensions liability	13		(1,400,000)
(234,640)	Deferred liabilities	30		(231,362)
(2,580,869)	Long-term Liabilities			(2,928,883)
1,806,610	Net Assets			1,120,155
47,818	General Fund Reserve	6,7		69,493
45,584	Revenue Reserve Funds	6,8		37,703
10,885	Capital Reserve Fund	6,8		12,563
7,447	Capital Grants Unapplied Account	6,7		16,153
111,734	Usable Reserves			135,912
1,694,876	Unusable Reserves	6,7		984,243
1,806,610	Total Reserves			1,120,155

The unaudited accounts were
issued on 13 June 2019

Martin Booth BA CPFA MBA
Executive Director of Finance
13 June 2019

Cash Flow Statement for the Year ended 31 March 2019

2017/18 £000		Note	2018/19 £000
91,207	(Surplus) or Deficit on the Provision of Services		527,146
(220,013)	Adjustments to (Surplus) or Deficit on the Provision of Services for non-cash movements		(617,938)
10,639	Adjustments for items included in the (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities		(177)
(118,167)	Net cash flows from Operating Activities	33	(90,969)
(7,295)	Investing Activities	34	84,745
174,261	Financing Activities	35	84,615
48,799	Net (increase) or decrease in Cash and cash equivalents		78,391
(155,205)	Cash and cash equivalents at the beginning of the reporting period		(106,406)
(106,406)	Cash and cash equivalents at the end of the reporting period		(28,015)

❖ 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 2019 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 2018/19 (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 impairment loss has been made for bad and doubtful debts and is recognised within Cost of Services.

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 2019 are included, together with the specific accrual of invoices received after that date for material amounts, provided the goods or services were received in 2018/19. 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 charges to capital projects. Costs relating to capital projects incurred by 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 council's management structure.

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.
- Assets held for sale – lower of carrying value of the asset at the date it was declared held for sale and fair value less cost of sale.
- Corporate surplus assets (i.e. surplus assets that do not meet the criteria to be held for sale) – fair value.
- Other land and buildings – current 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 current 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.

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 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 Cost of Services 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, associates and joint boards 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.

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 70 to 71 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 70.

1.25. Financial instruments

The 2018/19 Code has been updated following the introduction of accounting standard IFRS 9 'Financial Instruments'. Following application of this new standard, the main accounting change is that financial assets previously recognised as available-for-sale have been reclassified as fair value through profit or loss. These assets comprise the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership. Financial assets (investments and debtors) and financial liabilities (borrowing and creditors) previously recognised at amortised cost continue to be measured on this basis. In adopting IFRS 9 interests in group entities as well as rights and obligations arising from leases and Public Private Partnerships are no longer recognised as financial instruments. In addition, the available-for-sale financial instruments reserve is effectively redundant.

The council has financial guarantees on bank loans taken out by City Parking (Glasgow) Limited Liability Partnership (LLP) and City Property Glasgow (Investments) LLP, 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.

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 70.

1.26. Fair value measurement

Non-financial assets within the balance sheet such as surplus assets and assets held for sale are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, account is taken of a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

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

1.27. 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 expenditure is incurred.

1.28. 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 Culture 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 Financial Instruments Adjustment Account is 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 and also includes the deferral of equal pay costs in accordance with statutory accounting requirements. Details of the movement in these reserves can be found in note 6 on pages 35 to 39, and in note 8 on page 42.

1.29. 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.

1.30. 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.

1.31. 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 and do not give rise to a prior period adjustment.

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 2019/20 Code:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 – 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

The Code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 annual accounts.

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 current 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 current 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 2019 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 £515 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £98 million and £405 million respectively. In terms of life expectancy, an increase of 1 year is estimated to equate to an increased liability of between £166 million and £277 million.

5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with proper accounting practice. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under proper accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

5.1. Expenditure and Funding Analysis for the Year ended 31 March 2019

2017/18 Expenditure Chargeable to the General Fund £000	2017/18 Adjustments between the Funding and Accounting basis £000	2017/18 Net Expenditure in the CIES £000	Service	2018/19 Expenditure Chargeable to the General Fund £000	2018/19 Adjustments between the Funding and Accounting basis £000	2018/19 Net Expenditure in the CIES £000
52,714	24,434	77,148	Chief Executive's Office	80,112	31,199	111,311
22,665	55,089	77,754	Development and Regeneration Services	32,507	27,874	60,381
478,593	22,125	500,718	Education Services	506,152	59,121	565,273
125,853	(56,423)	69,430	Financial Services	118,042	(56,942)	61,100
114,099	38,405	152,504	Neighbourhoods and Sustainability	113,930	39,813	153,743
385,505	47,343	432,848	Social Work Services	401,223	25,592	426,815
143,172	2,741	145,913	Related Companies and Joint Boards	105,170	3,594	108,764
35,055	0	35,055	Equal Pay Obligations (material item)	0	469,734	469,734
1,357,656	133,714	1,491,370	Cost of Services	1,357,136	599,985	1,957,121
(1,353,173)	(46,990)	(1,400,163)	Other (Income) and Expenditure	(1,371,602)	(58,373)	(1,429,975)
4,483	86,724	91,207	(Surplus) or Deficit on the Provision of Services	(14,466)	541,612	527,146
		59,232	Opening General Fund Balance			47,818
		0	Restatement of Financial Instruments			1,006
		(4,483)	Surplus/(Deficit) on General Fund in Year			14,466
		(6,931)	Transfers (to)/from Other Statutory Reserves			6,203
		47,818	Closing General Fund Balance			69,493

5.2. Note to the Expenditure and Funding Analysis – Adjustments between the Funding and Accounting basis

2017/18 Adjustments for Capital Purposes £000	2017/18 Net Change for the Pensions Adjustments £000	2017/18 Other Differences £000	2017/18 Total Adjustments £000	Service	2018/19 Adjustments for Capital Purposes £000	2018/19 Net Change for the Pensions Adjustments £000	2018/19 Other Differences £000	2018/19 Total Adjustments £000
21,424	1,150	1,860	24,434	Chief Executive's Office	13,739	2,178	15,282	31,199
57,223	(938)	(1,196)	55,089	Development and Regeneration Services	26,745	1,617	(488)	27,874
17,480	3,494	1,151	22,125	Education Services	51,472	5,953	1,696	59,121
203	5,560	(62,186)	(56,423)	Financial Services	513	5,147	(62,602)	(56,942)
31,218	8,526	(1,339)	38,405	Neighbourhoods and Sustainability	31,551	9,405	(1,143)	39,813
33,531	13,955	(143)	47,343	Social Work Services	4,030	21,298	264	25,592
(170)	843	2,068	2,741	Related Companies and Joint Boards	0	0	3,594	3,594
0	0	0	0	Equal Pay Obligations (material item)	0	0	469,734	469,734
160,909	32,590	(59,785)	133,714	Cost of Services	128,050	45,598	426,337	599,985
(150,069)	42,410	60,669	(46,990)	Other (Income) and Expenditure	(133,531)	29,402	45,756	(58,373)
10,840	75,000	884	86,724	(Surplus) or Deficit on the Provision of Services	(5,481)	75,000	472,093	541,612

Note 7 on page 40 provides further detail on the adjustments contained in the table above.

6. 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.

6.1. Usable Reserves

6.1.1. 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 2019 stands at £69.493 million, an increase of £21.675 million from the previous year. A cumulative total of £46.022 million has been earmarked to meet expenditure in future years, leaving an uncommitted balance of £23.471 million (31 March 2018 £23.220 million).

6.1.2. 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 8 on page 42 provides information on these reserves showing the purpose of the reserve and an analysis of the movement in reserves from 1 April 2017 to 31 March 2019.

6.1.3. 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.

6.2. Unusable Reserves

Unusable Reserves in the Balance Sheet comprises the following reserves:

2017/18 £000	Unusable Reserves	2018/19 £000
787,229	Capital Adjustment Account	809,629
2,070,565	Revaluation Reserve	2,121,544
(66,179)	Financial Instruments Adjustment Account	(62,092)
1,006	Available-for-sale Financial Instruments Reserve	0
(1,085,000)	Pensions Reserve	(1,400,000)
(12,745)	Employee Statutory Adjustment Account	(484,838)
1,694,876	Total	984,243

6.2.1. 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:

2017/18 £000	Capital Adjustment Account	2018/19 £000
786,315	Balance at 1 April	787,229
	Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(121,977)	Charges for depreciation and impairment	(126,750)
(72,496)	Revaluation losses	(25,163)
(2,109)	Amortisation of Intangible assets	(2,682)
0	Donated assets	331
0	Revenue expenditure funded from capital under statute	(6,888)
(11,705)	Disposals	(15,339)
22,251	Adjusting amounts written out of the Revaluation Reserve	29,712
	Capital financing applied in the year:	
99,952	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	86,563
215	Application of grants to capital financing from Capital Grant Unapplied	5,470
83,741	Loans Fund principal repayment	75,951
(54)	Home loans principal repayment	(38)
3,096	Capital expenditure charged against the General Fund Reserve	1,233
787,229	Balance at 31 March	809,629

6.2.2. 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:

2017/18 £000	Revaluation Reserve	2018/19 £000
2,017,375	Balance at 1 April	2,070,565
110,191	Upward revaluation of assets	135,249
(34,750)	Downward revaluation of assets and impairment losses not charged to (Surplus) or Deficit on the Provision of Services	(54,558)
75,441	Surplus or deficit on revaluation of Property, Plant and Equipment not posted to (Surplus) or Deficit on the Provision of Services	80,691
(14,309)	Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(15,809)
(7,942)	Accumulated gains on assets sold or scrapped	(13,903)
(22,251)	Amounts written off to the Capital Adjustment Account	(29,712)
2,070,565	Balance at 31 March	2,121,544

6.2.3. 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:

2017/18 £000	Financial Instruments Adjustment Account	2018/19 £000
(70,099)	Balance at 1 April	(66,179)
3,920	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	4,087
(66,179)	Balance at 31 March	(62,092)

6.2.4. Available-for-sale Financial Instruments Reserve

In previous years, the Available-for-sale Financial Instruments Reserve contained the gains or losses made by the council arising from changes in the value of its investments that have quoted market prices. The balance was reduced when investments were revalued downward or impaired, or disposed of and the gains were realised. Under IFRS 9 'Financial Instruments', these assets are now classified as 'Fair value through profit and loss' with movements in fair value accumulated within the General Fund reserve. Consequently, the Available-for-sale reserve became redundant on transition to IFRS 9 on 1 April 2018.

2017/18 £000	Available-for-sale Financial Instruments Reserve	2018/19 £000
1,461	Balance at 1 April	1,006
0	Adjustments for the restatement of financial instruments	(1,006)
(455)	Surplus/(Deficit) arising on revaluation of Available-for-Sale financial assets	0
1,006	Balance at 31 March	0

6.2.5. 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 2020. The following table shows the movement on the Pension Reserve during the year:

2017/18 £000	Pension Reserve	2018/19 £000
(1,632,000)	Balance at 1 April	(1,085,000)
622,000	Actuarial gains or (losses) on Pension Assets/Liabilities	(287,000)
0	Effect of business combinations and disposals	47,000
(146,000)	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	(156,000)
71,000	Employers' pension contributions paid to Strathclyde Pension Fund	81,000
(1,085,000)	Balance at 31 March	(1,400,000)

6.2.6. 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, but not taken as at 31 March and holds the value of deferral of the charge for the increase in equal pay provision. Statutory arrangements require that the impact of these adjustments 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:

<i>2017/18 £000</i>	Employee Statutory Adjustment Account	<i>2018/19 £000</i>
(11,861)	Balance at 1 April	(12,745)
11,861	Settlement or cancellation of accrual made for short term accumulating paid absences at end of preceding year	12,745
(12,745)	Amounts accrued at the end of the current year for short term accumulating absences	(15,104)
0	Amounts accrued at the end of the current year for equal pay	(469,734)
(12,745)	Balance at 31 March	(484,838)

7. 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 2017/18 are provided in an additional table to allow comparison:

Accounting adjustments permitted under regulation during 2018/19	31 March 2019		
	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	151,913		(151,913)
Amortisation of Intangible assets	2,682		(2,682)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(100,739)	8,706	92,033
Net gain on sale of Property, Plant and Equipment and Assets held for sale	(3,785)		3,785
Loans Fund principal	(75,913)		75,913
Capital receipts applied	19,124		(19,124)
Capital expenditure charged to General Fund Reserve	(1,233)		1,233
Revenue expenditure funded from capital under statute	6,888		(6,888)
Donated assets	(331)		331
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	(4,087)		4,087
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	75,000		(75,000)
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.	2,359		(2,359)
Deferral of equal pay obligations	469,734		(469,734)
Totals	541,612	8,706	(550,318)

Comparative Information 2017/18

Accounting adjustments permitted under regulation during 2017/18	31 March 2018		
	Usable Reserves	Capital Grants	Unusable Reserves
	General Fund Reserve	Unapplied Account	
	£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	194,473		(194,473)
Amortisation of Intangible assets	2,109		(2,109)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(106,744)	6,577	100,167
Net gain on sale of Property, Plant and Equipment and Assets held for sale	(705)		705
Loans Fund principal	(83,687)		83,687
Capital receipts applied	12,410		(12,410)
Capital expenditure charged to General Fund Reserve	(3,096)		3,096
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	(3,920)		3,920
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	75,000		(75,000)
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.	884		(884)
Totals	86,724	6,577	(93,301)

8. 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 2017 to 31 March 2019. 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 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31 March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31 March 2019 £000	Purpose of the reserve
Property Repairs and Renewals	5,313	(1,705)	1,524	5,132	(1,596)	1,536	5,072	For the repair and renewal of council property
Winter Gardens Appeal	39	0	0	39	0	0	39	For the upkeep of the Winter Gardens
Energy Efficiency	588	(934)	498	152	(74)	388	466	For energy efficiency initiatives in council properties
New Technology	6,362	(1,297)	3,176	8,241	0	712	8,953	To fund new technology projects
Douglas Flagpole Appeal	17	0	0	17	0	0	17	For maintenance of the flagpole in the Botanic Gardens
Botanic Book Fund Appeal	18	0	0	18	0	0	18	For the purchase of books for the Botanic Gardens
Winter Maintenance Reserve Fund	1,568	(1,270)	8	306	0	569	875	To equalise the effect of severe, mild and average winters
Total Repairs and Renewals Funds	13,905	(5,206)	5,206	13,905	(1,670)	3,205	15,440	
Culture and Recreational Fund	17,993	(6,275)	10,658	22,376	(21,152)	10,420	11,644	For the provision of social, cultural, and recreational activities
Insurance Fund	9,643	(9,445)	9,105	9,303	(10,178)	11,494	10,619	For property, motor and liability insurance
Total Revenue Reserves	41,541	(20,926)	24,969	45,584	(33,000)	25,119	37,703	
Capital Reserve Fund	7,997	(2,206)	5,094	10,885	(5,073)	6,751	12,563	To fund capital investment projects
Total Revenue and Capital Reserve Funds	49,538	(23,132)	30,063	56,469	(38,073)	31,870	50,266	

9. Subjective analysis

2017/18 £000	%	Subjective analysis	2018/19 £000	%
Where the money came from				
(1,466,147)	53.9	Government grants and local taxation	(1,484,847)	52.4
(568,892)	20.9	Other grants, reimbursements and contributions	(627,321)	22.1
(568,544)	20.9	Customer and client receipts	(611,707)	21.6
(5,224)	0.2	Interest	(5,849)	0.2
(130,757)	4.8	Income from other departments	(292,372)	10.3
(808)	0.1	Other miscellaneous income	(1,126)	0.0
(705)	0.0	Gain on disposal of property, plant and equipment	(3,785)	0.1
127,823	(4.7)	Inter-departmental recharges	292,372	(10.3)
(106,744)	3.9	Capital grants and contributions	(101,070)	3.6
(2,719,998)	100.0	Total income	(2,835,705)	100.0
How the money was spent				
767,381	27.3	Employee costs	1,318,962	39.2
87,610	3.1	Premises costs	200,177	6.0
261,811	9.3	Supplies and services	335,624	10.0
60,505	2.2	Transport and plant	61,688	1.8
951,387	33.8	Third party payments	950,455	28.3
489,818	17.4	Transfer payments	526,297	15.6
196,582	7.0	Depreciation, amortisation and impairment	154,595	4.6
88,296	3.1	Financing costs	86,447	2.6
(7,362)	(0.3)	Allocations	(9,022)	(0.3)
43,000	1.5	Net interest on the net defined benefit liability	30,000	0.9
(127,823)	(4.4)	Inter-departmental recharges	(292,372)	(8.7)
2,811,205	100.0	Total expenditure	3,362,851	100.0
91,207		(Surplus) or Deficit on the Provision of Services	527,146	

10. Material items

The Code requires disclosure of the nature and amount of material items. During 2018/19 the following items are regarded as material:

Nature	2018/19 £m
An increase in the net pension liability mainly arising from an increase in the present value of funded liabilities and an increase in the fair value of employer assets.	(315.000)
A provision for equal pay obligations has been recognised in the Comprehensive Income and Expenditure Statement.	469.734

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 £362.915 million (2017/18 £369.972 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	24.834	9.022	20.432	54.288
2 to 5 years	115.991	35.418	76.053	227.462
6 to 10 years	176.139	48.797	84.699	309.635
11 to 15 years	51.120	13.190	17.922	82.232
Total	368.084	106.427	199.106	673.617

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:

2016/17 (Surplus)/ Deficit £000	2017/18 (Surplus)/ Deficit £000	Trading Operations Financial Summary	Expenditure £000	2018/19 Income £000	(Surplus)/ Deficit £000	3-year (Surplus)/ Deficit £000
(2,116)	(1,524)	Area Operations	85,594	(87,063)	(1,469)	(5,109)
(371)	(445)	Transport	29,260	(30,037)	(777)	(1,593)
(2,487)	(1,969)	(Surplus) / Deficit for year	114,854	(117,100)	(2,246)	(6,702)

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 2018/19 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 IAS19 '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 defined benefit scheme calculated on a career average basis. This means that pension benefits are earned based on pensionable pay earned in the scheme year. 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 IAS19 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:

2017/18 £000	Local Government Pension Scheme	2018/19 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
103,000	Current service cost	126,000
Financing and Investment Income and Expenditure:		
43,000	Net interest cost	30,000
146,000	Total Post-employment Benefits charged / (credited) to the (Surplus) or Deficit on the Provision of Services	156,000
Other Comprehensive Income and Expenditure		
Remeasurement of the net defined benefit liability:		
(82,000)	Return on assets	(111,000)
(208,000)	Actuarial (gains) / losses arising on changes in financial assumptions	386,000
(19,000)	Actuarial (gains) / losses arising on changes in demographic assumptions	0
0	Effect of business combinations and disposals	(47,000)
(313,000)	Other experience	12,000
(476,000)	Total Post-employment Benefits charged / (credited) to the Comprehensive Income and Expenditure Statement	396,000
146,000	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	156,000
Movement in Reserves Statement		
(75,000)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS19	(75,000)
Actual amount charged against the General Fund balance for pensions in the year:		
71,000	Employers contribution paid	81,000

13.1.1. Pension assets and liabilities

As explained in the Accounting Policies (see note 1.6, Retirement Benefits on pages 22 to 23) 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 2017.

The credit to the Surplus or Deficit on the Provision of Services from the Pension Reserve per note 13.1 is £75.000 million. The council's net liability in respect of pensions increased by £315.000 million in 2018/19 to £1,400.000 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 decreased from 0.3% at March 2018 to -0.1% at March 2019.

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 Balance Sheet.

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the council of £1,400.000 million at 31 March 2019:

2017/18	Actuarial assumptions	2018/19
	Long-term expected rate of return on assets in the scheme:	
2.7%	Equity investments	2.4%
2.7%	Bonds	2.4%
2.7%	Property	2.4%
2.7%	Cash and net debtors / creditors	2.4%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.4	Men	21.4
23.7	Women	23.7
	Longevity at 65 for future pensioners:	
23.4	Men	23.4
25.8	Women	25.8
	General assumptions:	
2.4%	Rate of price increases	2.5%
3.6%	Rate of increase in salaries	3.7%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.4%
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%

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

2017/18 £000	Pension Assets and Liabilities recognised in the Balance Sheet	2018/19 £000
4,648,000	Present value of the defined benefit obligation	5,537,000
(3,563,000)	Fair value of plan assets	(4,137,000)
1,085,000	Net liability arising from defined benefit obligation	1,400,000

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

2017/18 £000	Reconciliation of present value of scheme liabilities	2018/19 £000
5,069,000	Opening balance at 1 April	4,648,000
103,000	Current service costs	126,000
132,000	Interest costs	130,000
17,000	Contributions by scheme participants	20,000
	Remeasurement (gains) and losses:	
(208,000)	Actuarial (gains) / losses arising from changes in financial assumptions	386,000
(19,000)	Actuarial (gains) / losses arising from changes in demographic assumptions	0
0	Effect of business combinations and disposals	350,000
(313,000)	Other	12,000
(133,000)	Benefits paid	(135,000)
4,648,000	Closing balance at 31 March	5,537,000

2017/18 £000	Reconciliation of the movements in the fair value of scheme assets	2018/19 £000
3,437,000	Opening fair value of scheme assets	3,563,000
89,000	Interest income	100,000
	Remeasurement gain / (loss):	
82,000	Return on assets, excluding the amount included in the net interest cost	111,000
0	Effect of business combinations and disposals	397,000
71,000	Contributions by employer	81,000
17,000	Contributions by scheme participants	20,000
(133,000)	Benefits paid	(135,000)
3,563,000	Closing fair value of scheme assets	4,137,000

13.1.2. Analysis of Pension Fund's Assets

Quoted prices in active markets £m	2017/18 Prices not quoted in active markets £m	Total £m	Local Government Pension Scheme assets		Quoted prices in active markets £m	2018/19 Prices not quoted in active markets £m	Total £m
183	177	360	Cash and cash equivalents		213	205	418
			Equity Instruments:				
228	1	229	Consumer		265	1	266
185	0	185	Manufacturing		215	1	216
48	0	48	Energy and utilities		55	0	55
154	0	154	Financial institutions		178	0	178
90	1	91	Health and care		105	1	106
117	0	117	Information technology		136	0	136
822	2	824	Sub-total equity instruments		954	3	957
			Debt Securities:				
112	0	112	Corporate Bonds (investment grade)		130	0	130
			Private Equity:				
0	425	425	All		0	494	494
			Property:				
0	322	322	UK		0	375	375
			Other investment funds:				
1,012	88	1,100	Equities		1,175	102	1,277
156	257	413	Bonds		181	298	479
2	0	2	Commodities		2	0	2
0	5	5	Other		0	5	5
1,170	350	1,520	Sub-total other investment funds		1,358	405	1,763
2,287	1,276	3,563	Total Assets		2,655	1,482	4,137

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 2020.

The total contributions expected to be made by the council to Strathclyde Pension Fund in the year to 31 March 2020 is £60.894 million.

The weighted average duration of the defined benefit obligation for scheme members is 18.3 years (2017/18 18.3 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. Glasgow City Council has no liability for other employer's obligations to the multi-employer scheme and as the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2019, the council's level of participation in the scheme is approximately 8.0%.

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. The employer's contribution rate from 1 April 2015 is 14.9%; this increased to 17.2% on 1 September 2015. The last four-yearly valuation was undertaken as at 31 March 2012. At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employer's pension contributions for 15 years from 1 April 2015; this is included in the 17.2% employer's contribution rate. The employee rate was 9.9% throughout the year. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019. The amount paid over to the Scottish Public Pensions Agency was as follows:

2017/18 £000	Scottish Teachers Superannuation Scheme	2018/19 £000
32,146	Employer's Contributions	33,319
17,636	Employee's Contributions	18,155
49,782	Total	51,474

The employer's contributions due to be paid in the next financial year are estimated to be £42.371 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 2018/19 these amounted to £6.138 million (2017/18 £6.091 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 2018/19 the capitalised costs attributable to the early retirements from Glasgow City Council and from predecessor authorities were as follows:

2017/18 £000	Capital cost of discretionary increases	2018/19 £000
6	Current year	388
386,994	In earlier years	404,612
387,000	Total	405,000

14. Grant income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19:

2017/18 £000	Grant income in the Comprehensive Income and Expenditure Statement	2018/19 £000
	Credited to Taxation and Non-specific Grant Income	
(834,785)	General Revenue Grant	(870,993)
(373,374)	Redistribution from Non-Domestic Rates pool	(340,778)
(106,744)	Capital Grant and Contributions	(100,739)
0	Donated assets from Cordia LLP	(331)
	Credited to Services	
(322,090)	Housing benefit subsidy	(324,569)
(90,908)	Housing investment	(113,353)
(129,931)	Health Board	(147,756)
(17,724)	Criminal Justice	(17,916)
(4,616)	Benefits administration subsidy and initiatives	(3,944)
(29,023)	Attainment funding	(29,835)
(2,104)	Early Learning and Childcare	(10,314)
(6,183)	Various education services grants	(7,309)
(11,931)	Various other grants	(20,129)
(4,481)	Various other contributions	(4,665)
(1,933,894)	Total	(1,992,631)

Note: Early Learning and Childcare funding previously included within Various education services grants and Vacant and derelict land now included within Various other grants.

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 2018/19, the council billed £372.568 million (2017/18 £370.610 million) on behalf of the Scottish Government. After provisions for bad and doubtful debts, and prior year adjustments, the council contributed £360.115 million to the National Non-Domestic Rates Pool (2017/18 £359.195 million) and received back from the pool £340.778 million in income (2017/18 £373.374 million).

The council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2018/19 the council received £2.565 million for providing this service (2017/18 £2.565 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 2018/19 expenditure on the project amounted to £0.059 million. There was no council contribution to the project in 2018/19 (2017/18 £nil).

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 £0.339 million were made to Scotland Excel during 2018/19 in this respect (2017/18 £0.334 million).

16. Auditor remuneration

The council incurred fees of £0.634 million (2017/18 £0.624 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 2019 are as follows:

2017/18 Net Expenditure / (Income) £000	Debtor / (Creditor) at 31 March 2018 £000	Related party transactions and balances	2018/19 Expenditure £000	Income £000	Debtor / (Creditor) at 31 March 2019 £000
395	45,371	Scottish Event Campus Ltd	664	(117)	45,937
39,877	2,651	City Building (Glasgow) LLP	46,087	(6,802)	230
66,573	(8,018)	City Building (Contracts) LLP	73,759	(4,491)	(2,156)
2,123	35,804	City Parking (Glasgow) LLP	5,621	(3,896)	37,878
74,598	324	Culture and Sport Glasgow	87,328	(11,551)	(2,585)
53,647	482	Cordia (Services) LLP	34,985	(5,771)	2,329
62,914	(236)	Cordia (Care) LLP	31,490	0	0
3,334	(561)	City Property Glasgow (Investments) LLP	4,545	(2,009)	205
2,153	(715)	City Property (Glasgow) LLP	2,489	(451)	(148)
11,964	(173)	Community Safety Glasgow Ltd	12,581	(2,386)	2,043
51,910	1,861	Service Glasgow LLP	0	0	0
6,382	(695)	Jobs & Business Glasgow	9,266	(1,437)	(586)
10,879	1,704	Strathclyde Partnership for Transport	10,661	0	694
68,826	(945)	Strathclyde Pension Fund	80,785	(3,893)	(1,569)
32,146	0	Teachers' Pension Fund	33,319	0	(2,849)
(235)	(7)	Clyde Gateway	1,317	(158)	(11)
19,631	(31,375)	Glasgow City Integration Joint Board	379,165	(359,253)	(46,872)
(31)	0	Scotcash	57	(86)	0

Note: Related parties disclosure acknowledge key management personnel of Glasgow City Council and associated group as set out in the respective Remuneration Reports. Key councillors are identified as members of group bodies.

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 £5.869 million (2017/18 £9.777 million), broken down as follows:

2017/18 £000	Organisation	2018/19 £000
9,777	NHS Greater Glasgow & Clyde	4,405
0	Citizens Theatre	1,464
9,777	Total	5,869

There were no significant transactions during the year or balances held with any other organisation on which council officers are represented or have interests.

18. Operating leases

The council utilises 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 £3.309 million (2017/18 £3.192 million). The future minimum lease payments due under non-cancellable leases in future years and in cash terms are as follows:

2017/18 £000	Operating lease commitments	2018/19 £000
1,084	No later than one year	587
631	Later than one year and not later than five years	343
1,715	Total	930

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	Current value	March 2016	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
Assets under construction	Not applicable	Cost	Not applicable	Not applicable
Corporate surplus assets	City Property (Glasgow) LLP	Fair value	March 2018	40 years
Other long-term assets:				
Heritage assets	Not applicable	Declared valuation for insurance purposes, fair value or cost	Not applicable	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 buildings 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

2017/18 £000	Capital expenditure and sources of finance	2018/19 £000
	Capital investment	
157,363	Property, plant and equipment	201,969
0	Heritage assets	193
4,008	Intangible assets	1,275
31	Assets held for sale	20
161,402	Total Gross Expenditure per Capital Expenditure and Income Statement (page 57)	203,457
	Sources of finance	
39,138	Net borrowing	81,523
12,410	Asset Sales	19,124
14	Assets acquired under finance leases	838
106,744	Government grants and other capital contributions	100,739
3,096	Revenue contributions	1,233
161,402	Total	203,457

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 property as well as a number of vehicles, plant and equipment under the terms of a finance lease. Lease rentals payable under these arrangements in the year total £6.321 million (2017/18 £7.479 million), comprising £3.732 million (2017/18 £3.812 million) charged to the Comprehensive Income and Expenditure Statement in respect of interest and £2.589 million (2017/18 £3.667 million) in respect of principal repayments.

19.7. Capital Expenditure and Income Statement

2017/18 Gross Capital Expenditure £000		Gross Capital Expenditure £000	2018/19 Sources of Finance			
			Finance Leases £000	Revenue £000	Receipts £000	Net Borrowing £000
0	Chief Executives Office	35	0	0	0	35
22,953	Cultural and Related Services	16,143	0	1,205	4,103	10,835
32,160	Development and Regeneration Services	52,483	0	15	13,979	38,489
53,903	Education Services	43,469	0	0	16,088	27,381
259	Financial Services	0	0	0	0	0
14,314	Service Reform	33,285	0	0	27	33,258
24,748	Neighbourhoods and Sustainability	32,644	838	13	5,954	25,839
13,065	Social Work Services	25,398	0	0	0	25,398
0	General Capital Grant	0	0	0	60,588	(60,588)
0	Asset Sales	0	0	0	19,124	(19,124)
161,402	Total	203,457	838	1,233	119,863	81,523

The above table reflects the receipt of asset sales totalling £19.124 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 therefore been 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 2018/19 and subsequent years. As at 31 March 2019, the council has outstanding commitments on significant contracts for capital investment totalling £143.104 million (31 March 2018 £206.887 million). These outstanding commitments comprise the following:

Project description	Outstanding commitment at 31 March 2019 £000	Contract completion
Sighthill TRA – City Deal	31,729	End 2020
Burrell Refurbishment	26,491	Early 2021
Education Estate Investment 2017-2021	24,101	Early 2022
4R's for Glasgow	18,847	End 2020
Reconfiguration of residential care for older people	6,184	Mid 2020
Robroyston Station	5,879	End 2019
Various other projects (25 contracts)	29,873	Various
Total	143,104	

As at 31 March 2019, outstanding obligations to make payments under finance leases are as follows:

2017/18 £000	Finance lease obligations	2018/19 £000
2,322	Not later than one year	2,438
7,435	Later than one year and not later than five years	7,291
78,076	Later than five years	75,014
87,833	Total	84,743

The total outstanding obligations are accounted for within short-term creditors (leases expiring within one year) £2.438 million (2017/18 £2.322 million) and deferred liabilities (leases expiring after one year) £82.305 million (2017/18 £85.511 million).

19.9. Fair value measurement of non-financial assets

Surplus assets and assets held for sale are valued at fair value. Valuation reports prepared for these assets incorporate the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For these asset classes, the valuation inputs generally comprise either level 2 or level 3 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For valuations conducted in 2018/19, both the income and market valuation techniques were widely adopted in forming opinions of fair value. The resulting valuations for surplus assets of £5.189 million and assets held for sale of £7.251 million were entirely based on level 2 inputs.

19.10 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 2019, to be funded from borrowing, in respect of TIF assets totalled £0.011 million (2017/18 £0.016 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 2019, has been calculated in accordance with Local Government Finance Circular No. 8/2016 at £21.717 million (£21.700 million at 31 March 2018).

20. Property, Plant and Equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2018/19. 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 (page 57).

Movement in PPE 2018/19	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 2018	2,324,168	222,358	882,985	25,759	56,013	40,160	3,551,443	381,532
Additions in year	36,628	15,673	67,726	137	81,414	391	201,969	4,499
Donations in year	0	331	0	0	0	0	331	0
Revaluation adjustments to Revaluation Reserve	26,622	0	0	0	0	895	27,517	0
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(29,543)	0	0	0	0	(3,875)	(33,418)	0
Disposals	(8,392)	(1,264)	0	(1,060)	0	(2,512)	(13,228)	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(1,775)	(1,775)	0
Other reclassifications (transfers)	(206)	1,760	6,663	0	(13,184)	4,704	(263)	6
At 31 March 2019	2,349,277	238,858	957,374	24,836	124,243	37,988	3,732,576	386,037
Depreciation and impairment:								
At 1 April 2018	(94,305)	(124,615)	(240,147)	(1,060)	0	(329)	(460,456)	(11,560)
Depreciation charge for year	(71,870)	(28,194)	(23,793)	0	0	(78)	(123,935)	(11,562)
Depreciation written out to the Revaluation Reserve	56,700	0	0	0	0	(509)	56,191	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,283	0	0	0	0	973	8,256	0
Impairment losses to Revaluation Reserve	(515)	0	0	0	0	(4)	(519)	0
Impairment losses to Comprehensive Income and Expenditure Statement	(766)	0	0	(1,718)	0	(332)	(2,816)	0
On Disposals	8,392	0	0	1,060	0	14	9,466	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0	0
Other reclassifications (transfers)	206	0	0	0	0	(206)	0	0
At 31 March 2019	(94,875)	(152,809)	(263,940)	(1,718)	0	(471)	(513,813)	(23,122)
Balance Sheet Amount at 31 March 2019	2,254,402	86,049	693,434	23,118	124,243	37,517	3,218,763	362,915
Balance Sheet Amount at 31 March 2018	2,229,863	97,743	642,838	24,699	56,013	39,831	3,090,987	369,972
Nature of Asset Holding:								
Owned	1,840,496	82,996	693,434	23,118	124,243	37,517	2,801,804	0
Finance leased	50,991	3,053	0	0	0	0	54,044	0
PPP	362,915	0	0	0	0	0	362,915	362,915
Total	2,254,402	86,049	693,434	23,118	124,243	37,517	3,218,763	362,915

Movement in PPE 2017/18	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 2017	2,286,129	214,893	802,072	25,759	87,338	47,424	3,463,615	381,488
Additions in year	61,453	7,472	49,120	0	38,813	505	157,363	44
Revaluation adjustments to Revaluation Reserve	27,639	1	0	0	0	2,888	30,528	0
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(81,804)	0	0	0	0	(7,493)	(89,297)	0
Disposals	0	(241)	0	0	0	(538)	(779)	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(8,705)	(8,705)	0
Other reclassifications (transfers)	30,751	233	31,793	0	(70,138)	6,079	(1,282)	0
At 31 March 2018	2,324,168	222,358	882,985	25,759	56,013	40,160	3,551,443	381,532
Depreciation and impairment:								
At 1 April 2017	(86,125)	(95,989)	(218,386)	(1,060)	0	(241)	(401,801)	0
Depreciation charge for year	(69,343)	(28,630)	(21,761)	0	0	(73)	(119,807)	(11,560)
Depreciation written out to the Revaluation Reserve	46,516	0	0	0	0	(1)	46,515	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	15,748	0	0	0	0	1,055	16,803	0
Impairment losses to Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses to Comprehensive Income and Expenditure Statement	(2,002)	0	0	0	0	(168)	(2,170)	0
On Disposals	0	4	0	0	0	0	4	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0	0
Other reclassifications (transfers)	901	0	0	0	0	(901)	0	0
At 31 March 2018	(94,305)	(124,615)	(240,147)	(1,060)	0	(329)	(460,456)	(11,560)
Balance Sheet Amount at 31 March 2018	2,229,863	97,743	642,838	24,699	56,013	39,831	3,090,987	369,972
Balance Sheet Amount at 31 March 2017	2,200,004	118,904	583,686	24,699	87,338	47,183	3,061,814	381,488
Nature of Asset Holding:								
Owned	1,807,016	92,851	642,838	24,699	56,013	39,831	2,663,248	0
Finance leased	52,875	4,892	0	0	0	0	57,767	0
PPP	369,972	0	0	0	0	0	369,972	369,972
Total	2,229,863	97,743	642,838	24,699	56,013	39,831	3,090,987	369,972

21. Heritage assets

This note details the movement in Heritage Assets during 2018/19. The valuation bases, useful lives and depreciation methods used are disclosed within notes 19.1 and 19.4 (page 55).

Movement in Heritage assets	Fine art £000	Civic regalia £000	Statues and fountains £000	Total Heritage assets £000
Cost or Valuation:				
At 1 April 2017	1,400,000	538	16,620	1,417,158
Revaluations	0	0	0	0
At 31 March 2018	1,400,000	538	16,620	1,417,158
Movement in 2018/19:				
Additions in year	0	0	193	193
Transfers	0	0	3	3
Revaluations	0	22	0	22
At 31 March 2019	1,400,000	560	16,816	1,417,376

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 2019
Fountains	5
Statues	50
War memorials	31

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 of intangible assets during the year. The amortisation charge for intangible assets in 2018/19 was £2.682 million (2017/18 £2.109 million). There has been no impairment charge in 2018/19 (2017/18 £nil). The movement on intangible asset balances during the year is as follows:

2017/18 £000	Movement in Intangible assets	2018/19 £000
	Balance at start of year:	
15,086	Gross carrying amounts	20,376
(8,457)	Accumulated amortisation	(10,566)
6,629	Net carrying amount at start of year	9,810
4,008	Additions	1,275
1,282	Transfers	260
(2,109)	Amortisation for the period	(2,682)
9,810	Net carrying amount at end of the year	8,663
	Comprising:	
20,376	Gross carrying amounts	21,911
(10,566)	Accumulated amortisation	(13,248)
9,810	Net carrying amount at end of the year	8,663

23. Assets held for sale

Assets are recognised as held for sale when their carrying value is likely to be recovered principally through a sale transaction rather than through continued use. At 31 March 2019, the valuation of assets held for sale was £15.349 million (£28.915 million as at 31 March 2018).

2017/18 £000	Assets Held for Sale	2018/19 £000
32,950	Balance at 1 April	28,915
	Assets newly classified as held for sale:	
11,305	Property, plant and equipment	2,792
(1,604)	Revaluation losses	(2,520)
	Assets declassified as held for sale:	
(2,600)	Property, plant and equipment	(1,017)
(11,167)	Assets disposed	(12,841)
31	Expenditure in year	20
28,915	Balance at 31 March	15,349

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:

2017/18 Raw materials and consumables £000	Inventories	2018/19 Raw materials and consumables £000
1,365	Opening balance	1,339
25	Purchases	8,027
(49)	Reclassifications/Transfers	957
(2)	Disposals	(8,076)
1,339	Closing balance	2,247

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 2018/19, there was an accounting adjustment made to debtors and the associated impairment loss within the Financial Statements of £18.300 million. This mainly related to Council Tax (£14.610 million). The individual Non-Domestic Rates debtors are not included in the Balance Sheet but the outstanding debt and impairment loss 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:

2017/18 £000	Analysis of net short-term debtors	2018/19 £000
103,906	Bodies external to general government	116,970
81,499	Central government bodies	80,879
2,898	Other local authorities	5,019
4,568	NHS bodies	15,977
8	Public corporations and trading funds	6
192,879	Total	218,851

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:

2017/18 £000	Cash and cash equivalents	2018/19 £000
92,077	Short-term deposits	19,585
14,219	Bank current accounts	8,278
110	Cash imprest held by the council	152
106,406	Total	28,015

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:

2017/18 £000	Analysis of creditors	2018/19 £000
224,391	Bodies external to general government	266,166
29,055	Central government bodies	18,368
4,259	Other local authorities	2,195
2,776	NHS bodies	4,409
893	Public corporations and trading funds	999
261,374	Total	292,137

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 2018/19:

Provisions	Asset decommissioning £000	Employee related legal cases £000	Other outstanding legal cases £000	Other provisions £000	Total £000
Balance as at 1 April 2018	24,300	35,897	55	1,749	62,001
Additional provisions made during the year	844	469,734	9	129	470,716
Costs incurred and charged against provision	(1,889)	(83)	(18)	(744)	(2,734)
Unused amounts reversed during the year	0	(69)	0	(20)	(89)
Balance at 31 March 2019	23,255	505,479	46	1,114	529,894

Provisions for asset decommissioning 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 mainly of the provision for the assessment of equal pay obligations, £504.789 million. In addition there is provision for the estimated level of holiday pay potentially due, £0.690 million. During 2018/19, £0.083 million equal pay compensation payments have been met from the provision.

Provisions for other outstanding legal cases relates to estimated payments, £0.046 million at 31 March 2019, in respect of 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. Payments of £0.018 million were made in respect of claims by former employees of Strathclyde Regional Council (SRC) and Glasgow District Council (GDC) during 2018/19.

Other provisions include estimated future costs in relation to the bulk reprocessing contract (£0.482 million), provision for future warranty claims (£0.235 million) and two financial guarantees in relation to loan repayments of group subsidiaries (£0.259 million). During the year, the financial guarantees were amortised, allowing the release of £0.020 million from the provision.

29. Financial instruments

The statement of accounting policies in note 1.25 on page 30, explains the requirement of the reporting basis for financial instruments.

29.1. Reclassification of financial assets and financial liabilities at 1 April 2018

The effective date of transition to IFRS 9 was 1 April 2018 hence there has been no requirement to restate prior year financial statements. The following table illustrates the impact of IFRS 9 from the former classifications of financial instruments to new classifications as at 1 April 2018. There has been no requirement for remeasurement on transition to IFRS 9.

	Carrying amount brought forward at 1 April £000	Financial instruments out of scope under IFRS 9 £000	Financial instruments recognised under IFRS 9 at 1 April 2018 £000	Classifications from 1 April 2018	
				Amortised cost £000	Fair value through profit or loss £000
Financial asset classification:					
Available-for-sale	24,688	19,909	4,779	0	4,779
Loans and receivables	384,341	110,542	273,799	273,799	0
Total financial assets	409,029	130,451	278,578	273,799	4,779
Financial liability classification:					
Amortised cost - borrowing	1,532,543	0	1,532,543	1,532,543	0
Amortised cost – other	474,858	206,916	267,942	267,942	0
Total financial liabilities	2,007,401	206,916	1,800,485	1,800,485	0

29.2. Effect of reclassification on the Balance Sheet

The following table illustrates how new financial instruments balances at 1 April 2018 for financial assets and liabilities are presented within the Balance Sheet as at 31 March 2018.

Balance Sheet analysis	Classifications from 1 April 2018			Total Balance Sheet carrying amount 31 Mar 2018 £000
	Amortised cost £000	Fair value through profit or loss £000	Non-financial instruments balances £000	
Long-term investments	0	4,504	19,909	24,413
Long-term debtors	1,865	0	107,763	109,628
Short-term investments	0	275	0	275
Short-term debtors	165,528	0	27,351	192,879
Cash and cash equivalents	106,406	0	0	106,406
Total financial assets	273,799	4,779	155,023	433,601
Short-term borrowing	293,208	0	0	293,208
Short-term creditors	229,131	0	32,243	261,374
Long-term provisions	278	0	21,616	21,894
Long-term borrowing	1,239,335	0	0	1,239,335
Deferred liabilities	38,533	0	196,107	234,640
Total financial liabilities	1,800,485	0	249,966	2,050,451

29.3. Categories of financial instruments

Financial instruments in the Balance Sheet at 31 March 2019 comprise the following financial assets and financial liabilities with their measurement bases.

Financial assets	Long-term		Short-term		2018/19 Total £000
	Investment £000	Debtors £000	Investment £000	Debtors £000	
Fair value through profit or loss	3,372	0	352	0	3,724
Amortised cost	0	1,480	28,015	182,489	211,984
Total financial assets	3,372	1,480	28,367	182,489	215,708

Financial liabilities	Long-term		Short-term		2018/19 Total £000
	Borrowing £000	Creditors £000	Borrowing £000	Creditors £000	
Amortised cost	1,274,849	51,910	183,892	259,933	1,770,585
Total financial liabilities	1,274,849	51,910	183,892	259,933	1,770,585

29.4. Income, expense, gains and losses on financial instruments

Income, expense, gains and losses for the year ended 31 March 2019 and recognised within the Comprehensive Income and Expenditure Statement (page 17) for financial instruments comprise the following:

Income, expense, gains and losses on financial instruments	2018/19 (Surplus) or deficit on the provision of services £000
(Income) and expense from:	
Interest revenue from financial assets measured at amortised cost	(5,855)
Interest expenses	85,310
Management fee	40
(Income) and expenses	79,495
Net (gains) and losses on:	
Financial assets measured at fair value through profit or loss	49
Financial assets measured at amortised cost	3,125
Total net (gains) / losses	3,174
Total (income), expense, (gains) and losses	82,669

29.5. 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 2019.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered level 2 being inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

The calculations are made using the following assumptions:

- (i) The PWLB new loan rate, in force at 31 March 2019, 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.

2017/18		Valuation of financial liabilities	2018/19	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
1,532,543	1,949,306	Borrowing	1,458,741	1,900,930

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.

29.6. 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 'Treasury Management in the Public Services: Code of Practice' 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.

29.7. 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.

2018/19			
Credit risk	£000	Impairment loss %	Estimated maximum exposure to default and uncollectability £000
Deposits with banks and other financial institutions	27,863	0	0
Customers	322,654	8.903	28,727
Total	350,517		28,727

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

2017/18 £000	Aged debt profile	2018/19 £000
187,424	Less than 3 months	216,091
1,906	3 to 6 months	1,388
2,308	6 months to 1 year	1,651
114,584	More than 1 year	103,524
306,222	Total	322,654

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

2017/18 £000	Loans outstanding	2018/19 £000
829,076	Public Works Loans Board	867,344
449,000	Lender Option Buyer Option (LOBO)	449,000
225,607	Temporary borrowing	114,102
1,503,683	Total	1,430,446
278,450	Less than 1 year	169,566
64,041	Between 1 and 2 years	33,553
96,488	2 to 5 years	78,589
173,185	5 to 10 years	187,846
181,119	10 to 30 years	150,492
656,400	30 to 50 years	756,400
54,000	50 to 70 years	54,000
1,503,683	Total	1,430,446

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 £14.326 million (£14.758 million in 2017/18) and an effective interest rate adjustment of £13.969 million (£14.102 million in 2017/18) in respect of LOBOs with stepped interest rates.

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

29.9. Market risk

29.9.1. 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 2019, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

2017/18 £000	Estimated financial effect	2018/19 £000
5,220	Increase in the interest payable on variable rate borrowings	4,264
(1,346)	Increase in interest receivable on variable rate investments	(1,060)
3,874	Net impact on the (surplus) or deficit on the provision of services	3,204

2017/18 £000	Other presentational changes (no impact on the Comprehensive Income and Expenditure Statement)	2018/19 £000
250,230	Decrease in the fair value of fixed rate borrowings	274,518

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

29.9.2. 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 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 these objectives 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.

29.9.3. 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 £0.220 million as at the 31 March 2019 exchange rate (£6.895 million at 31 March 2018). The potential financial impact of exchange rate movements in this respect is noted below.

2017/18 £000	Estimated financial effect	2018/19 £000
690	Decrease in GBP on 10% movement in Euro exchange rate	22
690	Net impact on the (Surplus) or Deficit on the Provision of Services	22

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 2019 is provided in the following table:

2017/18 £000	Analysis of deferred liabilities	2018/19 £000
106,652	Long-term liability relating to the PPP secondary schools contract	97,625
85,511	Long-term lease liability relating to council properties, vehicles and equipment	82,305
21,956	Developers' contributions received for the provision of recreational greenspace in line with council policy	24,961
20,521	Other	26,471
234,640	Total	231,362

31. Contingent liabilities

The council remains liable for potential liabilities arising from claims lodged against Strathclyde Regional Council (SRC) on a geographical basis. There is also a 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 25% 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 post date 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 employees of City Building (Glasgow) Limited Liability Partnership, City Building (Contracts) Limited Liability Partnership, Culture and Sport Glasgow, City Parking (Glasgow) Limited Liability Partnership, City Property (Glasgow) 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 £45 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 2019, 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.

The council recognises an exposure to risk with regard to possible future environmental claims associated with land transferred to Glasgow Housing Association.

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 2019, a sum of £23.255 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 decommissioning is uncertain and the associated costs cannot be reliably estimated at this time.

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 2019 and the date of submission that require to be reflected in the Financial Statements.

33. Cash flow statement - Operating activities

2017/18 £000		2018/19 £000
699,061	Cash paid to and on behalf of employees	762,126
(834,785)	General Revenue Grant	(869,967)
(380,719)	Non-Domestic Rates receipts from national pool	(349,903)
88,296	Interest paid	86,447
(5,224)	Interest received	(5,849)
(56)	Dividends received	(38)
315,260	Other net operating cash payments	286,215
(118,167)	Net cash flows from operating activities	(90,969)

34. Cash flow statement - Investing activities

2017/18 £000		2018/19 £000
165,620	Purchase of property, plant and equipment and intangible assets	204,479
(12,410)	Proceeds from sale of property, plant and equipment and intangible assets	(19,124)
(53,417)	Proceeds from short-term and long-term investments	(1,000)
(107,088)	Other receipts from investing activities	(99,610)
(7,295)	Net cash flows from investing activities	84,745

35. Cash flow statement - Financing activities

2017/18 £000		2018/19 £000
(841,208)	Cash receipts of short-term and long-term borrowing	(422,046)
(1,262)	Other receipts from financing activities	(1,441)
13,301	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PPP contracts	12,118
991,568	Repayment of short-term and long-term borrowing	495,282
11,862	Other payments for financing activities	702
174,261	Net cash flows from financing activities	84,615

❖ Council Tax Income Account

2017/18 £000	Council Tax	2018/19 £000
357,797	Gross Council Tax levied and contributions in lieu	371,741
	Less :	
(70,820)	Other discounts and reductions	(72,344)
998	Prior years' Council Tax	2,602
(14,199)	Provision for bad and doubtful debts	(14,012)
(65,910)	Council Tax Reduction	(67,380)
207,866	Transfers to Comprehensive Income and Expenditure Statement	220,607

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 can be reduced by 25% where a dwelling has only one occupant. Where a property is both unoccupied and unfurnished a 6 month exemption from payment of Council Tax may be due. A 10% discount can be applied after the initial 6 months or for properties that are otherwise empty for up to 12 months, after which a 100% additional premium is payable, unless the property is being actively marketed for sale or let. The property bandings can be adjusted where the property has been adapted for use by disabled persons and total exemptions are available for where the property is only occupied by certain categories of resident, for example full-time students.

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 11 September 2017)

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
					25%	50%				
A	Up to £27,000	66,782	10,783	159	39,428	808	45,897	240/360	30,593	£833
B	£27,001 - £35,000	79,402	4,855	69	42,248	858	63,625	280/360	49,486	£971
C	£35,001 - £45,000	68,805	4,138	-17	29,350	690	56,968	320/360	50,638	£1,110
D	£45,001 - £58,000	42,732	3,381	-16	14,298	459	35,531	1	35,531	£1,249
E	£58,001 - £80,000	29,943	2,663	-102	8,356	384	24,897	473/360	32,712	£1,641
F	£80,001 - £106,000	13,639	1,313	-37	3,037	210	11,425	585/360	18,566	£2,030
G	£106,001 - £212,000	6,323	373	-52	1,151	98	5,561	705/360	10,890	£2,446
H	Over £212,000	667	35	-4	62	23	601	882/360	1,472	£3,060
									229,888	
Add: Class 17 and 24 dwellings									32	
Less: Provision for non-payment									11,496	
Band D Equivalent									218,424	

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

❖ **Non-Domestic Rates Income Account**

2017/18 £000	Non-Domestic Rates	2018/19 £000
490,130	Gross rates levied and contributions in lieu	499,127
	Less :	
(119,520)	Relief and other deductions	(126,559)
(8,759)	Provision for bad and doubtful debts	(7,502)
361,851	Net Non-Domestic Rate Income	365,066
(2,656)	Prior years - adjustments	(4,951)
359,195	Contribution to National Non-Domestic Rates Pool	360,115
373,238	Sum due from central rates pool	340,778
136	Adjustments for years prior to the pool	0
373,374	Income credited to Comprehensive Income and Expenditure Statement	340,778

Notes to the Non-Domestic Rates Income Account

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial 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 2017. The uniform business rate for 2018/19 was set by the Scottish Government at 48.0p (46.6p in 2017/18). The Small Business Rates Relief scheme was superseded by the Small Business Bonus Scheme, introduced on 1 April 2008 and applies to properties with a rateable value up to and including £18,000. This scheme is funded by a supplement (2.6p in the pound) to the rate poundage for businesses with a rateable value of more than £51,000.

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	
	2017/18	2018/19	2017/18 £000	2018/19 £000
Industrial and freight	2,060	2,093	51,451	51,969
Commercial subjects				
Shops	8,282	8,374	304,192	299,560
Offices	8,529	8,604	240,758	234,000
Hotels, boarding houses etc.	289	297	27,967	28,115
Others	3,595	3,784	119,117	117,456
Miscellaneous and formula valued subjects	4,787	4,808	271,813	278,690
Total	27,542	27,960	1,015,298	1,009,790

❖ 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 assets of the Fund were £18.150 million as at 31 March 2019 (£18.003 million at 31 March 2018).

Common Good Fund Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2017	16,810	1,538	18,348
Movement in reserves during 2017/18:			
Total Comprehensive Income and (Expenditure)	295	(640)	(345)
Increase or (Decrease) in the year	295	(640)	(345)
Balance at 31 March 2018	17,105	898	18,003
Movement in reserves during 2018/19:			
Adjustments for the restatement of Financial Instruments	898	(898)	0
Total Comprehensive Income and (Expenditure)	147	0	147
Increase or (Decrease) in the year	1,045	(898)	147
Balance at 31 March 2019	18,150	0	18,150

More detail on Unusable Reserves is provided in note 6 to the Common Good Fund (page 78).

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

2017/18 Expenditure £000	2017/18 Income £000	2017/18 Net Expenditure £000	Service	Note	2018/19 Expenditure £000	2018/19 Income £000	2018/19 Net Expenditure £000
564	(52)	512	Common Good Fund		536	(52)	484
564	(52)	512	Cost of Services		536	(52)	484
0	(723)	(723)	Interest and investment income		0	(10)	(10)
0	(84)	(84)	Income, expenditure and changes in the fair value of investment properties		0	(621)	(621)
0	(807)	(807)	Financing and Investment (Income) and Expenditure		0	(631)	(631)
564	(859)	(295)	(Surplus) or Deficit on the Provision of Services	7	536	(683)	(147)
		640	(Surplus) or deficit on revaluation of available-for-sale financial assets				0
		345	Total Comprehensive (Income) and Expenditure				(147)

Balance Sheet as at 31 March 2019

2017/18 £000		Note	2018/19 £000
2,091	Investment property	2, 3	2,519
14,777	Long-term investments	4	14,071
16,868	Long-term Assets		16,590
902	Short-term investments	4	1,469
5	Inventories		4
26	Net short-term debtors		27
340	Cash and cash equivalents	5	155
1,273	Current Assets		1,655
(138)	Short-term creditors		(95)
(138)	Current Liabilities		(95)
18,003	Net Assets		18,150
17,105	Usable Reserves	6	18,150
898	Unusable Reserves	6	0
18,003	Total Reserves		18,150

Notes to the Common Good Fund

1. Accounting policies

- 1.1 The financial statements for the year ended 31 March 2019 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 2018/19 (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.
- 1.4 Where the Fund 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.
- 1.5 The 2018/19 Code has been updated following the introduction of accounting standard IFRS 9 'Financial Instruments'. Following application of this new standard, the main accounting change is that financial assets previously recognised as available-for-sale have been reclassified as fair value through profit or loss. These assets comprise the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership. Financial assets (investments and debtors) and financial liabilities (borrowing and creditors) previously recognised at amortised cost continue to be measured on this basis. In addition, the available-for-sale financial instruments reserve is effectively redundant.

2. Investment property

The Fund owns a number of properties across the city, which are held to generate rental income or for 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 7 (page 79).

3. Fair value measurement of investment property

Each financial year, a valuation report is prepared for Common Good assets which incorporates the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For Common Good assets, the valuation inputs comprise either level 2 or level 3 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For 2018/19, both the income and market valuation techniques were widely adopted in forming opinions of fair value. The resulting valuation of £2.519 million comprises £2.454 million with level 2 inputs and £0.065 million with level 3 inputs.

4. 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 2019 was £15.540 million (£15.679 million at 31 March 2018). These are split between short and long-term investments on the Common Good Fund Balance Sheet. In terms of the fair value measurement hierarchy, short and long-term investments are considered to be valuations at level 1, being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

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.

5. Cash and cash equivalents

Cash and cash equivalents of £0.155 million represents the balance held in the council's loans fund at 31 March 2019 (£0.340 million at 31 March 2018).

6. Reserves

The Code requires reserves to be summarised as Usable and Unusable Reserves. The Usable Reserve represented the accumulated Surplus on the Provision of Services. This balance stands at £18.150 million at 31 March 2019, an increase of £1.045 million from the previous year. Unusable Reserves are generally required to comply with proper accounting practice or statute.

Unusable reserves relates to the Available-for-sale Financial Instruments Reserve. In previous years, the Available-for-sale Financial Instruments Reserve contained the gains or losses made by the Fund arising from changes in the value of its investments that have quoted market prices. The balance was reduced when investments were revalued downward or impaired, or disposed of and the gains were realised. The 2018/19 Code has been updated following the introduction of IFRS 9 'Financial Instruments'. The main change from application of the new standard is that financial assets, previously recognised as Available-for-sale, have been reclassified as fair value through profit or loss. The balance on the reserve is nil as at 31 March 2019, a decrease of £0.898 million from last year which reflects the accounting change.

The overall net assets of the Common Good Fund have, therefore, increased by £0.147 million.

7. Analysis of income and expenditure

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

2017/18 £000		2018/19 £000	%
Where the money came from			
(627)	Interest and (gains)/losses on investments	(438)	60
(224)	Rental income	(243)	33
(52)	Other receipts	(52)	7
(903)	Total income	(733)	100
How the money was spent			
418	Civic hospitality	401	68
44	Investment property costs	50	9
140	Treasury management	128	22
6	Other supplies and services	7	1
608	Total expenditure	586	100
(295)	(Surplus) or Deficit on the Provision of Services	(147)	

❖ 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 2019, with an overall balance of £14.774 million (15, with an overall balance of £15.200 million at 31 March 2018).

The tables below include the 14 Sundry Trusts, distinguishing whether Glasgow City Council is sole trustee or not:

Glasgow City Council is sole trustee			
Balance 2017/18 £000	Name of Fund	Objectives	Balance 2018/19 £000
Charities			
999	Lord Provost's Children's Fund	The prevention or relief of poverty, the advancement of education, the advancement of citizenship or community development and the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries of school age and under	963
844	Lord Provost's Fund for Older People	The prevention or relief of poverty, the advancement of citizenship or community development, the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries of retiral age	829
2,937	Lord Provost's Fund for Vulnerable Citizens	The prevention or relief of poverty, the advancement of education, the advancement of citizenship or community development, the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries between school age and retiral age	2,969
4,780	Charities		4,761
Non-Charities			
27	Glasgow Education Trust	General purpose – education in schools	17
82	Glasgow Necropolis Fund	For the upkeep of the Necropolis	51
12	Southern Necropolis Lair Fund	For the upkeep of lairs and stones in Southern Necropolis	12
6,715	Art and Museum Purchase Fund	For the purchase of works of art for the council	6,558
246	Donald McPherson	For the purchase of books at the Mitchell Library	245
27	Louis E Campbell Bequests	For the purchase of books at the Mitchell Library	27
222	Mitchell Centenary Fund	For the purchase of books at the Mitchell Library	172
240	Barbara Collier Trust Fund	To advance the education and help assist pupils at Hyndland Secondary School to achieve a place at University	235
0	Lord Provost/Lady Provost Lunch	To raise funds for good causes	3
7,571	Non-Charities		7,320
12,351	Total		12,081

Glasgow City Council is not sole trustee			
Balance 2017/18 £000	Name of Fund	Objectives	Balance 2018/19 £000
Charities			
2,475	Blindcraft Trust Fund	Provide support of the blind or visually impaired	2,326
374	Fossil Grove Trust	Provide support for the preservation of fossils at Victoria Park	367
2,849		Charities	2,693

Of the Sundry Trusts reported, 5 have charitable status, with a Total Reserves balance of £7.454 million at 31 March 2019 (6, with an overall balance of £7.629 million at 31 March 2018). The remaining 9 trusts with non-charitable status have a Total Reserves balance of £7.320 million at 31 March 2019 (9, with an overall balance of £7.571 million at 31 March 2018).

Sundry Trusts and Funds Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2017	13,277	2,299	15,576
Movement in reserves during 2017/18:			
Total Comprehensive Income and (Expenditure)	150	(526)	(376)
Increase or (Decrease) in the year	150	(526)	(376)
Balance at 31 March 2018	13,427	1,773	15,200
Movement in reserves during 2018/19:			
Adjustments for the restatement of Financial Instruments	1,773	(1,773)	0
Total Comprehensive Income and (Expenditure)	(426)	0	(426)
Increase or (Decrease) in the year	1,347	(1,773)	(426)
Balance at 31 March 2019	14,774	0	14,774

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2019

2017/18				2018/19			
Charities £000	Non – Charities £000	Total £000	Sundry Trusts and Funds	Note	Charities £000	Non – Charities £000	Total £000
296	205	501	Expenditure		395	203	598
(80)	(241)	(321)	Income		(270)	(3)	(273)
216	(36)	180	Cost of Services		125	200	325
(167)	(163)	(330)	Interest and investment income		50	51	101
(167)	(163)	(330)	Financing and Investment Income		50	51	101
49	(199)	(150)	(Surplus) or Deficit on the Provision of Services		175	251	426
265	261	526	(Surplus) or deficit on revaluation of available-for-sale financial assets		0	0	0
314	62	376	Total Comprehensive (Income) and Expenditure		175	251	426

Balance Sheet as at 31 March 2019

2017/18				2018/19			
Charities £000	Non – Charities £000	Total £000	Sundry Trusts and Funds	Note	Charities £000	Non – Charities £000	Total £000
7,497	7,454	14,951	Long-term investments	1	7,246	7,237	14,483
11	0	11	Short-term debtors		6	0	6
132	117	249	Cash and cash equivalents	2	211	133	344
143	117	260	Current Assets		217	133	350
(11)	0	(11)	Short-term creditors		(9)	(50)	(59)
(11)	0	(11)	Current Liabilities		(9)	(50)	(59)
7,629	7,571	15,200	Net Assets		7,454	7,320	14,774
6,809	6,618	13,427	Usable Reserves	3	7,454	7,320	14,774
820	953	1,773	Unusable Reserves	3	0	0	0
7,629	7,571	15,200	Total Reserves		7,454	7,320	14,774

Notes to the Accounts

1. Long-term investments

The fair value of investments managed by Ruffer Limited Liability Partnership at 31 March 2019 was £14.433 million (£14.901 million at 31 March 2018). 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 2019 total £0.050 million (£0.050 million at 31 March 2018) relating to a National Savings Deposit Bond.

In terms of the fair value measurement hierarchy the long-term investments measured at fair value are considered Level 1 being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

2. Cash and cash equivalents

Cash and cash equivalents of £0.344 million represents the balance held in the council's loans fund at 31 March 2019 (£0.249 million at 31 March 2018).

3. 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 £14.774 million at 31 March 2019, an increase of £1.347 million from the previous year. Unusable Reserves are generally required to comply with proper accounting practice or statute.

Unusable Reserves relates to the Available-for-sale Financial Instruments Reserve. In previous years, the Available-for-sale Financial Instruments Reserve contained the gains or losses made by the Fund arising from changes in the value of its investments that have quoted market prices. The balance was reduced when investments were revalued downward, impaired, or disposed of and the gains were realised. The 2018/19 Code has been updated following the introduction of IFRS 9 'Financial Instruments'. The main change which has resulted from application of the new standard is that financial assets, previously recognised as Available-for-sale, have been reclassified as fair value through profit or loss. This has been required as there are no contractual payments comprising principal and interest. Financial liabilities previously valued at amortised cost continue to be presented on this basis. The Unusable Reserves balance stands at nil as at 31 March 2019, a decrease of £1.773 million from the previous year, due to the reclassification of Available-for-sale Financial instruments Reserve as fair value through profit or loss.

The overall net assets of the Sundry Trusts Fund have, therefore, decreased by £0.426 million.

❖ Group Financial Statements

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 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

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 ALEOs are termed 'subsidiaries'. The council also has a 'significant interest' in a number of ALEOs, other companies and statutory bodies that are termed 'associates' and is an equal partner in the Glasgow City Integration Joint Board with NHS Greater Glasgow and Clyde that is termed as a 'joint board'. The subsidiaries, associates and joint board representing the combining entities are listed on page 85. Additional information on these entities can be found in note 4 on pages 93 to 100.

Basis of consolidation

The Group Financial Statements for the year ended 31 March 2019 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. Associates and joint boards 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 2019.

Changes to group structure

During financial year 2018/19 there were the following changes within the GCC group structure.

Service Glasgow Limited Liability Partnership, trading as ACCESS ceased trading on 31 March 2018 following the transition to GCC's new ICT supplier CGI. For 2017/18 accounts Service Glasgow was treated as an associate for the period 1 April 2017 to 30 November 2017 and as a subsidiary for the period 1 December 2017 to 31 March 2018.

Cordia (Services) LLP and Cordia (Care) LLP transferred to GCC on 30 September 2018. For the period 1 April 2018 to 29 September 2018 these LLPs have been treated as a subsidiary and their results have been consolidated into the group accounts on a line by line basis. For the period 30 September 2018 to 31 March 2019 previous Cordia (Services) and Cordia (Care) LLP activities will be included within GCC Services, Development and Regeneration Services and Social Work Services.

Community Safety Glasgow Limited transferred to GCC on 17 February 2018. For the period 1 April 2018 to 16 February 2019 this company has been treated as a non-material associate and has not been consolidated into the Group Financial Statements. For the period 17 February 2019 to 31 March 2019 Community Safety Glasgow activities will feature within GCC Service Neighbourhoods and Sustainability.

Where relevant, opening balances have been adjusted to reflect these changes.

Subsidiaries

- Scottish Event Campus Limited
- 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

Associates and Joint Ventures

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme
- Glasgow City Integration Joint Board
- City Building (Glasgow) Limited Liability Partnership

Group Comprehensive Income and Expenditure Statement for the Year ended 31 March 2019

2017/18 Exp. £000	2017/18 Income £000	2017/18 Net Exp. £000			2018/19 Exp. £000	2018/19 Income £000	2018/19 Net Exp. £000
			Service	Note			
98,206	(23,551)	74,655	Chief Executive's Office		161,853	(54,903)	106,950
189,620	(117,126)	72,494	Development & Regeneration Services		209,550	(153,979)	55,571
465,449	(54,046)	411,403	Education Services		582,910	(63,986)	518,924
409,352	(337,812)	71,540	Financial Services		402,823	(341,681)	61,142
195,361	(42,244)	153,117	Neighbourhoods and Sustainability		206,307	(49,514)	156,793
925,803	(577,710)	348,093	Social Work Services		944,791	(603,385)	341,406
41,843	(11,699)	30,144	Related Companies and Joint Boards		18,736	(1,512)	17,224
35,055	0	35,055	Equal Pay Obligation (material item)		469,734	0	469,734
183	(52)	131	Common Good Fund	6	173	(52)	121
224	(321)	(97)	Sundry Trusts	6	292	(273)	19
96,539	(14,124)	82,415	City Building (Contracts) LLP		95,444	(11,652)	83,792
3,887	(8,260)	(4,373)	City Parking LLP		9,924	(9,499)	425
1,412	(308)	1,104	City Property Glasgow (Investments) LLP		1,722	(204)	1,518
5	(145)	(140)	Cordia Care LLP		8	(95)	(87)
151,587	(22,287)	129,300	Cordia Services LLP		77,381	(6,845)	70,536
115,075	(37,089)	77,986	Culture and Sport Glasgow		122,246	(42,268)	79,978
7,435	(853)	6,582	Jobs & Business Glasgow		7,415	(868)	6,547
28,953	(28,304)	649	Scottish Event Campus Ltd		34,823	(35,891)	(1,068)
10,912	1,876	12,788	Service Glasgow LLP		0	0	0
2,776,901	(1,274,055)	1,502,846	Cost of Services		3,346,132	(1,376,607)	1,969,525
0	(1,269)	(1,269)	(Gain) or loss on the disposal of Property, Plant and Equip.		0	(3,857)	(3,857)
0	(1,269)	(1,269)	Other Operating Expenditure		0	(3,857)	(3,857)
3,019	(4,985)	(1,966)	(Surplus) or deficit on Trading Operations where not included above		2,043	(4,289)	(2,246)
96,322	0	96,322	Interest payable		94,184	0	94,184
0	(3,275)	(3,275)	Interest and investment income		0	(3,175)	(3,175)
46,395	0	46,395	Net interest on the net defined benefit liability	11	31,299	0	31,299
8,558	(20,290)	(11,732)	Income, expenditure and changes in the fair value of investment properties	15	7,281	(20,737)	(13,456)
0	(7)	(7)	Minority interest		0	(41)	(41)
154,294	(28,557)	125,737	Financing and Investment Income and Expenditure		134,807	(28,242)	106,565
0	(834,785)	(834,785)	Non-ringfenced Government grants		0	(870,993)	(870,993)
0	(373,374)	(373,374)	Non-Domestic Rates		0	(340,778)	(340,778)
0	(207,866)	(207,866)	Council Tax / Community Charge		0	(220,607)	(220,607)
0	(106,744)	(106,744)	Capital grants and contributions		0	(101,070)	(101,070)
0	(1,522,769)	(1,522,769)	Taxation and Non-specific Grant Income		0	(1,533,448)	(1,533,448)
2,931,195	(2,826,650)	104,545	(Surplus) or Deficit on the Provision of Services		3,480,939	(2,942,154)	538,785
		(29,348)	Share of (surplus) or deficit on provision of services by associates				(7,363)
		228	Tax expenses or (receipts) of subsidiaries	13			499
		75,425	Group (Surplus) or Deficit				531,921
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(93,372)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(94,400)
		(741,850)	Actuarial (gains) or losses on Pension Assets and Liabilities	11			294,801
		3,209	Other unrealised (gains) or losses				3,273
		(10,074)	Share of other comprehensive (income) and expenditure of associates				14,317
		7	Minority interest				41
		(842,080)					218,032
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services				
		1,621	(Surplus) or deficit on revaluation of Available-for-Sale Financial Assets				0
		(840,459)	Other Comprehensive (Income) and Expenditure				218,032
		(765,034)	Total Comprehensive (Income) / Expenditure				749,953

Group Movement in Reserves Statement for the year ended 31 March 2019

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 31 March 2017	59,232	41,541	7,997	870	109,640	1,091,191	1,200,831	97,043	(68,332)	6,235	1,235,777
Movement in reserves during 2017/18:											
Total Comprehensive Income and (Expenditure)	(440,142)	0	0	0	(440,142)	696,986	256,844	364,710	143,473	7	765,034
Adjustments between group accounts and authority accounts (note 9)	348,935	0	0	0	348,935	0	348,935	(348,935)	0	0	0
Net Increase or (Decrease) before transfers	(91,207)	0	0	0	(91,207)	696,986	605,779	15,775	143,473	7	765,034
Adjustments between accounting basis and funding basis under regulations	86,724	0	0	6,577	93,301	(93,301)	0	(13,776)	13,776	0	0
Net Increase or (Decrease) before transfers to other statutory reserves	(4,483)	0	0	6,577	2,094	603,685	605,779	1,999	157,249	7	765,034
Transfers (to) and from other statutory reserves	(6,931)	4,043	2,888	0	0	0	0	0	0	0	0
Increase or (Decrease) in the year	(11,414)	4,043	2,888	6,577	2,094	603,685	605,779	1,999	157,249	7	765,034
Balance at 31 March 2018	47,818	45,584	10,885	7,447	111,734	1,694,876	1,806,610	99,042	88,917	6,242	2,000,811
Impact of Group movements/adjustments during the year	1,006	0	0	0	1,006	(1,006)	0	(987)	0	0	(987)
Revised balance at 1 April 2018	48,824	45,584	10,885	7,447	112,740	1,693,870	1,806,610	98,055	88,917	6,242	1,999,824
Movement in reserves during 2018/19:											
Total Comprehensive Income and (Expenditure)	(804,469)	0	0	0	(804,469)	(159,309)	(963,778)	272,507	(58,723)	41	(749,953)
Adjustments between group accounts and authority accounts (note 9)	277,323	0	0	0	277,323	0	277,323	(277,323)	0	0	0
Net Increase or (Decrease) before transfers	(527,146)	0	0	0	(527,146)	(159,309)	(686,455)	(4,816)	(58,723)	41	(749,953)
Adjustments between accounting basis and funding basis under regulations	541,612	0	0	8,706	550,318	(550,318)	0	16,384	(16,384)	0	0
Net Increase or (Decrease) before transfers to other statutory reserves	14,466	0	0	8,706	23,172	(709,627)	(686,455)	11,568	(75,107)	41	(749,953)
Transfers (to) and from other statutory reserves	6,203	(7,881)	1,678	0	0	0	0	0	0	0	0
Increase or (Decrease) in the year	20,669	(7,881)	1,678	8,706	23,172	(709,627)	(686,455)	11,568	(75,107)	41	(749,953)
Balance at 31 March 2019	69,493	37,703	12,563	16,153	135,912	984,243	1,120,155	109,623	13,810	6,283	1,249,871

Note 9 on page 103 provides further details on the Movement in Reserves Statement

Group Balance Sheet as at 31 March 2019

31 March 18 £000		Note	£000	31 March 19 £000
2,368,416	Other land and buildings		2,392,211	
108,848	Vehicles, plant, furniture and equipment		95,854	
642,838	Infrastructure assets		693,434	
24,699	Community assets		23,118	
56,264	Assets under construction		124,243	
<u>39,831</u>	Corporate surplus assets		<u>37,517</u>	
3,240,896	Property, Plant and Equipment	14		3,366,377
1,417,158	Heritage assets			1,417,376
191,649	Investment property	15		210,124
9,810	Intangible assets			8,766
34,321	Long-term investments			31,957
104,432	Investments in associates and joint boards	17		113,673
<u>34,448</u>	Long-term debtors			32,665
5,032,714	Long-term Assets			5,180,938
2,177	Short-term investments			2,321
3,638	Inventories	18		2,900
210,316	Net short-term debtors			218,698
196,054	Cash and cash equivalents	19		114,512
358	Intangible Assets			269
<u>28,915</u>	Assets held for sale			<u>15,349</u>
441,458	Current Assets			354,049
(177)	Cash and cash equivalents	19		0
(298,537)	Short-term borrowing			(189,577)
(346,758)	Short-term creditors			(368,765)
(40,453)	Short-term provisions			(507,626)
0	Current tax liability			(25)
(685,925)	Current Liabilities			(1,065,993)
(21,616)	Long-term provisions			(22,414)
(1,363,830)	Long-term borrowing			(1,392,568)
(1,108,970)	Net pensions liability	11		(1,498,794)
(235,540)	Deferred liabilities			(232,168)
(1,093)	Deferred tax liability	20		(1,568)
(21,851)	Deferred grants	21		(21,281)
(2,945)	Deferred income	22		(2,543)
<u>(31,591)</u>	Liabilities in associates and joint boards	17		<u>(47,787)</u>
(2,787,436)	Long-term Liabilities			(3,219,123)
2,000,811	Net Assets / (Liabilities)			1,249,871
47,818	General Fund Reserve			69,493
45,584	Revenue Reserve Funds			37,703
10,885	Capital Reserve Funds			12,563
<u>7,447</u>	Capital Grants Unapplied Account			<u>16,153</u>
111,734	Usable Reserves			135,912
1,694,876	Unusable Reserves			984,243
194,201	Group Reserves			129,716
2,000,811	Total Reserves			1,249,871

The unaudited accounts were
issued on 13 June 2019

Martin Booth BA CPFA MBA
Executive Director of Finance
13 June 2019

Group Cash Flow Statement for the Year ended 31 March 2019

2017/18 £000		2018/19 £000
75,425	Group (Surplus) or Deficit on the Provision of Services	531,921
(226,751)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(636,171)
12,416	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	353
(138,910)	Net cash flows from operating activities	(103,897)
(17,980)	Investing activities	90,052
184,113	Financing activities	89,559
27,223	Net (increase) or decrease in Cash and cash equivalents	75,714
(223,313)	Cash and cash equivalents at the beginning of the reporting period	(195,877)
<u>213</u>	Impact of Group movements during the year on opening cash balances	<u>5,651</u>
(223,100)	Revised Cash and cash equivalents at the beginning of the reporting period	(190,226)
(195,877)	Cash and cash equivalents at the end of the reporting period	(114,512)

❖ 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 21 to 32. 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 Event Campus 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 reserves is a net liability. The net liabilities of City Building (Contracts) LLP and Culture and Sport Glasgow are a direct consequence of the requirement to fully account for IAS19 Employee Benefits. As with the council's pension liabilities, the 2018/19 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 £107.554 million (£70.493 million in 2017/18).

With the exception of Cordia (Care) LLP and Cordia (Services) LLP, all group members have prepared their accounts on a going concern basis. Cordia (Care) LLP and Cordia (Services) LLP accounts have not been prepared on a going concern basis as they ceased trading and transferred to the direct control of Glasgow City Council on 29 September 2018. 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 IAS19 Employee Benefits. Information relating to the pensions of subsidiaries follows the reporting requirements of FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

Glasgow City Council, City Building (Contracts) 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 Event Campus Limited and Jobs & Business Glasgow operate defined contribution schemes on behalf of their employees. 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

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 2019 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 £588.8 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £116.7 million and £459.2 million respectively. In terms of life expectancy, an increase of 1 year would equate to an increased liability of between £183.4 million and £305.6 million.

3. Group Expenditure and Funding Analysis for the Year ended 31 March 2019

2017/18 Expenditure Chargeable to the General Fund £000	2017/18 Adjustments between the Funding and Accounting basis £000	2017/18 Net Expenditure in the CIES £000	Service	2018/19 Expenditure Chargeable to the General Fund £000	2018/19 Adjustments between the Funding and Accounting basis £000	2018/19 Net Expenditure in the CIES £000
50,220	24,435	74,655	Chief Executive's Office	75,751	31,199	106,950
17,406	55,088	72,494	Development and Regeneration Services	27,697	27,874	55,571
389,277	22,126	411,403	Education Services	459,803	59,121	518,924
127,963	(56,423)	71,540	Financial Services	118,084	(56,942)	61,142
114,713	38,404	153,117	Neighbourhood and Sustainability	116,981	39,812	156,793
300,750	47,343	348,093	Social Work Services	315,815	25,591	341,406
27,403	2,741	30,144	Related Companies and Joint Boards	13,630	3,594	17,224
35,055	0	35,055	Equal Pay Obligations (material item)	0	469,734	469,734
131	0	131	Common Good Fund	(777)	898	121
(97)	0	(97)	Sundry Trusts	(1,754)	1,773	19
78,799	3,616	82,415	City Building (Contracts) LLP	79,063	4,729	83,792
(2,080)	(2,293)	(4,373)	City Parking LLP	2,719	(2,294)	425
9,125	(8,021)	1,104	City Property Glasgow (Investments) LLP	9,348	(7,830)	1,518
(140)	0	(140)	Cordia Care LLP	(87)	0	(87)
119,838	9,462	129,300	Cordia Services LLP	65,459	5,077	70,536
70,232	7,754	77,986	Culture and Sport Glasgow	69,359	10,619	79,978
6,727	(145)	6,582	Jobs & Business Glasgow	6,614	(67)	6,547
39,739	(39,090)	649	Scottish Event Campus Ltd	8,521	(9,589)	(1,068)
12,739	49	12,788	Service Glasgow LLP	0	0	0
1,397,800	105,046	1,502,846	Cost of Services	1,366,226	603,299	1,969,525
(1,395,316)	(32,105)	(1,427,421)	Other (Income) and Expenditure	(1,392,254)	(45,350)	(1,437,604)
2,484	72,941	75,425	Group (Surplus) or Deficit	(26,028)	557,949	531,921
		156,275	Opening General Fund Balance			146,860
		0	Impact of Group movements during the year			21
		(2,484)	Surplus/(Deficit) on General Fund in Year			26,030
		(6,931)	Transfers (to)/from Other Statutory Reserves			6,205
		146,860	Closing General Fund Balance			179,116

Note to the Group Expenditure and Funding Analysis – Adjustments between the Funding and Accounting basis

2017/18 Adjustments for Capital Purposes £000	2017/18 Net Change for the Pensions Adjustments £000	2017/18 Other Differences £000	2017/18 Total Adjustments £000	Service	2018/19 Adjustments for Capital Purposes £000	2018/19 Net Change for the Pensions Adjustments £000	2018/19 Other Differences £000	2018/19 Total Adjustments £000
21,424	1,150	1,861	24,435	Chief Executive's Office	13,739	2,178	15,282	31,199
57,223	(939)	(1,196)	55,088	Development and Regeneration Services	26,745	1,617	(488)	27,874
17,480	3,495	1,151	22,126	Education Services	51,472	5,953	1,696	59,121
203	5,560	(62,186)	(56,423)	Financial Services	513	5,147	(62,602)	(56,942)
31,218	8,526	(1,340)	38,404	Neighbourhoods and Sustainability	31,550	9,405	(1,143)	39,812
33,531	13,955	(143)	47,343	Social Work Services	4,028	21,298	265	25,591
(170)	843	2,068	2,741	Related Companies and Joint Boards	0	0	3,594	3,594
0	0	0	0	Equal Pay Obligations (material item)	0	0	469,734	469,734
0	0	0	0	Common Good Fund	0	0	898	898
0	0	0	0	Sundry Trusts	0	0	1,773	1,773
0	7,720	(4,104)	3,616	City Building (Contracts) LLP	0	4,840	(111)	4,729
(4,041)	1,150	598	(2,293)	City Parking LLP	1,708	1,166	(5,168)	(2,294)
64	0	(8,085)	(8,021)	City Property Glasgow (Investments) LLP	64	0	(7,894)	(7,830)
0	0	0	0	Cordia Care LLP	0	0	0	0
95	17,951	(8,584)	9,462	Cordia Services LLP	375	10,302	(5,600)	5,077
1,211	16,164	(9,621)	7,754	Culture and Sport Glasgow	1,208	19,364	(9,953)	10,619
328	84	(557)	(145)	Jobs & Business Glasgow	265	240	(572)	(67)
4,716	655	(44,461)	(39,090)	Scottish Event Campus Ltd	4,710	677	(14,976)	(9,589)
108	490	(549)	49	Service Glasgow LLP	0	0	0	0
163,390	76,804	(135,148)	105,046	Cost of Services	136,377	82,187	384,735	603,299
(138,580)	45,806	60,669	(32,105)	Other (Income) and Expenditure	(121,808)	30,701	45,757	(45,350)
24,810	122,610	(74,479)	72,941	(Surplus) or Deficit on the Provision of Services	14,569	112,888	430,492	557,949

4. Combining entities

4.1. Scottish Event Campus Limited

Scottish Exhibition Centre Limited was incorporated under the terms of the Companies Acts to promote international exhibitions, conferences and events on 4 March 1983 and formally changed its name to Scottish Event Campus Limited on 26 January 2017. 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 £15.476 million at 31 March 2019, compared to net assets of £13.681 million at 31 March 2018. The profit on ordinary activities before taxation for the year to 31 March 2019 was

£2.294 million, compared to a profit of £1.684 million for the period to 31 March 2018. 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 unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Chief Executive, Scottish Event Campus Limited, Glasgow G3 8YW.

4.2. 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.

After accounting for IAS19 Employee Benefits, the net liabilities of the partnership were £26.079 million at 31 March 2019, compared to net liabilities of £16.858 million at 31 March 2018. The loss on ordinary activities before and after taxation for the year to 31 March 2019 was £3.602 million, compared to a loss of £5.975 million for the period to 31 March 2018.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Managing Director, City Building (Contracts) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

4.3. Culture and Sport Glasgow, trading as Glasgow Life

Culture and Sport Glasgow was incorporated on 22 December 2006 as a company limited by guarantee and Glasgow City Marketing Bureau Limited was incorporated within Culture and Sport Glasgow as a wholly owned subsidiary from 1 April 2016. 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 IAS19 Employee Benefits, the net liabilities of the company were £56.450 million at 31 March 2019, compared to net liabilities of £29.659 million at 31 March 2018. The loss on ordinary activities before and after taxation for the year to 31 March 2019 was £7.720 million, compared to a loss of £9.882 million for the period to 31 March 2018.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Chief Executive, Culture and Sport Glasgow, 220 High Street, Glasgow G4 0QW.

4.4. **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 IAS19 Employee Benefits, the net liabilities of the partnership were £25.025 million at 31 March 2019, compared to £23.976 million at 31 March 2018. The loss on ordinary activities before and after taxation for the year to 31 March 2019 was £1.540 million, compared to a profit of £3.645 million for the period to 31 March 2018.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, 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.

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

Cordia (Care) Limited Liability Partnership was incorporated on 25 November 2008 to deliver care 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.

From 30 September 2018 Cordia (Care) LLP operations transferred to GCC. For the period 1 April 2018 to 29 September 2018 Cordia (Care) has been treated as a subsidiary and results have been consolidated into the group accounts on a line by line basis. For the period 30 September 2018 to 31 March 2019 results are included within GCC Services (Development and Regeneration Services and Social Work Services).

The net assets of the partnership were £0.040 million at 29 September 2018, compared to £0.062 million at 31 March 2018. The loss on ordinary activities before and after taxation for the year to 29 September 2018 was £0.022 million, compared to a profit of £0.016 million for the period to 31 March 2018.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Executive Director of Finance, City Chambers, Glasgow G2 1DU.

4.6. **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.

From 30 September 2018 Cordia (Services) LLP operations transferred to GCC. For the period 1 April 2018 to 29 September 2018 Cordia (Services) LLP has been treated as a subsidiary and results have been consolidated into the group accounts on a line by line basis. For the period 30 September 2018 to 31 March 2019 results are included within GCC Services (Development and Regeneration Services and Social Work Services).

After accounting for IAS19 Employee Benefits, the net assets of the partnership were £47.840 million at 31 March 2019, compared to net assets of £34.678 million at 31 March 2018. The loss on ordinary activities before and after taxation for the year to 31 March 2019 was £7.585 million, compared to £9.428 million for the period to 31 March 2018.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Executive Director of Finance, City Chambers, Glasgow G2 1DU.

4.7. 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 £132.971 million at 31 March 2019, compared to net assets of £114.961 million at 31 March 2018. The profit on ordinary activities before and after taxation for the year to 31 March 2019 was £7.576 million, compared to £8.362 million for the period to 31 March 2018.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, 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.

4.8. Jobs & Business Glasgow

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 IAS19 Employee Benefits, the net assets of the company were £16.086 million at 31 March 2019, compared to net assets of £14.668 million at 31 March 2018. The profit on ordinary activities before taxation for the year to 31 March 2019 was £1.621 million, compared to a profit of £0.162 million for the period to 31 March 2018.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Managing Director, Jobs & Business Glasgow, 94 Duke Street, Glasgow G4 0UW.

4.9. 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 unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

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 2018/19, Glasgow City Council contributed £9.651 million or 26.88% of the Board's estimated running costs (2017/18 £9.848 million) and its share of the year-end net assets of £89.921 million (2017/18 net assets of £88.359 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 2018/19:

2017/18 £000	Strathclyde Partnership for Transport	2018/19 £000
(42,460)	Gross (income)	(23,094)
(24,543)	(Surplus) or Deficit on the Provision of Services	(4,521)
(13,358)	Other Comprehensive (Income) and Expenditure	(2,959)
57,027	Long-term assets	67,145
47,229	Current assets	47,890
(5,604)	Current liabilities	(7,054)
(9,421)	Long-term liabilities excluding pension liability	(13,806)
(872)	Pension liability	(4,254)

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:

2017/18 £000	Strathclyde Partnership for Transport	2018/19 £000
	Amounts owed to GCC	
2,110	Short-term debtors	939
	Amounts owing by GCC	
(406)	Short-term creditors	(245)

4.10. 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 unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

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 2018/19, Glasgow City Council contributed £1.010 million or 24.70% of the Board's estimated running costs (2017/18 £1.031 million) and its share of the year-end net assets of £0.313 million (2017/18 £0.385 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 2018/19:

2017/18 £000	Strathclyde Concessionary Travel Scheme	2018/19 £000
(1,034)	Gross (income)	(1,016)
33	(Surplus) or Deficit on the Provision of Services	73
609	Current assets	526
(224)	Current liabilities	(213)

There were no amounts owing or owed between Glasgow City Council and Strathclyde Concessionary Travel Scheme as at 31 March 2019.

4.11. Glasgow City Integration Joint Board

Glasgow City Integration Joint Board is a partnership consisting of Glasgow City Council and NHS Greater Glasgow and Clyde, set up to improve the wellbeing of people who use health and social care services across the Glasgow area, commencing 6 February 2016.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Chief Officer, Glasgow City Integration Joint Board, 32 Albion Street, Glasgow G1 1LH.

Under accounting standards, the council has a significant interest in this statutory body. The statutory body is included within the Group Financial Statements as a material joint board. In 2018/19, the council contributed £379.165 million (2017/18 £390.400 million) or 32% of the board's running costs and its share of the year end net assets was £23.439 million (2017/18 £15.688 million).

The following table represents the group's share of key financial information extracted from the accounts of Glasgow City Integration Joint Board for 2018/19:

2017/18 £000	Glasgow City Integration Joint Board	2018/19 £000
(652,063)	Turnover	(675,313)
(6,033)	(Surplus) or Deficit on the Provision of Services	(7,752)
15,688	Current assets	23,439

An analysis of the amounts owed and owing between Glasgow City Council and Glasgow City Integration Joint Board relating to normal trade debtors and creditors is provided below:

2017/18 £000	Glasgow City Integration Joint Board	2018/19 £000
	Amounts Owning by GCC	
(31,375)	Short-term creditors	(46,878)

4.12. City Building (Glasgow) Limited Liability Partnership

City Building (Glasgow) Limited Liability Partnership is a 50/50 joint venture partnership between Glasgow City Council and the Wheatley Housing Group, set up 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, commencing 1 April 2017.

The latest set of unaudited accounts is for the year to 31 March 2019. When available, copies of the audited accounts may be obtained from the Managing Director, City Building (Glasgow) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

Under accounting standards, the council has a significant interest in this company. The company is included within the Group Financial Statements as a material joint venture. In 2018/19, the council contributed £6.910 million (2017/18 £6.997 million) or 50% of the company's running costs and its share of the year end net liabilities was £47.787 million (2017/18 £31.591 million).

The following table represents the group's share of key financial information extracted from the accounts of City Building (Glasgow) Limited Liability Partnership for 2018/19:

2017/18 £000	City Building (Glasgow) Limited Liability Partnership	2018/19 £000
(68,858)	Gross (income)	(69,547)
2,672	(Surplus) or Deficit on the Provision of Services	4,838
3,284	Other Comprehensive (Income) and Expenditure	11,358
726	Long-term assets	513
14,575	Current assets	14,143
(15,029)	Current liabilities	(14,286)
(233)	Long-term liabilities excluding pension liability	(283)
(31,630)	Pension liability	(47,874)

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

2017/18 £000	City Building (Glasgow) Limited Liability Partnership	2018/19 £000
	Amounts owed to GCC	
9,100	Short-term debtors	806
	Amounts owing by GCC	
(6,449)	Short-term creditors	(576)

5. Nature of combination

The council inherited its interest in Scottish Event Campus 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.

6. 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 £0.121 million (£0.131 million in 2017/18) and net expenditure on Sundry Trusts of £0.019 million (net income of £0.097 million in 2017/18) have been included as separate lines within Cost of Services in the Comprehensive Income and Expenditure Statement.

7. Financial impact of consolidation

The effect of the inclusion of the subsidiaries and associates in 2018/19 was to increase council reserves and net assets by £129.716 million (2017/18 net assets increased by £194.201 million) representing the council's net asset in the consolidating entities.

8. 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 2019.
- **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 IAS19 Employee Benefits, the net liabilities of the partnership were £4.102 million at 31 March 2019 compared to £1.842 million at 31 March 2018. The loss on ordinary activities before and after taxation for the year to 31 March 2019 was £0.546 million compared to £0.681 million for the period to 31 March 2018.

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

2017/18 Net Expenditure/ (Income) £000	Debtor / (Creditor) at 31 March 2018 £000		2018/19		Debtor / (Creditor) at 31 March 2019 £000
		City Property (Glasgow) Limited Liability Partnership	Expenditure £000	Income £000	
(2,153)	715	Glasgow City Council	451	(2,489)	148
(4)	4	City Building (Contracts) LLP	0	(5)	5
(3)	4	City Parking (Glasgow) LLP	0	(2)	1
82	(82)	City Property Glasgow (Investments) LLP	102	(591)	489
5	0	Cordia (Services) LLP	0	0	0
(59)	27	Culture and Sport Glasgow	0	(64)	0
0	0	Jobs & Business Glasgow	0	0	0

- **Community Safety Glasgow Limited** is an associate company limited by guarantee with charitable status which ceased trading on 16 February 2019. 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 £7.729 million (2017/18 £8.704 million) representing 35% of the organisation's estimated running costs for the year to 16 February 2019.
- **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 32 local authorities and similar public sector bodies in Scotland. During the year, the council made a contribution of £0.339 million (2017/18 £0.334 million) representing 9.7% of the organisation's estimated running costs for the year to 31 March 2019.

- 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 (2017/18 £0.072 million) representing 12.5% of the Joint Committee's estimated running costs for the year to 31 March 2019.
- 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 £0.011 million (2017/18 £0.011 million) representing 25.8% of the Joint Committee's running costs for the year to 31 March 2019.
- Continuing Education Gateway** is a consortium of 10 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 (2017/18 £0.123 million) representing 31% of the consortium's estimated running costs for the year to 31 March 2019.
- 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 10 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 (2017/18 £0.009 million) representing 6.7% of the Joint Committee's estimated running costs for the year to 31 March 2019.
- SEEMIS Group LLP** was incorporated on 11 May 2009 and commenced trading on 1 July 2010. It is funded by the 32 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 £0.236 million (2017/18 £0.283 million) representing 9.2% of the organisation's estimated running costs for the year to 31 March 2019.
- Glasgow City Region – City Deal 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 aims to deliver a £1.1 billion investment programme, including delivery of labour market and innovation programmes. During the year the council made a contribution of £0.391 million (2017/18 £0.333 million) representing 33.2% of the organisation's running costs for the year to March 2019.

- **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 (2017/18 £0.057 million) representing 5.7% of the organisation's estimated running costs for the year to 31 March 2019.
- **The Clyde Valley Learning and Development Project Joint Committee** was established in October 2007. The purpose of the committee is to establish and deliver a number of shared approaches to training, learning and development between the 8 Clyde Valley Councils. During the year, the council made a contribution of £0.006 million (2017/18 £0.006 million) representing 10.1% of the Joint Committee's running costs for the year to 31 March 2019.
- **Transforming Communities Glasgow** was established as a charitable company in April 2012 and commenced trading in June 2015. The main purpose of the charity is to facilitate a single strategic focus for the regeneration of transformational regeneration areas. During the year, the council made a contribution of £0.001 million (2017/18 £0.001 million) representing 33.3% of the Joint Committee's running costs for the year to 31 March 2019.

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

2017/18 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	348,935	0	0	348,935	0	348,935	(348,935)	0	0
Grants and contributions	0	0	0	0	0	0	0	0	0
Total adjustments between Group Financial Statements and Authority Financial Statements	348,935	0	0	348,935	0	348,935	(348,935)	0	0

2018/19 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	277,323	0	0	277,323	0	277,323	(277,323)	0	0
Grants and contributions	0	0	0	0	0	0	0	0	0
Total adjustments between Group Financial Statements and Authority Financial Statements	277,323	0	0	277,323	0	277,323	(277,323)	0	0

10. Group subjective analysis

2017/18 £000	%	Subjective analysis	2018/19 £000	%
Where the money came from				
(1,466,147)	51.4	Government grants and local taxation	(1,484,893)	50.4
(587,341)	20.6	Other grants, reimbursements and contributions	(650,389)	22.1
(549,972)	19.3	Customer and client receipts	(587,947)	19.9
(22,770)	0.8	Interest and investment income	(22,818)	0.8
(130,757)	4.6	Income from other departments	(292,372)	9.9
(89,473)	3.1	Other miscellaneous income	(91,180)	3.1
127,823	(4.5)	Inter-departmental recharges	292,372	(9.9)
(1,269)	0.0	Gain on disposal of property, plant and equipment	(3,857)	0.1
(29,348)	1.0	Share of surplus from associates and joint boards	(7,363)	0.2
(106,744)	3.7	Capital grants and contributions	(101,070)	3.4
(2,855,998)	100.0	Total income	(2,949,517)	100.0
How the money was spent				
1,017,064	34.8	Employee costs	1,537,733	44.3
123,550	4.2	Premises costs	239,799	6.9
60,012	2.0	Supplies and services	160,128	4.6
68,421	2.3	Transport and plant	67,210	1.9
956,715	32.7	Third party payments	954,933	27.4
490,510	16.7	Transfer payments	527,340	15.1
199,063	6.8	Depreciation, amortisation and impairment losses	162,925	4.7
104,878	3.6	Financing costs	101,465	2.9
(7,362)	(0.3)	Allocations	(9,022)	(0.3)
46,395	1.6	Net interest on the net defined benefit liability	31,299	0.9
(127,823)	(4.4)	Inter-departmental recharges	(292,372)	(8.4)
2,931,423	100.0	Total expenditure	3,481,438	100.0
75,425		Group (surplus) or deficit for the year	531,921	

11. Pension Costs

11.1. Local Government Pension Scheme

Glasgow City Council, City Building (Contracts) 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 2018/19:

2017/18 £000	Local Government Pension Scheme	2018/19 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
142,254	Current service cost	151,431
0	Past service cost	0
2,893	(Gain) / loss from settlement	0
Financing and Investment Income and Expenditure:		
46,395	Net interest cost	31,299
191,542	Total post-employment benefits charged / (credited) to the Surplus or Deficit on the Provision of Services	182,730
Other Comprehensive Income and Expenditure		
Remeasurement of the net defined benefit liability:		
(101,329)	Return on assets	(125,459)
(248,970)	Actuarial (gains) / losses arising on changes in financial assumptions	426,680
(15,146)	Actuarial (gains) / losses arising from changes in demographic assumptions	0
0	Effect of business combinations and disposals in group	(18,646)
(376,405)	Other Experience	12,226
(550,308)	Total post-employment benefits charged / (credited) to the Comprehensive Income and Expenditure Statement	294,801
191,542	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	136,150
Movement in Reserves Statement		
(101,048)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS19	(43,442)
Actual amount charged against the General Fund balance for pensions in the year:		
90,494	Employers contribution paid	92,708

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 2017.

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the group of £1,498.794 million:

2017/18	Actuarial Assumptions	2018/19
	Long-term expected rate of return on assets in the scheme:	
2.7%	Equity Investments	2.4%
2.7%	Bonds	2.4%
2.7%	Property	2.4%
2.7%	Cash and net debtors/ creditors	2.4%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.4	Men	21.4
23.7	Women	23.7
	Longevity at 65 for future pensioners:	
23.4	Men	23.4
25.8	Women	25.8
	General assumptions:	
2.4%	Rate of price increases	2.5%
3.6%	Rate of increase in salaries (see note)	3.7%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.5%
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	
66%	Equities Investments	66%
15%	Bonds	15%
9%	Property	9%
10%	Cash and Net Debtors/Creditors	10%
100%	Total	100%

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

2017/18 £000	Pension Assets and Liabilities recognised in the Balance Sheet	2018/19 £000
5,423,178	Present value of the defined benefit obligation	6,112,582
(4,314,208)	Fair value of plan assets	(4,613,788)
1,108,970	Net liability arising from defined benefit obligation	1,498,794

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

2017/18 £000	Reconciliation of present value of scheme liabilities:	2018/19 £000
6,301,663	Opening balance at 1 April	5,423,178
(424,845)	Impact of Group movements during the year	(277,196)
5,876,818	Revised opening balance at 1 April	5,145,982
142,254	Current service costs	151,431
153,794	Interest costs	143,743
23,336	Contributions by scheme participants	23,897
	Remeasurement (gains) and losses:	
(248,970)	Actuarial (gains) / losses arising from changes in financial assumptions	426,680
(15,146)	Actuarial (gains) / losses arising from changes in demographic assumptions	0
(376,405)	Other	12,226
0	Past service cost (including curtailments)	0
(144,066)	Benefits paid	(141,377)
11,563	Effect of business combinations and disposals	350,000
5,423,178	Closing balance at 31 March	6,112,582

2017/18 £000	Reconciliation of present value of scheme assets:	2018/19 £000
4,503,580	Opening balance at 1 April	4,314,208
(376,534)	Impact of Group movements during the year	(310,131)
4,127,046	Revised opening balance at 1 April	4,004,077
107,399	Interest income	112,024
	Remeasurement gain / (loss):	
101,329	Return on assets, excluding the amount included in the net interest cost	125,459
90,494	Contributions by employer	92,708
23,336	Contributions by scheme participants	23,897
(144,066)	Benefits paid	(141,377)
8,670	Effect of business combinations and disposals	397,000
4,314,208	Closing balance at 31 March	4,613,788

11.3. Analysis of Pension Fund's Assets

Quoted Prices in Active Markets £000	2017/18		Local assets	Government Pension Scheme	Quoted Prices in Active Markets £000	2018/19	
	Prices not quoted in Active Markets £000	Total £000				Prices not quoted in Active Markets £000	Total £000
221,672	214,269	435,941	Cash and cash equivalents		237,545	228,655	466,200
			Equity Instruments:				
276,106	1,136	277,242	Consumer		295,532	1,087	296,619
223,977	118	224,095	Manufacturing		239,738	1,075	240,813
58,042	0	58,042	Energy and utilities		61,373	0	61,373
186,385	0	186,385	Financial institutions		198,553	0	198,553
109,020	1,195	110,215	Health and care		117,072	1,124	118,196
141,757	6	141,763	Information technology		151,713	4	151,717
995,287	2,455	997,742	Sub-total equity instruments		1,063,981	3,290	1,067,271
			Debt Securities				
135,570	0	135,570	Corporate Bonds		144,960	0	144,960
			Private Equity:				
0	514,767	514,767	All		0	550,974	550,974
			Property:				
0	390,015	390,015	UK		0	418,169	418,169
			Other investment funds:				
1,225,352	106,493	1,331,845	Equities		1,310,414	113,738	1,424,152
188,852	311,121	499,973	Bonds		201,851	332,351	534,202
2,377	0	2,377	Commodities		2,239	0	2,239
0	5,963	5,963	Other		0	5,611	5,611
1,416,581	423,577	1,840,158	Sub-total other investment funds		1,514,504	451,700	1,966,204
			Derivatives:				
15	0	15	Other		10	0	10
2,769,125	1,545,083	4,314,208	Total Assets		2,961,000	1,652,788	4,613,788

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 net liability of £1,498.794 million has a substantial impact on the net assets 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 2020 is £73.153 million.

11.5. Defined Contribution Schemes

Scottish Event Campus Limited 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:

2017/18 £000	Defined Contribution Schemes	2018/19 £000
655	Scottish Event Campus Limited	677
26	Jobs & Business Glasgow	178
441	Service Glasgow	0
1,122	Total	855

12. Minority interest

The minority interest debited 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 Scottish Event Campus Limited.

On the Group Balance Sheet within group reserves, with accounting policies aligned, the share of the assets of Scottish Event Campus Limited attributable to minority shareholdings was £6.283 million for 2018/19 (2017/18 £6.242 million).

13. Taxation

For the Scottish Event Campus Limited and Jobs & Business Glasgow, 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:

2017/18 £000	UK Corporation Tax	2018/19 £000
228	Deferred tax	499
228	Total	499

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 2019 was £3,366.377 million.

Movement in PPE 2018/19	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 31 March 2018	2,457,294	241,105	882,985	25,759	56,013	40,160	3,703,316
Additions in year	37,468	17,058	67,726	137	81,414	391	204,194
Donations in year	0	331	0	0	0	0	331
Disposals	(8,392)	(1,473)	0	(1,060)	0	(2,512)	(13,437)
Revaluation adjustments to Revaluation Reserve	26,622	0	0	0	0	895	27,517
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(29,543)	0	0	0	0	(3,875)	(33,418)
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(1,775)	(1,775)
Other reclassifications	2,831	1,760	6,663	0	(13,184)	4,704	2,774
At 31 March 2019	2,486,280	258,781	957,374	24,836	124,243	37,988	3,889,502
Depreciation and impairment:							
At 31 March 2018	(88,854)	(132,021)	(240,147)	(1,060)	0	(329)	(462,411)
Depreciation charge for year	(75,742)	(29,406)	(23,793)	0	0	(78)	(129,019)
Depreciation written out to Revaluation Reserve	56,700	0	0	0	0	(509)	56,191
Depreciation written out to Comprehensive Income and Expenditure Statement	6,510	(1,674)	0	0	0	973	5,809
Impairment losses to Revaluation Reserve	(515)	0	0	0	0	(4)	(519)
Impairment losses to Comprehensive Income and Expenditure Statement	(766)	0	0	(1,718)	0	(332)	(2,816)
Disposals	8,392	174	0	1,060	0	14	9,640
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0
Other reclassifications	206	0	0	0	0	(206)	0
At 31 March 2019	(94,069)	(162,927)	(263,940)	(1,718)	0	(471)	(523,125)
Balance Sheet amount at 31 March 2019	2,392,211	95,854	693,434	23,118	124,243	37,517	3,366,377
Balance Sheet amount at 31 March 2018	2,368,416	108,848	642,838	24,699	56,264	39,831	3,240,896
Nature of asset holding:							
Owned	2,013,905	92,738	693,434	23,118	124,243	37,517	2,984,955
Finance leased	15,391	3,116	0	0	0	0	18,507
PPP	362,915	0	0	0	0	0	362,915
Total	2,392,211	95,854	693,434	23,118	124,243	37,517	3,366,377

Movement in PPE 2017/18	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 31 March 2017	2,502,490	254,620	802,072	25,759	87,338	47,424	3,719,703
Impact of Group movements	(450)	(4,349)	0	0	0	0	(4,799)
Revised 31 March 2017	2,502,040	250,271	802,072	25,759	87,338	47,424	3,714,904
Additions in year	62,060	9,419	49,120	0	39,064	505	160,168
Donations in year	0	0	0	0	0	0	0
Disposals	0	(2,356)	0	0	0	(538)	(2,894)
Revaluation adjustments to Revaluation Reserve	21,696	1	0	0	0	2,888	24,585
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(77,369)	0	0	0	0	(7,493)	(84,862)
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(8,705)	(8,705)
Other reclassifications	30,751	233	31,793	0	(70,138)	6,079	(1,282)
At 31 March 2018	2,539,178	257,568	882,985	25,759	56,264	40,160	3,801,914
Depreciation and impairment:							
At 31 March 2017	(161,226)	(121,862)	(218,386)	(1,060)	0	(241)	(502,775)
Impact of Group movements	450	2,367	0	0	0	0	2,817
Revised 31 March 2017	(160,776)	(119,495)	(218,386)	(1,060)	0	(241)	(499,958)
Depreciation charge for year	(73,182)	(31,205)	(21,761)	0	0	(73)	(126,221)
Depreciation written out to Revaluation Reserve	48,709	0	0	0	0	(1)	48,708
Depreciation written out to Comprehensive Income and Expenditure Statement	15,735	(134)	0	0	0	1,055	16,656
Impairment losses to Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses to Comprehensive Income and Expenditure Statement	(2,149)	0	0	0	0	(168)	(2,317)
Disposals	0	2,114	0	0	0	0	2,114
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0
Other reclassifications	901	0	0	0	0	(901)	0
At 31 March 2018	(170,762)	(148,720)	(240,147)	(1,060)	0	(329)	(561,018)
Balance Sheet amount at 31 March 2018	2,368,416	108,848	642,838	24,699	56,264	39,831	3,240,896
Balance Sheet amount at 31 March 2017	2,341,264	132,758	583,686	24,699	87,338	47,183	3,216,928
Nature of asset holding:							
Owned	1,981,169	103,885	642,838	24,699	56,264	39,831	2,848,686
Finance leased	17,275	4,963	0	0	0	0	22,238
PPP	369,972	0	0	0	0	0	369,972
Total	2,368,416	108,848	642,838	24,699	56,264	39,831	3,240,896

14.2. Summary of capital expenditure and sources of finance

2017/18 £000	Capital expenditure and sources of finance	2018/19 £000
Capital investment		
160,168	Property, plant and equipment	204,194
0	Heritage assets	193
4,008	Intangible assets	1,378
31	Assets held for sale	0
140	Investment property	5,409
164,347	Total gross expenditure	211,174
Sources of finance		
39,138	Borrowing	81,503
12,410	Asset Sales	19,124
14	Assets acquired under finance leases	838
106,914	Government grants and other capital contributions	100,739
5,871	Revenue contributions	8,970
164,347	Total	211,174

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:

2017/18 £000	Investment property	2018/19 £000
(20,290)	Rental income from investment property	(20,737)
8,558	Direct operating expenses arising from investment property	7,281
(11,732)	Net (gain) / loss	(13,456)

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:

2017/18 £000	Movement in fair value	2018/19 £000
182,194	Balance at start of year:	191,649
140	Additions	5,409
(12,142)	Disposals	(270)
21,457	Net gain / (loss) from fair value adjustments	13,336
191,649	Balance at end of year	210,124

16. Fair value measurement of assets and liabilities

Each financial year, a valuation report is prepared for non-financial assets, which incorporates the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For the Group assets, the valuation inputs comprise either level 1, level 2 or level 3 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For 2018/19, both the income and market valuation techniques were widely adopted in forming opinions of fair value. In addition short and long-term investments measured at fair value are considered Level 1 being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date. The resulting valuation of £253.112 million comprises £30.848 million with level 1 inputs, £214.999 million with level 2 inputs and £7.265 million with level 3 inputs.

Fair Value Measurement of assets	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Surplus Properties (valued in 2018/19)	0	5,189	0	5,189
Assets held for sale (valued in 2018/19)	0	7,251	0	7,251
Commercial Units	300	202,559	7,265	210,124
Unquoted equity investment at cost	25	0	0	25
Other investments	30,523	0	0	30,523
Total	30,848	214,999	7,265	253,112

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered Level 2 being inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Valuation of financial liabilities	Carrying Amount £000	Fair Value £000
Borrowing	1,582,145	2,034,045

17. Investments / liabilities in associates and joint ventures

The effect of accounting for associate City Building (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, Strathclyde Concessionary Travel Scheme and Glasgow City Integration Joint Board 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 and joint board is shown below:

2017/18 £000	Investments in Associates and Joint Ventures	2018/19 £000
88,359	Strathclyde Partnership for Transport	89,921
385	Strathclyde Concessionary Travel Scheme	313
15,688	Glasgow City Integration Joint Board	23,439
104,432	Sub-total	113,673
Liabilities in Associates and Joint Ventures		
(31,591)	City Building (Glasgow) LLP	(47,787)
(31,591)	Sub-total	(47,787)
72,841	Total	65,886

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

2017/18 £000	Associates and Joint Ventures	2018/19 £000
(789,661)	Gross income	(768,970)
57,807	Long-term assets	67,658
84,163	Current assets	85,998
(26,973)	Current liabilities	(21,553)
(42,156)	Long-term liabilities	(66,217)
72,841	Net asset	65,886

18. 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:

2017/18				Inventories	2018/19			
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
4,165	0	564	4,729	Opening balance	2,243	670	725	3,638
44	909	161	1,114	Purchases	8,027	0	(87)	7,940
(88)	0	0	(88)	Reclassifications / transfers	1,032	0	0	1,032
(1,878)	(239)	0	(2,117)	Disposals	(9,037)	(670)	(3)	(9,710)
2,243	670	725	3,638	Closing balance	2,265	0	635	2,900

19. 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:

2017/18 £000	Cash and cash equivalents	2018/19 £000
91,077	Short-term deposits	27,601
104,761	Bank current accounts	86,711
216	Cash imprests	200
196,054	Sub total	114,512
(177)	Temporary overdraft facilities	0
195,877	Total Cash and cash equivalents	114,512

20. 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 2019 the balance of £1.568 million (2017/18 £1.093 million) mainly related to timing differences on capital expenditure.

21. Deferred grants

Following the elimination of inter-company transactions, the balance remaining on deferred grants of £21.281 million (2017/18 £21.851 million) represents external funding in support of capital projects.

22. Deferred income

Deferred income of £2.543 million (2017/18 £2.945 million) largely represents payments received by Culture and Sport Glasgow and by Scottish Event Campus Limited for future events which will be recognised when the events take place.

23. 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 2018 £000	Net movement 2018/19 £000	Balance at 31 March 2019 £000
Culture and Sport Glasgow	13,001	4,193	17,194
Jobs & Business Glasgow	14,774	1,579	16,353
Sundry Trusts - charitable element	7,629	(175)	7,454
Total	35,404	5,597	41,001

❖ Annual Governance Statement

1. Scope of responsibility

- 1.1 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. Under the Local Government in Scotland Act 2003, the Council also has a statutory duty to make arrangements to secure best value; to ensure public funds and assets are used economically, efficiently and effectively, and to ensure continuous improvement in the way its functions are exercised.
- 1.2 In discharging this responsibility, elected members and the Council's Corporate Management Team are responsible for ensuring proper arrangements for the governance of the Council's affairs and facilitating the effective exercise of its functions, which includes the management of risk.
- 1.3 Collectively known as the Council Family, the Council has established various subsidiaries and associates to deliver services more effectively. While these organisations are required to implement their own organisational governance and management structures and arrangements, they also form part of the overall governance and control environment of the Council Family. The Corporate Management Team operates to consider matters of common interest across the Council Family.

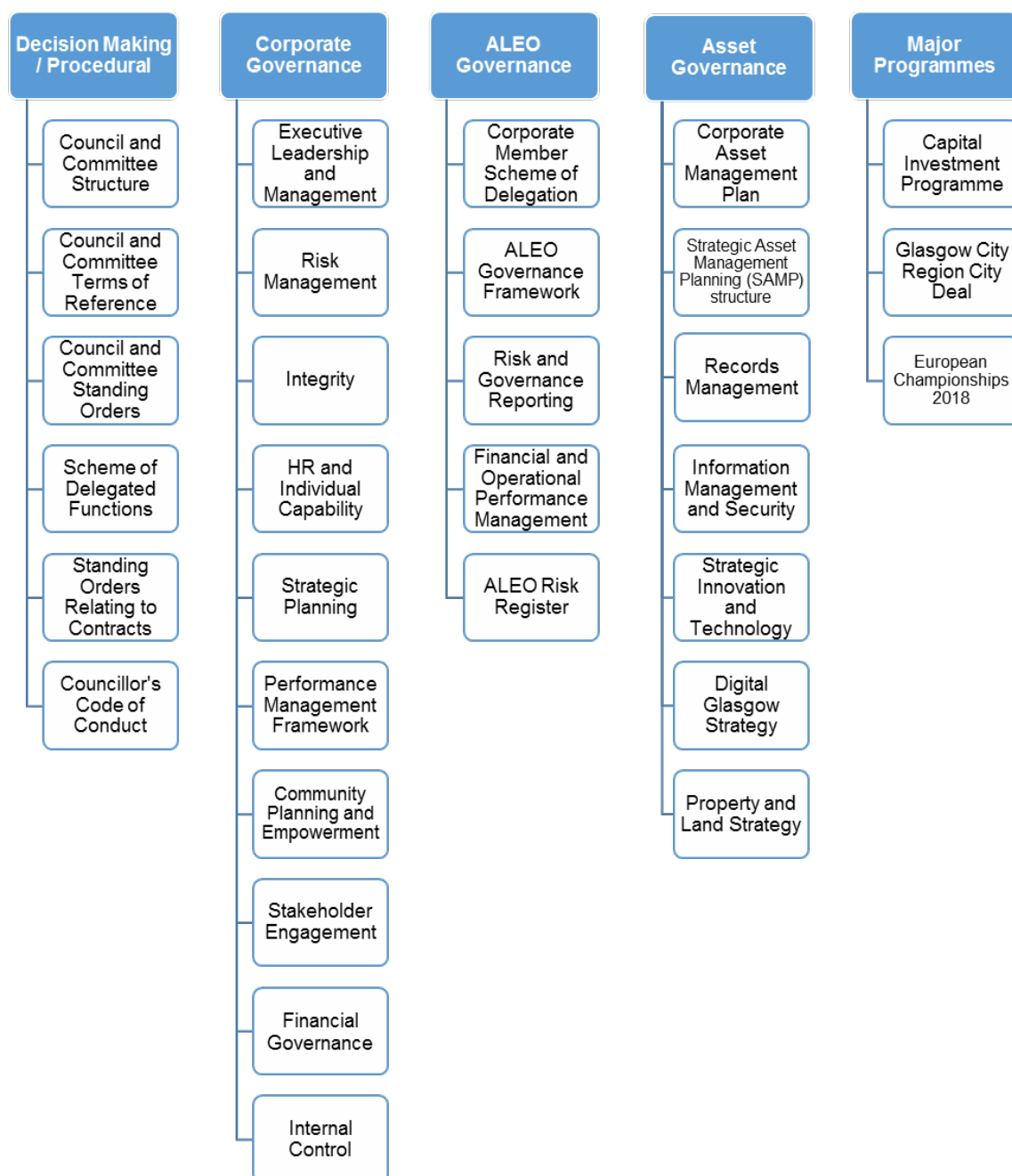
2. The purpose of the governance framework

- 2.1 The Council's governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled. Through the framework, the Council is accountable to and engages with the community. The framework enables the Council to monitor the achievement of the strategic objectives set out in the Council's [Strategic Plan 2017-2022](#) and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

3. The governance framework

- 3.1 The main features of the Council's governance framework are enshrined in the Council's [Local Code of Corporate Governance](#) (the Code), which is consistent with the principles, and reflects the requirements 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. The Code is regularly reviewed and evidences the Council's commitment to achieving good governance and demonstrates how it complies with recommended governance standards.
- 3.2 A key part of the Code, the Council has embedded a system of risk management and internal control. While providing reasonable assurance, these systems cannot, however, provide absolute assurance or certainty in entirely eliminating the risk of the Council failing to achieve its aims and objectives; incurring material errors; losses; fraud or breaches of laws and regulations.

3.3 The Council's governance framework is set out in the diagram below:



3.4 The main features of the governance framework include:

- (a) Committee and decision making structure – following the local government election in May 2017, the Council approved a revised structure and updated Council and Committee Terms of Reference and Standing Orders. This structure has continued to operate in 2018/19 and includes:
 - a City Administration Committee - responsible for discharging all of the Council's functions, except those reserved to the Council and those matters specifically delegated to statutory committees;
 - two Scrutiny Committees - responsible for holding Services and subsidiaries and relevant associates to account;
 - five City Policy Committees - responsible for reviewing policies and overseeing implementation of Council Plan commitments within remit;
 - a Contracts and Property Committee - responsible for approving relevant contract matters and deciding on relevant property matters, and
 - the quasi-judicial and other committees previously in place.
- (b) The [Scheme of Delegated Functions](#) sets out the delegations made to committees, the 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. This was updated and approved at the first meeting of the new Council on 18 May 2017 and has operated since, with the most recent update in February 2019.
- (c) The Council operates Codes of Conduct for employees and elected members are required to adhere to the nationally prescribed Councillors' Code of Conduct.
- (d) The Council approved its [Strategic Plan 2017-2022](#) on 2 November 2017. This established seven cross-cutting priority themes: for Glasgow to have a thriving economy; excellent and inclusive education, and resilient and empowered neighbourhoods and to be a vibrant city; a healthier city; a sustainable and low carbon city, and a well governed city that listens and responds.

The Strategic Plan also sets out the vision and values of the city and reflects the challenges ahead and the need for the Council to remain focussed on budget strategy; transformation of services and their delivery; making best use of workforce and assets, and continuing to explore partnership working and service integration. Work has commenced on the mid-term review of the Strategic Plan.

- (e) The Corporate Performance Management Framework sets out how the Council monitors, manages and reports progress and performance to management, elected members and the public. This includes performance against delivery of the Council Strategic Plan, Local Outcome Improvement Plans, service performance, equalities, benchmarking and citizens' views on services. Actions arising from the review of the Performance Management Framework undertaken in 2017 have been completed, including a stronger focus on measurable outcomes and targets within the Council Strategic Plan 2017-2022 and a refresh of the Corporate Scorecard to make more use of process and outcome indicators, where possible.

- (f) Under the requirements of the Community Empowerment (Scotland) Act 2015, the Glasgow Community Planning Partnership (GCPP) replaced its Single Outcome Agreement (SOA) with the ten year [Glasgow Community Plan](#), published in October 2017. This is the GCPP's Local Outcomes Improvement Plan that sets out shared priorities for the city. It identifies inclusive growth as a key objective for the city supported by three focus areas of economic growth, resilient communities and a fairer more equal Glasgow, as well as two enabling priority areas of childcare and transport. The Plan complements the partnership working taking place in the city and is published along with ten locality plans setting out how issues within specific communities across the city will be addressed.

A supporting [Community Action Plan 2018-2020](#) was published on 31 March 2018 and contains 20 high level commitments across these priority and focus areas.

- (g) The [GCPP Performance Management Framework](#) was approved by the GCPP Strategic Board on 26 March 2019. It identifies outcomes, with associated targets and timescales, linked to Community/Locality Plans' priorities and against which annual assessments of progress will be made. This will also improve decision making and provide an understanding of the impact and added value of the GCPP by illustrating its contribution and those of individual partners in improving local outcomes and reducing inequalities.
- (h) The Council has a defined process for responding to [Asset Transfer Requests](#) and [Participation Requests](#), both of which build on existing channels for communities to enter into dialogue regarding service design and delivery. A progress report on Community Asset Transfer, which will include an update on submission of the second Annual Report, is due to be submitted to the Wellbeing, Empowerment, Community and Citizen Engagement City Policy Committee on 26 September 2019.
- (i) The Council's approach to risk management is well embedded and in May 2018, a new Risk Management Policy and Framework was launched which has been implemented across the Council Family. The Council maintains a Corporate Risk Register, supported by Service and ALEO Risk Registers; a Risk Register specifically recording the risks to the Council which arise by virtue of providing services through subsidiaries and relevant associates, and programme and project Risk Registers. The Council operates a Risk Management Forum which considers risks across the Council Family and regular reports are provided to the Corporate Management Team and the two scrutiny Committees. In April 2019, a risk management system – Pentana - was launched across the Council Family.
- (j) Implemented in July 2017, the Council's Business Continuity Policy and Framework continued to be applied across Council Services as the basis for the review and update of Business Impact Analyses and Business Continuity Plans.
- (k) A publicised [Whistleblowing Policy](#) is in place and is publicised throughout the Council and community. This was reviewed and relaunched in 2018/19.

- (l) An integral part of the stewardship of Council funds, the [Financial Regulations, Management and Control: A Code of Practice](#) aims to ensure that the Council's financial transactions are conducted in a manner which demonstrates openness, integrity and transparency. This Code of Practice was updated and approved at the first meeting of the new Council on 18 May 2017. Since 2004, financial management and reporting has been undertaken through the SAP software package which provides ledger, accounts payable, accounts receivable and banking services.
- (m) The Customer Care Strategy 2015-2018 is under review. The arrangements set out, which include the statutory [Complaints Handling Procedure](#) which manages and monitors formal contact with members of the public, and the associated reports to senior management and the Operational Performance and Delivery Scrutiny Committee, continued to operate in 2018/19.
- (n) Throughout 2018/19, arrangements continued to operate to ensure that officers were clear on their role and responsibilities and were compliant with relevant statutory requirements and best practice, for example, the role of the Chief Financial Officer and the Chief Internal Auditor fulfil the principles set out in the relevant CIPFA statements.
- (o) On 14 June 2018, the City Administration Committee approved the [Corporate Procurement and Improvement Strategy 2018-2022](#). This supersedes the previous Corporate Procurement Strategy 2016-2018 and sets out the vision, objectives and actions that will direct and govern procurement activities across the Council Family. The [Standing Orders Relating to Contracts](#) are regularly reviewed and define how the Council will conduct the business of procuring works, goods and services.
- (p) The Council operates a [Strategic Asset Management Planning structure](#) to plan and oversee investment in, and performance of, the Council's seven asset classes of property, information, ICT, infrastructure, open spaces, fleet, and the civic Collections. Following structural changes to the delivery and governance of ICT, information and land and property services, the Corporate Asset Management Plan 2014-2017 is being redrafted to reflect these arrangements and the Council's seven priority strategic themes.
- (q) In 2018/19, the Council continued to operate the Information Security Board to oversee the development, maintenance, and operation of the information governance framework. The Board is supported by a series of sub-groups to ensure information security policies, processes and guidance continue to be fit for purpose; that these are communicated and staff receive the required training; that information security and cyber risks are identified and mitigated, and that the required levels of cyber and information security controls and defences are identified, applied and implemented.
- (r) The ALEO Governance Framework operates at political, strategic and operational levels to govern and oversee the relationship between the Council and its subsidiaries and relevant associates. Following the structural changes under the Council Family Review (see para. 5.1), and building on the recommendations made in the Improvement Service review of governance (see paras. 4.1(d) and 5.2), this Framework has been subject to review in 2018/19.

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- (s) The Council's Transformation Programme 2016-2018 was launched in 2015/16 to support the Council's vision for a world class city, focused on economic growth and tackling poverty and inequality. On 3 October 2018, a [report](#) was presented to the Finance and Audit Scrutiny Committee setting out the financial and non-financial benefits delivered through the Programme. This report also set out the principles that have led to permanent and sustained change across the Council Family that will continue to be applied in the continuing transformation journey which includes Service-led programmes to deliver further financial savings and support invest to improve programmes and innovation.
- (t) 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. The Council engages with stakeholders, including citizens, in a number of ways, including the annual Household Survey of over 1,000 citizens to establish views on matters ranging from service delivery to the development of strategy. A dedicated web page provides a [Consultation Hub](#) to co-ordinate consultation with residents and businesses.

4. Review of effectiveness

4.1 The Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The governance framework is continually reviewed to reflect best practice, new legislative requirements and the expectations of stakeholders. The effectiveness of the framework, including the system of internal control, is considered at least annually and is informed by:

- (a) The work of the members of the Corporate Management Team, who have responsibility for the development and maintenance of the governance environment.
- (b) Oversight by the Director of Governance and Solicitor to the Council.
- (c) The Head of Audit and Inspection's annual report. Internal Audit adheres to standards and guidelines laid down by relevant bodies and professional institutions and complies with the Public Sector Internal Audit Standards (PSIAS) which have been adopted by the Relevant Internal Audit Standard Setters (RIASS), including HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA). PSIAS also require a five-yearly external peer review, which was completed in 2016. The Internal Audit section continues to hold BSi quality accreditation under ISO9001:2005 and Audit Scotland continue to place reliance on the work of the section in the execution of their annual audit plan.
- (d) Observations made by external auditors and other review agencies and inspectorates. In 2018/19, this included:
 - (i) A [review of governance and accountability arrangements](#) undertaken by the Improvement Service, as agreed by the Council in November 2017. A Short Life Working Group was established to oversee the process and an [interim report](#) and associated [action plan](#) were noted by Full Council on 13 September 2018. The Short Life Working Group continues to oversee the implementation of the action plan.
 - (ii) Publication of a [Best Value Assurance Report](#) on the Council by Audit Scotland, on behalf of the Accounts Commission. In September 2018, this report was noted by the Council and the supporting [BVAR Action Plan](#) was approved. The [first progress update](#) on the BVAR Action Plan was presented to Finance and Audit Scrutiny Committee on 13 March 2019 and a further update is scheduled for September 2019.

- (e) The completion of a self-assessment questionnaire by Service Directors and Managing Directors/Chief Executives of subsidiaries and relevant associates. This questionnaire is aligned to the principles contained in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government, and requires assessments to be made of the extent to which arrangements within each Service/organisation comply with these principles. The responses to the questionnaires are confirmed on a sample basis by Internal Audit, as part of a rolling programme of corporate governance reviews.
- (f) The completion of signed statements of internal control by all Service Directors and the Managing Directors/Chief Executives of subsidiaries and relevant associates. Such statements were received for 2018/19, 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 2018/19, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately”.
- (g) The exercising, by the two Scrutiny Committees, of respective [remits](#) including scrutiny of the performance of Services, subsidiaries and relevant associates, including financial management, statutory and other performance, and outcomes set through the GCPP Community Plan, which are relevant to partnership working and monitoring internal financial control, corporate risk management and corporate governance, and receiving and considering summaries of internal and external audit reports. In accordance with the Council’s Standing Orders, in 2018/19, both scrutiny Committees undertook annual assessments of their work and effectiveness. Reports were presented to the Finance and Audit Scrutiny Committee on [5 December 2018](#) and the Operational Performance and Delivery Scrutiny Committee on [27 February 2019](#).
- (h) In June 2018, a survey of Elected Members was undertaken to review governance arrangements and identify any lessons learned in relation to the effectiveness of Committees.

- 4.2 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.

5. Governance Developments and Future Activity

- 5.1 The Council Family structure is subject to continuous review to ensure it remains fit for purpose, delivers best value and takes account of new and emerging matters, such as legislative changes. As part of the ongoing Council Family Review process initiated under the Transformation Programme 2016-2018, the following changes have been made to the Council Family structure:
- (a) Following development of a business case, which included a detailed options appraisal, on [19 April 2018](#), the City Administration Committee approved that the services delivered by Cordia would be transferred to the Council and that Cordia would then be wound up; and that the service level agreements with Community Safety Glasgow would be terminated with services to be brought back within the Council. On 30 September 2018, the Cordia transfer was completed and Cordia is in the process of being wound up. With effect from 17 February 2019, the service level agreements with Community Safety Glasgow were terminated and, following the decision

by the Community Safety Board, the company is in the process of being wound up and the remainder of the services have been transferred to the Council.

- (b) On 30 November 2017, the JV between the Council and Serco terminated. The JV, Service Glasgow LLP, traded as ACCESS for the provision of ICT and property services to the Council and, following development of a business case which included a detailed options appraisal, the (then) Executive Committee approved award of a contract to CGI for ICT services. This commenced on 1 April 2018 and staff either TUPE transferred or seconded from ACCESS to the new provider. A Strategic Innovation and Technology Team, and supporting governance framework, has been established within the Council and provides an intelligent client function, monitors contract performance, and has implemented a Business Partnership model to engage with the Council Family on new and emerging innovation and business requirements.
- (c) In February 2018, former ACCESS staff transferred to the Council's new Property and Land Services function. Now fully operational, this focuses on asset optimisation, facilities management, repairs and maintenance and delivery of property and land-related capital projects. On 7 February 2019, the City Administration Committee approved the Council's first [Property and Land Strategy 2019-2029](#) which sets out the Council's ambitions to reimagine its property and land estate, working with the city to best meet the needs of those who live and work in and visit the city.

5.2 Since presentation of the interim report on governance and accountability arrangements and the associated action plan to Full Council on 13 September 2018, both have been remitted to the Short Life Working Group to consider amendments and progress. The Council also instructed the Head of Audit and Inspection to provide follow up reports to the Finance and Audit Scrutiny Committee. A schedule of meetings and a proposed workplan has been submitted to the Short Life Working Group for consideration and work is continuing.

5.3 The following activity is planned, in relation to the governance framework, in 2019/20:

- The Risk Management Policy and Framework and the Pentana risk management system will continue to be applied and used and the first review of the Framework will be completed in 2019/20.
- Continued implementation of the recommendations arising from the Improvement Service review of governance and accountability arrangements and the Best Value Assurance Report.
- Review of the Corporate Asset Management Plan.
- Review and relaunch of the Customer Care Strategy.
- Continuation of the Council Family Review and review of the ALEO Governance Framework.
- The current Records Management Plan, required by the Public Records (Scotland) Act 2011 and approved by the Keeper of the Records of Scotland in 2014, will be reviewed and a new plan will be submitted for approval in 2019/20.

6. Update on significant governance issues previously reported

6.1 The 2017/18 Internal Audit Annual Report and the Annual Governance Statement provided an update on the implementation of audit actions relating to a review of asbestos management and control. There was one recommendation outstanding from that review, relating to the provision of

specialised asbestos advice on management surveys. This has progressed with agreement that City Property (Glasgow) LLP staff will provide this advice. The detailed nature of how this will be managed is still being finalised by officers.

- 6.2 In May 2016, Internal Audit reported findings from an investigation into areas of non-compliance with European funding requirements. The review also included an assessment of the systems and controls for ensuring compliance with European funding within Jobs and Business Glasgow, and also more broadly across the Council. Since the original investigation, new governance arrangements have been established and detailed follow up work has been undertaken by Internal Audit showing that the key elements of the recommendations have been implemented. In 2018/19 work was ongoing to ensure that all new grants are included within the new grants register, and the Council continues to explore ways to ensure full audit trails are readily accessible and retained (for example relating to procured ICT expenditure or expenditure incurred by third parties).
- 6.3 During 2015/16 an Internal Audit into Disaster Recovery and Business Continuity controls concluded that the control environment was unsatisfactory and identified a number of improvement actions for the Council and its (then) ICT partner ACCESS. All of the original findings from that audit have been fully implemented through a new corporate business continuity framework. A subsequent Business Continuity audit found elements of non-compliance with the new framework. There is also a need for the Council to ensure that recovery time objectives for ICT systems in Business Continuity Plans are reasonable and appropriate, and match the actual provision in ICT Disaster Recovery Plans. Failure to do so may reduce the effectiveness of the Council's arrangements to respond to ICT applications being unavailable, and result in system down-times exceeding tolerances set out in Business Continuity Plans. Internal Audit will undertake further assurance work in this area during 2019/20.
- 6.4 A previous audit reported that the control environment in relation to the management of school funds in primary and Additional Support for Learning schools was unsatisfactory. All actions have now been fully implemented.

7. Significant governance issues

- 7.1 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. During 2018/19 there were no unsatisfactory opinions issued relating to the Council's assurance.
- 7.2 During 2018/19 Internal Audit reported the results of a significant investigation into allegations of wrongdoing and management override of control relating to procurement and contract matters at Cordia LLP. Officers considered that disclosure of personal data contained in the report was prohibited by the General Data Protection Regulation and Data Protection Act 2018 and so the full report was considered excluding press and public. However, the full report was subject to detailed scrutiny by the Finance and Audit Scrutiny Committee and the content has been shared with relevant third parties, including Audit Scotland and Police Scotland.
- 7.3 Given the serious matters identified in this internal audit investigation, a number of responses have been taken:
- Relaunch of the Council's [Whistleblowing Policy](#);
 - Review of the Council's governance documentation relating to Registers of Interest and Gifts and Hospitality
 - Sharing lessons learned with other public bodies;
 - Presentation by the Head of Audit and Inspection to the Council Management Team, and planned presentations to all Council Service and ALEO Senior Management Teams;
 - Inclusion of specific audits of organisational culture within the Internal Audit plan;
 - Creation of a programme of Internal Audit spot checking for compliance covering declaration of gifts and hospitality and procurement matters; and
 - Supporting a senior officer working group which is tasked with ensuring all officers in operational areas are fully aware of the key elements of the internal control environment and comply with those key control expectations.
- 7.4 An investigation has recently concluded into a third party organisation that has been in receipt of funding from the Council for a number of years, to the value of around £350k per annum. Internal Audit concluded that there was evidence that funding was being inappropriately used by the third party organisation and instructed Council officers to cease payments and identify an alternative service delivery option. A report on the investigation will go to the Finance and Audit Scrutiny Committee at the appropriate time and Police Scotland have been notified. Efforts are also being made to recover monies.
- 7.5 Internal Audit completed a review of the Council's use of Paypoint to make payments to certain service users, as part of the 2018/19 Internal Audit plan. During the review a potential fraud was identified and jointly investigated with Social Work Services. It was concluded that an employee had stolen monies by circumventing the Paypoint control environment. Based on the evidence currently available, the alleged fraud is in the region of £16,000. A number of actions were agreed with management to prevent a recurrence.
- 7.6 Some other internal audit investigations are ongoing. These have not yet been finalised or reported on but will be reported on in due course if required, and potentially included in the 2019/20 Annual Governance Statement as appropriate.

8. Information Management

- 8.1 Information and data security, and records management, have a high profile within the Council. This is overseen by the Information Security Board, which meets regularly to monitor compliance, identify enhancements to existing arrangements and ensure necessary action is taken across the Council Family. Through its ICT contract, the Council also has access to additional information security resources and expertise which has resulted in significant improvements in the control environment in 2018/19.
- 8.2 In 2018/19, the Council made four reports to the Information Commissioner's Office (ICO) in relation to information security breaches. The ICO has not taken any further action in relation to these reported matters.
- 8.3 In 2017/18, the Council undertook significant preparations for the implementation of, and compliance with, the General Data Protection Regulation, approved by the European Parliament in April 2016 and enforceable from May 2018. The 2017/18 Internal Audit review of planning arrangements found these to be satisfactory. In 2018/19, a further review of GDPR implementation was conducted which also concluded that assurance could be placed on the control environment. Preparatory work included a significant preparedness project across the Council Family; mapping and analysis of data flows; publication of privacy statements; appointment of a Data Protection Officer; and compliance record keeping and compulsory training for all staff. The Council's approach and materials have also been shared with, and adopted by, other local authorities via the Scottish Local Government Digital Partnership. Compliance work continues and the governance structures developed in the implementation phase have been maintained.
- 8.4 Maintaining Public Services Network (PSN) accreditation is key to the Council's effective sharing of information with third party organisations, which in turn underpin a number of core Council services. The Council's PSN compliance was due for renewal in 2017. Technical ICT issues, primarily relating to a legacy call handling system, meant the Council was unable to apply for reaccreditation at that time. All actions to address these technical issues have now been completed. Contact is maintained with the PSN assessor in relation to this and the Council has instructed the ICT provider to conduct a new ICT health check as a precursor to securing re-accreditation.

9. Internal Audit Opinion

Based on the audit work undertaken, the assurances provided by Service Directors and Managing Directors/Chief Executives 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 internal control environment which operated during 2018/19 in the council and its subsidiaries and relevant associates.

10. Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance and internal control that operate in Glasgow City Council and its subsidiaries and relevant associates and that these arrangements were in place for the whole of 2018/19. The self assessments, the statements of internal control signed by Service Directors 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.

Remuneration report for the year ended 31 March 2019

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) and amendments. 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 2018/19, the maximum salary for the Leader of the Council is £50,986. 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 2018/19, the maximum salary for the Civic Head is £38,239.

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 city conveners, deputy city conveners and chairs of committees. In 2018/19 the council had no more than 24 senior councillors at any one time and the total senior councillor salary paid to these councillors did not exceed £662,802. The table at 4.1 shows the total remuneration paid to any councillors that held a senior council post at any point in 2018/19 and also includes the remuneration of the Leader of the Council and the Civic Head.

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 has 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 councillors on the board of any subsidiary or any other group entity.

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.

4. Remuneration

4.1. Remuneration of senior councillors

2017/18 Total remuneration £	Remuneration of senior councillors (includes the basic councillor salary of £16,994)	Date from	Date to	Year ended 31 March 2019 Total remuneration £
45,941	Susan Aitken Leader and City Convener for Inclusive Economic Growth	April 2018	March 2019	50,838
36,499	Eva Bolander Lord Provost	April 2018	March 2019	41,546
35,339	David McDonald Deputy Leader and City Convener for Communities	April 2018	March 2019	38,053
28,643	Philip Braat Deputy Lord Provost	April 2018	March 2019	28,537
27,487	Frank McAveety Leader of Opposition	April 2018	March 2019	24,367
23,019	Ken Andrew Deputy City Convener for Health, Care and Wellbeing	April 2018	March 2019	24,367
14,823	Elaine Ballantyne Deputy City Convener for Democratic Renewal	September 2018	March 2019	19,988
20,856	Richard Bell Deputy City Convener for Education and Skills	April 2018	March 2019	24,367
23,991	Bill Butler Business Manager for the Opposition	April 2018	March 2019	24,367
29,741	Chris Cunningham City Convener for Education, Skills and Early Years	April 2018	March 2019	32,490
29,741	Feargal Dalton City Convener for Workforce	April 2018	September 2018	24,631
23,169	Glenn Elder Chair of Planning Applications Committee	April 2018	March 2019	24,367
19,654	Michelle Ferns Deputy City Convener for Democratic Renewal City Convener for Workforce	April 2018 September 2018	September 2018 March 2019	27,780
27,591	Allan Gow City Treasurer	April 2018	March 2019	32,490
25,751	Archie Graham Deputy Leader of the Opposition	April 2018	March 2019	24,367
23,019	Greg Hepburn Deputy City Convener for Liveability	April 2018	March 2019	24,367
23,019	Mhairi Hunter City Convener for Health and Social Care Integration	April 2018	March 2019	24,367
19,654	Ruairi Kelly Deputy City Convener for Governance	April 2018	March 2019	22,963

2017/18 Total remuneration £	Remuneration of senior councillors (includes the basic councillor salary of £16,994)	Date from	Date to	Year ended 31 March 2019 Total remuneration £
23,401	Matt Kerr Chair of Licensing Board	April 2018	March 2019	24,367
27,591	Jennifer Layden City Convener for Equalities and Human Rights	April 2018	March 2019	32,490
34,344	John Letford Business Manager and City Convener for Democratic Renewal	April 2018	March 2019	38,053
30,726	Kenneth McLean City Convener for Neighbourhoods, Housing and Public Realm	April 2018	March 2019	32,490
21,857	Angus Millar Deputy City Convener for Economic Growth	April 2018	March 2019	22,963
29,741	Anna Richardson City Convener for Sustainability and Carbon Reduction	April 2018	March 2019	32,490
23,169	Russell Robertson Deputy City Convener for Empowering Communities	April 2018	November 2018	21,614
23,019	Alex Wilson Chair of Licensing and Regulatory Committee	April 2018	March 2019	24,367
691,785	Total			743,086

Notes:

1. Payments include salaries and taxable allowances/expenses as appropriate. There were no payments for bonuses or compensation for loss of office. 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. Details of the council's committees and public minutes are available on the council website at:

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:

2017/18 £000	Remuneration	2018/19 £000
1,711	Salaries	1,743
8	Allowances	9
109	Expenses	122
1,828	Total	1,874

Note:

The annual return of councillors' salaries and expenses for 2018/19 is available for any member of the public to view on the council's website at:

<https://www.glasgow.gov.uk/index.aspx?articleid=17107>

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

4.3. Remuneration of senior employees

2017/18 Total Remuneration £	Remuneration of senior employees	Year ended 31 March 2019			
		Salary, fees and allowances £	Compensation for loss of office £	Election duties £	Total remuneration £
197,215	Annemarie O'Donnell Chief Executive	175,590	0	10,629	186,219
-	Martin Booth Executive Director of Finance (from 13 May 2018)	105,872 (FYE 125,388)	0	0	105,872
128,580	Morag Johnston Acting Executive Director of Financial Services (to 12 May 2018)	20,026	0	0	20,026
115,056	Carole Forrest Director of Corporate Governance and Solicitor to the Council	114,699	0	0	114,699
136,673	Richard Brown Executive Director of Development and Regeneration Services	137,592	0	0	137,592
136,673	Maureen McKenna Executive Director of Education Services	138,326	0	0	138,326
124,570	George Gillespie Executive Director of Neighbourhoods and Sustainability	131,508	0	0	131,508
101,605	Susanne Millar Chief Social Work Officer	103,244	0	0	103,244
86,875	Anne Connolly (note 1) Strategic Adviser to the Chief Executive	92,210	0	0	92,210
76,543	Colin Edgar (note 1) Head of Communication and Strategic Partnerships	92,210	0	0	92,210
1,103,790	Total	1,111,277	0	10,629	1,121,906

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.
3. Election duties remuneration relates to prior years.

4.4. Remuneration of senior employees of subsidiaries

2017/18 Total Remuneration £	Remuneration of senior employees of subsidiaries	Year ended 31 March 2019						Total remuneration £
		Salary, fees and allowances £	Bonus £	Taxable allowances and expenses £	Comp. for loss of office £	Benefits in kind other than in cash £	Payment in Lieu of Employer Pension Contributions £	
228,484	Peter Duthie (note 1) Chief Executive Officer, Scottish Event Campus Ltd	179,477	35,895	19,170	0	0	16,922	251,464
168,293	Billy McFadyen (note 1) Director of Finance & Development, Scottish Event Campus Ltd	132,385	26,477	14,096	0	0	18,534	191,492
156,826	Daniel Thurlow Exhibition Sales Director, Scottish Event Campus Ltd	124,668	24,934	13,614	0	0	0	163,216
-	Mark Laidlaw Director of Operations, Scottish Event Campus Ltd	117,305	23,461	13,614	0	0	0	154,380
-	Gayle Shepherd Director of People and Technology, Scottish Event Campus Ltd	114,213	22,843	13,829	0	0	0	150,885
-	Kathleen Warden Director of Conference Sales, Scottish Event Campus Ltd	114,213	22,843	13,614	0	0	0	150,670
153,803	Dr Graham Paterson (note 2) Executive Director, City Building (Contracts) LLP	140,386	0	5,005	0	0	0	145,391
136,509	Dr Bridget McConnell Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	138,161	0	0	0	0	0	138,161
72,697	William Taggart Managing Director, City Parking (Glasgow) LLP	75,270	0	0	0	0	0	75,270
103,647	Pauline Barclay Managing Director, City Property (Glasgow) LLP	105,287	0	0	0	0	0	105,287
12,763	Martin Booth (note 3) Interim Chief Executive, Jobs & Business Glasgow (to 12 May 2018)	1,926	0	0	0	0	0	1,926
-	Gary Hay Managing Director, Jobs & Business Glasgow (from 21 May 2018)	60,309 (FYE 69,690)	0	0	0	0	0	60,309
1,033,022	Total	1,303,600	156,453	92,942	0	0	35,456	1,588,451

Notes:

1. The Scottish Events Campus Ltd provides a cash alternative in lieu of employer pension contributions which was partly exercised by Peter Duthie and fully exercised by Billy McFadyen during 2018/19.
2. This officer is employed by City Building (Glasgow) LLP but is Executive Director of City Building (Glasgow) LLP and City Building (Contracts) LLP.
3. From 1 April 2018 to 12 May 2018, a senior officer from within the council family was interim Chief Executive of Jobs and Business Glasgow. In addition to their substantive salary this resulted in additional payment as noted above.

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 table 4.3.

Remuneration in 2018/19					
Total 2017/18	£5,000 band	Teachers	Those receiving compensation for loss of office	Staff (excl teachers)	Total
280	50,000 - 54,999	251	0	135	386
259	55,000 - 59,999	128	0	62	190
33	60,000 - 64,999	26	0	139	165
23	65,000 - 69,999	6	0	13	19
39	70,000 - 74,999	10	0	9	19
9	75,000 - 79,999	4	0	28	32
4	80,000 - 84,999	4	0	2	6
8	85,000 - 89,999	1	0	7	8
16	90,000 - 94,999	0	0	19	19
1	95,000 - 99,999	0	0	1	1
4	100,000 - 104,999	0	0	6	6
0	105,000 - 109,999	0	0	1	1
0	110,000 - 114,999	0	0	1	1
2	115,000 - 119,999	0	0	1	1
1	120,000 - 124,999	0	0	0	0
1	125,000 - 129,999	0	0	0	0
0	130,000 - 134,999	0	0	1	1
2	135,000 - 139,999	0	0	2	2
0	140,000 - 144,999	0	0	0	0
0	185,000 - 189,999	0	0	1	1
1	195,000 - 199,999	0	0	0	0
683	Total	430	0	428	858

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.

2017/18				Exit packages bands	2018/19			
Number	Cash value	Notional CAY value	Total		Number	Cash value	Notional CAY value	Total
	£000	£000	£000			£000	£000	£000
1	9	0	9	£1 - £20,000	3	11	0	11
1	28	0	28	£20,001 - £40,000	0	0	0	0
1	52	5	57	£40,001 - £60,000	0	0	0	0
0	0	0	0	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	1	51	29	80
2	214	49	263	£100,001 - £150,000	0	0	0	0
3	355	142	497	£150,001 - £200,000	0	0	0	0
1	172	60	232	£200,001 - £250,000	1	131	88	219
9	830	256	1,086	Total	5	193	117	310

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 average revalued 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 worked 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 2017/18 and 2018/19 are as follows:

Whole time pay 2017/18 bandings	Employee contribution rate	Whole time pay 2018/19 bandings
On earnings up to and including £20,700	5.50%	On earnings up to and including £21,300
On earnings above £20,700 and up to £25,300	7.25%	On earnings above £21,300 and up to £26,100
On earnings above £25,300 and up to £34,700	8.50%	On earnings above £26,100 and up to £35,700
On earnings above £34,700 and up to £46,300	9.50%	On earnings above £35,700 and up to £47,600
On earnings above £46,300	12.00%	On earnings above £47,600

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 was a pension based on 1/60th of final pensionable salary for each year of pensionable service. Prior to 2009 the accrual rate was 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, on pages 139 to 141, summarise the in-year employer contributions and the accrued benefits for all senior councillors and senior employees that held post at some point during 2018/19 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. All councillors that held senior posts at any time are included, where they are members of the scheme.

The value of accrued benefits has been calculated using 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 2018 £	For Year to 31 March 2019 £		Difference from 31 March 2018 £000	As at 31 March 2019 £000
Susan Aitken	8,867	9,812	Pension	2	5
			Lump Sum	0	0
Eva Bolander	6,640	7,359	Pension	1	2
			Lump Sum	0	0
David McDonald	6,820	7,344	Pension	1	6
			Lump Sum	0	1
Philip Braat	5,499	5,508	Pension	1	5
			Lump Sum	0	0
Frank McAveety	5,305	4,703	Pension	1	5
			Lump Sum	0	0
Ken Andrew	4,442	4,703	Pension	1	3
			Lump Sum	0	0
Elaine Ballantyne	2,837	3,858	Pension	0	1
			Lump Sum	0	0
Richard Bell	4,025	4,703	Pension	1	1
			Lump Sum	0	0
Chris Cunningham	5,740	6,271	Pension	1	1
			Lump Sum	0	0
Feargal Dalton	5,740	4,754	Pension	1	3
			Lump Sum	0	0
Glenn Elder	4,442	4,703	Pension	1	3
			Lump Sum	0	0
Michelle Ferns	3,793	5,361	Pension	1	1
			Lump Sum	0	0
Allan Gow	5,325	6,271	Pension	1	1
			Lump Sum	0	0
Archie Graham	4,970	4,703	Pension	0	6
			Lump Sum	0	0
Greg Hepburn	4,442	4,703	Pension	1	2
			Lump Sum	0	0
Mhairi Hunter	4,442	4,703	Pension	1	3
			Lump Sum	0	0
Ruairi Kelly	3,793	4,432	Pension	0	1
			Lump Sum	0	0
Matt Kerr	2,883	4,703	Pension	1	1
			Lump Sum	0	0
Jennifer Layden	5,325	3,858	Pension	0	1
			Lump Sum	0	0
John Letford	6,628	7,344	Pension	1	3
			Lump Sum	0	0
Kenneth McLean	3,844	6,271	Pension	1	1
			Lump Sum	0	0
Angus Millar	4,218	4,432	Pension	0	1
			Lump Sum	0	0
Anna Richardson	5,740	6,271	Pension	1	2
			Lump Sum	0	0
Russell Robertson	2,883	4,171	Pension	1	1
			Lump Sum	0	0
Alex Wilson	4,442	4,703	Pension	1	2
			Lump Sum	0	0
Total	123,085	135,644	Pension	21	61
			Lump sum	0	1

5.2. Pension benefits of senior employees

Pension benefits of senior employees	In year pension contributions		Accrued pension Benefits		
	For year to 31 March 2018 £	For year to 31 March 2019 £		Difference from 31 March 2018 £000	As at 31 March 2019 £000
Annemarie O'Donnell	38,063	28,833	Pension	5	74
			Lump sum	2	120
Martin Booth	18,825	22,773	Pension	4	30
			Lump sum	3	39
Morag Johnston	24,304	22,299	Pension	-2	48
			Lump sum	-8	81
Carole Forrest	21,820	21,828	Pension	3	44
			Lump sum	0	68
Richard Brown	26,378	26,388	Pension	4	62
			Lump sum	1	109
Maureen McKenna	26,378	26,388	Pension	2	77
			Lump sum	1	165
George Gillespie	26,109	25,045	Pension	4	50
			Lump sum	1	79
Susanne Millar	19,610	19,617	Pension	3	36
			Lump sum	1	50
Anne Connolly	16,767	17,488	Pension	3	44
			Lump sum	1	81
Colin Edgar	13,485	17,488	Pension	2	21
			Lump sum	0	12
Total	231,739	228,147	Pension	28	486
			Lump sum	2	804

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 2018 £	For year to 31 March 2019 £		Difference from 31 March 2018 £000	As at 31 March 2018 £000
Peter Duthie (note 1) Chief Executive, Scottish Event Campus Ltd	26,265	10,000	Pension	n/a	n/a
			Lump sum	n/a	n/a
Billy McFadyen (note 1) Director of Finance and Development, Scottish Event Campus Ltd	16,790	0	Pension	n/a	n/a
			Lump sum	n/a	n/a
Daniel Thurlow (note 1) Exhibition Sales Director, Scottish Event Campus Ltd	13,379	13,713	Pension	n/a	n/a
			Lump sum	n/a	n/a
Mark Laidlaw (note 1) Director of Operations, Scottish Event Campus Ltd	12,589	12,904	Pension	n/a	n/a
			Lump sum	n/a	n/a
Gayle Shepard (note 1) Director of People and Technology, Scottish Event Campus Ltd	12,257	13,706	Pension	n/a	n/a
			Lump sum	n/a	n/a
Kathleen Warden (note 1) Director of Conference Sales, Scottish Event Campus Ltd	14,485	17,132	Pension	n/a	n/a
			Lump sum	n/a	n/a
Dr Graham Paterson Executive Director, City Building (Contracts) LLP	26,788	27,094	Pension	6	75
			Lump sum	6	145
Dr Bridget McConnell Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	23,479	23,488	Pension	4	68
			Lump sum	2	128
William Taggart Managing Director, City Parking (Glasgow) LLP	14,030	14,036	Pension	3	39
			Lump sum	2	76
Pauline Barclay Managing Director, City Property (Glasgow) LLP	20,001	20,011	Pension	2	30
			Lump sum	1	33
Gary Hay Managing Director, Jobs and Business Glasgow	10,977	13,749	Pension	2	9
			Lump sum	0	0
Total	191,040	165,833	Pension	17	221
			Lump Sum	11	382

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 Scottish Event Campus (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. The SEC provides a cash alternative in lieu of employer pension contributions which was partly exercised by Peter Duthie and fully exercised by Billy McFadyen during 2018/19.

6. Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on the 1st April 2017. These regulations place a legislative requirement on the Council to collate and publish, on an annual basis, a range of data on the amount and cost of facility time.

The latest available report, for reporting year 2017/18, details 181 employees were relevant trade union officials, 32 of these officials could have spent a proportion of their working hours on facility time. In terms of facility time as a proportion of their working hours 7 spent 0%, 12 spent 1%-50%, 7 spent 51%-99% and 6 spent 100%. The percentage of the total pay bill spent on facility time was 0.06%. The time spent on paid trade union activities as a percentage of total paid facility hours was 6.3%. This disclosure will be updated to include the 2018/19 details in the audited annual accounts.