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**WEST OF SCOTLAND EUROPEAN FORUM**

**ANNUAL ACCOUNTS**

**For the year ended 31 March 2020**

**(Pre-Audit Inspection Copy)**

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# WEST OF SCOTLAND EUROPEAN FORUM

## Financial Statements for the Year ended 31 March 2020

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## ❖ Management Commentary

The West of Scotland European Forum (WSEF) was set up in 2007. Its purpose is to develop positive links between the communities of the region and the institutions of the European Union. In this task it follows on from the work previously undertaken by the West of Scotland European Consortium (WSEC). In addition to the local authorities who are members of WSEF, there are a number of other organisations in the region who participate in Forum activities.

Covering a geographically diverse region stretching from the Southern Uplands to the Highlands and Islands, this varied territory covered by forum members includes the Clydeside conurbation, the City of Glasgow, and several important industrial areas.

In 2019/20 the Forum continued to work within its “Smarter Working” framework that had been agreed in 2010. Work focused on 2 main issues – the delivery of the 2014-2020 Scottish EU funding programmes (including the South West Scotland Youth Employment Initiative) and proposed UK Shared Prosperity Fund which is intended to replace EU Structural Fund programmes in the UK following “Brexit”. In carrying out these tasks the Forum continued its long standing collaboration with The Industrial Communities Alliance (ICA). It also cooperated closely with other Scottish stakeholders in promoting the opportunities provided to seek support from a number of European Territorial Cooperation programmes.

In 2019/20 the Forum continued to operate in an environment of considerable policy uncertainty, notwithstanding the formal departure of the UK from the EU in January 2020. From that date until the end of December 2020 the UK is in a transition phase. This provides an element of continuity in respect of the arrangements for the delivery of existing EU funding programmes for the 2014-20 period. Very little progress was however made in 2019/20 by the UK Government in elaborating its proposals for the UK Shared Prosperity Fund and this will continue to be a priority issue for the Forum in 2020/21.

The Forum continued its work on promoting the case for continuing Scottish/UK access to certain EU collaborative programmes in the 2021-27 EU funding period.

The accounts have been prepared on a going concern basis. The Forum will however begin a review of its future role in 2020/21 in the light of the conclusion of the transition period referred to above and the terms of any agreement on the future relationship between the UK and the EU.

In respect of its financial affairs, 2019/20 marked the second year in which the Forum sought to achieve a general balance in its budget having run down its accumulated reserves in a managed fashion over the preceding years. This objective was substantially met in 2019/20 and the maintenance of the balance will protect the organisation in light of the current economic climate.

It should be noted that, towards the end of the financial year, the operation of the Forum was adversely impacted by COVID 19 pandemic and the consequent lockdown that was imposed in March 2020. This will also be a factor in the Forum’s activities in 2020/21.

### **Financial results**

In 2019/20 total income was £42,038 and total expenditure was £43,049, resulting in a deficit for the year of £1,011, leaving a balance of funds carried forward of £41,508.

## ❖ **Statement of Responsibilities for the Statement of Accounts**

### **1. The lead authority's responsibilities**

The lead authority is required:

- To make arrangements for the proper administration of the Forum's financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Glasgow City Council, that officer is the Executive Director of Finance.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.
- To ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003) and
- To approve the Annual Accounts for signature.

These Annual Accounts will be considered by the Forum before 31 August 2020 and submitted to the Forum to be approved for signature no later than 30 November 2020.

### **2. The Executive Director of Finance responsibilities**

The Executive Director of Finance is responsible for the preparation of the Forum'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 these 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.

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 Annual Accounts give a true and fair view of the financial position of West of Scotland European Forum as at 31 March 2020 and the transactions for the year then ended.

Martin Booth BA CPFA MBA  
Executive Director of Finance  
14 August 2020

## ❖ Movement in Reserves Statement for the Year ended 31 March 2020

The Code requires reserves to be summarised as usable and unusable. The balance in WOSEF is the sole usable reserve and represents the accumulated surplus of the organisation.

The balance held by the Forum stands at £41,508 as at 31 March 2020, a decrease of £1,011 from last year, due to the deficit on the provision of services in the year.

	<b>Total Reserves £</b>
<b>Balance at 1 April 2018</b>	<b>42,820</b>
<b>Movement in reserves during 2018/19:</b>	
Surplus or (Deficit) on the Provision of Services	(301)
Other Comprehensive Income and (Expenditure)	0
<b>Increase or (Decrease) in the year</b>	<b>(301)</b>
<b>Balance at 31 March 2019</b>	<b>42,519</b>
<b>Movement in reserves during 2019/20:</b>	
Surplus or (Deficit) on the Provision of Services	(1,011)
Other Comprehensive Income and (Expenditure)	0
<b>Increase or (Decrease) in the year</b>	<b>(1,011)</b>
<b>Balance at 31 March 2020</b>	<b>41,508</b>

## ❖ Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

2018/19 Net Exp. £	Service	Note	2019/20 Net Expenditure £
42,801	Gross expenditure	3	43,049
(42,198)	Gross income	3	(41,798)
<b>603</b>	<b>Cost of Services</b>		<b>1,251</b>
(302)	Interest and investment income		(240)
<b>(302)</b>	<b>Financing and Investment Income and Expenditure</b>		<b>(240)</b>
<b>301</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>1,011</b>
<b>0</b>	<b>Other Comprehensive (Income) and Expenditure</b>		<b>0</b>
<b>301</b>	<b>Total Comprehensive (Income) and Expenditure</b>		<b>1,011</b>

**Comprehensive Income and Expenditure Statement** – shows income and expenditure incurred in the year relating to the provision of WOSEF services, and other unrealised gains and losses. In total, this reflects the movement in the overall WOSEF reserves shown in the Balance Sheet.

❖ **Balance Sheet as at 31 March 2020**

31 March 2019 £		Note	31 March 2020 £
43,832	Net short-term debtors	6	42,855
<b>43,832</b>	<b>Current Assets</b>		<b>42,855</b>
(1,313)	Short-term creditors	7	(1,347)
<b>(1,313)</b>	<b>Current Liabilities</b>		<b>(1,347)</b>
<b>42,519</b>	<b>Net Assets / (Liabilities)</b>		<b>41,508</b>
<b>42,519</b>	<b>Usable Reserves</b>		<b>41,508</b>
0	Unusable Reserves		0
<b>42,519</b>	<b>Total Reserves</b>		<b>41,508</b>

**Balance Sheet** – represents the value of the assets and liabilities of WOSEF as at 31 March 2020. The net assets (assets less liabilities) are matched by the total Usable and Unusable Reserves.

The unaudited accounts were issued  
on 19 August 2020

Martin Booth BA CPFA MBA  
Executive Director of Finance  
14 August 2020

## ❖ Notes to the accounts

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

### 1. Statement of accounting policies

- 1.1 The Financial Statements for the year ended 31 March 2020 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 2019/20 (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 Forum.
- 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 Forum will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.
- 1.3 Suppliers' invoices received up to 31 March 2020 have been included in the accounts. In addition, various items of expenditure have been accrued in accordance with the Code where the goods or services were received prior to 31 March 2020. Salaries and wages earned to 31 March 2020 are included in the accounts for 2019/20 irrespective of when the actual payments were made.
- 1.4 Income includes all sums due in respect of subscriptions from member authorities and other organisations and interest earned on fund balances for the year ended 31 March 2020.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2019/20 accounts.

## **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 2020/21 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Amendments to IAS19 Employee Benefits: Plan Amendment, Curtailment or Settlement

The Code requires implementation from 1 April 2020 and there is therefore no impact on the 2019/20 annual accounts.

Overall, these new or amended standards are not expected to have a significant impact on the Annual Accounts.

### 3. Income and expenditure statement

The table below provides a detailed breakdown of income and expenditure of the Forum during 2019/20:

2018/19 Net Exp. £		Note	2019/20 Net Expenditure £
<b>Income</b>			
(302)	Interest		(240)
(42,198)	Contributions from participating local authorities	4	(41,798)
<b>(42,500)</b>	<b>Total income</b>		<b>(42,038)</b>
<b>Expenditure</b>			
12,746	Employee costs		13,050
Administration costs:			
26,000	Subscriptions		26,000
1,486	Travel and operational costs		1,185
599	Miscellaneous		794
1,970	Audit fee	10	2,020
<b>42,801</b>	<b>Total expenditure</b>		<b>43,049</b>
301	(Surplus) or deficit for year		1,011
(42,820)	(Surplus) brought forward		(42,519)
<b>(42,519)</b>	<b>Accumulated (surplus) or deficit</b>		<b>(41,508)</b>

#### 4. Local authority subscriptions

The majority of income received by WOSEF is derived from contributions received from the local authorities and other organisations who are members of the Forum.

A detailed breakdown of each member's contribution to the Forum in respect of 2019/20 and the previous year is shown in the table below:-

<i>Annual Subscription 2018/19 £</i>	<b>Local Authority</b>	<b>Annual Subscription 2019/20 £</b>
2,176	East Ayrshire Council	2,176
2,004	South Ayrshire Council	2,004
2,552	Renfrewshire Council	2,552
1,822	West Dunbartonshire Council	1,822
2,004	East Dunbartonshire Council	2,004
2,552	North Ayrshire Council	2,552
1,632	East Renfrewshire Council	1,632
10,880	Glasgow City Council	10,880
1,632	Argyll and Bute Council	1,632
5,440	South Lanarkshire Council	5,440
5,440	North Lanarkshire Council	5,440
1,632	Inverclyde Council	1,632
1,632	Strathclyde Partnership for Transport	1,632
800	Other contributions	400
<b>42,198</b>	<b>Total</b>	<b>41,798</b>

#### 5. Employee benefits

The staff member of the Forum is a Glasgow City Council employee and the council is an admitted body of the Strathclyde Pension Fund.

In accordance with International Accounting Standard 19 (IAS 19) – Employee Benefits, the council is required to disclose certain information concerning assets, liabilities, income and expenditure, of the pension scheme. The Forum's staff pension costs are reflected in the figures disclosed in Glasgow City Council's financial statements.

The Code requires that employee benefits are recognised in the accounts when they are earned rather than when they are paid. As a result, there is a requirement to consider notional entitlements to annual leave earned but not taken as at 31 March. The employee working on the Forum's activities is contracted to Glasgow City Council and therefore any notional liability has been included within the accounts of Glasgow City Council who holds the contract of employment.

## 6. Short-term debtors

The net short-term debtors figure of £42,855 for 2019/20 is comprised of the following:-

31 March 2019 £	Short-term debtors	31 March 2020 £
43,832	Balance held by GCC on behalf of WOSEF	42,855
<b>43,832</b>	<b>Total sundry debtors</b>	<b>42,855</b>

## 7. Short-term creditors

The short-term creditors figure for 2019/20 of £1,347 (2018/19 £1,313) comprises the following:-

31 March 2019 £	Short-term creditors	31 March 2020 £
1,313	Accrued audit fees	1,347
<b>1,313</b>	<b>Total sundry creditors</b>	<b>1,347</b>

## 8. Remuneration Report

West of Scotland European Forum is a Joint Committee comprised of several local authorities and other organisations. Given that Glasgow City Council (GCC) is the lead authority, the senior management are deemed to be from GCC. Details of remuneration paid to senior management at GCC is available in the remuneration report included within GCC's financial statements. The employee working on the project does not earn more than £50,000. No remuneration was paid to the members of the Forum.

## 9. Related Parties

Glasgow City Council is the administering body responsible for WOSEF. The related party transactions between WOSEF and Glasgow City Council are shown in the table below:

2018/19 Net Exp/(Inc) £	Debtor/(Creditor) at 31 March 2019 £	Related Party transactions and balances	2019/20 Exp £	2019/20 Inc £	Debtor/(Creditor) at 31 March 2020 £
		<b>Related bodies</b>			
(10,880)	43,832	Glasgow City Council	0	10,880	42,855

## **10. Auditor remuneration**

WOSEF incurred fees of £2,020 (2018/19 £1,970) for the statutory inspection of the financial statements by Audit Scotland. Fees payable in respect of other services provided by the appointed auditor were £nil (2018/19 £nil).

## **11. Events after the balance sheet date**

There were no material events between 31 March 2020 and the date of signing that require to be reflected in the Financial Statements.

## **12. Accounts issued for authorisation**

The unaudited Financial Statements will be considered by the Forum before 31 August 2020.

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## **Governance Statement**

### **Scope of responsibility**

The West of Scotland European Forum Joint Committee 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. The Forum also has a statutory duty to make arrangements to secure best value, which is to ensure continuous improvement in the way its functions are exercised, and to ensure public funds and assets are used economically, efficiently and effectively.

In discharging these responsibilities, members must ensure proper arrangements for the governance of the Forum's affairs and facilitate the effective exercise of its functions, which includes the management of risk and stewardship of the resources at its disposal.

WOSEF's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) by virtue of the adoption by Glasgow City Council of a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government.

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

The Forum relies on the Council which 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.

### **The Joint Committee's Governance Framework**

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

The Forum has responsibility for ensuring the continuing effectiveness of its governance framework and system of internal control. The main features of the Forum's governance arrangements are as follows:-

- A formal document outlining the Forum’s objectives, membership, lead and support authority arrangements, budgetary processes and meeting frequency
- The Forum is supported by a Steering Group of officers from the member councils and other bodies
- Compliance with Glasgow City Council’s Standing Orders, Scheme of Delegation and Financial Regulations
- Regular meetings of WOSEF
- A budget setting process which includes the agreed local authority and other bodies contributions to the annual running costs of the organisation
- The regulation of employee matters through the Council’s Code of Conduct for employees

### **Review of Effectiveness**

The Council's governance arrangements continue to be regarded as fit for purpose in accordance with the new legislative requirements and the expectations of stakeholders. The arrangements established in response to the Coronavirus pandemic are also considered to be fit for purpose. 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, including statutory officers, who have responsibility for the development and maintenance of the governance environment.
- (b) Oversight by the Director of Governance and Solicitor to the Council, who is the Council's Monitoring Officer.
- (c) The Head of Audit and Inspection’s annual report and the work of the Internal Audit section, which complies with the Public Sector Internal Audit Standards (PSIAS).
- (d) Observations made by external auditors and other review agencies and inspectorates.
- (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 2019/20, declaring that “There are, in my opinion, no significant matters that require to be raised in this Certificate, which is provided to

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support Glasgow City Council's Statement of Internal Control for the financial year 2019/20, 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.

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.

### **Governance Developments and Future Activity**

The following activity is planned, in relation to the governance framework, in 2020/21:

- Continued implementation of the recommendations arising from the review of governance and accountability arrangements and the Best Value Assurance Report.
- Relaunch of the Corporate Asset Management Plan.
- Implementation of a new Customer Care Strategy.
- Continuation of the Council Family Review.
- Continuation of the review of the ALEO Governance Framework.
- Progressing implementation of a new pay and grading scheme.

### **Update on significant governance issues previously reported**

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 the corporate Business Continuity Management Policy and Framework. However, Internal Audit has continued to find elements of non-compliance with this by Services/ALEOs. In 2019/20, the Council defined its ICT business continuity (BC) requirements and an overarching service restoration plan was put in place but there remains an ongoing disconnect between BC plan assumptions for ICT recovery times, and the provisions for Disaster Recovery in DR plans. Work is ongoing by the SIT team and ICT business partners to align BC and application-level DR plans.

### **Significant Governance Issues**

Where the audit opinion arising from an audit states that the control environment has been assessed as unsatisfactory, the concerns highlighted are reported in the Head of Audit and

Inspection's annual report and in this Annual Governance Statement. During 2019/20 there were two unsatisfactory opinions issued relating to the Council's assurance.

Audit Title	Recommendations		
	<i>High</i>	<i>Medium</i>	<i>Low</i>
Blue Badge Parking Permits Application Process	4	5	1
Taxi usage	6	2	0

### Internal Audit Opinion

The Council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The impact of COVID-19 in March 2020 was a significant event, impacting normal business operations and risk assessments. As a result of the changes to the working arrangements arising from the pandemic response, in March 2020 many of the expected systems and controls will have been subject to change. The opinion expressed in this report therefore applies only to the period before the emergency service delivery arrangements were put in place.

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 control environment which operated during 2019/20 in the West of Scotland European Forum, for the period before the change to service delivery models in March 2020.

### Impact of Coronavirus

The governance arrangements set out in this Statement operated for the majority of the year until the impact of the global Coronavirus pandemic led to changes in emergency responsibilities, decision making structures, priorities and working arrangements from March 2020.

On 17 March 2020, the Council's Emergency Committee implemented temporary decision-making arrangements to reduce the need for face-to-face meetings during the pandemic and ensure that it could react quickly and flexibly to the crisis. Council, Committee and Community Planning Partnership meetings were suspended and delegations to officers and Conveners were increased temporarily, with any decisions requiring approval by elected members being taken by a reduced-membership City Administration Committee (CAC). These arrangements were reviewed on 21 May 2020 and the full membership of the CAC was reinstated from 4 June 2020. Other Committees, including the two scrutiny Committees, also started to meet in June 2020 and a Full Council meeting was held on 30 July 2020.

In response to the emergency, a command and control structure was invoked to ensure clarity of strategic response, responsibilities, frequent reporting and close partnership working with partner organisations and the Government. Focus was on prioritising resources and continuing business critical activities to support and protect citizens, communities and businesses across the city and providing emergency assistance. Flexible working arrangements have been developed, including new ways of using ICT to access and share information. Wherever possible, this accords with existing information security procedures and controls however, in some cases, greater information security risks have been temporarily accepted to enable such activity. Approval, monitoring and support processes are in place for these decisions. Where changes have been agreed to the internal control environment, these are logged and monitored by Internal Audit and will inform additional assurance work in relevant areas.

The impact of the pandemic will not be short-term. It will affect all aspects of society and the role and operation of the Council and its workforce. It will increase demand for existing and additional Council services and will present further financial pressures over the months and years ahead. As the Council moves out of the initial response phase, planning for the recovery of services and for social and economic renewal is ongoing. This includes the reinstatement of internal control frameworks and major programmes of activity, where these have been amended or suspended, as well as pursuing opportunities for innovation. Governance structures have been established to oversee and deliver the Renewal Programme. Arrangements have also been made to ensure lessons learned from the Council's response and recovery phases are captured and used to inform improvements to business continuity, organisational resilience, incident management, operational arrangements and controls, and relationships with stakeholders.

The governance arrangements in operation from March 2020, in response to the Coronavirus pandemic, were regarded as fit for purpose.

### **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 the West of Scotland European Forum and that the arrangements in place for the whole of 2019/20, both business as usual governance arrangements and those in place in response to Coronavirus, were fit for purpose.

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