

Glasgow City Council  
Financial Statements  
for the year ended 31st March 2014

GLASGOW  
2014





# GLASGOW CITY COUNCIL

## Financial Statements for the Year ended 31 March 2014

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## ❖ Foreword by Executive Director of Financial Services and Deputy Chief Executive

### Introduction

This publication contains the Financial Statements of both Glasgow City Council (the council) and its group for the year ended 31 March 2014, which have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector.

### The Financial Statements

A summary of the main statements is provided below.

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

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

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

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

**Cash Flow Statement** - details the changes in Cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses Cash and cash equivalents by classifying cash flows as Operating, Investing and Financing Activities. The amount of Net cash flows from Operating Activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income, or from the recipients of services provided by the council. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from Financing Activities are useful in predicting claims on future cash flows by providers of capital to the council.

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

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

## Financial Review

In 2013/14, the council continued to face significant financial pressures.

These related mainly to the impact of the general economic climate and in particular, budget pressures within Social Work and Education Services. The principal reasons for the pressures within Social Work Services relate to delays in the implementation of the personalisation programme for adults and homecare costs for the elderly, while the pressures within Education Services relate to increased teacher costs in respect of higher than anticipated school rolls. The pressures on each service budget were closely monitored throughout the year and corrective action was identified by Executive Directors to contain net expenditure within approved budgets as far as possible. This process was supported by the completion of probable outturns at various stages during the year. Notwithstanding these actions, services are reporting a net overspend of £6.195 million (0.46%).

In year collection levels for Council Tax have increased to 93.9% (2012/13 93.1%). The actual value of Council Tax income received was £179.008 million, £0.022 million more than budgeted (2012/13 £0.061 million more than budgeted).

Surpluses received from related companies amounted to £9.200 million, some £0.440 million less than budgeted. This reflects a reduction in turnover within Cordia (Care) Limited Liability Partnership, primarily due to a realignment of homecare provision towards reablement. Council trading operations achieved a surplus of £1.632 million, £0.357 million more than budgeted.

Financing costs (see note 1.11, page 17) associated with the council's debt portfolio were underspent by £11.002 million. This reflects the application of capital receipts from asset sales (£5.075 million), lower than anticipated revenue consequences of capital investment and the ongoing impact of lower interest rates. The application of asset sales in the year allowed for the same level of resources to be contributed to the Culture and Recreational Fund (£5.075 million) to meet future commitments.

The Financial Statements and results for the year reflect provisions for possible future liabilities, including outstanding equal pay compensation payments, claims relating to the former Strathclyde Regional Council, and estimated future costs in respect of former landfill site decommissioning and those associated with the council's schools PPP scheme. Council Tax debtors of £19.030 million (2012/13 £21.866 million) have been written off in accordance with the council's policy of writing off such debt more than five years old from the Balance Sheet, whilst continuing to pursue collection of these debts with individuals. These costs were fully provided for in previous years. In addition, sundry debtors over one year old totalling £10.126 million (2012/13 £6.034 million) have been written off in the year against the provision, in accordance with the council's accounting policy.

The Comprehensive Income and Expenditure Statement records an accounting deficit of £127.797 million, represented by a movement in Unusable Reserves of £125.568 million and Usable Reserves of £2.229 million (as shown in the Movement in Reserves Statement). The Financial Statements show a decrease to the General Fund balance of £10.684 million for the year, in line with budgetary assumptions. This results in a total General Fund balance of £32.789 million. Having accounted for earmarked reserves of £14.475 million, General Fund unearmarked reserves (including those built up in prior years) total £18.314 million, which represents 1.3% of the net budgeted expenditure. The council's policy remains to restore balances to 2% of the net budgeted expenditure over the medium term.

There were no material events between 31 March 2014 and the date of signing that require to be reflected in the Financial Statements.

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

- **Defined benefit pension scheme**

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 Financial Statements 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 Financial Statements. The 2013/14 actuarial report shows a £178 million increase in the net pension liability, which is £1,302 million as at 31 March 2014. This is principally because financial assumptions at 31 March 2014 are less favourable than they were at 31 March 2013, and despite improvements in investment returns this has still resulted in an increase in the net liability.

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 accounting standards is reversed out of the General Fund in the Movement in Reserves Statement as part of 'Adjustments between the accounting basis and funding basis under regulations'.

The LGPS is a funded 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 over time. The actuarial assessment provides only a snapshot as at 31 March 2014 and necessarily changes on a day to day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the fund and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

- **Trading Operations**

The Local Government in Scotland Act 2003 created a requirement to maintain statutory trading accounts and report on the performance of significant Trading Operations in a best value environment. Over the year, both the Area Operations Trading Operation and the Transport Trading Operation reported surpluses of £1.274 million and £0.358 million respectively. In terms of the statutory requirement to break-even over a three year period, both Trading Operations reported a surplus over the current cycle. Note 12 on page 41 summarises the performance of the Trading Operations.

- **Capital Expenditure and Income**

The council's Capital Expenditure and Income statement is detailed in note 19.7 on page 53. Gross Capital Expenditure for the year totalled £244.326 million. The major elements of expenditure are outlined in the table below.

Nature	2013/14 £m
Phase 5 of the pre-12 strategy, which represents further investment in the primary school estate	41.937
Development and design of the Fastlink route, an improved public transport corridor along the North bank of the River Clyde, in partnership with Strathclyde Partnership for Transport	9.725
Continued investment in the city's roads and pathways infrastructure	14.552
Provision of new care homes and day centres to meet the needs of older people and enhance quality of life	24.473
Provision for asset decommissioning costs in respect of former landfill sites	43.500

Of the total expenditure, £20.694 million was met from finance leasing, and £107.978 million was met from revenue contributions, government grants and other receipts. This resulted in a balance of £115.654 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 2014 was £5.601 million (see note 7 on page 35). Capital receipts from asset sales achieved during the year totalled £5.075 million.



- **Borrowing Facilities**

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. Further details can be found in note 29 on pages 61 to 65. The capital interest rate charged by the council's Loans Fund in the year was 4.82%.

- **Prudential Indicators**

The Capital Financing Requirement (CFR) defines the underlying need to borrow for capital purposes. As at 31 March 2014, the CFR was £1,591 million, while net external borrowing stood £12 million lower at £1,579 million. This is a measure of prudence, demonstrating that borrowing has only been undertaken for capital investment purposes. 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 2014, the ratio of financing costs to net revenue stream was 12.97%. 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. Future capital investment plans will have no incremental impact on the Council Tax, with ongoing revenue implications of investment decisions being managed within existing budgetary levels.

- **Principal Sources of Finance**

The principal sources of finance utilised by the council in 2013/14 were as follows:

General Revenue Grant	£918.539 million	provided by the Scottish Government
Non-Domestic Rate Income	£333.668 million	provided by the Scottish Government
Council Tax / Community Charge	£179.008 million	raised from local taxpayers

Council Tax / Community Charge income is the only significant funding source within the council's control, albeit restricted by the Scottish Government's budget commitments in recent years. This funding represents only around 17% of total funding, limiting the council's capacity to vary expenditure through raising Council Tax income.

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

- **Group Financial Statements**

The Code requires the council to include summary Group Accounts in the Financial Statements, showing the joint financial position of the council and its subsidiaries and associates. The Group Balance Sheet shows Net Assets of £1,325.628 million as at 31 March 2014 (Net Liabilities of £920.786 million at 31 March 2013). The movement in 2013/14 reflects the transfer of Strathclyde Joint Police and Strathclyde Fire and Rescue Boards to newly formed national bodies from 1 April 2013.

The 2013/14 Financial Statements show an overall group pension liability of £1,451.117 million. These liabilities, falling due in future years, will be financed by 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. It is therefore considered appropriate to adopt a going concern basis for the preparation of these Financial Statements.

- **Planned future developments**

The council approved the 2013/14 revenue and capital budget on 7 February 2013. In addition, a number of savings options were approved to meet the projected spending gap in 2014/15. The approved budget included a 2014/15 savings package totalling £20.484 million to meet the funding gap arising from a decline in central government grant, inflationary pressures on expenditure, increased costs for looked after children, and to support the council's Strategic Plan. Financial forecasts are prepared and updated each year to inform financial planning and identify savings requirements.

- **Conclusion**

Finally, I wish to express my gratitude to the elected members of the council, officers of service departments and in particular to officers of Financial Services, all of whose efforts have contributed to the completion of these Financial Statements.

***Further information on the Financial Statements, or on any aspect of the council's finances, can be obtained from the Executive Director of Financial Services and Deputy Chief Executive, City Chambers, Glasgow G2 1DU. Telephone 0141 287 3837 or e-mail [financial@glasgow.gov.uk](mailto:financial@glasgow.gov.uk).***



Lynn Brown, MA (Hons) CPFA

Executive Director of Financial Services and Deputy Chief Executive

19 September 2014

## ❖ **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 one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Executive Director of Financial Services and Deputy Chief Executive;
- Manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Financial Statements (in Scotland, the audited Financial Statements must be laid before a meeting of the council within two months of receipt of the audit certificate).

In addition, the council is committed to ensuring best value in service delivery.

### **2. The Executive Director of Financial Services and Deputy Chief Executive's responsibilities**

The Executive Director of Financial Services and Deputy Chief Executive is responsible for the preparation of the council's Financial Statements, in accordance with proper practices as set out in the Code.

In preparing these Financial Statements, the Executive Director of Financial Services and Deputy Chief Executive has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code.

The Executive Director of Financial Services and Deputy Chief Executive has also:

- Kept proper 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 2014 and the income and expenditure for the year then ended.

Lynn Brown MA (Hons) CPFA

Executive Director of Financial Services and Deputy Chief Executive  
19 September 2014

## Movement in Reserves Statement for the Year ended 31 March 2014

	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
<b>Balance at 1 April 2012 (Restated)</b>	57,718	70,556	14,640	3,552	146,466	1,466,275	1,612,741
<b>Movement in reserves during 2012/13:</b>							
Surplus or (Deficit) on the Provision of Services	12,197				12,197		12,197
Other Comprehensive Income and (Expenditure)					0	(151,625)	(151,625)
<b>Total Comprehensive Income and (Expenditure)</b>	<b>12,197</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,197</b>	<b>(151,625)</b>	<b>(139,428)</b>
Adjustments between accounting basis and funding basis under regulations (note 6)	(26,824)			5,315	(21,509)	21,509	0
<b>Net Increase or (Decrease) before transfers to other statutory reserves</b>	<b>(14,627)</b>	<b>0</b>	<b>0</b>	<b>5,315</b>	<b>(9,312)</b>	<b>(130,116)</b>	<b>(139,428)</b>
Transfers (to) and from other statutory reserves (note 7)	382	5,339	(5,721)		0		0
<b>Increase or (Decrease) in the year</b>	<b>(14,245)</b>	<b>5,339</b>	<b>(5,721)</b>	<b>5,315</b>	<b>(9,312)</b>	<b>(130,116)</b>	<b>(139,428)</b>
<b>Balance at 31 March 2013 (Restated)</b>	<b>43,473</b>	<b>75,895</b>	<b>8,919</b>	<b>8,867</b>	<b>137,154</b>	<b>1,336,159</b>	<b>1,473,313</b>
<b>Movement in reserves during 2013/14:</b>							
Surplus or (Deficit) on the Provision of Services	(63,885)				(63,885)		(63,885)
Other Comprehensive Income and (Expenditure)					0	(63,912)	(63,912)
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(63,885)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(63,885)</b>	<b>(63,912)</b>	<b>(127,797)</b>
Adjustments between accounting basis and funding basis under regulations (note 6)	40,645			21,011	61,656	(61,656)	0
<b>Net Increase or (Decrease) before transfers to other statutory reserves</b>	<b>(23,240)</b>	<b>0</b>	<b>0</b>	<b>21,011</b>	<b>(2,229)</b>	<b>(125,568)</b>	<b>(127,797)</b>
Transfers (to) and from other statutory reserves (note 7)	12,556	(9,238)	(3,318)		0	0	0
<b>Increase or (Decrease) in the year</b>	<b>(10,684)</b>	<b>(9,238)</b>	<b>(3,318)</b>	<b>21,011</b>	<b>(2,229)</b>	<b>(125,568)</b>	<b>(127,797)</b>
<b>Balance at 31 March 2014</b>	<b>32,789</b>	<b>66,657</b>	<b>5,601</b>	<b>29,878</b>	<b>134,925</b>	<b>1,210,591</b>	<b>1,345,516</b>

Notes 5 to 7 on pages 28 to 35 provide further details on the Movement in Reserves Statement

## Comprehensive Income and Expenditure Statement for the Year ended 31 March 2014

2012/13 Expenditure £000 (Restated)	2012/13 Income £000 (Restated)	2012/13 Net Exp. £000 (Restated)	Service	Note	2013/14 Expenditure £000	2013/14 Income £000	2013/14 Net Expenditure £000
142,080	(6,616)	135,464	Cultural and Related Services		175,125	(10,633)	164,492
508,336	(27,922)	480,414	Education Services	11	511,949	(28,143)	483,806
102,725	(16,506)	86,219	Environmental Services		155,192	(16,057)	139,135
552,085	(474,585)	77,500	Housing Services		535,385	(471,476)	63,909
157,838	(58,172)	99,666	Planning and Development Services		110,279	(26,980)	83,299
73,976	(30,227)	43,749	Roads and Transport Services		81,156	(34,625)	46,531
550,874	(151,460)	399,414	Social Work Services		553,702	(156,527)	397,175
121,396	(100,058)	21,338	Central Services		47,912	(25,805)	22,107
67,349	(200)	67,149	Police Services		0	0	0
38,847	0	38,847	Fire Services		0	0	0
17,465	0	17,465	Corporate and Democratic Core		16,656	0	16,656
9,892	0	9,892	Non-distributed Costs		36,074	0	36,074
61	0	61	Former Authority Residual Costs		(2,294)	0	(2,294)
<b>2,342,924</b>	<b>(865,746)</b>	<b>1,477,178</b>	<b>Cost of Services</b>		<b>2,221,136</b>	<b>(770,246)</b>	<b>1,450,890</b>
505	0	505	(Gain) or loss on the disposal of Property, Plant and Equipment		0	(2,894)	(2,894)
<b>505</b>	<b>0</b>	<b>505</b>	<b>Other Operating (Income) and Expenditure</b>		<b>0</b>	<b>(2,894)</b>	<b>(2,894)</b>
3,254	(5,707)	(2,453)	(Surplus) or deficit on Trading Operations (where not included elsewhere)		4,257	(5,877)	(1,620)
95,678	0	95,678	Interest payable		101,342	0	101,342
0	(5,312)	(5,312)	Interest and investment income		0	(7,726)	(7,726)
47,000	0	47,000	Net interest on the net defined benefit liability	13	51,000	0	51,000
<b>145,932</b>	<b>(11,019)</b>	<b>134,913</b>	<b>Financing and Investment (Income) and Expenditure</b>		<b>156,599</b>	<b>(13,603)</b>	<b>142,996</b>
0	(999,475)	(999,475)	Non-ring fenced government grants	14	0	(918,539)	(918,539)
0	(310,151)	(310,151)	Non-Domestic Rates	14	0	(333,668)	(333,668)
0	(250,404)	(250,404)	Council Tax / Community Charge		0	(179,008)	(179,008)
0	(64,763)	(64,763)	Capital grants and contributions	14	0	(95,892)	(95,892)
<b>0</b>	<b>(1,624,793)</b>	<b>(1,624,793)</b>	<b>Taxation and Non-specific Grant Income</b>		<b>0</b>	<b>(1,527,107)</b>	<b>(1,527,107)</b>
<b>2,489,361</b>	<b>(2,501,558)</b>	<b>(12,197)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>2,377,735</b>	<b>(2,313,850)</b>	<b>63,885</b>
			<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b>				
		6,547	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(39,320)
		146,000	Actuarial (gains) or losses on Pension Assets and Liabilities	13			102,000
		135	Other unrealised (gains) or losses				128
		<b>152,682</b>					<b>62,808</b>
			<b>Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services</b>				
		(1,057)	(Surplus) or deficit on revaluation of Available-for-sale Financial Assets				1,104
		<b>151,625</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>63,912</b>
		<b>139,428</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>127,797</b>

## Balance Sheet as at 31 March 2014

1 April 12 £000 (Restated)	31 March 13 £000 (Restated)		Note	£000	31 March 14 £000
1,911,116	1,997,659	Other land and buildings		2,004,089	
61,454	89,061	Vehicles, plant, furniture and equipment		96,418	
347,782	408,460	Infrastructure assets		479,212	
24,588	24,588	Community assets		24,588	
368,705	217,613	Assets under construction		229,920	
<u>62,571</u>	<u>64,313</u>	Corporate surplus assets		<u>101,877</u>	
<b>2,776,216</b>	<b>2,801,694</b>	<b>Property, Plant and Equipment</b>	<b>20</b>		<b>2,936,104</b>
1,417,144	1,417,156	Heritage assets	21		1,417,198
835	0	Investment property			0
3,752	9,011	Intangible assets	22		8,164
54,519	50,002	Assets held for sale	23		5,600
37,033	38,170	Long-term investments	29		34,640
55,938	94,670	Long-term debtors	29		112,906
<b>4,345,437</b>	<b>4,410,703</b>	<b>Long-term Assets</b>			<b>4,514,612</b>
26,015	26,866	Short-term investments	29		25,738
1,965	1,436	Inventories	24		1,588
190,471	193,176	Net short-term debtors	25		211,095
27,697	82,583	Cash and cash equivalents	26		76,093
23,416	8,491	Assets held for sale	23		6,513
<b>269,564</b>	<b>312,552</b>	<b>Current Assets</b>			<b>321,027</b>
(191,090)	(228,862)	Short-term borrowing	29		(259,797)
(282,409)	(238,547)	Short-term creditors	27		(216,479)
(4,548)	(2,626)	Short-term provisions	28		(13,949)
<b>(478,047)</b>	<b>(470,035)</b>	<b>Current Liabilities</b>			<b>(490,225)</b>
(2,737)	(2,528)	Long-term provisions	28		(31,662)
(1,351,708)	(1,440,782)	Long-term borrowing	29		(1,452,823)
(950,000)	(1,124,000)	Net pensions liability	13		(1,302,000)
(218,829)	(211,937)	Deferred liabilities	30		(213,413)
(939)	(660)	Capital grants receipts in advance			0
<b>(2,524,213)</b>	<b>(2,779,907)</b>	<b>Long-term Liabilities</b>			<b>(2,999,898)</b>
<b>1,612,741</b>	<b>1,473,313</b>	<b>Net Assets</b>			<b>1,345,516</b>
57,718	43,473	General Fund Reserve	5,6	32,789	
70,556	75,895	Revenue Reserve Funds	5,7	66,657	
14,640	8,919	Capital Reserve Fund	5,7	5,601	
3,552	8,867	Capital Grants Unapplied Account	5,6	<u>29,878</u>	
<b>146,466</b>	<b>137,154</b>	<b>Usable Reserves</b>			<b>134,925</b>
1,466,275	1,336,159	Unusable Reserves	5,6		1,210,591
<b>1,612,741</b>	<b>1,473,313</b>	<b>Total Reserves</b>			<b>1,345,516</b>

The unaudited accounts were issued on 30 May 2014 and the audited accounts were authorised for issue on 19 September 2014.

Lynn Brown, MA (Hons) CPFA  
Executive Director of Financial Services  
and Deputy Chief Executive  
19 September 2014

## Cash Flow Statement for the Year ended 31 March 2014

2012/13 £000		Note	2013/14 £000
(12,197)	(Surplus) or deficit on the provision of services		63,885
175,659	Adjustments to (surplus) or deficit on the provision of services for non-cash movements		172,325
(204,074)	Adjustments for items included in the (surplus) or deficit on the provision of services that are investing or financing activities		(283,737)
<b>(40,612)</b>	<b>Net cash flows from Operating Activities</b>	<b>33</b>	<b>(47,527)</b>
123,522	Investing Activities	<b>34</b>	90,423
(137,796)	Financing Activities	<b>35</b>	(36,406)
<b>(54,886)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>6,490</b>
(27,697)	Cash and cash equivalents at the beginning of the reporting period		(82,583)
<b>(82,583)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(76,093)</b>

## ❖ **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 2014 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 2013/14 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the council and its group.

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

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

#### **1.1. Income and debtors**

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

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

#### **1.2. Supplies and services**

Suppliers' invoices received up to 31 March 2014 are included, together with the specific accrual of invoices received after that date for material amounts, provided the goods or services were received in 2013/14. Where applicable, expenditure and income are reduced by the value of recharges to other council services under the heading inter-departmental recharges. This ensures that the cost is only reflected in the receiving service.

#### **1.3. Long-term contracts**

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



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

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

#### **1.4. Overheads and support services**

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

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

#### **1.5. Employee benefits**

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

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

#### **1.6. Retirement benefits**

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

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

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

The nature of the teachers' scheme prevents the council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme. Further details of pension costs can be found in note 13 on pages 42 to 47.

#### **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 41.

#### **1.9. Service expenditure analysis**

The Comprehensive Income and Expenditure Statement is presented in accordance with the CIPFA Service Reporting Code of Practice (SeRCOP). The CIPFA SeRCOP analysis is not in accordance with the council's management structure. Details of income and expenditure based on the council's internal management structure are provided in note 9 on pages 37 to 39.

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

### 1.15.3. Componentisation

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

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

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

#### **1.15.4. Revaluation**

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

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

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

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

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

#### **1.15.5. Depreciation and impairment**

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

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

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

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

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

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

#### **1.15.6. Disposals and Long-term Assets held for sale**

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

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

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

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

#### **1.16. Intangible assets**

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

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

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

### **1.17. Heritage assets**

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

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

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

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

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

### **1.18. Interest in companies and other entities**

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

### **1.19. Valuation of other assets and investments**

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

### **1.20. Cash and cash equivalents**

Cash is represented as cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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



### **1.21. Foreign currency translation**

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

### **1.22. Provisions**

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

Further details of provisions can be found in note 28 on page 60.

### **1.23. Contingent liabilities**

Contingent liabilities are included in note 31 on page 65 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 65.

### **1.25. Financial instruments**

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

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

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

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

Further details can be found in note 29 on pages 61 to 65.

**1.26. Capital grants and contributions**

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

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

**1.27. Usable and unusable reserves**

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

Unusable reserves represent funds that are not available to the council. These balances are recognised as part of the accounting arrangements for capital, financial instruments, pensions and employee benefits. The Capital Adjustment Account contains entries relating to the financing of capital expenditure and the Revaluation Reserve reflects movements in the value of assets. The Available-for-sale Financial Instruments Reserve and the Financial Instruments Adjustment Account are required to permit the re-measurement of financial instruments. The Pension Reserve has been set up in accordance with the accounting requirements of International Accounting Standard, IAS 19 'Employee Benefits'. The Employee Statutory Adjustment Account has been created to negate the impact of the employee benefits accrual on the General Fund. Details of the movement in these reserves can be found in note 5 on pages 28 to 32, and in note 7 on page 35.

**1.28. Material items**

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

**1.29. Events after the balance sheet date**

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

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

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

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

The following prior period adjustments have been made in 2013/14:

- Revaluation of Property Plant and Equipment to exclude the value of generic programme investment across a range of assets, undertaken during prior years, already reflected within specific asset valuations. The impact on the Balance Sheet as at 31 March 2013 was a decrease in Other land and buildings of £90.753 million, an increase in vehicles, plant, furniture and equipment of £3.351 million and an increase in intangible assets of £5.174 million, with an overall reduction in Unusable Reserves of £82.228 million. The impact on the Balance Sheet as at 31 March 2012 was a decrease in Other land and buildings and Assets under construction of £61.456 million and £19.055 million respectively, with a reduction in Unusable Reserves of £80.511 million;
- Revaluation of Property, Plant and Equipment as at 31 March 2013 to reflect a number of revaluations carried out within the year to 31 March 2013, not reflected within specific asset valuations. The impact on the balance sheet as at 31 March 2013 was a decrease in both Other land and buildings and Unusable Reserves of £1.438 million;
- Subsequent to detailed analysis of assets held on the Balance Sheet as Assets under construction, re-statement of Property, Plant and Equipment valuations in respect of the following:
  - Assets shown on the Balance Sheet as being under construction when they were in fact operational. These related mainly to schools and infrastructure projects;
  - Assets wrongly remaining on the council's Balance Sheet after they had been transferred to outside bodies or were now subject to a lease; and
  - Assets included within Assets under construction, which had previously been included in operational assets and had already been subject to revaluation.

The adjustments required to the Balance Sheet included transferring balances from Assets under construction to operational Property, Plant and Equipment, and subsequently processing downward revaluations to reflect the correct value of the asset. In addition, assets have been removed from the Balance Sheet by impairing their values to zero. As there have been errors in the balances shown as Assets under construction dating back a number of years, adjustments are required to the 2013/14 and 2012/13 financial statements, as well as the opening balance as at 1 April 2012. These prior period adjustments resulted in a reduction to the net book value of Property, Plant and Equipment shown in the balance sheets as follows:

- £178.8 million in 2013/14;
- £195.1 million in 2012/13; and
- £182.7 million as at 1 April 2012.

Adjustments are also required to the value of depreciation and impairments charged to the Comprehensive Income and Expenditure Statement and related notes. The impact of these adjustments on the Total Comprehensive Expenditure is as follows:

- £16.250 million reduction in 2013/14 and
- £12.330 million increase in 2012/13; and
- Re-statement of the 2012/13 position within the Comprehensive Income and Expenditure Statement to reflect the adoption of amendments to accounting standard IAS19 Employee Benefits within the 2013/14 Code. The impact on the statement is an increase of £23.000 million in the 2012/13 Net interest on the net defined benefit liability, offset by a compensating reduction in Actuarial losses on Pension Assets and Liabilities.

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

## **2. New standards issued but not yet adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2014/15 Code:

- IFRS 10 Consolidated Financial Statements (May 2011)
- IFRS 11 Joint Arrangements (May 2011)
- IFRS 12 Disclosure of Interests in Other Entities (May 2011)
- IAS 27 Separate Financial Statements (as amended in May 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)
- IAS 32 Financial Instruments: Presentation (as amended in December 2011)
- Annual Improvements to IFRS 2009-2011 Cycle

The Code requires implementation from 1 April 2014 and there is therefore no impact on the 2013/14 financial statements.

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 relate specifically to the group financial statements. These new or amended standards include a change to the definition of control and will require consideration of joint arrangements, a reassessment of the group boundary and potentially further disclosure. IAS 32 outlines disclosure requirements in respect of offsetting financial assets and liabilities. IFRS improvements are generally minor, principally providing clarification. Overall, these new or amended standards are not expected to have a significant impact on the financial statements.

### 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 Financial Statements are as follows:

- Judgements made in assessing lease-type arrangements are set out in the accounting policy at 1.12.
- Judgements made in respect of accounting for asset components are set out in the accounting policy at 1.15.3.
- Assets held at fair value are revalued on a five year rolling basis, as set out in the accounting policy at 1.15.4. Additional valuations may be carried out on an ad hoc basis outwith the rolling programme arrangements, for example, when assets change category. The authority asserts that at any point in time, the carrying amount does not differ materially from that which would be determined using fair value.
- In assessing potential liabilities arising from legal claims against the council, legal opinion has been sought. Where it is judged that there is more than 50% chance of a liability arising and the amount can be reliably estimated, then a provision has been made. Where the council is challenging a claim through the legal system and is of the view that there is a less than 50% chance of a significant liability arising, then no provision has been made. However, such cases continue to be monitored for potential liabilities that require to be recognised, including any developments up to the point of signing the Financial Statements.
- 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 2014 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 £448.1 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £179.0 million and £329.4 million respectively. In terms of life expectancy, an increase of 1 year would equate to an increased liability of £115.7 million.

## 5. Reserves

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

### 5.1. Usable Reserves

#### 5.1.1. General Fund Reserve

The General Fund Reserve represents the accumulated surplus of the council. The balance on the General Fund as at 31 March 2014 stands at £32.789 million, a decrease of £10.684 million from the previous year. A cumulative total of £14.475 million has been earmarked to meet expenditure in future years, leaving an uncommitted balance of £18.314 million (31 March 2013 £18.315 million).

#### 5.1.2. Revenue and Capital Reserve Funds

The council also has statutory powers to hold Revenue Reserve Funds (Repairs and Renewals, Culture and Recreational, and Insurance Funds) and Capital Reserve Funds to meet future service revenue costs and capital investment respectively. Note 7 on page 35 provides information on these reserves showing the purpose of the reserve and an analysis of the movement in reserves from 1 April 2012 to 31 March 2014.

#### 5.1.3. Capital Grants Unapplied Account

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

### 5.2. Unusable Reserves

Unusable Reserves in the Balance Sheet comprises the following reserves:

<i>2012/13</i> <i>£000</i>	<b>Unusable Reserves</b>	<i>2013/14</i> <i>£000</i>
654,347	Capital Adjustment Account	684,189
1,897,180	Revaluation Reserve	1,920,823
(84,802)	Financial Instruments Adjustment Account	(81,421)
3,228	Available-for-sale Financial Instruments Reserve	2,124
(1,124,000)	Pensions Reserve	(1,302,000)
(9,794)	Employee Statutory Adjustment Account	(13,124)
<b>1,336,159</b>	<b>Total</b>	<b>1,210,591</b>

**5.2.1. Capital Adjustment Account**

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

<i>2012/13</i> <i>£000</i>	<b>Capital Adjustment Account</b>	<b>2013/14</b> <b>£000</b>
602,395	Balance at 1 April	654,347
	<b>Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(105,790)	Charges for depreciation and impairment	(137,137)
(14,759)	Revaluation losses	(30,302)
(902)	Amortisation of intangible assets	(1,646)
(12,894)	Disposals	(2,181)
22,166	Adjusting amounts written out of the revaluation reserve	15,677
	<b>Capital financing applied in the year:</b>	
56,191	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	71,541
3,257	Application of grants to capital financing from the Capital Grants Unapplied Account	3,340
97,796	Loans Fund principal repayment	103,007
(135)	Home loans principal repayment	(128)
7,022	Capital expenditure charged against the General Fund balance	7,671
<b>654,347</b>	<b>Balance at 31 March</b>	<b>684,189</b>

**5.2.2. Revaluation Reserve**

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

<i>2012/13</i> <i>£000</i>	<b>Revaluation Reserve</b>	<b>2013/14</b> <b>£000</b>
1,925,893	Balance at 1 April	1,897,180
54,553	Upward revaluation of assets	57,550
(61,100)	Downward revaluation of assets and impairment losses not charged to Surplus or (Deficit) on Provision of Services	(18,230)
<b>(6,547)</b>	<b>Surplus or deficit on revaluation of Property, Plant and Equipment not posted to Surplus or (Deficit) on Provision of Services</b>	<b>39,320</b>
(14,409)	Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(15,089)
(7,757)	Accumulated gains on assets sold or scrapped	(588)
<b>(22,166)</b>	<b>Amounts written off to the Capital Adjustment Account</b>	<b>(15,677)</b>
<b>1,897,180</b>	<b>Balance at 31 March</b>	<b>1,920,823</b>

**5.2.3. Financial Instruments Adjustment Account**

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments. The council uses the account primarily to manage premiums paid on the early redemption of loans in line with the Treasury Management Strategy. Over time the expense is posted to the General Fund 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:

<i>2012/13</i> <i>£000</i>	<b>Financial Instruments Adjustment Account</b>	<b>2013/14</b> <b>£000</b>
(87,851)	Balance at 1 April	(84,802)
3,049	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	3,381
<b>(84,802)</b>	<b>Balance at 31 March</b>	<b>(81,421)</b>



**5.2.4. Available-for-sale Financial Instruments Reserve**

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

<i>2012/13</i> <i>£000</i>	<b>Available-for-sale Financial Instruments Reserve</b>	<i>2013/14</i> <i>£000</i>
2,171	Balance at 1 April	3,228
1,057	Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	(1,104)
<b>3,228</b>	<b>Balance at 31 March</b>	<b>2,124</b>

**5.2.5. Pension Reserve**

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the council's share of Strathclyde Pension Fund resources available to meet them. Employers' contribution rates and contribution strategy will be reviewed following the next formal valuation as at 31 March 2014. The following table shows the movement on the Pension Reserve during the year:

<i>2012/13</i> <i>£000</i>	<b>Pension Reserve</b>	<i>2013/14</i> <i>£000</i>
<i>(950,000)</i>	Balance at 1 April	<i>(1,124,000)</i>
<i>(146,000)</i>	Actuarial gains or (losses) on pension assets and liabilities	<i>(102,000)</i>
<i>(113,000)</i>	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	<i>(147,000)</i>
85,000	Employers' pension contributions paid to Strathclyde Pension Fund	71,000
<b><i>(1,124,000)</i></b>	<b>Balance at 31 March</b>	<b><i>(1,302,000)</i></b>

**5.2.6. Employee Statutory Adjustment Account**

This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement accrued by but not taken as at 31 March. Statutory arrangements require that the impact on the General Fund 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>2012/13</i> <i>£000</i>	<b>Employee Statutory Adjustment Account</b>	<b>2013/14</b> <b>£000</b>
(26,333)	<b>Balance at 1 April</b>	(9,794)
26,333	Settlement or cancellation of accrual made at the end of the preceding year	9,794
(9,794)	Amounts accrued at the end of the current year	(13,124)
<b>(9,794)</b>	<b>Balance at 31 March</b>	<b>(13,124)</b>

## 6. Adjustments between accounting basis and funding basis under regulation

This note details the adjustments required to total Comprehensive Income and Expenditure for the year in accordance with either proper accounting practice or statutory provisions and applied to the General Fund Reserve. Figures for 2012/13 are provided in an additional table to allow comparison:

Accounting adjustments permitted under regulation during 2013/14	31 March 2014		
	Usable Reserves	Capital Grants	Unusable Reserves
	General Fund Reserve	Unapplied Account	Reserves
	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale	167,439		(167,439)
Amortisation of Intangible assets	1,646		(1,646)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(95,892)	21,011	74,881
Net gain on sale of Property, Plant and Equipment and Assets held for sale	(2,894)		2,894
Loans Fund principal	(103,007)		103,007
Capital receipts applied	5,075		(5,075)
Capital expenditure charged to General Fund	(7,671)		7,671
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>			
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	(3,381)		3,381
<b>Adjustments primarily involving the Pension Reserve:</b>			
Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	76,000		(76,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>			
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	3,330		(3,330)
<b>Totals</b>	<b>40,645</b>	<b>21,011</b>	<b>(61,656)</b>

**Comparative Information 2012/13**

Accounting adjustments permitted under regulation during 2012/13	31 March 2013		
	General Fund Reserve £000	Usable Reserves Capital Grants Unapplied Account £000	Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale	120,549		(120,549)
Amortisation of Intangible assets	902		(902)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(64,763)	5,315	59,448
Net loss on sale of Property, Plant and Equipment and Assets held for sale	505		(505)
Loans Fund principal	(97,796)		97,796
Capital receipts applied	12,389		(12,389)
Capital expenditure charged to General Fund	(7,022)		7,022
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>			
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	(3,049)		3,049
<b>Adjustments primarily involving the Pension Reserve:</b>			
Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	28,000		(28,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>			
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.	(16,539)		16,539
<b>Totals</b>	<b>(26,824)</b>	<b>5,315</b>	<b>21,509</b>

## 7. Transfers to or from statutory reserves

Under statute, the council is permitted to hold a number of revenue and capital reserves to provide financing for future expenditure plans. These funds include Repairs and Renewals Funds, the Cultural and Recreation Fund, Insurance Fund and Capital Fund. The table below provides an analysis of the movement in reserve funds from 1 April 2012 to 31 March 2014. 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 2012 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Balance at 31 March 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31 March 2014 £000	Purpose of the reserve
Property Repairs and Renewals	14,141	(4,974)	2,523	11,690	(4,326)	1,573	8,937	For the repair and renewal of council property
Sheltered Workshops	1,048	(1,061)	13	0	0	0	0	For the upkeep of Sheltered Workshops
Winter Gardens Appeal	38	0	0	38	0	0	38	For the upkeep of the Winter Gardens
Energy Efficiency	1,325	(1,396)	682	611	(326)	553	838	For energy efficiency initiatives in council properties
New Technology	6,029	(157)	469	6,341	(3,583)	1,040	3,798	To fund new technology projects
Douglas Flagpole Appeal	16	0	0	16	0	0	16	For maintenance of the flagpole in the Botanic Gardens
Botanic Book Fund Appeal	17	0	0	17	0	1	18	For the purchase of books for the Botanic Gardens
Hostels Repairs and Renewals	353	(172)	3	184	(134)	1	51	For the repair and renewal of council hostels
Winter Maintenance Reserve Fund	1,514	0	14	1,528	0	10	1,538	To equalise the effect of severe, mild and average winters
<b>Total Repairs and Renewals Funds</b>	<b>24,481</b>	<b>(7,760)</b>	<b>3,704</b>	<b>20,425</b>	<b>(8,369)</b>	<b>3,178</b>	<b>15,234</b>	
Culture and Recreational Fund	27,563	(4,872)	17,645	40,336	(12,368)	8,324	36,292	For the provision of social, cultural, and recreational grants to outside bodies
Insurance Fund	18,512	(9,302)	5,924	15,134	(9,054)	9,051	15,131	For property, motor and liability insurance
<b>Total Revenue Reserves</b>	<b>70,556</b>	<b>(21,934)</b>	<b>27,273</b>	<b>75,895</b>	<b>(29,791)</b>	<b>20,553</b>	<b>66,657</b>	
Capital Reserve Fund	14,640	(5,851)	130	8,919	(3,377)	59	5,601	To fund capital investment projects
<b>Total Revenue and Capital Reserve Funds</b>	<b>85,196</b>	<b>(27,785)</b>	<b>27,403</b>	<b>84,814</b>	<b>(33,168)</b>	<b>20,612</b>	<b>72,258</b>	

## 8. Subjective analysis

2012/13 £000	Subjective analysis	2013/14 £000	%
<b>Where the money came from</b>			
(1,570,441)	Government grants and local taxation	(1,446,074)	62.5
(642,381)	Other grants, reimbursements and contributions	(532,160)	23.0
(218,403)	Customer and client receipts	(229,072)	9.9
(4,030)	Interest	(5,219)	0.2
(127,563)	Income from other departments	(124,802)	5.4
(1,540)	Other miscellaneous income	(2,539)	0.1
0	Gain on disposal of property, plant and equipment	(2,894)	0.1
127,563	Inter-departmental recharges	124,802	(5.4)
(64,763)	Capital grants and contributions	(95,892)	4.2
<b>(2,501,558)</b>	<b>Total income</b>	<b>(2,313,850)</b>	<b>100.0</b>
<b>How the money was spent</b>			
633,053	Employee costs	679,454	28.5
94,743	Premises costs	86,721	3.6
229,554	Supplies and services	217,817	9.2
67,026	Transport and plant	70,486	3.0
758,271	Third party payments	631,617	26.6
576,368	Transfer payments	505,208	21.2
121,451	Depreciation, amortisation and impairment	169,085	7.1
95,678	Financing costs	101,342	4.3
(6,786)	Allocations	(7,899)	(0.3)
47,000	Net interest on the net defined benefit liability	51,000	2.1
(127,563)	Inter-departmental recharges	(124,802)	(5.2)
505	Loss on disposal of property, plant and equipment	0	0
61	Former authority residual costs	(2,294)	(0.1)
<b>2,489,361</b>	<b>Total expenditure</b>	<b>2,377,735</b>	<b>100.0</b>
<b>(12,197)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>63,885</b>	

## 9. Amounts reported for resource allocation decisions

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

The council is divided into the following service areas:

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

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

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

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

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

**2013/14 Service Income and Expenditure**

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

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

**2013/14 Reconciliation to subjective analysis**

Reconciliation	Service analysis £000	Services and support services not in analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Allocation of recharges £000	Sub-total Cost of Service £000	Corporate amounts £000	Total £000
Fees, charges and other service income	(155,858)	(65,248)	(16,386)	0	14,103	(223,389)	(5,877)	<b>(229,266)</b>
Gain on disposal of property, plant and equipment	0	0	0	0	0	0	(2,894)	<b>(2,894)</b>
Interest and investment income	(29)	(2)	(2)	0	0	(33)	(7,726)	<b>(7,759)</b>
Income from council tax	0	0	0	0	0	0	(179,008)	<b>(179,008)</b>
Government grants and contributions	(524,175)	(3,994)	(18,655)	0	0	(546,824)	(1,348,099)	<b>(1,894,923)</b>
<b>Total Income</b>	<b>(680,062)</b>	<b>(69,244)</b>	<b>(35,043)</b>	<b>0</b>	<b>14,103</b>	<b>(770,246)</b>	<b>(1,543,604)</b>	<b>(2,313,850)</b>
Employee costs	505,541	82,867	82,059	(45,598)	0	624,869	54,585	<b>679,454</b>
Other service costs	1,256,479	182,945	3,942	0	(14,103)	1,429,263	(52,409)	<b>1,376,854</b>
Support service recharges	0	(1,967)	0	0	0	(1,967)	1,967	<b>0</b>
Depreciation, amortisation and impairment	0	0	168,971	0	0	168,971	114	<b>169,085</b>
Interest payments	0	0	0	0	0	0	101,342	<b>101,342</b>
Net Interest on the net defined benefit liability	0	0	0	0	0	0	51,000	<b>51,000</b>
Loss on disposal of property, plant and equipment	0	0	0	0	0	0	0	<b>0</b>
<b>Total Expenditure</b>	<b>1,762,020</b>	<b>263,845</b>	<b>254,972</b>	<b>(45,598)</b>	<b>(14,103)</b>	<b>2,221,136</b>	<b>156,599</b>	<b>2,377,735</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>1,081,958</b>	<b>194,601</b>	<b>219,929</b>	<b>(45,598)</b>	<b>0</b>	<b>1,450,890</b>	<b>(1,387,005)</b>	<b>63,885</b>



**2012/13 Service Income and Expenditure**

Service Income and Expenditure	Development and Regeneration Services £000	Education Services £000	Financial Services £000	Social Work Services £000	Joint Boards and Related Companies £000	Total £000
Income	(92,891)	(25,193)	(427,985)	(177,023)	(26,821)	(749,913)
Specific grant	(7,169)	(510)	0	(660)	0	(8,339)
<b>Total Income</b>	<b>(100,060)</b>	<b>(25,703)</b>	<b>(427,985)</b>	<b>(177,683)</b>	<b>(26,821)</b>	<b>(758,252)</b>
Employee costs	22,151	327,983	23,216	155,065	89	528,504
Premises costs	5,883	40,966	1,997	22,098	0	70,944
Transport costs	133	12,464	1,544	7,448	0	21,589
Supplies and services	10,300	98,295	6,668	18,918	84	134,265
Third party costs	3,077	13,014	2,596	376,082	279,160	673,929
Transfer payments	90,390	12,450	409,701	28,069	1,400	542,010
Allocations	(3,438)	0	(205)	0	0	(3,643)
<b>Total Expenditure</b>	<b>128,496</b>	<b>505,172</b>	<b>445,517</b>	<b>607,680</b>	<b>280,733</b>	<b>1,967,598</b>
<b>Net Expenditure</b>	<b>28,436</b>	<b>479,469</b>	<b>17,532</b>	<b>429,997</b>	<b>253,912</b>	<b>1,209,346</b>

**2012/13 Reconciliation to subjective analysis**

Reconciliation	Service analysis £000	Services and support services not in analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Allocation of recharges £000	Sub-total Cost of Service £000	Corporate amounts £000	Total £000
Fees, charges and other service income	(149,292)	(69,121)	(16,493)	0	21,924	(212,982)	(5,707)	<b>(218,689)</b>
Gain on disposal of property, plant and equipment	0	0	0	0	0	0	0	<b>0</b>
Interest and investment income	(242)	(5)	(11)	0	0	(258)	(5,312)	<b>(5,570)</b>
Income from council tax	0	0	0	0	0	0	(250,404)	<b>(250,404)</b>
Government grants and contributions	(608,718)	(10,094)	(33,694)	0	0	(652,506)	(1,374,389)	<b>(2,026,895)</b>
<b>Total Income</b>	<b>(758,252)</b>	<b>(79,220)</b>	<b>(50,198)</b>	<b>0</b>	<b>21,924</b>	<b>(865,746)</b>	<b>(1,635,812)</b>	<b>(2,501,558)</b>
Employee costs	528,504	72,725	42,939	(60,860)	0	583,308	49,745	<b>633,053</b>
Other service costs	1,439,094	194,522	27,920	0	(21,924)	1,639,612	(47,938)	<b>1,591,674</b>
Support service recharges	0	(1,360)	0	0	0	(1,360)	1,360	<b>0</b>
Depreciation, amortisation and impairment	0	0	121,364	0	0	121,364	87	<b>121,451</b>
Interest payments	0	0	0	0	0	0	95,678	<b>95,678</b>
Net Interest on the net defined benefit liability	0	0	0	0	0	0	47,000	<b>47,000</b>
Loss on disposal of property, plant and equipment	0	0	0	0	0	0	505	<b>505</b>
<b>Total Expenditure</b>	<b>1,967,598</b>	<b>265,887</b>	<b>192,223</b>	<b>(60,860)</b>	<b>(21,924)</b>	<b>2,342,924</b>	<b>146,437</b>	<b>2,489,361</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>1,209,346</b>	<b>186,667</b>	<b>142,025</b>	<b>(60,860)</b>	<b>0</b>	<b>1,477,178</b>	<b>(1,489,375)</b>	<b>(12,197)</b>

## 10. Material items

The Code requires disclosure of the nature and amount of material items. During 2013/14 the following items are regarded as material:

Nature	2013/14 £m
An increase in the net pension liability mainly arising from adverse market conditions impacting the fair value of pension assets and an increase in the present value of funded and unfunded liabilities.	(178.000)

## 11. Education Services – Public Private Partnership

The council entered into a Public Private Partnership for the provision of school buildings, maintenance and other facilities. This agreement provides the council with 29 replacement or renovated secondary schools and one primary school. The provider is required to maintain these schools to a high standard. When the agreement ends in July 2030 the schools will be handed back to the council with a guarantee of no major maintenance requirements for a five year period. The value of the assets held under the PPP scheme are £353.218 million (2012/13 £362.113 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	20.423	8.141	21.297	49.861
2 to 5 years	93.363	32.238	82.975	208.576
6 to 10 years	141.489	44.440	97.167	283.096
11 to 15 years	176.972	48.798	85.345	311.115
16 to 20 years	51.362	13.189	18.073	82.624
<b>Total</b>	<b>483.609</b>	<b>146.806</b>	<b>304.857</b>	<b>935.272</b>

## 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:

2011/12 (Surplus)/ Deficit £000	2012/13 (Surplus)/ Deficit £000	Trading Operations Financial Summary	2013/14		(Surplus)/ Deficit £000	3-year (Surplus)/ Deficit £000
			Expenditure £000	Income £000		
(1,517)	(1,732)	Area Operations	79,199	(80,473)	(1,274)	(4,523)
(358)	(736)	Transport	35,756	(36,114)	(358)	(1,452)
<b>(1,875)</b>	<b>(2,468)</b>	<b>(Surplus) / Deficit for year</b>	<b>114,955</b>	<b>(116,587)</b>	<b>(1,632)</b>	<b>(5,975)</b>

On consolidating the Trading Operations into the Comprehensive Income and Expenditure Statement it is necessary to remove the impact of internal trading from the income and expenditure of the Trading Operations. In addition, interest received by the Trading Operations of £0.012 million must be presented in the Comprehensive Income and Expenditure Statement against Interest and Investment Income (net interest received of £0.015 million was included within Interest and Investment Income in 2012/13).

In 2013/14 the Area Operations Trading Operation and Transport Trading Operation each reported a surplus for the year. In relation to the statutory three year performance targets, both Trading Operations met the requirement to break-even.

## **13. Pension costs**

### **13.1. Local Government Pension Scheme**

Disclosure of information relating to pensions follows the reporting requirements of IAS 19 'Employee Benefits'. The table on page 44 details the assumptions made in estimating the figures contained in this note. The council offers retirement benefits to its employees under the Terms and Conditions of Employment.

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

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

The council recognises the cost of retirement benefits within Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, as the charge made when calculating Council Tax is based on the cash payable in the year, the cost of retirement benefits under IAS 19 is reversed out of the General Fund 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.

2012/13 £000	Local Government Pension Scheme	2013/14 £000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Cost of Services:</b>	
51,000	Current service cost	64,000
15,000	Past service cost	32,000
0	(Gain) / Loss from settlements	0
	<b>Financing and Investment Income and Expenditure:</b>	
47,000	Net interest cost	51,000
<b>113,000</b>	<b>Total Post-employment Benefits charged / (credited) to the Surplus or Deficit on the Provision of Services</b>	<b>147,000</b>
	<b>Other Comprehensive Income and Expenditure</b>	
	<b>Remeasurement of the net defined benefit liability:</b>	
(218,000)	Return on assets	(55,000)
364,000	Actuarial (gains) / losses arising on changes in financial assumptions	140,000
0	Other Experience	17,000
<b>259,000</b>	<b>Total Post-employment Benefits charged / (credited) to the Comprehensive Income and Expenditure Statement</b>	<b>249,000</b>
113,000	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	147,000
	<b>Movement in Reserves Statement</b>	
(28,000)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS 19	(76,000)
	<b>Actual amount charged against the General Fund balance for pensions in the year:</b>	
<b>85,000</b>	<b>Employers contribution paid</b>	<b>71,000</b>

### 13.1.1. Pension assets and liabilities

As explained in the Accounting Policies (see note 1.6, Retirement Benefits on pages 15 to 16) 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 2011.

The credit to the Surplus on the Provision of Services from the Pension Reserve per note 13.1 is £76.000 million. The council's net liability in respect of pensions increased by £178.000 million in 2013/14 to £1,302.000 million. The pension liability represents the best estimate of the current value of pensions which the council will have to fund. The real discount factor, which is used to express the benefits in current value terms rather than cash terms, has reduced from 1.7% at March 2013 to 1.5% at March 2014.

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

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the council of £1,302.000 million:

2012/13	Actuarial assumptions	2013/14
	<b>Long-term expected rate of return on assets in the scheme:</b>	
4.5%	Equity investments	4.3%
4.5%	Bonds	4.3%
4.5%	Property	4.3%
4.5%	Cash and net debtors / creditors	4.3%
	<b>Mortality assumptions:</b>	
	Longevity at 65 for current pensioners:	
21.0	Men	21.0
23.4	Women	23.4
	Longevity at 65 for future pensioners:	
23.3	Men	23.3
25.3	Women	25.3
	<b>General assumptions:</b>	
2.8%	Rate of price increases	2.8%
See note	Rate of increase in salaries	See note
2.8%	Rate of increase in pensions	2.8%
4.5%	Rate for discounting scheme liabilities	4.3%
50.0%	Take-up of option to convert annual pension into retirement lump sum (pre-April 2009 service)	50.0%
75.0%	Take-up of option to convert annual pension into retirement lump sum (post-April 2009 service)	75.0%

**Note:** Salary increases are 1% per annum for the years to 31 March 2015, reverting to 5.1% per annum thereafter.

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

2012/13 £000	Pension Assets and Liabilities recognised in the Balance Sheet	2013/14 £000
3,613,000	Present value of the defined benefit obligation	3,923,000
(2,489,000)	Fair value of plan assets	(2,621,000)
<b>1,124,000</b>	<b>Net liability arising from defined benefit obligation</b>	<b>1,302,000</b>

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

2012/13 £000	<b>Reconciliation of the movements in the fair value of scheme assets</b>	2013/14 £000
2,186,000	Opening fair value of scheme assets	2,489,000
103,000	Interest income	111,000
	<b>Remeasurement gain / (loss):</b>	
218,000	Return on assets, excluding the amount included in the net interest cost	55,000
85,000	Contributions by employer	71,000
17,000	Contributions by scheme participants	16,000
(120,000)	Benefits paid	(121,000)
0	Other	0
<b>2,489,000</b>	<b>Closing fair value of scheme assets</b>	<b>2,621,000</b>

2012/13 £000	<b>Reconciliation of present value of scheme liabilities</b>	2013/14 £000
3,136,000	Opening balance at 1 April	3,613,000
51,000	Current service costs	64,000
150,000	Interest costs	162,000
17,000	Contributions by scheme participants	16,000
	<b>Remeasurement (gains) and losses:</b>	
364,000	Actuarial (gains) / losses arising from changes in financial assumptions	140,000
0	Other	17,000
15,000	Past service cost (including curtailments)	32,000
(120,000)	Benefits paid	(121,000)
<b>3,613,000</b>	<b>Closing balance at 31 March</b>	<b>3,923,000</b>

**13.1.2. Analysis of Pension Fund's Assets**

2012/13			Local Government Pension Scheme assets	2013/14		
Quoted Prices in Active Markets £m	Prices not quoted in Active Markets £m	Total £m		Quoted Prices in Active Markets £m	Prices not quoted in Active Markets £m	Total £m
0	90	90	Cash and cash equivalents	0	125	125
			Equity Instruments:			
217	0	217	• Consumer	241	0	241
199	0	199	• Manufacturing	210	2	212
102	0	102	• Energy and utilities	96	0	96
170	0	170	• Financial institutions	175	0	175
90	0	90	• Health and care	90	0	90
125	0	125	• Information technology	143	0	143
903	0	903	Sub-total equity instruments	955	2	957
			Private Equity:			
0	240	240	• All	0	247	247
			Property:			
0	160	160	• UK	0	184	184
			Other investment funds:			
66	693	759	• Equities	64	734	798
0	335	335	• Bonds	0	304	304
2	0	2	• Commodities	1	0	1
0	0	0	• Infrastructure	0	4	4
68	1,028	1,096	Sub-total other investment funds	65	1,042	1,107
			Derivatives:			
0	0	0	• Other	1	0	1
<b>971</b>	<b>1,518</b>	<b>2,489</b>	<b>Total Assets</b>	<b>1,021</b>	<b>1,600</b>	<b>2,621</b>

**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 2014.

The Fund will need to take account of impending national changes to the Local Government Pension Scheme in Scotland such as the move to a new career average revalued earning scheme.

The total contributions expected to be made by the council to Strathclyde Pension Fund in the year to 31 March 2015 is £49.000 million.

The weighted average duration of the defined benefit obligation for scheme members is 17.8 years, (2012/13 17.8 years).



### 13.2. Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is a defined benefit scheme. As the scheme is not able to identify each body's share of the underlying liabilities on a consistent and reasonable basis, the pension costs are accounted for as if it were a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2014, the council's contributions equate to approximately 7.7%.

The employer's rate of contribution for the teachers' pension scheme administered by the Scottish Government was 14.9% from 1 April 2013 to 31 March 2014 and the employee rate was 8.8% throughout the year. The amount paid over to the Scottish Public Pensions Agency was as follows:

<i>2012/13</i> <i>£000</i>	<b>Scottish Teachers Superannuation Scheme</b>	<i>2013/14</i> <i>£000</i>
26,657	Employer's Contributions	26,437
13,765	Employees' Contributions	15,943
<b>40,422</b>	<b>Total</b>	<b>42,380</b>

The employer's contributions due to be paid in the next financial year are estimated to be £26.701 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 2013/14 these amounted to £6.096 million (2012/13 £6.051 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 2013/14 the capitalised costs attributable to the early retirals from Glasgow City Council and from predecessor authorities, were as follows:

<i>2012/13</i> <i>£000</i>	<b>Capital cost of discretionary increases</b>	<i>2013/14</i> <i>£000</i>
9,164	2013/14	3,825
325,836	In earlier years	361,175
<b>335,000</b>	<b>Total</b>	<b>365,000</b>

## 14. Grant income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

2012/13 £000	Grant income in the Comprehensive Income and Expenditure Statement	2013/14 £000
	<b>Credited to Taxation and Non-specific Grant Income</b>	
(999,475)	General Revenue Grant	(918,539)
(310,151)	Redistribution from Non-Domestic Rates pool	(333,668)
(64,763)	Capital Grant and Contributions	(95,892)
	<b>Credited to Services</b>	
(341,260)	Housing benefit subsidy	(342,330)
(80,250)	Housing investment	(82,324)
(73,972)	Council tax benefit subsidy	0
(72,086)	Health Board	(74,630)
(18,164)	Criminal Justice	(18,184)
(8,690)	Benefits administration subsidy and initiatives	(7,376)
(3,623)	Vacant and derelict land	(2,070)
(29,448)	Partnership Support for Regeneration	0
(200)	Police grant	0
(6,294)	Various education services grants	(7,084)
(14,096)	Various other grants	(11,206)
(4,424)	Various other contributions	(1,620)
<b>(2,026,896)</b>	<b>Total</b>	<b>(1,894,923)</b>

From 1 April 2013, Council tax benefit subsidy was replaced by funding for a Council Tax Reduction Scheme. This funding is included within the General Revenue Grant for 2013/14. Also, during 2012/13, non-recurring additional Scottish Government funding (Partnership Support for Regeneration) was received in respect of the Commonwealth Games Athletes Village. This was fully utilised in meeting payments to City Legacy (builders consortium) during 2012/13.

## 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 2013/14, the council billed £355.713 million (2012/13 £344.530 million) on behalf of the Scottish Government. After provisions for bad and doubtful debts, the council contributed £322.951 million to the National Non-Domestic Rates Pool (2012/13 £315.652 million) and received back from the pool £333.668 million in income (2012/13 £310.151 million).

The council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2013/14 the council received £1.830 million for providing this service (2012/13 £1.725 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 2013/14 expenditure on the project amounted to £1.774 million. The council contributed £0.326 million to the project in 2013/14 (2012/13 £0.119 million).

Scotland Excel provides a purchasing service to the council, obtaining and passing on discounts for bulk purchasing on behalf of 28 local authorities and similar bodies across Scotland. Payments of £0.312 million were made to Scotland Excel during 2013/14 in this respect (2012/13 £0.316 million).

## 16. Auditor remuneration

The council incurred fees of £0.697 million (2012/13 £0.697 million) for the statutory inspection of the financial statements 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 (eg. council tax bills, housing benefits). Grants received from government departments are set out in note 14 on page 48.

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 2014 are as follows:

2012/13 Net Expenditure / (Income) £000	Debtor / (Creditor) at 31 March 2013 £000	Related party transactions and balances	2013/14		Debtor / (Creditor) at 31 March 2014 £000
			Expenditure £000	Income £000	
<b>Related companies</b>					
4,917	(367)	Glasgow City Marketing Bureau Ltd	7,694	(169)	(1,057)
40,533	41,987	Scottish Exhibition Centre Ltd	949	(430)	42,058
97,974	(4,117)	City Building (Glasgow) LLP	126,056	(3,530)	(1,396)
2,159	19,740	City Parking (Glasgow) LLP	6,308	(2,167)	35,081
73,239	43	Culture and Sport Glasgow	83,800	(9,220)	(650)
46,381	4,522	Cordia (Services) LLP	54,490	(5,761)	1,555
63,354	(256)	Cordia (Care) LLP	60,156	0	154
3,330	744	City Property Glasgow (Investments) LLP	4,211	(2,011)	656
1,898	(362)	City Property (Glasgow) LLP	2,080	(155)	(152)
14,321	13	Glasgow Community and Safety Services Ltd	15,786	1,899	434
49,748	(3,768)	Service Glasgow LLP	59,818	9,801	(1,463)
16,379	(2,487)	Jobs & Business Glasgow	17,430	(842)	(2,470)
<b>Related bodies</b>					
11,005	(2,706)	Passenger Transport	11,101	0	990
69,268	(768)	Strathclyde Pension Fund	67,056	(2,809)	(996)
26,955	(2,250)	Teachers' Pension Fund	26,437	0	(2,217)
1,574	139	Clyde Gateway	2,760	(2,990)	2,079

There were no transactions during the year or balances held in respect of City Buildings (Contracts) LLP as at 31 March 2014.

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 £12.228 million (2012/13 £13.362 million). Payments made to organisations on which council officers are represented or have interests totalled £0.057 million (2012/13 £0.089 million).

## 18. Operating leases

The council utilises 654 items of vehicles, plant, furniture and equipment under the terms of an operating lease. Lease rentals charged to the Comprehensive Income and Expenditure Statement in the year for such assets total £3.585 million (2012/13 £3.003 million). The future minimum lease payments due under non-cancellable leases in future years and in cash terms are as follows:

31 March 13 £000	Operating lease commitments	31 March 14 £000
1,609	No later than one year	2,009
2,132	Later than one year and not later than five years	3,195
<b>3,741</b>	<b>Total</b>	<b>5,204</b>

## 19. Long-term assets

### 19.1. Valuation of long-term assets

Category	Valuer	Basis of Valuation	Date of last full Valuation	Useful Life
<b>Property, Plant and Equipment:</b>				
Other land and buildings	City Property (Glasgow) LLP	Fair value	March 2008	Land – Not applicable Buildings – 40 years
Vehicles, plant, furniture and equipment	Not applicable	Depreciated historic cost	Not applicable	5-10 years
Infrastructure assets	Not applicable	Depreciated historic cost	Not applicable	40 years
Community assets	Not applicable	Valued at £1 on 1 April 1994, with additions valued at cost	Not applicable	Not applicable
Heritage assets (museum and gallery collections and civic regalia)	Not applicable	Declared valuation for insurance purposes or fair value	Not applicable	Not applicable
Assets under construction	Not applicable	Cost	Not applicable	Not applicable
Corporate surplus assets	City Property (Glasgow) LLP	Carrying value at date declared surplus	Date declared surplus	40 years
<b>Other long-term assets:</b>				
Investment property	City Property (Glasgow) LLP	Fair value	March 2013	Not applicable
Intangible assets	Not applicable	Depreciated historic cost	Not applicable	7 years
Assets held for sale	City Property (Glasgow) LLP	Lower of carrying value at date declared held for sale and fair value less cost of sale.	Date declared surplus	40 years

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

### 19.2. Depreciation

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

### 19.3. Community assets

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

### 19.4. Heritage assets

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

**19.5. Summary of capital expenditure and sources of finance**

2012/13 £000	<b>Capital expenditure and sources of finance</b>	2013/14 £000
	Capital investment	
188,837	Property, Plant and Equipment	243,612
6,161	Intangible assets	697
0	Assets held for sale	17
<b>194,998</b>	<b>Total Gross Expenditure per Capital Expenditure and Income Statement (page 53)</b>	<b>244,326</b>
	Sources of finance	
102,037	Net borrowing	115,654
12,389	Asset Sales	5,075
9,066	Assets acquired under finance leases	20,694
64,484	Government grants and other capital contributions	95,232
7,022	Revenue contributions	7,671
<b>194,998</b>	<b>Total</b>	<b>244,326</b>

**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 391 items of vehicles, plant, furniture and equipment and nine properties under the terms of a finance lease. Lease rentals payable under these arrangements in the year total £10.227 million (2012/13 £9.294 million), comprising £5.623 million (2012/13 £4.644 million) charged to the Comprehensive Income and Expenditure Statement in respect of interest and £4.604 million (2012/13 £4.650 million) in respect of principal repayments.

**19.7. Capital Expenditure and Income Statement**

2012/13 Gross Capital Expenditure £000		Gross Capital Expenditure £000	2013/14 Sources of Finance			Net Borrowing £000
			Finance Leases £000	Revenue £000	Receipts £000	
2,648	Corporate Services	2,490	0	537	0	1,953
37,147	Cultural and Related Services	16,023	0	2,235	821	12,967
49,913	Development and Regeneration Services	33,712	16,598	689	11,355	5,070
29,229	Education Services	60,609	0	3,461	6,576	50,572
83	Financial Services	219	0	219	0	0
19,214	Service Reform	6,225	0	0	0	6,225
39,555	Land and Environmental Services	98,596	4,096	400	41,204	52,896
17,209	Social Work Services	26,452	0	130	27	26,295
0	General Capital Grant	0	0	0	35,249	(35,249)
0	Asset Sales	0	0	0	5,075	(5,075)
<b>194,998</b>	<b>Total</b>	<b>244,326</b>	<b>20,694</b>	<b>7,671</b>	<b>100,307</b>	<b>115,654</b>

The above table reflects the receipt of asset sales totalling £5.075 million during the year. However, these asset sales have been fully applied in the year, reducing the principal repayment reflected within the Movement in Reserves Statement by an equivalent amount. There has been therefore no change to debt outstanding in respect of asset sales achieved in the year.

**19.8. Commitments under capital investments**

The council's approved capital investment programme will continue to progress during 2014/15 and subsequent years. As at 31 March 2014, the council has outstanding commitments on significant contracts for capital investment totalling £183.503 million (31 March 2013 £174.720 million). These outstanding commitments comprise the following:

Project description	Outstanding commitment at 31 March 2014 £000	Contract completion
Reconfiguration of residential care for older people	49,952	Early 2016
Pre-12 strategy - Phase 5	29,100	Early 2018
Future Cities Project	19,425	Late 2014
East End Regeneration Route	13,974	Early 2015
Joint venture support strategy	12,217	Early 2018
Glasgow Royal Concert Hall expansion	11,049	Late 2014
Scottish Futures Trust Building Programme Phase 1	8,154	Mid 2017
Investment in the council's ICT Infrastructure	5,537	Early 2016
Children's Residential Strategy	4,122	Early 2016
Various other projects (28 contracts)	29,973	Various
<b>Total</b>	<b>183,503</b>	

As at 31 March 2014, outstanding obligations to make payments under finance leases are as follows:

31 March 2013 £000	Finance lease obligations	31 March 2014 £000
5,379	Not later than one year	4,573
24,847	Later than one year and not later than five years	18,002
28,485	Later than five years	43,569
<b>58,711</b>	<b>Total</b>	<b>66,144</b>

The total outstanding obligations are accounted for within short-term creditors (leases expiring within one year) £4.573 million (2012/13 £5.379 million) and deferred liabilities (leases expiring after one year) £61.571 million (2012/13 £53.332 million).

### 19.9. Tax Incremental Financing (TIF) Projects

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

The project is for a period of 25 years, with the first material capital investment incurred during the financial year ending 31 March 2014. During the TIF project period, the council is entitled to retain the TIF revenue from its NDR revenue, a pro-rate amount of NDR equal to the amount (if any) by which the collected amount exceeds the 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 2014, to be funded from borrowing, in respect of TIF assets totalled £1.435 million. This is reflected within the 'Summary of capital expenditure and sources of finance', outlined within note 19.5 on page 52. Total TIF debt, to be repaid over the project period, in respect of investment to 31 March 2014, has been calculated in accordance with Local Government Finance Circular No. 4/2014 at £2.233 million. Applicable TIF revenue raised in the year and from project inception is £nil.



## 20. Property, plant and equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2013/14. The valuation bases, useful lives and depreciation methods used are disclosed within notes 19.1 and 19.2 (page 51). 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 53).

Movement in PPE 2013/14	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
<b>Cost or Valuation:</b>								
At 1 April 2013 (restated)	2,124,380	206,102	553,618	24,632	217,613	73,653	3,199,998	399,527
Additions in year	81,224	10,232	4,794	0	147,077	286	243,613	1
Revaluation adjustments to Revaluation Reserve	(6,949)	0	0	0	0	(4,291)	(11,240)	(14)
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(33,512)	0	0	0	0	(3,710)	(37,222)	0
Disposals	(51,503)	(76,118)	(397)	(44)	0	(2,039)	(130,101)	0
Reclassifications from / (to) Held for Sale	(499)	0	0	0	0	46,645	46,146	0
Other reclassifications (transfers)	44,551	15,330	80,938	0	(134,770)	515	6,564	0
<b>At 31 March 2014</b>	<b>2,157,692</b>	<b>155,546</b>	<b>638,953</b>	<b>24,588</b>	<b>229,920</b>	<b>111,059</b>	<b>3,317,758</b>	<b>399,514</b>
<b>Depreciation and impairment:</b>								
At 1 April 2013 (restated)	(126,721)	(117,041)	(145,158)	(44)	0	(9,340)	(398,304)	(37,414)
Depreciation charge for year	(56,154)	(17,659)	(14,980)	0	0	(1,128)	(89,921)	(10,550)
Depreciation written out to the Revaluation Reserve	43,714	0	0	0	0	2,439	46,153	1,668
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,211	0	0	0	0	278	5,489	0
Impairment losses to Revaluation Reserve	(327)	0	0	0	0	0	(327)	0
Impairment losses to Comprehensive Income and Expenditure Statement	(45,673)	0	0	0	0	(1,439)	(47,112)	0
On Disposals	26,091	75,572	397	44	0	2,004	104,108	0
Reclassifications from / (to) Held for Sale	256	0	0	0	0	(1,990)	(1,734)	0
Other reclassifications (transfers)	0	0	0	0	0	(6)	(6)	0
<b>At 31 March 2014</b>	<b>(153,603)</b>	<b>(59,128)</b>	<b>(159,741)</b>	<b>0</b>	<b>0</b>	<b>(9,182)</b>	<b>(381,654)</b>	<b>(46,296)</b>
<b>Balance Sheet Amount at 31 March 2014</b>	<b>2,004,089</b>	<b>96,418</b>	<b>479,212</b>	<b>24,588</b>	<b>229,920</b>	<b>101,877</b>	<b>2,936,104</b>	<b>353,218</b>
<b>Balance Sheet Amount at 31 March 2013 (restated)</b>	<b>1,997,659</b>	<b>89,061</b>	<b>408,460</b>	<b>24,588</b>	<b>217,613</b>	<b>64,313</b>	<b>2,801,694</b>	<b>362,113</b>
<b>Nature of Asset Holding:</b>								
Owned	1,635,169	76,249	479,212	24,588	229,920	101,877	2,547,015	0
Finance leased	18,952	16,919	0	0	0	0	35,871	0
PPP	349,968	3,250	0	0	0	0	353,218	353,218
<b>Total</b>	<b>2,004,089</b>	<b>96,418</b>	<b>479,212</b>	<b>24,588</b>	<b>229,920</b>	<b>101,877</b>	<b>2,936,104</b>	<b>353,218</b>

Movement in PPE 2012/13 (restated)	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000	PPP Assets included in Property, Plant and Equipment £000
<b>Cost or Valuation:</b>								
At 1 April 2012	2,023,905	172,445	479,811	24,632	368,705	71,282	3,140,780	400,270
Additions in year	43,628	21,865	11,155	0	112,329	2,648	191,625	13
Revaluation adjustments to Revaluation Reserve	(42,183)	0	0	0	0	2,500	(39,683)	(756)
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(33,148)	0	0	0	0	(114)	(33,262)	0
Disposals	(5,296)	(9,686)	0	0	(40,000)	(183)	(55,165)	0
Reclassifications from / (to) Held for Sale	(1,820)	0	0	0	0	(2,480)	(4,300)	0
Other reclassifications (transfers)	139,294	21,478	62,652	0	(223,421)	0	3	0
<b>At 31 March 2013</b>	<b>2,124,380</b>	<b>206,102</b>	<b>553,618</b>	<b>24,632</b>	<b>217,613</b>	<b>73,653</b>	<b>3,199,998</b>	<b>399,527</b>
<b>Depreciation and impairment:</b>								
At 1 April 2012	(112,789)	(110,991)	(132,029)	(44)	0	(8,711)	(364,564)	(27,598)
Depreciation charge for year	(52,578)	(14,442)	(13,132)	0	0	(1,068)	(81,220)	(10,513)
Depreciation written out to the Revaluation Reserve	43,575	0	0	0	0	897	44,472	(406)
Depreciation written out to the Surplus/Deficit on the Provision of Services	19,294	0	0	0	0	124	19,418	1,103
Impairment losses to Revaluation Reserve	(3,652)	0	0	0	0	0	(3,652)	0
Impairment losses to Comprehensive Income and Expenditure Statement	(23,652)	0	3	0	0	(921)	(24,570)	0
On Disposals	2,847	8,392	0	0	0	20	11,259	0
Reclassifications from / (to) Held for Sale	234	0	0	0	0	319	553	0
<b>At 31 March 2013</b>	<b>(126,721)</b>	<b>(117,041)</b>	<b>(145,158)</b>	<b>(44)</b>	<b>0</b>	<b>(9,340)</b>	<b>(398,304)</b>	<b>(37,414)</b>
<b>Balance Sheet Amount at 31 March 2013</b>	<b>1,997,659</b>	<b>89,061</b>	<b>408,460</b>	<b>24,588</b>	<b>217,613</b>	<b>64,313</b>	<b>2,801,694</b>	<b>362,113</b>
<b>Balance Sheet Amount at 31 March 2012</b>	<b>1,911,116</b>	<b>61,454</b>	<b>347,782</b>	<b>24,588</b>	<b>368,705</b>	<b>62,571</b>	<b>2,776,216</b>	<b>372,672</b>
<b>Nature of Asset Holding:</b>								
Owned	1,613,239	66,792	408,460	24,588	217,613	64,313	2,395,005	0
Finance leased	26,393	18,183	0	0	0	0	44,576	0
PPP	358,027	4,086	0	0	0	0	362,113	362,113
<b>Total</b>	<b>1,997,659</b>	<b>89,061</b>	<b>408,460</b>	<b>24,588</b>	<b>217,613</b>	<b>64,313</b>	<b>2,801,694</b>	<b>362,113</b>

## 21. Heritage assets

This note details the movement in Heritage Assets during 2013/14. The valuation bases, useful lives and depreciation methods used are disclosed within notes 19.1 and 19.4 (page 51).

<b>Movement in Heritage assets 2013/14</b>	<b>Fine art £000</b>	<b>Civic regalia £000</b>	<b>Statues and fountains £000</b>	<b>Total Heritage assets £000</b>
<b>Cost or Valuation:</b>				
At 1 April 2012	1,400,000	554	16,590	1,417,144
Revaluations	0	12	0	12
<b>At 31 March 2013</b>	<b>1,400,000</b>	<b>566</b>	<b>16,590</b>	<b>1,417,156</b>
<b>Movement in 2013/14:</b>				
Revaluations	0	42	0	42
<b>At 31 March 2014</b>	<b>1,400,000</b>	<b>608</b>	<b>16,590</b>	<b>1,417,198</b>

The following table shows assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet since 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.

<b>Assets excluded from Heritage Assets</b>	<b>Estimated number of assets 31 March 2014</b>
Fountains	5
Statues	53
War memorials	35

## 22. Intangible assets

The council accounts for purchased software licences held for various ICT systems used throughout the council as intangible assets. The cost of the licences is 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 of any intangible assets during the year; there have been no revaluations or disposals of intangible assets. The amortisation charge for intangible assets in 2013/14 was £1.646 million (2012/13 £0.902 million) and there has been no impairment charge in 2013/14 (2012/13 £nil). The movement on intangible asset balances during the year is as follows:

2012/13 £000	<b>Movement in intangible assets</b>	2013/14 £000
	Balance at start of year:	
6,263	Gross carrying amounts	12,424
(2,511)	Accumulated amortisation	(3,413)
<b>3,752</b>	<b>Net carrying amount at start of year</b>	<b>9,011</b>
6,161	Additions	697
0	Transfers	102
0	Impairment losses	0
(902)	Amortisation for the period	(1,646)
<b>9,011</b>	<b>Net carrying amount at end of the year</b>	<b>8,164</b>
	Comprising:	
12,424	Gross carrying amounts	13,223
(3,413)	Accumulated amortisation	(5,059)
<b>9,011</b>	<b>Net carrying amount at end of the year</b>	<b>8,164</b>

### 23. Assets held for sale

2012/13		<b>Assets held for sale</b>	2013/14	
<i>Long-term</i> £000	<i>Current</i> £000		<b>Long-term</b> £000	<b>Current</b> £000
54,519	23,416	Balance at 1 April	50,002	8,491
		Assets newly classified as held for sale:		
2,381	1,366	Property, plant and equipment	0	604
(5,278)	(3,571)	Revaluation losses	(52)	(484)
649	145	Revaluation gains	0	0
(150)	(200)	Impairment losses	(59)	(47)
		Assets declassified as held for sale:		
0	0	Property, plant and equipment	(41,414)	(3,602)
(2,119)	(12,665)	Assets disposed	(1,124)	(219)
0	0	Expenditure in year	7	10
0	0	Transfers from current to long-term	0	0
0	0	Transfers from long-term to current	(1,760)	1,760
<b>50,002</b>	<b>8,491</b>	<b>Balance at 31 March</b>	<b>5,600</b>	<b>6,513</b>

## 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:

2012/13			2013/14			
Raw materials and consumables £000	Work in progress £000	Total £000	Inventories	Raw materials and consumables £000	Work in progress £000	Total £000
1,961	4	1,965	Opening balance	1,436	0	1,436
26	0	26	Purchases	65	0	65
0	(4)	(4)	Reclassifications / transfers	165	0	165
(551)	0	(551)	Disposals	(78)	0	(78)
<b>1,436</b>	<b>0</b>	<b>1,436</b>	<b>Closing balance</b>	<b>1,588</b>	<b>0</b>	<b>1,588</b>

## 25. Net short-term debtors

The debtors balance consists primarily of debts in respect of Council Tax, Non Domestic Rates Pool, grant debtors and sums due from H.M. Revenue and Customs. Debtors also include sums due from other authorities and various other sundry debtors. During 2013/14 there was an accounting adjustment made to debtors and the associated bad debt provision within the Financial Statements of £29.155 million. This mainly related to Council Tax (£19.030 million). The individual Non-Domestic Rates debtors are not included in the Balance Sheet but the outstanding debt and bad debt provision are monitored separately, with the council acting as a collecting agent for the Scottish Government. Records associated with all outstanding debts are retained and recovery action will continue to be taken where possible. The following table shows an analysis of debtors outstanding by customer group:

2012/13 £000	Analysis of net debtors	2013/14 £000
129,613	Bodies external to general government	103,221
59,268	Central government bodies	94,996
3,238	Other local authorities	8,983
814	NHS bodies	1,068
243	Public corporations and trading funds	2,827
<b>193,176</b>	<b>Total</b>	<b>211,095</b>

## 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:

2012/13 £000	Cash and cash equivalents	2013/14 £000
38,010	Short-term deposits	0
44,362	Bank current accounts	75,929
211	Cash imprest held by the council	164
<b>82,583</b>	<b>Total</b>	<b>76,093</b>

## 27. Short-term creditors

The creditors balance consists primarily of payroll creditors, grant creditors and various other sundry creditors. The following table provides further analysis by supplier group:

2012/13 £000	Analysis of creditors	2013/14 £000
223,495	Bodies external to general government	207,562
7,347	Central government bodies	2,007
2,669	Other local authorities	2,384
2,725	NHS bodies	2,078
2,311	Public corporations and trading funds	2,448
<b>238,547</b>	<b>Total</b>	<b>216,479</b>

## 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 established provision for future expenditure. All provisions have been reassessed at the financial year-end. The following table shows the movement in provisions during 2013/14, identifying separately those that are employee related:

Provisions	Asset De-commissioning £000	Other outstanding legal cases £000	Equal pay legal cases £000	Other provisions £000	Total £000
Balance as at 1 April 2013	0	3,507	511	1,136	5,154
Additional provisions made during the year	43,500	142	344	21	44,007
Costs incurred and charged against provision	0	(740)	(260)	(115)	(1,115)
Unused amounts reversed during the year	0	(2,435)	0	0	(2,435)
<b>Balance as at 31 March 2014</b>	<b>43,500</b>	<b>474</b>	<b>595</b>	<b>1,042</b>	<b>45,611</b>

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

Provisions for equal pay legal cases relate to estimated outstanding compensation payments in respect of equal pay claims, including associated tax and national insurance liabilities (£0.595 million as at 31 March 2014). During 2013/14, £0.260 million has been paid out and a further £0.344 million has been added, reflecting a reassessment of outstanding claims that the council has agreed to settle.

Provisions for other legal cases include the potential clawback of payments made by Municipal Mutual Insurance Limited to former employees of Strathclyde Regional Council (SRC) and Glasgow District Council (GDC) under occupational disease claims (£0.033 million as at 31 March 2014). This follows the Supreme Court ruling on Employers' Liability Insurance 'Trigger' Litigation on 28 March 2012. The level of provision in this respect has been reassessed based on a 15% clawback, allowing the release of £1.294 million during the year. The remaining £0.441 million as at 31 March 2014 relates to other similar claims by former employees of SRC and GDC. During the year, the actual settlement of such claims, previously provided for at a higher value, allowed the release of £1.082 million from the provision.

Other provisions include estimated future costs associated with the council's schools PPP scheme (£0.521 million). All other provisions are individually immaterial.

## 29. Financial instruments

### 29.1. Types of financial instruments

The statement of accounting policies in note 1.25, page 23, explains the requirement of the reporting basis for financial instruments. Borrowing and Loans and Receivables, are measured on the Balance Sheet at amortised cost. Available-for-sale assets, which relate to the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership are measured at fair value.

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

2012/13		Category of financial instrument	2013/14	
Long-term £000	Short-term £000		Long-term £000	Short-term £000
1,440,782	228,862	Financial liabilities amortised at cost - borrowing	1,452,823	259,797
213,068	220,382	Financial liabilities amortised at cost - other	213,884	197,325
<b>1,653,850</b>	<b>449,244</b>	<b>Total financial liabilities</b>	<b>1,666,707</b>	<b>457,122</b>
94,670	265,971	Loans and receivables	112,906	278,673
38,170	1,209	Available-for-sale financial assets	34,640	635
<b>132,840</b>	<b>267,180</b>	<b>Total investments</b>	<b>147,546</b>	<b>279,308</b>

### 29.2. Gains and losses on financial instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement (page 11) in relation to the financial instruments comprise the following:

2012/13		Financial liabilities measured at amortised cost £000	2013/14		Total £000
Total £000	Gains and losses financial instrument		Loans and receivables £000	Available- for-sale £000	
95,372	Interest expense	100,606	0	143	100,749
5,685	Impairment loss	0	6,905	736	7,641
<b>101,057</b>	<b>Interest payable</b>	<b>100,606</b>	<b>6,905</b>	<b>879</b>	<b>108,390</b>
<b>(5,312)</b>	<b>Interest and investment income</b>	<b>0</b>	<b>(5,469)</b>	<b>(2,257)</b>	<b>(7,726)</b>
<b>(1,057)</b>	<b>(Gain) / loss on revaluation</b>	<b>0</b>	<b>0</b>	<b>1,104</b>	<b>1,104</b>
<b>94,688</b>	<b>Net (gain) / loss for the year</b>	<b>100,606</b>	<b>1,436</b>	<b>(274)</b>	<b>101,768</b>

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

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The rates quoted in this valuation were obtained by the council's treasury management advisors from the market on 31 March 2014.

The calculations are made using the following assumptions:

- (i) The PWLB new loan rate, in force at 31 March 2014, 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.

2012/13		Valuation of financial liabilities	2013/14	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
1,669,644	1,868,086	Borrowing	1,712,620	1,812,703

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

### 29.4. Nature and extent of risks arising from financial instruments

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

### 29.5. Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers. The council's policy for managing credit risk is outlined within the approved Treasury Management Strategy.

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



2012/13			Credit risk	2013/14		
Historical experience of non-payment adjusted for market conditions £000	%	Estimated maximum exposure to default and un-collectibility £000		Historical experience of non-payment adjusted for market conditions £000	%	Estimated maximum exposure to default and un-collectibility £000
108,030	0	0	Deposits with banks and other financial institutions	101,032	0	0
282,253	10.576	29,852	Customers	320,782	9.477	30,399
<b>390,283</b>		<b>29,852</b>	<b>Total</b>	<b>421,814</b>		<b>30,399</b>

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

2012/13 £000	Aged debt profile	2013/14 £000
167,313	Less than 3 months	197,037
2,347	3 to 6 months	2,405
2,966	6 months to 1 year	1,884
109,627	More than 1 year	119,456
<b>282,253</b>	<b>Total</b>	<b>320,782</b>

## 29.6. Liquidity risk

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

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

2012/13 £000	Loans outstanding	2013/14 £000
1,038,074	Public Works Loans Board	967,074
449,000	Lender Option Buyer Option (LOBO)	449,000
149,511	Temporary borrowing	264,120
17	Other	0
<b>1,636,602</b>	<b>Total</b>	<b>1,680,194</b>
210,511	Less than 1 year	241,954
72,833	Between 1 and 2 years	185,840
218,565	2 to 5 years	179,456
219,260	5 to 10 years	173,183
298,416	10 to 30 years	282,761
448,000	30 to 50 years	448,000
169,017	50 to 70 years	169,000
<b>1,636,602</b>	<b>Total</b>	<b>1,680,194</b>

The maturity analysis of financial liabilities is outlined in the above table at nominal values. However, these liabilities are reflected in the Balance Sheet at amortised cost, which includes accrued interest of £17.843 million (£18.351 million in 2012/13) and an effective interest rate adjustment of £14.583 million (£14.691 million in 2012/13) in respect of LOBOs with stepped interest rates.

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

## 29.7. Market risk

### 29.7.1. Interest rate risk

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

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

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

According to this assessment strategy, at 31 March 2014, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

2012/13 £000	Estimated financial effect	2013/14 £000
4,839	Increase in the interest payable on variable rate borrowings	4,033
(872)	Increase in interest receivable on variable rate investments	(1,166)
<b>3,967</b>	<b>Net impact on the Surplus or Deficit on the Provision of Services</b>	<b>2,867</b>

2012/13 £000	Other presentational changes (no impact on the Comprehensive Income and Expenditure Statement)	2013/14 £000
176,942	Decrease in the fair value of fixed rate borrowings	158,870
0	Decrease in the fair value of fixed rate investments	0

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

**29.7.2. Market price risk**

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

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

**29.7.3. Foreign exchange rate risk**

Positions 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.

**30. Deferred liabilities**

Deferred liabilities represent amounts falling due in more than 12 months from the balance sheet date.

2012/13 £000	Analysis of deferred liabilities	2013/14 £000
147,019	Long-term liability relating to the PPP secondary schools contract	138,874
57,173	Long term lease liability relating to council properties and vehicles	66,062
6,981	Developers' contributions received for the provision of recreational greenspace in line with council policy	7,923
764	Other	554
<b>211,937</b>	<b>Total</b>	<b>213,413</b>

**31. Contingent liabilities**

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

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

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

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

The council has provided three financial guarantees in relation to loan repayments of group subsidiaries (80% of loan value), namely City Parking (Glasgow) Limited Liability Partnership (original total loan £40 million), City Property Glasgow (Investments) Limited Liability Partnership (original total loan £120 million) and City Building (Glasgow) Limited Liability Partnership (£0.5 million outstanding as at 31 March 2014). The likelihood of these guarantees being called is assessed annually. As at 31 March 2014, the risk has been assessed as minimal and the guarantees have been accounted for on that basis. However, the council also recognises the potential for future liabilities in the event that the related companies do not meet the requirements of their business plans. In addition, the council has guaranteed loan repayments to Strathclyde Pension Fund by City Legacy (80% of original total loan value of £40 million). Whilst the value of the guarantee has been assessed as immaterial, based on the probability of repayments being made, the council recognises the potential for a future liability if City Legacy did not meet the conditions of the loan agreement.

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

The council recognises and has provided for the liability in respect of its obligation to undertake restoration and aftercare work in respect of former landfill sites. As at 31 March 2014, a sum of £43.5 million has been provided for, principally in respect of the former Cathkin landfill site. However, the council recognises a contingent liability in respect of other landfill sites formerly operated by the council. The timing of further liabilities in respect of asset de-commissioning is uncertain and the associated costs can not 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 2014 and the date of signing that require to be reflected in the Financial Statements.

**33. Cash flow statement - Operating activities**

2012/13 £000		2013/14 £000
645,770	Cash paid to and on behalf of employees	678,102
(999,475)	General Revenue Grant	(918,539)
(299,324)	Non-Domestic Rates receipts from national pool	(340,130)
612,417	Other net operating cash payments	533,040
<b>(40,612)</b>	<b>Net cash flows from operating activities</b>	<b>(47,527)</b>

**34. Cash flow statement - Investment activities**

2012/13 £000		2013/14 £000
193,001	Purchase of property, plant and equipment and intangible assets	199,336
(12,389)	Proceeds from sale of property, plant and equipment and intangible assets	(5,075)
931	Proceeds from sale of short-term and long-term investments	(3,554)
(58,021)	Other receipts from investing activities	(100,284)
<b>123,522</b>	<b>Net cash flows from investing activities</b>	<b>90,423</b>

**35. Cash flow statement - Financing activities**

2012/13 £000		2013/14 £000
(991,571)	Cash receipts of short-term and long-term borrowing	(1,079,087)
(21,528)	Other receipts from financing activities	1,521
9,950	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PPP contracts	5,665
865,353	Repayment of short-term and long-term borrowing	1,035,495
<b>(137,796)</b>	<b>Net cash flows from financing activities</b>	<b>(36,406)</b>

## ❖ Council Tax Income Account

2012/13 £000	Council Tax	2013/14 £000
328,624	Gross Council Tax levied and contributions in lieu	329,035
	<i>Less :</i>	
(67,749)	Other discounts and reductions	(66,873)
(1,604)	Prior years' Council Tax	(3,081)
(8,869)	Provision for bad and doubtful debts	(8,907)
0	Council Tax Reduction	(71,168)
	<i>Add :</i>	
774	Council Tax benefits (net of government grant)	0
2	Community Charge	2
<b>251,178</b>	<b>Transfers to Comprehensive Income and Expenditure Statement</b>	<b>179,008</b>

**Note:** Council Tax Reduction replaced Council Tax Benefit on 1 April 2013. The funding is now included within the General Revenue Grant. In 2012/13, £0.774m was included within the CIES Cost of Services.

### Notes to the Council Tax Income Account

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

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

### Calculation of the Council Tax base (The Band D figures quoted are based on the Council Tax base as at 5 September 2012)

Band	Valuation	No. of dwellings	No. of exemptions	No. of disabled relief cases	No. of discounts			Total equivalent dwellings	Ratio to Band D	No. of Band D equivalents	Charges per band
					10%	25%	50%				
A	Up to £27,000	68,107	8,060	212	346	42,282	895	49,206	6/9	32,796	£809
B	£27,001 - £35,000	78,725	4,631	75	251	43,175	667	63,017	7/9	49,013	£943
C	£35,001 - £45,000	66,106	4,016	-52	285	29,337	503	54,424	8/9	48,377	£1,078
D	£45,001 - £58,000	40,420	3,381	-37	230	14,282	298	33,260	1	33,260	£1,213
E	£58,001 - £80,000	28,635	2,730	-115	211	8,290	215	23,589	11/9	28,831	£1,483
F	£80,001 - £106,000	12,744	1,211	-39	139	3,143	104	10,642	13/9	15,372	£1,752
G	£106,001 - £212,000	6,113	323	-40	59	1,157	49	5,430	15/9	9,050	£2,022
H	Over £212,000	663	60	-4	7	62	19	573	18/9	1,146	£2,426
										<b>217,845</b>	
										Add: Class 17 and 24 dwellings	26
										Less: Provision for non-payment	10,894
										<b>Band D Equivalent</b>	<b>206,977</b>

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

❖ **Non-Domestic Rates Income Account**

2012/13 £000	Non-Domestic Rates	2013/14 £000
451,975	Gross rates levied and contributions in lieu	470,952
	Less :	
(107,445)	Relief and other deductions	(115,239)
(10,291)	Provision for bad and doubtful debts	(12,046)
<b>334,239</b>	<b>Net Non-Domestic Rate Income</b>	<b>343,667</b>
(18,587)	Prior years - adjustments	(20,716)
<b>315,652</b>	<b>Contribution to National Non-Domestic Rates Pool</b>	<b>322,951</b>
310,099	Sum due from central rates pool	333,668
52	Adjustments for years prior to the pool	0
<b>310,151</b>	<b>Income credited to Comprehensive Income and Expenditure Statement</b>	<b>333,668</b>

**Notes to the Non-Domestic Rates Income Account**

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial etc property within their areas as distinct from a charge for their use of service. The basis of tax, the rateable value of the property, was subject to revaluation by the Assessor at 1 April 2010. The uniform business rate for 2013/14 was set by the Scottish Government at 46.2p (45.0p in 2012/13). The Small Business Rates Relief scheme was superseded by the Small Business Bonus Scheme, introduced on 1st April 2008 and applies to properties with a rateable value up to and including £25,000. This scheme is funded by a supplement to the rate poundage for businesses with a rateable value of more than £35,000, of 0.9p in the pound.

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	
	2012/13	2013/14	2012/13 £000	2013/14 £000
<b>Industrial and freight</b>	1,870	1,901	53,968	54,029
<b>Commercial subjects</b>				
Shops	8,047	8,059	294,432	300,194
Offices	7,261	7,376	274,704	268,498
Hotels, boarding houses etc.	191	200	18,358	18,412
Others	3,451	3,439	119,471	117,600
<b>Miscellaneous and formula valued subjects</b>	4,168	4,134	221,913	221,739
<b>Total</b>	<b>24,988</b>	<b>25,109</b>	<b>982,846</b>	<b>980,472</b>

## ❖ Common Good Fund

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

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

The council has an approved policy to maintain the overall value of the Fund over time. The net worth of the Fund was £16.402 million as at 31 March 2014 (£16.247 million at 31 March 2013).

### Common Good Fund Movement in Reserves Statement

	Usable Reserves: Common Good Fund £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 1 April 2012</b>	<b>14,064</b>	<b>1,543</b>	<b>15,607</b>
<b>Movement in reserves during 2012/13:</b>			
Surplus or (Deficit) on the Provision of Services	(139)	0	(139)
Other Comprehensive Income and (Expenditure)	0	779	779
<b>Increase or (Decrease) in the year</b>	<b>(139)</b>	<b>779</b>	<b>640</b>
<b>Balance at 31 March 2013</b>	<b>13,925</b>	<b>2,322</b>	<b>16,247</b>
<b>Movement in reserves during 2013/14:</b>			
Surplus or (Deficit) on the provision of services	565	0	565
Other Comprehensive Income and (Expenditure)	0	(410)	(410)
<b>Increase or (Decrease) in the year</b>	<b>565</b>	<b>(410)</b>	<b>155</b>
<b>Balance at 31 March 2014</b>	<b>14,490</b>	<b>1,912</b>	<b>16,402</b>

More detail on Unusable Reserves is provided in note 4 (page 73).



## Comprehensive Income and Expenditure Statement for the year ended 31 March 2014

2012/13 £000		2013/14 £000
898	Gross expenditure	516
(61)	Gross income	(67)
<b>837</b>	<b>Cost of Services</b>	<b>449</b>
(551)	Interest and investment income	(850)
(147)	Income, expenditure and changes in the fair value of investment properties	(164)
<b>(698)</b>	<b>Financing and Investment Income and Expenditure</b>	<b>(1,014)</b>
<b>139</b>	<b>(Surplus) or Deficit on the Provision of Services (note 5)</b>	<b>(565)</b>
(779)	(Surplus) or Deficit on revaluation of Available-for-sale Financial Assets	410
<b>(640)</b>	<b>Total Comprehensive (Income) and Expenditure</b>	<b>(155)</b>

## Balance Sheet as at 31 March 2014

31 March 13 £000		Note	31 March 14 £000
1,800	Investment property	2	1,800
13,442	Long-term investments	3	13,679
<b>15,242</b>	<b>Long-term Assets</b>		<b>15,479</b>
889	Short-term investments	3	589
7	Inventories		4
117	Net short-term debtors		114
133	Cash and cash equivalents		326
<b>1,146</b>	<b>Current Assets</b>		<b>1,033</b>
(141)	Short-term creditors		(110)
<b>(141)</b>	<b>Current Liabilities</b>		<b>(110)</b>
<b>16,247</b>	<b>Net Assets</b>		<b>16,402</b>
13,925	Usable Reserves: Common Good Fund	4	14,490
2,322	Unusable Reserves	4	1,912
<b>16,247</b>	<b>Total Reserves</b>		<b>16,402</b>

## Notes to the Common Good Fund

### 1. Accounting policies

- 1.1 The financial statements for the year ended 31 March 2014 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 2013/14 (the Code). The Code is based on International Financial Reporting Standards (IFRS) with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the Fund.
- 1.2 The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict the latter shall apply.
- 1.3 The accounting convention adopted is historical cost modified by the revaluation of certain categories of long-term assets and the fair value of investments.

### 2. Investment property

The Fund owns a number of properties across the city, which are held to generate rental income and / or capital appreciation. They are therefore accounted for as investment property and held at fair value in accordance with the Code. The fair value must reflect market conditions at the balance sheet date and thus the fair value of investment property is reviewed annually for material differences. Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services line. 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 5 (page 73).

### 3. Short and long-term investments

The investments were managed by Ruffer Limited Liability Partnership during the year. The fair value of investments as at 31 March 2014 was £14.268 million (31 March 2013 £14.331 million). These are split between short and long-term investments on the Common Good Balance Sheet.

The investment objectives of the funds 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 this objective is a fundamental philosophy of capital preservation. The principal performance objective of the portfolio is to achieve a positive total annual return, after all expenses, of double the Bank of England base rate.

#### 4. Reserves

The Code requires reserves to be summarised as usable and unusable. The Common Good Fund is the sole usable reserve and represents the accumulated surplus of the Fund. The balance on the Fund stands at £14.490 million as at 31 March 2014, an increase of £0.565 million from last year. The balance includes £0.109 million relating to previous revaluation gains on the Fund's investment properties, which would only become available if these assets were liquidated.

Unusable reserves relate to the Available-for-sale Financial Instruments Reserve, which contains the gains or losses made by the Fund arising from changes in the value of its investments that have quoted market prices. The balance is reduced when investments are revalued downward or impaired, or disposed of and the gains are realised. The balance on the reserve stands at £1.912 million as at 31 March 2014, a decrease of £0.410 million from last year due to the movement on revaluation of available-for-sale financial assets. The overall net worth of the Common Good Fund has therefore increased by £0.155 million.

#### 5. Analysis of income and expenditure

A breakdown of the Fund's in-year income and expenditure is provided below:

2012/13 £000		2013/14 £000	%
<b>Where the money came from</b>			
(551)	Interest and gains on investments	(850)	73%
(229)	Rental income	(240)	21%
(61)	Other receipts	(67)	6%
<b>(841)</b>	<b>Total income</b>	<b>(1,157)</b>	
<b>How the money was spent</b>			
667	Civic hospitality	419	71%
113	Council buffet training kitchen	0	0%
82	Investment property costs	77	13%
110	Treasury management	93	16%
8	Other supplies and services	3	0%
<b>980</b>	<b>Total expenditure</b>	<b>592</b>	
<b>139</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(565)</b>	

The council buffet training kitchen was funded by the Common Good Fund up to 2012/13. This facility is now funded by Cordia (Services) Limited Liability Partnership.

## ❖ 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.

The council has recently undertaken a review of Sundry Trusts, in consultation with the Office of the Scottish Charities Regulator (OSCR), which has led to a restructuring of its portfolio of charitable trusts. The purpose of this restructure was to create a smaller number of trusts with improved governance arrangements and with the opportunity to maximise the use of these resources to the benefit of the citizens of Glasgow. The council has now completed this restructuring exercise.

As a result of this review many Sundry Trusts balances have been either donated to an appropriate cause, or have been transferred to one of the Lord Provost's Trusts.

A total of 14 Sundry Trusts were held as at 31 March 2014, with an overall balance of £15.368 million (31, with an overall balance of £15.628 million as at 31 March 2013), including:

- The Arts and Museums Purchase Fund with a balance of £7.384 million. This fund was set up to purchase works of art for the council.
- The Lord Provost's Trust Funds – The Goodwill Fund, The Fund for Vulnerable Citizens, The Children's Fund and the Fund for Older People - which benefit needy children in the Glasgow area, provide relief for the poor of the city and generally assist in cases of distress. The aggregate value of these funds as at 31 March 2014 was £4.299 million;
- The Blindcraft Trust Fund, with a value of £2.625m, which is used for the advancement of education and the relief of poverty amongst individuals who are blind or visually impaired.
- The Mitchell Library Centenary Fund with a fund value of £0.359 million and the Donald McPherson Bequest with a fund value of £0.209 million which are all used for the purchase of books for the Mitchell Library;
- The Fossil Grove Trust with a fund value of £0.329 million, which is used for the preservation of fossils at Victoria Park; and
- The Glasgow Necropolis Trust with a fund value of £0.114 million, which is used for the upkeep of the Necropolis.

Of the Sundry Trusts reported, 6 have charitable status, with an overall balance of £7.252 million (16, with an overall balance of £7.818 million as at 31 March 2013).

During the year, the council set up the Clutha Appeal Fund in response to the Clutha disaster. The Fund was wound up in September 2014, with all funds fully dispersed. This is subject to a separate set of accounts and will be independently audited. It is not included within the Sundry Trusts balances reported above.

## Sundry Trusts and Funds Movement in Reserves Statement

	Usable Reserves: Sundry Trust Fund £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2012</b>	<b>12,728</b>	<b>930</b>	<b>13,658</b>
<b>Movement in reserves during 2012/13:</b>			
Surplus or (Deficit) on the Provision of Services	778	0	778
Other Comprehensive Income and (Expenditure)	0	1,320	1,320
Transfers between reserves	0	0	0
<b>Increase or (Decrease) in the year</b>	<b>778</b>	<b>1,320</b>	<b>2,098</b>
<b>Balance at 31 March 2013 (Restated)</b>	<b>13,506</b>	<b>2,250</b>	<b>15,756</b>
<b>Movement in reserves during 2013/14:</b>			
Surplus or (Deficit) on the provision of services	1,866	0	1,866
Other Comprehensive Income and (Expenditure)	(4)	(2,250)	(2,254)
<b>Increase or (Decrease) in the year</b>	<b>1,862</b>	<b>(2,250)</b>	<b>(388)</b>
<b>Balance at 31 March 2014</b>	<b>15,368</b>	<b>0</b>	<b>15,368</b>

## Comprehensive Income and Expenditure Statement for the Year ended 31 March 2014

Charities £000 (Restated)	2012/13 Non – Charities £000		Sundry Trusts and Funds Note	2013/14		
	Total £000 (Restated)	Charities £000		Non – Charities £000	Total £000	
223	427	650	Expenditure	1,355	439	1,794
(1,316)	(40)	(1,356)	Income	(69)	(21)	(90)
<b>(1,093)</b>	<b>387</b>	<b>(706)</b>	<b>Cost of Service</b>	<b>1,286</b>	<b>418</b>	<b>1,704</b>
(33)	(39)	(72)	Interest and investment income	(1,553)	(2,017)	(3,570)
<b>(33)</b>	<b>(39)</b>	<b>(72)</b>	<b>Financing and Investment Income</b>	<b>(1,553)</b>	<b>(2,017)</b>	<b>(3,570)</b>
<b>(1,126)</b>	<b>348</b>	<b>(778)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(267)</b>	<b>(1,599)</b>	<b>(1,866)</b>
(590)	(730)	(1,320)	(Surplus) / deficit on available-for-sale financial assets	1,024	1,230	2,254
<b>(1,716)</b>	<b>(382)</b>	<b>(2,098)</b>	<b>Total Comprehensive (Income) and Expenditure</b>	<b>757</b>	<b>(369)</b>	<b>388</b>

**Balance Sheet as at 31 March 2014**

Charities £000 (Restated)	2012/13		Sundry Trusts and Funds	Note	2013/14		
	Charities £000	Non – Charities £000			Total £000 (Restated)	Charities £000	Non – Charities £000
5,869	7,055	12,924	Long-term investments	1/2	174	0	174
1	2	3	Short-term investments	2	6,360	7,634	13,994
31	12	43	Short-term debtors		33	14	47
2,105	760	2,865	Cash and cash equivalents	3	697	483	1,180
2,137	774	2,911	<b>Current Assets</b>		7,090	8,131	15,221
(60)	(19)	(79)	Short-term creditors		(12)	(15)	(27)
(60)	(19)	(79)	<b>Current Liabilities</b>		(12)	(15)	(27)
2,077	755	2,832	<b>Net Current Assets</b>		7,078	8,116	15,194
<b>7,946</b>	<b>7,810</b>	<b>15,756</b>	<b>Net Assets</b>		<b>7,252</b>	<b>8,116</b>	<b>15,368</b>
6,955	6,551	13,506	Usable reserves - Sundry Trust Funds		7,252	8,116	15,368
991	1,259	2,250	Unusable reserves		0	0	0
<b>7,946</b>	<b>7,810</b>	<b>15,756</b>	<b>Total Reserves</b>		<b>7,252</b>	<b>8,116</b>	<b>15,368</b>

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

A prior period adjustment has been made to reflect a legacy shareholding which came to light during 2013/14. This increased Long-term investments by £0.128 million.

**2. Short and long-term investments**

The fair value of investments managed by Standard Life as at 31 March 2014 was £13.994 million (£12.748 million as at 31 March 2013).

On 31 March 2014, these Long-term investments were translated into Short Term Investments in preparation for the fund value being transferred to the management of Ruffer LLP. Within this portfolio, the equity funds are managed with the aim of giving long-term growth, whereas the gilts funds aim to provide a high level of income.

Further Long-term investments held as at 31 March 2014 total £0.174 million (£0.176 million as at 31 March 2013), relating to a National Savings Deposit Bond (£0.05m) and a tranche of shares attributable to the Blindcraft Trust (£0.124m)

**3. Cash and cash equivalents**

Cash and cash equivalents of £1.180 million represents the value of temporary investments in the council's loans fund as at 31 March 2014 (£2.865 million as at 31 March 2013).

## ❖ Group Financial Statements

### Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 places a requirement on authorities to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the authority is required to prepare a full set of Group Financial Statements, in addition to those prepared for the authority's single entity Financial Statements. The Group Financial Statements are designed to give a 'true and fair view' of the financial performance and position of the council's group.

### Combining entities

In recent years the council has created a number of companies, commonly known as Arm's Length External Organisations (ALEOs), to further council objectives. Where the council has a 'controlling interest', these companies are termed 'subsidiaries'. The council also has a 'significant interest' in a number of ALEOs, other companies and statutory bodies that are termed 'associates'. The subsidiaries and associates representing the combining entities are listed below. Additional information on these entities can be found in note 3 on pages 84 to 90.

### Subsidiaries

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

### Associates

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

### Basis of consolidation

The Group Financial Statements for the year ended 31 March 2014 have been prepared on the basis of a full consolidation, with all financial transactions and balances of the council and its subsidiaries consolidated on a line by line basis. To permit consolidation, the Profit and Loss Accounts of the subsidiary entities have been presented in accordance with the CIPFA 'Service Reporting Code of Practice (SerCOP) Service Expenditure Analysis'. Associates have been incorporated using the equity method, where an opening investment is recognised in the Group Balance Sheet and adjusted each year by the council's share of the associate's operating results and other gains and losses.

The accounting periods for all entities are for the year to 31 March 2014, with the exception of Service Glasgow LLP, which has a year end of 31 December 2013.

## Group Movement in Reserves Statement for the year ended 31 March 2014

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
<b>Balance at 1 April 2012 (Restated)</b>	57,718	70,556	14,640	3,552	146,466	1,466,275	1,612,741	64,998	(2,020,360)	3,937	(338,684)
<b>Movement in reserves during 2012/13:</b>											
Surplus or (Deficit) on the Provision of Services	(306,152)				(306,152)	0	(306,152)	281,004		167	(24,981)
Other Comprehensive Income and (Expenditure)	0				0	(151,625)	(151,625)		(403,893)	(1,603)	(557,121)
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(306,152)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(306,152)</b>	<b>(151,625)</b>	<b>(457,777)</b>	<b>281,004</b>	<b>(403,893)</b>	<b>(1,436)</b>	<b>(582,102)</b>
Adjustments between group accounts and authority accounts (note 8)	318,349				318,349	0	318,349	(318,349)			0
<b>Net Increase or (Decrease) before transfers</b>	<b>12,197</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,197</b>	<b>(151,625)</b>	<b>(139,428)</b>	<b>(37,345)</b>	<b>(403,893)</b>	<b>(1,436)</b>	<b>(582,102)</b>
Adjustments between accounting basis and funding basis under regulations	(26,824)			5,315	(21,509)	21,509	0				0
<b>Net Increase or (Decrease) before transfers to other statutory reserves</b>	<b>(14,627)</b>	<b>0</b>	<b>0</b>	<b>5,315</b>	<b>(9,312)</b>	<b>(130,116)</b>	<b>(139,428)</b>	<b>(37,345)</b>	<b>(403,893)</b>	<b>(1,436)</b>	<b>(582,102)</b>
Transfers (to) and from other statutory reserves	382	5,339	(5,721)		0	0	0				0
<b>Increase or (Decrease) in the year</b>	<b>(14,245)</b>	<b>5,339</b>	<b>(5,721)</b>	<b>5,315</b>	<b>(9,312)</b>	<b>(130,116)</b>	<b>(139,428)</b>	<b>(37,345)</b>	<b>(403,893)</b>	<b>(1,436)</b>	<b>(582,102)</b>
<b>Balance at 31 March 2013</b>	<b>43,473</b>	<b>75,895</b>	<b>8,919</b>	<b>8,867</b>	<b>137,154</b>	<b>1,336,159</b>	<b>1,473,313</b>	<b>27,653</b>	<b>(2,424,253)</b>	<b>2,501</b>	<b>(920,786)</b>
<b>Transfer of Police and Fire Services to Central Government</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,398,981</b>		<b>2,398,981</b>
<b>Revised Balance at 1 April 2013</b>	<b>43,473</b>	<b>75,895</b>	<b>8,919</b>	<b>8,867</b>	<b>137,154</b>	<b>1,336,159</b>	<b>1,473,313</b>	<b>27,653</b>	<b>(25,272)</b>	<b>2,501</b>	<b>1,478,195</b>
<b>Movement in reserves during 2013/14:</b>											
Surplus or (Deficit) on the Provision of Services	(393,324)				(393,324)	0	(393,324)	327,925		(81)	(65,480)
Other Comprehensive Income and (Expenditure)	0				0	(63,912)	(63,912)		(23,182)	7	(87,087)
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(393,324)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(393,324)</b>	<b>(63,912)</b>	<b>(457,236)</b>	<b>327,925</b>	<b>(23,182)</b>	<b>(74)</b>	<b>(152,567)</b>
Adjustments between group accounts and authority accounts (note 8)	329,439				329,439	0	329,439	(329,439)			0
<b>Net Increase or (Decrease) before transfers</b>	<b>(63,885)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(63,885)</b>	<b>(63,912)</b>	<b>(127,797)</b>	<b>(1,514)</b>	<b>(23,182)</b>	<b>(74)</b>	<b>(152,567)</b>
Adjustments between accounting basis and funding basis under regulations	40,645			21,011	61,656	(61,656)	0				0
<b>Net Increase or (Decrease) before transfers to other statutory reserves</b>	<b>(23,240)</b>	<b>0</b>	<b>0</b>	<b>21,011</b>	<b>(2,229)</b>	<b>(125,568)</b>	<b>(127,797)</b>	<b>(1,514)</b>	<b>(23,182)</b>	<b>(74)</b>	<b>(152,567)</b>
Transfers (to) and from other statutory reserves	12,556	(9,238)	(3,318)		0	0	0				0
<b>Increase or (Decrease) in the year</b>	<b>(10,684)</b>	<b>(9,238)</b>	<b>(3,318)</b>	<b>21,011</b>	<b>(2,229)</b>	<b>(125,568)</b>	<b>(127,797)</b>	<b>(1,514)</b>	<b>(23,182)</b>	<b>(74)</b>	<b>(152,567)</b>
<b>Balance at 31 March 2014</b>	<b>32,789</b>	<b>66,657</b>	<b>5,601</b>	<b>29,878</b>	<b>134,925</b>	<b>1,210,591</b>	<b>1,345,516</b>	<b>26,139</b>	<b>(48,454)</b>	<b>2,427</b>	<b>1,325,628</b>

Note 8 on page 94 provides further details on the Movement in Reserves Statement



## Group Comprehensive Income and Expenditure Statement for the Year ended 31 March 2014

2012/13 Exp. £000 (Restated)	2012/13 Income £000 (Restated)	2012/13 Net Exp. £000 (Restated)	Service	Note	2013/14 Exp. £000	2013/14 Income £000	2013/14 Net Exp. £000
143,898	(16,015)	127,883	Cultural and Related Services		214,818	(56,865)	157,953
485,437	(44,380)	441,057	Education Services		472,836	(41,117)	431,719
105,024	(17,614)	87,410	Environmental Services		156,470	(18,359)	138,111
531,529	(471,951)	59,578	Housing Services		535,938	(471,116)	64,822
158,563	(69,016)	89,547	Planning and Development Services		119,820	(37,452)	82,368
70,396	(32,245)	38,151	Roads and Transport Services		80,351	(40,355)	39,996
471,486	(88,017)	383,469	Social Work Services		476,408	(152,641)	323,767
68,358	(68,992)	(634)	Trading Services		72,621	(13,817)	58,804
94,359	(87,402)	6,957	Central Services		37,904	(13,050)	24,854
69,029	(2,020)	67,009	Police Services		0	0	0
39,114	(301)	38,813	Fire Services		0	0	0
17,731	0	17,731	Corporate and Democratic Core		16,926	0	16,926
31,154	0	31,154	Non Distributed Costs		37,059	0	37,059
61	0	61	Former Authority Residual Costs		(2,294)	0	(2,294)
194,898	(92,012)	102,886	Contracted Services		188,317	(113,493)	74,824
453	(141)	312	Common Good Fund	5	228	(27)	201
221	(1,356)	(1,135)	Sundry Trusts	5	669	(90)	579
<b>2,481,711</b>	<b>(991,462)</b>	<b>1,490,249</b>	<b>Cost of Services</b>		<b>2,408,071</b>	<b>(958,382)</b>	<b>1,449,689</b>
1,184	0	1,184	(Gain) or loss on the disposal of Property, Plant and Equip.		256	(2,894)	(2,638)
<b>1,184</b>	<b>0</b>	<b>1,184</b>	<b>Other Operating Expenditure</b>		<b>256</b>	<b>(2,894)</b>	<b>(2,638)</b>
3,254	(5,707)	(2,453)	(Surplus) or deficit on Trading Operations where not included above		4,257	(5,877)	(1,620)
104,273	0	104,273	Interest payable		109,893	0	109,893
0	(5,733)	(5,733)	Interest and investment income		0	(6,729)	(6,729)
49,995	0	49,995	Net interest on the net defined benefit liability	11	56,180	0	56,180
8,598	(18,110)	(9,512)	Income, expenditure and changes in the fair value of investment properties	15	7,859	(18,512)	(10,653)
0	(167)	(167)	Minority interest		81	0	81
<b>166,120</b>	<b>(29,717)</b>	<b>136,403</b>	<b>Financing and Investment Income and Expenditure</b>		<b>178,270</b>	<b>(31,118)</b>	<b>147,152</b>
0	(999,475)	(999,475)	Non-ringfenced Government grants		0	(918,539)	(918,539)
0	(310,151)	(310,151)	Non-Domestic Rates		0	(333,668)	(333,668)
0	(250,404)	(250,404)	Council Tax / Community Charge		0	(179,008)	(179,008)
0	(64,763)	(64,763)	Capital grants and contributions		0	(95,892)	(95,892)
<b>0</b>	<b>(1,624,793)</b>	<b>(1,624,793)</b>	<b>Taxation and Non-specific Grant Income</b>		<b>0</b>	<b>(1,527,107)</b>	<b>(1,527,107)</b>
<b>2,649,015</b>	<b>(2,645,972)</b>	<b>3,043</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>2,586,597</b>	<b>(2,519,501)</b>	<b>67,096</b>
305,642	(284,050)	21,592	Share of (surplus) or deficit on provision of services by associates		52,771	(54,292)	(1,521)
346	0	346	Tax expenses or (receipts) of subsidiaries	13	0	(95)	(95)
<b>2,955,003</b>	<b>(2,930,022)</b>	<b>24,981</b>	<b>Group (Surplus) or Deficit</b>		<b>2,639,368</b>	<b>(2,573,888)</b>	<b>65,480</b>
			<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b>				
		25,190	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(47,326)
		192,122	Actuarial (gains) or losses on Pension Assets and Liabilities	11			127,281
		(27,061)	Other unrealised (gains) or losses				1,432
		366,890	Share of other comprehensive (income) and expenditure of associates				2,017
		3,136	Minority interest				(81)
		<b>560,277</b>					<b>83,323</b>
			<b>Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services</b>				
		(3,156)	(Surplus) or deficit on revaluation of Available-for-sale Financial Assets				3,764
		<b>557,121</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>87,087</b>
		<b>582,102</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>152,567</b>

## Group Balance Sheet as at 31 March 2014

1 April 12 £000 (Restated)	31 March 13 £000 (Restated)		Note	£000	31 March 14 £000
2,021,800	2,073,255	Other land and buildings		2,176,806	
69,955	98,314	Vehicles, plant, furniture and equipment		106,046	
347,782	408,460	Infrastructure assets		479,212	
24,588	24,588	Community assets		24,588	
374,681	260,457	Assets under construction		229,920	
<u>62,571</u>	<u>64,313</u>	Corporate surplus assets		<u>101,877</u>	
2,901,377	2,929,387	<b>Property, Plant and Equipment</b>	<b>14</b>		3,118,449
1,417,144	1,417,156	Heritage assets			1,417,198
125,940	144,581	Investment property	<b>15</b>		154,469
3,752	9,011	Intangible assets			8,164
54,519	50,002	Assets held for sale			5,600
46,371	44,655	Long-term investments			28,612
41,669	43,236	Investments in associates	<b>16</b>		42,810
<u>41,609</u>	<u>40,343</u>	Long-term debtors			<u>37,849</u>
<b>4,632,381</b>	<b>4,678,371</b>	<b>Long-term Assets</b>			<b>4,813,151</b>
26,683	29,758	Short-term investments			40,322
6,280	5,366	Inventories	<b>17</b>		5,656
233,521	229,273	Net short-term debtors			255,974
93,107	176,251	Cash and cash equivalents	<b>18</b>		147,656
<u>23,416</u>	<u>8,491</u>	Assets held for sale			<u>6,513</u>
<b>383,007</b>	<b>449,139</b>	<b>Current Assets</b>			<b>456,121</b>
(3,248)	(6,908)	Cash and cash equivalents	<b>18</b>		(6,177)
(196,424)	(232,261)	Short-term borrowing			(262,975)
(348,688)	(316,780)	Short-term creditors			(312,578)
(6,273)	(4,326)	Short-term provisions			(16,571)
<b>(554,633)</b>	<b>(560,275)</b>	<b>Current Liabilities</b>			<b>(598,301)</b>
(2,266)	(2,057)	Long-term provisions			(31,191)
(1,510,373)	(1,592,985)	Long-term borrowing			(1,606,840)
(1,011,645)	(1,235,928)	Net pensions liability	<b>11</b>		(1,451,117)
(219,037)	(212,119)	Deferred liabilities			(213,621)
(939)	(660)	Capital grants receipts in advance			0
(1,438)	(1,788)	Deferred tax liability	<b>19</b>		(1,693)
(33,725)	(33,694)	Deferred grants	<b>20</b>		(33,059)
(11,002)	(9,725)	Deferred income	<b>21</b>		(7,668)
<u>(2,009,014)</u>	<u>(2,399,065)</u>	Liabilities in associates	<b>16</b>		<u>(154)</u>
<b>(4,799,439)</b>	<b>(5,488,021)</b>	<b>Long-term Liabilities</b>			<b>(3,345,343)</b>
<b>(338,684)</b>	<b>(920,786)</b>	<b>Net Assets / (Liabilities)</b>			<b>1,325,628</b>
57,718	43,473	General Fund Reserve		32,789	
70,556	75,895	Revenue Reserve Funds		66,657	
14,640	8,919	Capital Reserve Funds		5,601	
<u>3,552</u>	<u>8,867</u>	Capital Grants Unapplied Account		<u>29,878</u>	
146,466	137,154	Usable Reserves			134,925
1,466,275	1,336,159	Unusable Reserves			1,210,591
(1,951,425)	(2,394,099)	Group Reserves			(19,888)
<b>(338,684)</b>	<b>(920,786)</b>	<b>Total Reserves</b>			<b>1,325,628</b>

The unaudited accounts were issued on 30 May 2014 and the audited accounts were authorised for issue on 19 September 2014.

Lynn Brown, MA (Hons) CPFA  
Executive Director of Financial  
Services and Deputy Chief Executive  
19 September 2014 .

## Group Cash Flow Statement for the Year ended 31 March 2014

2012/13 £000 (Restated)		2013/14 £000
24,981	Group (surplus) or deficit on the provision of services	65,480
113,548	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	142,319
(201,111)	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	(280,930)
220	Taxation	(134)
<b>(62,362)</b>	<b>Net cash flows from operating activities</b>	<b>(73,265)</b>
116,730	Investing activities	140,640
(133,852)	Financing activities	(39,511)
<b>(79,484)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>27,864</b>
(89,859)	Cash and cash equivalents at the beginning of the reporting period	(169,343)
<b>(169,343)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(141,479)</b>

## ❖ **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 14 to 26. Where materially different, the accounting policies of group members have been aligned to those of the single entity. Where group members are not required to prepare their financial statements on an IFRS basis, consolidation adjustments have been made.

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

#### **1.1. Goodwill**

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

#### **1.2. Going concern**

For three subsidiaries, the council's share of net worth is a net liability. The net liabilities of City Building (Glasgow) LLP and Culture and Sport Glasgow are a direct consequence of the requirement to fully account for FRS 17 Retirement Benefits. As with the council's pension liabilities, the 2013/14 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 £171.772 million (£142.497 million in 2012/13).

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

#### **1.3. Pensions**

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

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

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

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

#### 1.4. Common Good Fund and Sundry Trusts

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

#### 1.5. Depreciation

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

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

#### 1.6. Prior year restatement

The prior year figures have been restated as a result of the audit adjustments of consolidating entities.

The following prior period adjustments have been made in 2013/14:

- Restatement of the 2012/13 position within the Comprehensive Income and Expenditure Statement to reflect the adoption of amendments to accounting standard IAS19 Employee Benefits within the 2013/14 Code. The impact on the statement is an increase of £28.379 million in the 2012/13 Net interest on the net defined benefit liability, offset by a compensating reduction in Actuarial losses on Pension Assets and Liabilities.

## 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 2014 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 £555.6 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £222.6 million and £390.5 million respectively. In terms of life expectancy, an increase of 1 year would equate to an increased liability of £140.9 million.

### 3. Combining entities

#### 3.1. Scottish Exhibition Centre Limited

Scottish Exhibition Centre Limited is a company incorporated under the terms of the Companies Acts to promote international exhibitions, conferences and events. The council is the principal shareholder in the company holding 19,900,000 of ordinary £1 shares and 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 £2.027 million at 31 March 2014, compared to £1.870 million at 31 March 2013. The profit on ordinary activities before taxation for the year to 31 March 2014 was £0.062 million, compared to £1.432 million for the period to 31 March 2013. The limit of the council's commitment to meet accumulated losses is £0.200 million (exclusive of RPI increases), in addition to the value of any rates paid or payable in the year for the conference centre. No dividend payments were due to, or received by, the council in respect of its investment.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Chief Executive, Scottish Exhibition Centre Limited, Glasgow G3 8YW.

#### 3.2. City Building (Glasgow) Limited Liability Partnership

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

After accounting for FRS 17 Retirement Benefits, the net liabilities of the partnership were £102.088 million at 31 March 2014, compared to £82.426 million at 31 March 2013. The loss on ordinary activities before and after taxation for the year to 31 March 2014 was £4.366 million, compared to £1.212 million for the period to 31 March 2013.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Managing Director, City Building (Glasgow) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

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

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

Net assets were £0.450 million at 31 March 2014, compared to £0.400 million at 31 March 2013. The profit on ordinary activities before and after taxation for the year to 31 March 2014 was £0.050 million, compared to £0.050 million for the period to 31 March 2013.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Managing Director, City Building (Contracts) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

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

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

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

After accounting for FRS 17 Retirement Benefits, the net liabilities of the company were £41.262 million at 31 March 2014, compared to £32.991 million at 31 March 2013. The profit on ordinary activities before and after taxation for the year to 31 March 2014 was £0.546 million, compared to £2.082 million for the period to 31 March 2013.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Chief Executive, Culture and Sport Glasgow, 220 High Street, Glasgow G4 0QW.

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

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

After accounting for FRS 17 Retirement Benefits, the net liabilities of the partnership were £28.422 million at 31 March 2014, compared to £27.080 million at 31 March 2013. The loss on ordinary activities before and after taxation for the year to 31 March 2014 was £0.720 million, compared to £21.946 million for the period to

31 March 2013. This was due to a one off £21 million impairment of Property, Plant and Equipment in 2012/13, mainly related to the revaluation of Car Parks.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Managing Director, City Parking (Glasgow) Limited Liability Partnership, Third Floor, 5 Cadogan Square, Anderston Centre, Glasgow G2 7PH.

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

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

The net assets of the partnership were £0.059 million at 31 March 2014, compared to £0.049 million at 31 March 2013. The profit on ordinary activities before and after taxation for the year to 31 March 2014 was £0.010 million, compared to £0.033 million for the period to 31 March 2013.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Managing Director, Cordia (Care) Limited Liability Partnership, Port Dundas Business Park, Blair Court, 100 Borron Street, Glasgow G4 9XE.

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

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

After accounting for FRS 17 'Retirement Benefits', the net assets of the partnership were £8.896 million at 31 March 2014, compared to £14.422 million at 31 March 2013. The loss on ordinary activities before and after taxation for the year to 31 March 2014 was £0.572 million, compared to a profit of £2.287 million for the period to 31 March 2013.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Managing Director, Cordia (Services) Limited Liability Partnership, Port Dundas Business Park, Blair Court, 100 Borron Street, Glasgow G4 9XE.

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

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

The net assets of the partnership were £50.562 million at 31 March 2014, compared to £36.048 million at 31 March 2013. The profit on ordinary activities before and after taxation for the year to 31 March 2014 was £5.576 million, compared to £5.457 million for the period to 31 March 2013.



The latest set of unaudited accounts is for the year to 31 March 2014. 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.

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

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

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

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

After accounting for FRS 17 'Retirement Benefits', the net assets of the company were £28.806 million at 31 March 2014, compared to £25.401 million at 31 March 2013. The profit on ordinary activities before and after taxation for the year to 31 March 2014 was £3.494 million, compared to a profit of £0.198 million for the period to 31 March 2013.

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Managing Director, Jobs & Business Glasgow, Ground Floor, Exchange House, 231 George Street, Glasgow G1 1RX.

### 3.10. Strathclyde Joint Police Board

Police Scotland was formally established on 1 April 2013 and took over the responsibilities for policing in Scotland from the eight former police forces, the Scottish Crime and Drug Enforcement Agency and the Scottish Police Services Authority.

Under accounting standards, the council had a significant interest in this statutory body. The Board was included within the Group Financial Statements as an associate. Glasgow City Council's share of the net liability as at 31 March 2013 of £2,005.589 million was included in the Group Balance Sheet. The following table represents the transfer of this net liability to the new Police Scotland authority on 1 April 2013. A subsequent adjustment to the Glasgow City Council Movement in Reserves Statement has also been made within the 2013/14 Group Financial Statements to reflect this transfer (increase in group reserves of £2,005.589 million).

<b>Strathclyde Joint Police Board</b>	<b>2012/13 £000</b>
Long-term assets	61,098
Current assets	37,641
Current liabilities	(38,306)
Long-term liabilities excluding pension liability	(21,168)
Pension liability	(2,044,854)
<b>Net Liability Transferred to Police Scotland Authority</b>	<b>(2,005,589)</b>

### 3.11. Board of Strathclyde Fire and Rescue

The Scottish Fire and Rescue service was formally established on 1 April 2013 and amalgamated the eight fire and rescue services across Scotland into a single new Scottish Fire and Rescue Services.

Under accounting standards, the council had a significant interest in this statutory body. The Board was included within the Group Financial Statements as an associate. Glasgow City Council's share of the net liability as at 31 March 2013 of £393.392 million was included in the Group Balance Sheet. The following table represents the transfer of this net liability to the new Scottish Fire and Rescue authority on 1 April 2013. A subsequent adjustment to the Glasgow City Council Movement in Reserves Statement has also been made within the 2013/14 Group Accounts to reflect this transfer (increase in group reserves of £393.392 million).

<b>Board of Strathclyde Fire and Rescue</b>	<b>2012/13 £000</b>
Long-term assets	75,149
Current assets	8,738
Current liabilities	(8,971)
Long-term liabilities excluding pension liability	(13,626)
Pension liability	(454,682)
<b>Net Liability Transferred to Scottish Fire and Rescue Authority</b>	<b>(393,392)</b>

### 3.12. Strathclyde Partnership for Transport

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

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Under accounting standards, the council has a significant interest in this statutory body. The Board is included within the Group Financial Statements as an associate. In 2013/14, Glasgow City Council contributed £10.049 million or 26.88% of the Board's estimated running costs and its share of the year-end net assets of £42.410 million (2012/13 net assets of £42.889 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 2013/14:

2012/13 £000	<b>Strathclyde Partnership for Transport</b>	2013/14 £000
	<i>(Restated)</i>	
(21,966)	Gross (income)	(23,900)
(2,871)	(Surplus) or deficit on provision of services	(64)
1,250	Other Comprehensive (Income) and Expenditure	1,156
40,616	Long-term assets	40,001
19,302	Current assets	23,944
(6,626)	Current liabilities	(7,450)
(3,689)	Long-term liabilities excluding pension liability	(5,983)
(6,714)	Pension liability	(8,102)

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:

2012/13 £000	<b>Strathclyde Partnership for Transport</b>	2013/14 £000
	<b>Amounts owed to GCC</b>	
931	Short-term debtors	5,367
	<b>Amounts owing by GCC</b>	
(3,637)	Short-term creditors	(167)

### 3.13. Strathclyde Concessionary Travel Scheme

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

The latest set of audited accounts is for the year to 31 March 2014. Copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Under accounting standards, the council has a significant interest in this statutory body. The Board is included within the Group Financial Statements as an associate. In 2013/14, Glasgow City Council contributed £1.052 million or 24.70% of the Board's estimated running costs and its share of the year-end net assets of £0.400 million (2012/13 £0.347 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 2013/14:

2012/13 £000	<b>Strathclyde Concessionary Travel Scheme</b>	2013/14 £000
(965)	Gross (income)	(1,059)
52	(Surplus) or Deficit on provision of services	(53)
545	Current assets	630
(198)	Current liabilities	(230)

There were no amounts owing or owed between Glasgow City Council and Strathclyde Concessionary Travel Scheme as at 31 March 2014.

### 3.14. Service Glasgow Limited Liability Partnership, trading as ACCESS

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

The latest set of audited accounts is for the year to 31 December 2013. Copies of the audited accounts may be obtained from the Chief Executive, Service Glasgow Limited Liability Partnership, 220 High Street, Glasgow G4 0QW.

Under accounting standards, the council has a significant interest in this company. The company is included within the Group Financial Statements as an associate. In 2013/14, the council contributed £38.750 million to the company's running costs and its share of the year-end net liability was £0.154 million (2012/13 £0.084 million).

The following table represents the group's share of key financial information extracted from the accounts of Service Glasgow Limited Liability Partnership for 2012/13:

2012/13 £000	<b>Service Glasgow Limited Liability Partnership</b>	2013/14 £000
(26,435)	Turnover	(27,860)
84	(Surplus) or Deficit on provision of services	70
(84)	Other Comprehensive (Income) and Expenditure	(70)
0	Long-term assets	371
8,729	Current assets	8,225
(8,813)	Current liabilities	(8,750)

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

2012/13 £000	<b>Service Glasgow Limited Liability Partnership</b>	2013/14 £000
	<b>Amounts Owed to GCC</b>	
1,506	Short-term debtors	2,021
	<b>Amounts Owing by GCC</b>	
(5,274)	Short-term creditors	(3,298)

## 4. Nature of combination

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

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

## 5. Reporting authority adjustments to align to IFRS

The Code requires that the Common Good Fund and Sundry Trusts are included within the Group Comprehensive Income and Expenditure Statement if material. Following the elimination of inter-company trading, net expenditure on the Common Good Fund of £0.201 million (£0.312 million in 2012/13) and net expenditure on Sundry Trusts of £0.579 million (net income of £1.135 million in 2012/13) have been included as separate lines within Cost of Services in the Comprehensive Income and Expenditure Statement.

## 6. Financial impact of consolidation

The effect of the inclusion of the subsidiaries and associates in 2013/14 was to reduce council reserves and net assets by £20.138 million (2012/13 £2,394.099 million) representing the council's net liability in the consolidating entities.

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

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

- GCC LLP Investments Limited** is a subsidiary company incorporated under the terms of the Companies Act on 4 July 2006. The company is an investment holding company being the council's partner in the limited liability partnerships formed in recent years. The company is limited by guarantee with Glasgow City Council holding 1,000 ordinary shares representing 100% of the issued share capital. Current assets of £0.001 million were matched by share capital of £0.001 million as at 31 March 2014.
- City Property (Glasgow) Limited Liability Partnership** is a subsidiary company that was incorporated on 17 February 2009. It was formed to manage and dispose of Glasgow City Council's surplus properties. After accounting for FRS 17 'Retirement Benefits', the net liabilities of the partnership were £2.553 million at 31 March 2014 compared to £1.511 million at 31 March 2013. The loss on ordinary activities before and after taxation for the year to 31 March 2014 was £0.301 million compared to a loss of £0.348 million for the period to 31 March 2013.

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

2012/13 Net Expenditure/ (Income) £000	Debtor / (Creditor) at 31 March 2013 £000	City Property (Glasgow) Limited Liability Partnership	2013/14		Debtor / (Creditor) at 31 March 2014 £000
			Expenditure £000	Income £000	
(1,898)	(362)	Glasgow City Council	155	(2,080)	152
0	0	City Building (Glasgow) LLP	28	(5)	(16)
8	6	City Property Glasgow (Investments) LLP	148	(10)	(160)
0	0	Cordia (Services) LLP	439	0	(73)

- Glasgow City Marketing Bureau Limited** is a subsidiary company that was incorporated on 11 November 2004. It was formed to promote and improve the well-being of Glasgow and the well-being of persons within Glasgow. These objectives are achieved through a range of strategies directed towards increasing the economic activity within Glasgow as a place to live, work and pursue leisure activities, and also as a city to conduct business and attract inward investment. Net assets were £0.060 million at 31 March 2014 compared to £0.057 million as at 31 March 2013. The profit on ordinary activities before taxation for the year to 31 March 2014 was £0.002 million compared to a profit of £0.004 million for the period to 31 March 2013. During the year transactions between Glasgow City Marketing Bureau Limited and the council's group were as follows:

2012/13 Net Expenditure/ (Income) £000	Debtor / (Creditor) at 31 March 2013 £000	Glasgow City Marketing Bureau Limited	2013/14		Debtor / (Creditor) at 31 March 2013 £000
			Expenditure £000	Income £000	
(4,917)	(367)	Glasgow City Council	169	(7,694)	1,057
0	0	City Building (Glasgow) LLP	11	0	(16)
418	(78)	Culture and Sport Glasgow	493	(50)	(47)
0	0	Scottish Exhibition Centre Ltd	76	(2)	2

- Glasgow Community and Safety Services Limited** is an associate company limited by guarantee with charitable status. The company was created to promote the protection of people and property and to improve public safety and crime prevention within the city. During the year, the council made a contribution of £11.389 million (2012/13 £11.762 million) representing 61% of the organisation's estimated running costs for the year to 31 March 2014.
- Scotland Excel** is a Joint Committee established on 1 April 2008 to replace the Authorities Buying Consortium and other similar bodies across Scotland. It is the largest non-profit purchasing agency in Scotland and serves the buying needs of 28 local authorities and similar public sector bodies in Scotland. During the year, the council made a contribution of £0.312 million (2012/13 £0.317 million) representing 9.8% of the organisation's estimated running costs for the year to 31 March 2014.
- 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 (2012/13 £0.072 million) representing 12.5% of the Joint Committee's estimated running costs for the year to 31 March 2014.
- 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 no contribution towards the Joint Committee's estimated running costs for the year to 31 March 2014 (2012/13 £0.013 million).

- **Continuing Education Gateway** is a consortium of 11 local authorities in the West of Scotland. It was formed in April 2000 to further the provision of careers and educational guidance services. During the year, the council made a contribution of £0.123 million (2012/13 £0.123 million) representing 30% of the consortium's estimated running costs for the year to 31 March 2014.
- **West of Scotland Archaeology Service** was set up in 1997 as a Joint Committee of 12 local authorities in the region. It is currently funded by the 12 local authorities and by Historic Scotland for specific projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process. During the year, the council made a contribution of £0.009 million (2012/13 £0.009 million) representing 6.5% of the Joint Committee's estimated running costs for the year to 31 March 2014.
- **Dams to Darnley Country Park Joint Committee** was established by Glasgow City Council and East Renfrewshire Council in 2006. The Joint Committee aims to conserve and enhance the area's landscape, deliver environmental education activities and to raise awareness of the area's natural heritage. During the year, the council made no contribution towards the Joint Committee's estimated running costs for the year to 31 March 2014 (2012/13 £nil million).
- **SEEMIS Group LLP** was incorporated on 11 May 2009 and commenced trading on 1 July 2010. It is funded by the 28 participating authorities and the principal activity of the LLP is the provision of information technology solutions to education services. During the year, the council made a contribution of £0.291 million (2012/13 £0.291 million) representing 11.4% of the organisation's estimated running costs for the year to 31 March 2014.

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

<b>2012/13 adjustments</b>	General Fund Reserve £000	Revenue & Capital Reserve Fund £000	Capital Grants Unapplied Account £000	<b>Total Usable Reserves £000</b>	<b>Total Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>	Authority's share of Usable Reserves of Subsidiaries & Associates £000	Authority's share of Unusable Reserves of Subsidiaries & Associates £000	<b>Total Reserves £000</b>
Purchase of goods and services from subsidiaries	303,349	0	0	303,349	0	<b>303,349</b>	<b>(303,349)</b>	0	0
Grants and contributions	15,000	0	0	15,000	0	<b>15,000</b>	<b>(15,000)</b>	0	0
<b>Total adjustments between Group Financial Statements and Authority Financial Statements</b>	<b>318,349</b>	<b>0</b>	<b>0</b>	<b>318,349</b>	<b>0</b>	<b>318,349</b>	<b>(318,349)</b>	<b>0</b>	<b>0</b>

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



## 9. Group subjective analysis

2012/13 £000	Subjective analysis	2013/14 £000	%
<b>Where the money came from</b>			
(1,570,441)	Government grants and local taxation	(1,446,074)	56.2
(686,743)	Other grants, reimbursements and contributions	(581,977)	22.6
(299,696)	Customer and client receipts	(138,814)	5.4
(22,561)	Interest and investment income	(22,734)	0.9
(127,563)	Income from other departments	(124,802)	4.8
(1,768)	Other miscellaneous income	(231,211)	9.0
127,563	Inter-departmental recharges	124,802	(4.8)
0	Gain on disposal of property, plant and equipment	(2,894)	0.1
(284,050)	Share of surplus from associates	(54,292)	2.1
(64,763)	Capital grants and contributions	(95,892)	3.7
<b>(2,930,022)</b>	<b>Total income</b>	<b>(2,573,888)</b>	<b>100.0</b>
<b>How the money was spent</b>			
904,745	Employee costs	966,312	36.6
28,686	Premises costs	(1,039)	0.0
105,482	Supplies and services	175,273	6.6
84,009	Transport and plant	87,807	3.3
772,036	Third party payments	637,979	24.2
576,276	Transfer payments	505,831	19.2
146,490	Depreciation, amortisation and impairment losses	175,210	6.6
113,003	Financing costs	117,783	4.5
(5,043)	Allocations	(7,899)	(0.3)
49,995	Net interest on the net defined benefit liability	56,180	2.1
(127,563)	Inter-departmental recharges	(124,802)	(4.7)
1,184	Loss on disposal of property, plant and equipment	256	0.0
61	Former authority residual costs	(2,294)	(0.1)
305,642	Share of deficit from associates	52,771	2.0
<b>2,955,003</b>	<b>Total expenditure</b>	<b>2,639,368</b>	<b>100.0</b>
<b>24,981</b>	<b>Group (surplus) or deficit for the year</b>	<b>65,480</b>	

## 10. Amounts reported for resource allocation decisions

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

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

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

### 2013/14 Service Income and Expenditure

Service Income and Expenditure	Development and Regeneration Services £000	Education Services £000	Financial Services £000	Social Work Services £000	Joint Boards and Related Companies £000	ALEOs £000	Group Total £000
Income	(89,223)	(26,239)	(355,117)	(182,354)	(25,964)	(713,824)	(1,392,721)
Specific grant	0	(505)	0	(660)	0	0	(1,165)
<b>Total Income</b>	<b>(89,223)</b>	<b>(26,744)</b>	<b>(355,117)</b>	<b>(183,014)</b>	<b>(25,964)</b>	<b>(713,824)</b>	<b>(1,393,886)</b>
Employee costs	19,306	319,125	12,229	154,780	101	278,090	783,631
Premises costs	4,945	38,015	1,647	21,423	0	34,256	100,286
Transport costs	126	12,433	1,549	7,299	0	17,321	38,728
Supplies and services	10,357	97,110	4,275	18,906	416	372,096	503,160
Third party costs	7,012	12,736	3,002	372,688	170,762	6,327	572,527
Transfer payments	85,672	14,446	348,334	27,368	1,400	0	477,220
Depreciation and impairment	0	0	0	0	0	3,071	3,071
Financing costs	0	0	0	0	0	821	821
Allocations	(5,233)	7	(216)	0	0	0	(5,442)
<b>Total Expenditure</b>	<b>122,185</b>	<b>493,872</b>	<b>370,820</b>	<b>602,464</b>	<b>172,679</b>	<b>711,982</b>	<b>2,474,002</b>
<b>Net Expenditure</b>	<b>32,962</b>	<b>467,128</b>	<b>15,703</b>	<b>419,450</b>	<b>146,715</b>	<b>(1,842)</b>	<b>1,080,116</b>

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

## 2013/14 Reconciliation to subjective analysis

Reconciliation	Service Analysis £000	Services & Support Services not in Analysis £000	Amounts not Reported to Management for decision making £000	Amounts not included in CIES £000	Allocation of Recharges £000	Sub-total Cost of Services £000	Corporate Amounts £000	Group Total £000
Fees, charges and other service income	(869,682)	(88,660)	(16,386)	549,100	14,103	(411,525)	(24,389)	(435,914)
Gain on the disposal of property, plant and equipment	0	0	0	0	0	0	(2,894)	(2,894)
Interest and Investment income	(29)	(2)	(2)	0	0	(33)	(6,729)	(6,762)
Income from Council Tax	0	0	0	0	0	0	(179,008)	(179,008)
Government grants and contributions	(524,175)	(3,994)	(18,655)	0	0	(546,824)	(1,348,099)	(1,894,923)
<b>Total Income</b>	<b>(1,393,886)</b>	<b>(92,656)</b>	<b>(35,043)</b>	<b>549,100</b>	<b>14,103</b>	<b>(958,382)</b>	<b>(1,561,119)</b>	<b>(2,519,501)</b>
Employee costs	783,631	90,489	82,059	(44,452)	0	911,727	54,585	966,312
Other service costs	1,686,479	198,132	3,942	(552,056)	(14,103)	1,322,394	(51,538)	1,270,856
Support service recharges	0	(1,967)	0	0	0	(1,967)	1,967	0
Depreciation, amortisation and impairment	3,071	2,107	168,971	947	0	175,096	114	175,210
Interest payments	821	0	0	0	0	821	116,962	117,783
Net interest on the net defined benefit liability	0	0	0	0	0	0	56,180	56,180
Loss on the disposal of property, plant and equipment	0	0	0	0	0	0	256	256
<b>Total Expenditure</b>	<b>2,474,002</b>	<b>288,761</b>	<b>254,972</b>	<b>(595,561)</b>	<b>(14,103)</b>	<b>2,408,071</b>	<b>178,526</b>	<b>2,586,597</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>1,080,116</b>	<b>196,105</b>	<b>219,929</b>	<b>(46,461)</b>	<b>0</b>	<b>1,449,689</b>	<b>(1,382,593)</b>	<b>67,096</b>
Net share of (surplus) or deficit on provision of services by associates								(1,521)
Tax expenses of subsidiaries								(95)
<b>Group (surplus) or deficit</b>								<b>65,480</b>

## 2012/13 Service Income and Expenditure

Service Income and Expenditure	Development and Regeneration Services £000	Education Services £000	Financial Services £000	Social Work Services £000	Joint Boards and Related Companies £000	ALEOs £000	Group Total £000
Income	(92,891)	(25,193)	(427,985)	(177,023)	(26,821)	(653,175)	(1,403,088)
Specific grant	(7,169)	(510)	0	(660)	0	0	(8,339)
<b>Total Income</b>	<b>(100,060)</b>	<b>(25,703)</b>	<b>(427,985)</b>	<b>(177,683)</b>	<b>(26,821)</b>	<b>(653,175)</b>	<b>(1,411,427)</b>
Employee costs	22,151	327,983	23,216	155,065	89	264,482	792,986
Premises costs	5,883	40,966	1,997	22,098	0	30,873	101,817
Transport costs	133	12,464	1,544	7,448	0	16,847	38,436
Supplies and services	10,300	98,295	6,668	18,918	84	324,275	458,540
Third party costs	3,077	13,014	2,596	376,082	279,160	5,269	679,198
Transfer payments	90,390	12,450	409,701	28,069	1,400	5	542,015
Depreciation and impairment	0	0	0	0	0	24,494	24,494
Financing costs	0	0	0	0	0	2,068	2,068
Allocations	(3,438)	0	(205)	0	0	1,743	(1,900)
<b>Total Expenditure</b>	<b>128,496</b>	<b>505,172</b>	<b>445,517</b>	<b>607,680</b>	<b>280,733</b>	<b>670,056</b>	<b>2,637,654</b>
<b>Net Expenditure</b>	<b>28,436</b>	<b>479,469</b>	<b>17,532</b>	<b>429,997</b>	<b>253,912</b>	<b>16,881</b>	<b>1,226,227</b>

## 2012/13 Reconciliation to subjective analysis

Reconciliation	Service Analysis £000	Services & Support Services not in Analysis £000	Amounts not Reported to Management for decision making £000	Amounts not included in CIES £000	Allocation of Recharges £000	Sub-total Cost of Services £000	Corporate Amounts £000	Group Total £000
Fees, charges and other service income	(802,467)	(99,985)	(16,493)	558,323	21,924	(338,698)	(23,817)	(362,515)
Interest and Investment income	(242)	(5)	(11)	0	0	(258)	(5,900)	(6,158)
Income from Council Tax	0	0	0	0	0	0	(250,404)	(250,404)
Government grants and contributions	(608,718)	(10,094)	(33,694)	0	0	(652,506)	(1,374,389)	(2,026,895)
<b>Total Income</b>	<b>(1,411,427)</b>	<b>(110,084)</b>	<b>(50,198)</b>	<b>558,323</b>	<b>21,924</b>	<b>(991,462)</b>	<b>(1,654,510)</b>	<b>(2,645,972)</b>
Employee costs	792,986	79,926	42,939	(60,851)	0	855,000	49,745	904,745
Other service costs	1,818,106	215,060	27,920	(559,562)	(21,924)	1,479,600	(46,002)	1,433,598
Support service recharges	0	(1,360)	0	0	0	(1,360)	1,360	0
Depreciation, amortisation and impairment	24,494	1,290	121,364	(745)	0	146,403	87	146,490
Interest payments	2,068	0	0	0	0	2,068	110,935	113,003
Net interest on the net defined benefit liability	0	0	0	0	0	0	49,995	49,995
Loss on the disposal of property, plant and equipment	0	0	0	0	0	0	1,184	1,184
<b>Total Expenditure</b>	<b>2,637,654</b>	<b>294,916</b>	<b>192,223</b>	<b>(621,158)</b>	<b>(21,924)</b>	<b>2,481,711</b>	<b>167,304</b>	<b>2,649,015</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>1,226,227</b>	<b>184,832</b>	<b>142,025</b>	<b>(62,835)</b>	<b>0</b>	<b>1,490,249</b>	<b>(1,487,206)</b>	<b>3,043</b>
Net share of (surplus) or deficit on provision of services by associates								21,592
Tax expenses of subsidiaries								346
<b>Group (surplus) or deficit</b>								<b>24,981</b>

## 11. Pension Costs

### 11.1. Local Government Pension Scheme

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

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement in 2013/14:

2012/13 £000 (Restated)	<b>Local Government Pension Scheme</b>	2013/14 £000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Cost of Services:</b>	
73,426	Current service cost	93,710
16,996	Past service cost	32,996
(197)	(Gain) / Loss from settlements	0
	<b>Financing and Investment Income and Expenditure:</b>	
49,995	Net interest cost	56,180
<b>140,220</b>	<b>Total Post-employment Benefits charged / (credited) to the Surplus or Deficit on the Provision of Services</b>	<b>182,886</b>
	<b>Other Comprehensive Income and Expenditure</b>	
	<b>Remeasurement of the net defined benefit liability:</b>	
(271,866)	Return on assets	(69,287)
463,595	Actuarial (gains) / losses arising on changes in financial assumptions	179,530
393	Other Experience	17,038
<b>332,342</b>	<b>Total Post-employment Benefits charged / (credited) to the Comprehensive Income and Expenditure Statement</b>	<b>310,167</b>
140,220	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	182,886
	<b>Movement in Reserves Statement</b>	
(32,116)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS 19	(87,908)
	<b>Actual amount charged against the General Fund balance for pensions in the year:</b>	
<b>108,104</b>	<b>Employers contribution paid</b>	<b>94,978</b>

## 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 2011.

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the group of £1,451.117 million:

2012/13	Actuarial Assumptions	2013/14
	<b>Long-term expected rate of return on assets in the scheme:</b>	
4.5%	Equity Investments	4.3%
4.5%	Bonds	4.3%
4.5%	Property	4.3%
4.5%	Cash and net debtors/ creditors	4.3%
	<b>Mortality assumptions:</b>	
	Longevity at 65 for current pensioners:	
21.0	Men	21.0
23.4	Women	23.4
	Longevity at 65 for future pensioners:	
23.3	Men	23.3
25.3	Women	25.3
	<b>General assumptions:</b>	
2.8%	Rate of price increases	2.8%
5.1%	Rate of increase in salaries (see note)	5.1%
2.8%	Rate of increase in pensions	2.8%
4.5%	Rate for discounting scheme liabilities	4.3%
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%
	<b>Employer share of net assets</b>	
76%	Equities Investments	76%
14%	Bonds	12%
7%	Property	7%
3%	Cash and Net Debtors/Creditors	5%
<b>100%</b>	<b>Total</b>	<b>100%</b>

**Note:** Salary increases for Glasgow City Council are 1% per annum until 31 March 2015 reverting to 5.1% per annum thereafter.

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

2012/13 £000	Pension Assets and Liabilities recognised in the Balance Sheet	2013/14 £000
4,354,243	Present value of the defined benefit obligation	4,764,893
(3,118,315)	Fair value of plan assets	(3,313,776)
<b>1,235,928</b>	<b>Net liability arising from defined benefit obligation</b>	<b>1,451,117</b>

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

2012/13 £000 (Restated)	<b>Reconciliation of present value of scheme liabilities:</b>	2013/14 £000
3,726,224	Opening balance at 1 April	4,354,243
73,426	Current service costs	93,710
178,820	Interest costs	195,957
23,977	Contributions by scheme participants	23,364
	<b>Remeasurement (gains) and losses:</b>	
463,595	Actuarial (gains) / losses arising from changes in financial assumptions	179,530
393	Other	17,038
16,996	Past service cost (including curtailments)	32,996
(130,761)	Benefits paid	(131,945)
1,573	Effect of Business Combinations and disposals	0
<b>4,354,243</b>	<b>Closing balance at 31 March</b>	<b>4,764,893</b>

2012/13 £000 (Restated)	<b>Reconciliation of present value of scheme assets:</b>	2013/14 £000
2,714,534	Opening balance at 1 April	3,118,315
128,825	Interest income	139,777
	<b>Remeasurement gain / (loss):</b>	
271,866	Return on assets, excluding the amount included in the net interest cost	69,287
108,104	Contributions by employer	94,978
23,977	Contributions by scheme participants	23,364
(130,761)	Benefits paid	(131,945)
0	Other	0
1,770	Effect of Business Combinations and disposals	0
<b>3,118,315</b>	<b>Closing balance at 31 March</b>	<b>3,313,776</b>

### 11.3. Analysis of Pension Fund's Assets

Quoted Prices in Active Markets £000	2012/13		Local Government Pension Scheme assets	Quoted Prices in Active Markets £000	2013/14		Total £000
	Prices not quoted in Active Markets £000	Total £000			Prices not quoted in Active Markets £000	Total £000	
0	112,820	112,820	Cash and cash equivalents	0	158,133	158,133	
			Equity Instruments:				
271,910	52	271,962	• Consumer	304,805	11	304,816	
249,386	98	249,484	• Manufacturing	265,581	2,480	268,061	
127,679	0	127,679	• Energy and utilities	121,372	0	121,372	
213,055	50	213,105	• Financial institutions	221,353	0	221,353	
112,842	16	112,858	• Health and care	113,742	16	113,758	
156,494	34	156,528	• Information technology	180,727	24	180,751	
1,131,366	250	1,131,616	Sub-total equity instruments	1,207,580	2,531	1,210,111	
			Debt Securities				
0	3	3	• Corporate Bonds	0	4	4	
			Private Equity:				
0	300,761	300,761	• All	0	312,338	312,338	
			Property:				
0	200,369	200,369	• UK	0	232,531	232,531	
			Other investment funds:				
82,757	867,945	950,702	• Equities	80,873	927,987	1,008,860	
0	419,773	419,773	• Bonds	0	384,394	384,394	
2,381	0	2,381	• Commodities	1,275	0	1,275	
0	0	0	• Infrastructure	0	4,983	4,983	
85,138	1,287,718	1,372,856	Sub-total other investment funds	82,148	1,317,364	1,399,512	
			Derivatives:				
(110)	0	(110)	• Other	1,147	0	1,147	
<b>1,216,394</b>	<b>1,901,921</b>	<b>3,118,315</b>	<b>Total Assets</b>	<b>1,290,875</b>	<b>2,022,901</b>	<b>3,313,776</b>	

### 11.4. Impact on Group Cash Flows

The liabilities show the underlying commitments that the group has in the long run to pay retirement benefits. The total liability of £1,451.117 million has a substantial impact on the net worth of the group as recorded in the Group Balance Sheet. Statutory arrangements for funding the deficit mean that the financial position of the group remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme.

The total contribution expected to be made to the Local Government Pension Scheme by the group in the year to 31 March 2015 is £70.999 million.

### 11.5. Defined Contribution Schemes

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



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

2012/13 £000	<b>Defined Contribution Schemes</b>	2013/14 £000
483	Scottish Exhibition Centre Limited	552
295	Jobs & Business Glasgow	233
1,258	Service Glasgow	1,323

## 12. Minority interest

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

On the Group Balance Sheet within group reserves, with accounting policies aligned, the share of the assets of SEC Ltd attributable to minority shareholdings was £2.427 million for 2013/14 (2012/13 £2.501 million).

## 13. Taxation

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

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

2012/13 £000	<b>UK Corporation Tax</b>	2013/14 £000
0	Current period tax charge	0
(4)	Amounts relating to prior years	0
<b>(4)</b>	<b>Sub-total</b>	<b>0</b>
350	Deferred tax	(95)
<b>346</b>	<b>Total</b>	<b>(95)</b>

## 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 2014 was £3,118.449 million.

Movement in PPE 2013/14	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
<b>Cost or valuation:</b>							
At 1 April 2013 (restated)	2,234,030	237,275	553,618	24,632	296,602	73,653	3,419,810
Additions in year	83,599	13,597	4,794	0	187,274	286	289,550
Donations in year	0	0	0	0	0	0	0
Disposals	(52,382)	(79,089)	(397)	(44)	0	(2,039)	(133,951)
Revaluation adjustments to Revaluation Reserve	9,581	0	0	0	0	(4,291)	5,290
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(33,512)	0	0	0	0	(3,710)	(37,222)
Reclassifications from / (to) Held for Sale	(499)	0	0	0	0	46,645	46,146
Other reclassifications	163,737	15,330	80,938	0	(253,956)	515	6,564
<b>At 31 March 2014</b>	<b>2,404,554</b>	<b>187,113</b>	<b>638,953</b>	<b>24,588</b>	<b>229,920</b>	<b>111,059</b>	<b>3,596,187</b>
<b>Depreciation and impairment:</b>							
At 1 April 2013 (restated)	(160,775)	(138,961)	(145,158)	(44)	(36,145)	(9,340)	(490,423)
Depreciation charge for year	(57,497)	(19,036)	(14,980)	0	0	(1,128)	(92,641)
Depreciation written out to Revaluation Reserve	41,766	0	0	0	0	2,439	44,205
Depreciation written out to Comprehensive Income and Expenditure Statement	3,929	(825)	0	0	0	278	3,382
Impairment losses to Revaluation Reserve	(327)	0	0	0	0	0	(327)
Impairment losses to Comprehensive Income and Expenditure Statement	(45,673)	0	0	0	0	(1,439)	(47,112)
Disposals	26,718	77,755	397	44	0	2,004	106,918
Reclassifications from / (to) Held for Sale	256	0	0	0	0	(1,990)	(1,734)
Other reclassifications	(36,145)	0	0	0	36,145	(6)	(6)
<b>At 31 March 2014</b>	<b>(227,748)</b>	<b>(81,067)</b>	<b>(159,741)</b>	<b>0</b>	<b>0</b>	<b>(9,182)</b>	<b>(477,738)</b>
<b>Balance Sheet amount at 31 March 2014</b>	<b>2,176,806</b>	<b>106,046</b>	<b>479,212</b>	<b>24,588</b>	<b>229,920</b>	<b>101,877</b>	<b>3,118,449</b>
<b>Balance Sheet amount at 31 March 2013 (restated)</b>	<b>2,073,255</b>	<b>98,314</b>	<b>408,460</b>	<b>24,588</b>	<b>260,457</b>	<b>64,313</b>	<b>2,929,387</b>
<b>Nature of asset holding:</b>							
Owned	1,804,636	85,877	479,212	24,588	229,920	101,877	2,726,110
Finance leased	22,202	16,919	0	0	0	0	39,121
PPP	349,968	3,250	0	0	0	0	353,218
<b>Total</b>	<b>2,176,806</b>	<b>106,046</b>	<b>479,212</b>	<b>24,588</b>	<b>229,920</b>	<b>101,877</b>	<b>3,118,449</b>

Movement in PPE 2012/13 (restated)	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000
<b>Cost or valuation:</b>							
At 1 April 2012	2,155,745	200,213	479,811	24,632	410,826	71,282	3,342,509
Additions in year	43,884	25,636	11,155	0	149,197	2,648	232,520
Donations in year	0	0	0	0	0	0	0
Disposals	(6,752)	(10,164)	0	0	(40,000)	(183)	(57,099)
Revaluation adjustments to Revaluation Reserve	(63,070)	0	0	0	0	2,500	(60,570)
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(33,148)	0	0	0	0	(114)	(33,262)
Reclassifications from / (to) Held for Sale	(1,820)	0	0	0	0	(2,480)	(4,300)
Other reclassifications	139,191	21,590	62,652	0	(223,421)	0	12
<b>At 31 March 2013</b>	<b>2,234,030</b>	<b>237,275</b>	<b>553,618</b>	<b>24,632</b>	<b>296,602</b>	<b>73,653</b>	<b>3,419,810</b>
<b>Depreciation and impairment:</b>							
At 1 April 2012	(133,945)	(130,258)	(132,029)	(44)	(36,145)	(8,711)	(441,132)
Depreciation charge for year	(57,761)	(16,770)	(13,132)	0	0	(1,068)	(88,731)
Depreciation written out to Revaluation Reserve	50,251	0	0	0	0	897	51,148
Depreciation written out to Comprehensive Income and Expenditure Statement	19,294	0	0	0	0	124	19,418
Impairment losses to Revaluation Reserve	(3,652)	0	0	0	0	0	(3,652)
Impairment losses to Comprehensive Income and Expenditure Statement	(38,854)	(527)	3	0	0	(921)	(40,299)
Disposals	3,605	8,627	0	0	0	20	12,252
Reclassifications from / (to) Held for Sale	234	29	0	0	0	319	582
Other reclassifications	53	(62)	0	0	0	0	(9)
<b>At 31 March 2013</b>	<b>(160,775)</b>	<b>(138,961)</b>	<b>(145,158)</b>	<b>(44)</b>	<b>(36,145)</b>	<b>(9,340)</b>	<b>(490,423)</b>
<b>Balance Sheet amount at 31 March 2013</b>	<b>2,073,255</b>	<b>98,314</b>	<b>408,460</b>	<b>24,588</b>	<b>260,457</b>	<b>64,313</b>	<b>2,929,387</b>
<b>Balance Sheet amount at 31 March 2012</b>	<b>2,021,800</b>	<b>69,955</b>	<b>347,782</b>	<b>24,588</b>	<b>374,681</b>	<b>62,571</b>	<b>2,901,377</b>
<b>Nature of asset holding:</b>							
Owned	1,662,085	76,045	408,460	24,588	260,457	64,313	2,495,948
Finance leased	53,143	18,183	0	0	0	0	71,326
PPP	358,027	4,086	0	0	0	0	362,113
<b>Total</b>	<b>2,073,255</b>	<b>98,314</b>	<b>408,460</b>	<b>24,588</b>	<b>260,457</b>	<b>64,313</b>	<b>2,929,387</b>

**14.2. Summary of capital expenditure and sources of finance**

2012/13 £000	<b>Capital expenditure and sources of finance</b>	2013/14 £000
<b>Capital investment</b>		
229,733	Property, plant and equipment	289,550
6,161	Intangible assets	697
0	Assets held for sale	17
<b>235,894</b>	<b>Total gross expenditure</b>	<b>290,264</b>
<b>Sources of finance</b>		
102,037	Borrowing	130,655
12,389	Asset Sales	5,075
9,066	Assets acquired under finance leases	20,694
102,347	Government grants and other capital contributions	96,162
10,055	Revenue contributions	37,678
<b>235,894</b>	<b>Total</b>	<b>290,264</b>

**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:

2012/13 £000	<b>Investment property</b>	2013/14 £000
(18,110)	Rental income from investment property	(18,512)
8,598	Direct operating expenses arising from investment property	7,859
<b>(9,512)</b>	<b>Net (gain) / loss</b>	<b>(10,653)</b>

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:

2012/13 £000	<b>Movement in fair value</b>	2013/14 £000
125,940	Balance at start of year:	144,581
0	Additions - construction	0
(715)	Disposals	0
19,540	Net gain / (loss) from fair value adjustments	9,988
(140)	Transfer (to) / from property, plant and equipment	0
(44)	Other changes	(100)
<b>144,581</b>	<b>Balance at end of year</b>	<b>154,469</b>

## 16. Investments / liabilities in associates

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

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

2012/13 £000	<b>Investments in Associates</b>	2013/14 £000
42,889	Strathclyde Partnership for Transport	42,410
347	Strathclyde Concessionary Travel Scheme	400
<b>43,236</b>	<b>Sub-total</b>	<b>42,810</b>
<b>Liabilities in Associates</b>		
(2,005,589)	Strathclyde Joint Police Board (see note)	0
(393,392)	Board of Strathclyde Fire and Rescue (see note)	0
(84)	Service Glasgow LLP	(154)
<b>(2,399,065)</b>	<b>Sub-total</b>	<b>(154)</b>
<b>(2,355,829)</b>	<b>Total</b>	<b>42,656</b>

Note: GCC share of assets and liabilities in respect of the former Strathclyde Police and Fire and Rescue authorities transferred to Police Scotland and the Scottish Fire and Rescue Service as of 1 April 2013.

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

2012/13 £000	<b>Associates</b>	2013/14 £000
<b>(284,050)</b>	<b>Gross income</b>	<b>(54,292)</b>
176,863	Long-term assets	40,372
82,371	Current assets	32,799
(68,933)	Current liabilities	(16,430)
(2,546,130)	Long-term liabilities	(14,085)
<b>(2,355,829)</b>	<b>Net asset</b>	<b>42,656</b>

## 17. Inventories

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

Raw materials and consumables £000	2012/13			Inventories	Raw materials and consumables £000	2013/14		
	Work in progress £000	Finished Goods £000	Total £000			Work in progress £000	Finished Goods £000	Total £000
<b>5,903</b>	<b>4</b>	<b>373</b>	<b>6,280</b>	Opening balance	<b>4,918</b>	<b>0</b>	<b>448</b>	<b>5,366</b>
12,819	0	91	12,910	Purchases	16,599	0	47	16,646
(13,249)	(4)	0	(13,253)	Reclassifications / transfers	(16,259)	0	0	(16,259)
(555)	0	0	(555)	Disposals	(81)	0	0	(81)
0	0	(16)	(16)	Write offs	0	0	(16)	(16)
<b>4,918</b>	<b>0</b>	<b>448</b>	<b>5,366</b>	<b>Closing balance</b>	<b>5,177</b>	<b>0</b>	<b>479</b>	<b>5,656</b>

## 18. Cash and cash equivalents

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

2012/13 £000	Cash and cash equivalents	2013/14 £000
38,010	Short-term deposits	8,325
137,653	Bank current accounts	136,102
588	Cash imprests	3,229
<b>176,251</b>		<b>147,656</b>
(6,908)	Temporary overdraft facilities	(6,177)
<b>169,343</b>	<b>Total</b>	<b>141,479</b>

## 19. Deferred taxation

Deferred taxation is tax provided through the Group Comprehensive Income and Expenditure Statement to take account of timing differences between accounting profits and tax which are expected to reverse in the future. As at 31 March 2014 the balance mainly related to timing differences on capital expenditure.

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

2012/13 £000	Deferred Taxation	2013/14 £000
1,438	As at 1 April	1,788
350	Charge for the period	(95)
<b>1,788</b>	<b>As at 31 March</b>	<b>1,693</b>

All deferred tax has been provided for and has been calculated using the rate of 23% (23% in 2012/13) as follows:

2012/13 £000	<b>Deferred Taxation</b>	2013/14 £000
1,944	Accelerated capital allowances	2,514
(156)	Other timing differences	(821)
<b>1,788</b>	<b>As at 31 March</b>	<b>1,693</b>

## 20. Deferred grants

Following the elimination of inter-company transactions, the balance remaining on deferred grants of £33.059 million (2012/13 £33.694 million) represents external funding in support of capital projects.

## 21. Deferred income

Deferred income of £7.668 million (2012/13 £9.725 million) largely represents payments received by SEC Ltd for future events which will be recognised when the events take place.

## 22. Charitable reserves

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

The following table identifies charitable funds prior to consolidation adjustments:

<b>Charitable Funds</b>	<b>Balance at 31 March 2013 £000</b>	<b>Net movement 2013/14 £000</b>	<b>Balance at 31 March 2014 £000</b>
Culture and Sport Glasgow	7,544	3,099	10,643
Jobs & Business Glasgow	26,241	3,145	29,386
Sundry Trusts - charitable element	7,946	(694)	7,252
<b>Total</b>	<b>41,731</b>	<b>5,550</b>	<b>47,281</b>

## ❖ Annual Governance Statement

### Scope of responsibility

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

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

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

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

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

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

### The purpose of the governance framework

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

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



## The governance framework

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

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

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

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

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

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

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

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

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

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

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

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

In 2013/14, the council facilitated policy and decision making through a committee structure, which was agreed in June 2010 (updated in May 2012) and included an Executive Committee, two Scrutiny Committees and five Policy Development Committees.

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

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

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

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

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

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

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

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

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

The council operates a Code of Conduct for employees, and elected members adhere to the nationally prescribed Councillors' Code of Conduct. During 2013/14, 3 Members were reported to the Standards Commission. In two cases the Commissioner determined that the matters raised did not breach the Code of Conduct and in the other case determined that the respondent had not contravened the Code of Conduct.

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

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

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

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

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

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

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

## **Review of effectiveness**

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

The review of the governance framework is conducted on an annual basis by means of a self assessment questionnaire issued to Service Executive Directors and Managing Directors of subsidiaries and relevant associates by Internal Audit. The self assessment questionnaire includes the principles contained in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government, and requires Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) to determine the extent to which their Service/organisation complies with each principle. The responses to the questionnaires are confirmed on a sample basis by Internal Audit, as part of a rolling programme. All Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) have signed a statement of internal control, declaring that "There are, in my opinion, no significant matters that require to be raised in this Certificate, which is provided to support Glasgow City Council's Statement of Internal Control for the financial year 2013/14, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately".

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

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

The 2012/13 Annual Governance Statement reported issues concerning the process for dealing with leavers in Education Services. An officer working group was established to review the process and monitor compliance. Whilst progress was noted during the year there remains scope for improvement.

The 2012/13 statement highlighted an issue in relation to the operation of petty cash, school funds and inventories at schools, noting that appropriate procedures were not consistently adhered to. Further guidance and training has been provided to staff and Internal Audit continues to monitor the progress being made.

In 2012/13 an audit of procurement in Jobs & Business Glasgow resulted in an unsatisfactory audit opinion based on a lack of staff training, inadequate controls to prevent unauthorised spending and a lack of frameworks for recurring expenditure. An in-depth follow-up review determined that 4 recommendations have been implemented and 1 was still in progress at the time of the review but the auditor was satisfied that appropriate action was being taken to implement the outstanding recommendation and a further review will be undertaken in 2014/15.

The 2012/13 statement noted specific concerns in relation to the monitoring of expenditure of service users who manage their own budgets under the Scottish Government's Personalisation strategy and the use of Short Term Interventions (STIs). A number of recommendations were made and it was agreed that a further audit would be undertaken in 2013/14 to gain assurance that the improvements to the process were being adhered to and were having a positive impact. The 2013/14 audit found while progress had been made, some Social Work Services (SWS) care managers were not fully complying with the STI procedures. However the SWS finance team has implemented measures to reduce the impact of errors and omissions by care managers, thereby improving the reliability of budget monitoring information.

Finally, the 2012/13 statement highlighted concerns in relation to the control and management of debts arising from unpaid rental income in City Property Glasgow (Investments) LLP. In 2013/14 City Property provided Internal Audit with copies of their updated procedures for the control and management of debtors. Regular reviews will be undertaken by Internal Audit to confirm compliance with the revised procedures. An initial sample of cases was examined in March 2014 and the auditor confirmed that improvements had been made since the last review.

## **Significant governance issues**

An audit of the arrangements in place for the management and control of asbestos across the entire Glasgow City Council Group portfolio resulted in an unsatisfactory audit opinion based upon the lack of overall responsibility, lack of up to date documentation detailing the responsibilities of each party involved in the process and lack of an assurance that all required properties have been subject to an asbestos management survey.

In response management have drafted Management Standards relating to Asbestos Management. A Strategic Asbestos Management Group, encompassing the wider Council family, has also been established which is chaired by a representative from the Corporate Governance Team. It is intended that this group will act as a key driver at strategic level in implementing policy/standards, sharing and adopting best practice, and ensuring that each service within the Council family fulfils its statutory obligations with regards to asbestos management. Although this review highlighted problems with the process for asbestos management, the opportunity has been taken to review and update the processes in place across the entire Health and Safety section of the Council.

A review of Firewall Management was undertaken in 2013/14. Firewalls are dedicated security appliances and act as gateways that control the flow of traffic to and from different parts of the network. They are set up as a first line of defence and filter traffic emanating from the public internet, and are also used to counter internal threats through the construction of more complex arrangements.

The audit identified a number of issues which resulted in the control environment being assessed as unsatisfactory. ACCESS, the Council's provider of IT services, reports that significant progress has since been made in line with agreed timescales. Internal Audit will undertake appropriate follow-up work to formally confirm that the identified requirements have been implemented.

Internal Audit carried out an audit of the Social Work Services contract management framework. The framework was introduced in December 2012 to ensure effective monitoring of contracts with external service providers and must be adhered to by commissioning managers. The audit concluded that no assurance could be placed on the control environment. In response Social Work Services have established short-term steering and working groups to progress and to regularly report status updates and recommendations to the Social Work Leadership Team.

The council's Internal Audit section carried out an investigation into the alleged misappropriation of funds by a small number of employees within the economic development section of Development and Regeneration Services (DRS). The total value involved was approximately £50,000 and related to unauthorised payments to themselves and commissioning services from family members. A report has been submitted to Police Scotland in this respect.

## **Information management**

The 2012/13 Annual Governance Statement advised of requirements issued by the Information Commissioner's Office (ICO) following the theft of 2 laptops. These requirements were addressed during 2013/14.

Access to the UK government sponsored Public Services Network is subject to an annual accreditation assessment by the Cabinet Office and in September 2013 the council received confirmation that its Code of Connection had been renewed for the following 12 months.

During the 2013/14 the council's Records Management Plan was approved by the Keeper of the Records of Scotland.

The council established an Integrity Group chaired by the Executive Director of Corporate Services. The group has specific responsibility for co-ordinating and monitoring activities across the council to reduce the risks of falling victim to organised crime or terrorism.

Substantial progress towards implementation of outstanding IT related audit recommendations continued throughout the year, and with the exception of Firewall Management as noted above no significant audit issues were reported in 2013/14.

Two information security breaches which occurred towards the end of 2013/14 have been reported to the ICO. In one incident an error occurred whilst merging tenants' information into a letter to landlords. All affected tenants have been advised. The second breach is the subject of police enquiries.

## **Internal Audit Opinion**

Based on the audit work undertaken, the assurances provided by Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) and excluding the significant issues noted above, it is the Head of Audit & Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2013/14 in the council and its subsidiaries and relevant associates.

## Certification

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

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

Councillor Gordon Matheson	George Black	Lynn Brown
Leader of the Administration	Chief Executive	Executive Director of Financial Services and Deputy Chief Executive
19 September 2014	19 September 2014	19 September 2014

## Remuneration report for the year ended 31 March 2014

### 1. Introduction

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

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

### 2. Definitions

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

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

- Who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the report relates, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989 (4); or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

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

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

### 3. Remuneration policy

#### Elected members

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

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

When determining the level of remuneration for councillors, Scottish Ministers consider the recommendations of the Scottish Local Authorities Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The salary that is to be paid to the Leader of the Council is set out in the regulations. For 2013/14 the salary for the Leader of the Council is £49,191. 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 2013/14 the salary for the Civic Head is £36,893.

The regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The council is able to exercise local flexibility in the determination of the precise number of senior councillors and their salaries within these maximum limits. The council pays senior councillor supplements to executive members, chairs of committees and Community Health Partnership area representatives. In 2013/14 the council had no more than 24 senior councillors at any one time and the total additional senior councillor salary paid to these councillors did not exceed £639,471. The table at 4.1 shows the total remuneration paid to any councillors that held a senior council post at any point in 2013/14. Since the total remuneration paid includes basic councillor salaries for any periods during 2013/14 where councillors were not senior councillors, the total shown in table 4.1 exceeds £639,471.

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 COSLA. 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'. In 2013/14 the senior management team did not take a pay award.

**Subsidiaries**

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

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

George Black CPFA FCCA  
Chief Executive  
19 September 2014

Lynn Brown MA (Hons) CPFA  
Executive Director of Financial Services and Deputy  
Chief Executive  
19 September 2014

## 4. Remuneration

### 4.1. Remuneration of senior councillors

2012/13 Total remuneration £	Remuneration of senior councillors (includes the basic councillor salary of £16,396)	Date from	Date to	Year ended 31 March 2014 Total remuneration £
47,325	<b>Gordon Matheson</b> Leader of the Council	April 2013	March 2014	49,047
35,065	<b>Sadie Docherty</b> Lord Provost	April 2013	March 2014	36,785
35,650	<b>Archibald Graham</b> Depute Leader of Council and Executive Member for Commonwealth Games	April 2013	March 2014	36,785
25,813	<b>Gerald Leonard</b> Depute Lord Provost	April 2013	March 2014	27,588
22,269	<b>Graeme Hendry</b> Leader of Opposition	April 2013	March 2014	23,556
20,490	<b>Bill Butler</b> Convenor Health and Social Care Policy Development Committee	April 2013	November 2013	23,556
	Convenor of Licensing Board	November 2013	March 2014	
20,490	<b>Frank McAveety</b> Convenor Sustainability and the Environment Policy Development Committee	April 2013	March 2014	23,556
20,490	<b>Soryia Siddique</b> Convenor Children and Families Policy Development Committee	April 2013	March 2014	23,556
22,269	<b>Paul Carey</b> Convenor Regeneration and the Economy Policy Development Committee	April 2013	March 2014	23,556
30,531	<b>Paul Rooney</b> City Treasurer and Service Reform	April 2013	March 2014	31,409
30,671	<b>Elizabeth Cameron</b> Executive Member for Jobs and the Economy	April 2013	June 2013	31,409
	Executive Member for Economic Development	June 2013	March 2014	
28,892	<b>Stephen Curran</b> Executive Member for Education and Young People	April 2013	March 2014	31,409
29,851	<b>Aileen Colleran</b> Executive Member for Communities	April 2013	March 2014	31,409
29,078	<b>James Coleman</b> Executive Member for Sustainability and Transport	April 2013	June 2013	20,826
24,506	<b>Matthew Kerr</b> Executive Member for Social Care	April 2013	October 2013	26,620
	Executive Member for Personnel	November 2013	March 2014	
30,531	<b>George Ryan</b> Executive Member for Personnel	April 2013	October 2013	16,749
23,053	<b>Frank Docherty</b> Convenor Public Petitions and General Purposes Policy Development Committee	April 2013	March 2014	23,556
20,490	<b>Marie Garrity</b> Area Lead - Communities (North East)	April 2013	March 2014	23,556
29,490	<b>James Adams</b> Area Lead - Communities (South)	April 2013	June 2013	29,339
	Business Manager	June 2013	March 2014	

2012/13 Total remuneration £	Remuneration of senior councillors (includes the basic councillor salary of £16,396)	Date from	Date to	Year ended 31 March 2014 Total remuneration £
-	<b>Emma Gillan</b> Area Lead - Communities (South)	June 2013	March 2014	<b>21,656</b>
-	<b>Mohammed Razaq</b> Convenor of Health and Social Care Policy Development Committee	November 2013	March 2014	<b>19,303</b>
22,444	<b>Jonathan Findlay</b> Area Lead - Communities (North West)	April 2013	March 2014	<b>23,556</b>
22,269	<b>David McDonald</b> Convenor Operational Delivery Scrutiny Committee	April 2013	March 2014	<b>23,556</b>
22,269	<b>Kenneth McLean</b> Convenor Finance and Audit Scrutiny Committee	April 2013	March 2014	<b>23,556</b>
29,676	<b>Alistair Watson</b> Business Manager Executive Member for Sustainability and Transport	April 2013 June 2013	June 2013 March 2014	<b>31,409</b>
19,705	<b>Malcolm Cuning</b> Convenor Licensing Board Executive Member for Social Care	April 2013 November 2013	October 2013 March 2014	<b>23,556</b>
20,490	<b>Christopher Kelly</b> Convenor Licensing and Regulatory Committee	April 2013	March 2014	<b>23,556</b>
23,169	<b>James Scanlon</b> Chair of Planning Applications Committee	April 2013	March 2014	<b>23,615</b>
<b>686,976</b>	<b>Total</b>			<b>748,030</b>

**Notes:**

1. Payments only include salaries. There were no payments for bonuses, compensation or loss of office or taxable allowances / expenses. Business expenses are disclosed at note 4.2.
2. Salaries are paid four weekly and this can give rise to small differences in the actual payments made from one financial year to the next.
3. During 2013/14, there were changes to the membership of the council's committees. These changes have been reflected in table 4.1 and throughout this remuneration report. Further information is available in the public minutes of the council and the Executive Committee ([www.glasgow.gov.uk/CouncillorsandCommittees](http://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:

2012/13 £000	Remuneration	2013/14 £000
1,564	Salaries	1,584
7	Allowances	7
92	Expenses	109
<b>1,663</b>	<b>Total</b>	<b>1,700</b>

### Note:

The annual return of councillors' salaries and expenses for 2013/14 is available for any member of the public to view on the council's website at:

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

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

## 4.3. Remuneration of senior employees

2012/13 Total Remuneration £	Remuneration of senior employees	Year ended 31 March 2014			Total remuneration £
		Salary, fees and allowances £	Compensation for loss of office £	Election duties £	
166,780	<b>George Black</b> Chief Executive	166,780	0	468	<b>167,248</b>
133,301	<b>Lynn Brown</b> Executive Director of Financial Services and Deputy Chief Executive	132,051	0	400	<b>132,451</b>
127,935	<b>Annemarie O'Donnell</b> Executive Director of Corporate Services	129,421	0	400	<b>129,821</b>
119,440	<b>Richard Brown</b> Executive Director of Development and Regeneration Services	124,720	0	0	<b>124,720</b>
127,614	<b>Maureen McKenna</b> Executive Director of Education Services	131,379	0	0	<b>131,379</b>
125,358	<b>Brian Devlin</b> Executive Director of Land and Environmental Services	129,056	0	0	<b>129,056</b>
32,100	<b>David Williams</b> Executive Director of Social Care Services	120,644	0	0	<b>120,644</b>
86,413	<b>Colin Edgar (note 1)</b> Head of Communication and Organisational Development	86,629	0	150	<b>86,779</b>
68,854	<b>Anne Connolly (note 1)</b> Strategic Adviser to the Chief Executive	69,529	0	0	<b>69,529</b>
<b>987,795</b>	<b>Total</b>	<b>1,090,209</b>	<b>0</b>	<b>1,418</b>	<b>1,091,627</b>

### Notes:

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

## 4.4. Remuneration of senior employees of subsidiaries

2012/13 Total Remuneration £	Remuneration of senior employees of subsidiaries	Year ended 31 March 2014						Total remuneration £
		Salary, fees and allowances £	Bonus £	Taxable allowances and expenses £	Comp. for loss of office £	Benefits in kind other than in cash £	Election duties £	
239,807	<b>John Sharkey</b> Chief Executive, SEC Ltd	193,800	29,070	17,520	0	0	0	<b>240,390</b>
158,267	<b>Malcolm Close</b> Operations Director, SEC Ltd	126,883	20,275	12,720	0	0	0	<b>159,878</b>
112,012	<b>Dr Graham Paterson</b> Executive Director, City Building (Glasgow) LLP	134,104	0	5,005	0	0	0	<b>139,109</b>
132,051	<b>Dr Bridget McConnell</b> Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	134,911	0	0	0	0	0	<b>134,911</b>
122,674	<b>David Melvin</b> Managing Director, Cordia (Glasgow) LLP	126,933	0	0	0	0	0	<b>126,933</b>
24,774	<b>William Taggart</b> Interim Managing Director, City Parking (Glasgow) LLP	61,351	0	0	0	0	0	<b>61,351</b>
128,658	<b>Richard Rae</b> Managing Director, City Property (Glasgow) LLP (from April 2013 to Feb 2014)	126,464	0	0	0	0	0	<b>126,464</b>
-	<b>Pauline Barclay</b> Acting Managing Director, City Property (Glasgow) LLP (from March 2014)	6,580	0	0	0	0	0	<b>6,580</b>
105,710	<b>Scott Taylor</b> Chief Executive, Glasgow City Marketing Bureau Ltd	105,710	0	0	0	0	0	<b>105,710</b>
90,460	<b>Calum Graham</b> Chief Executive, Jobs and Business Glasgow	91,297	0	4,138	0	0	0	<b>95,435</b>
<b>1,114,413</b>	<b>Total</b>	<b>1,108,033</b>	<b>49,345</b>	<b>39,383</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,196,761</b>

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

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

The table also includes staff that have left during the year as a result of the council's early retirement initiative. Many of the staff who left during the year received remuneration packages that included compensation for loss of office, and because of this payment, a number of staff will have seen their remuneration increase in the current year only.

<i>Total</i> 2012/13	£5,000 band	Teachers	Remuneration in 2013/14			Total
			Those receiving compensation for loss of office	Retained staff (excl teachers)		
290	50,000 - 54,999	153	6	49	208	
187	55,000 - 59,999	34	4	101	139	
50	60,000 - 64,999	6	7	14	27	
62	65,000 - 69,999	13	1	20	34	
24	70,000 - 74,999	4	2	5	11	
19	75,000 - 79,999	5	0	4	9	
21	80,000 - 84,999	2	0	8	10	
23	85,000 - 89,999	0	0	12	12	
3	90,000 - 94,999	0	0	1	1	
7	95,000 - 99,999	0	0	5	5	
5	100,000 - 104,999	0	0	0	0	
3	105,000 - 109,999	0	0	1	1	
2	115,000 - 119,999	0	0	0	0	
1	120,000 - 124,999	0	0	2	2	
4	125,000 - 129,999	0	0	2	2	
1	130,000 - 134,999	0	0	2	2	
2	135,000 - 139,999	0	0	0	0	
1	160,000 - 164,999	0	0	0	0	
1	165,000 - 169,999	0	0	1	1	
1	210,000 - 214,999	0	0	0	0	
<b>707</b>	<b>Total</b>	<b>217</b>	<b>20</b>	<b>227</b>	<b>464</b>	

#### 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.

2012/13				Exit packages bands	2013/14			
Number	Cash value	Notional CAY value	Total		Number	Cash value	Notional CAY value	Total
	£000	£000	£000			£000	£000	£000
72	599	12	611	£1 - £20,000	25	150	64	214
30	710	144	854	£20,001-£40,000	11	158	163	321
12	332	244	576	£40,001-£60,000	5	116	121	237
13	536	355	891	£60,001-£80,000	5	210	130	340
17	928	580	1,508	£80,001-£100,000	3	174	104	278
45	3,796	1,898	5,694	£100,001-£150,000	6	481	221	702
25	3,064	1,388	4,452	£150,001-£200,000	0	0	0	0
28	4,267	2,019	6,286	£200,001-£250,000	2	310	141	451
8	1,440	677	2,117	£250,001-£300,000	2	380	179	559
3	660	284	944	£300,001-£350,000	0	0	0	0
1	264	107	371	£350,001-£400,000	0	0	0	0
0	0	0	0	£400,001-£450,000	0	0	0	0
1	292	161	453	£450,001-£500,000	0	0	0	0
0	0	0	0	£500,001-£550,000	0	0	0	0
1	364	225	589	£550,001-£600,000	0	0	0	0
<b>256</b>	<b>17,252</b>	<b>8,094</b>	<b>25,346</b>	<b>Total</b>	<b>59</b>	<b>1,979</b>	<b>1,123</b>	<b>3,102</b>

In 2009/10, the council approved a voluntary early retirement scheme for employees over 50 years of age. In 2012/13, the scheme was extended to other groups of staff identified by Executive Directors related to the service reform programme. The total cost of the scheme is expected to be around £130 million, resulting in voluntary staffing reductions of around 2,800 and net annual savings of around £55 million. These staffing reductions are an essential part of the council's response to the significant reduction in central government grant funding, inflationary pressures and increased service demand. The majority of the costs associated with the voluntary retirement scheme were accrued in 2009/10 but the savings are being delivered over a number of years up to 2013/14 and are recurring thereafter. This significant reduction in employee numbers represents over 10% of the council's workforce. In order to manage such reductions whilst maintaining services to local taxpayers, a number of service reform programmes have been established to increase the efficiency and effectiveness of services.

## 5. Pension benefits

Pension 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 and employer contributions, and returns on investments to meet the ongoing and anticipated future pension costs. Pensions 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 pension 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 pension 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.

Councillors' pension benefits are based on career average pay. The councillors' 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 the value used to calculate the pension benefits.

For local government employees this is currently a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years the person has been a member of the scheme. The scheme is subject to an actuarial revaluation every three years, and employer contribution rates are re-assessed to fund the scheme. The scheme's normal retirement age for both councillors and employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme 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. If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. The tiers and member contributions rates are as follows:

Whole time pay	2013/14 Employee contribution rate
On earnings up to and including £19,400	5.50%
On earnings above £19,400 and up to £23,700	7.25%
On earnings above £23,700 and up to £32,500	8.50%
On earnings above £32,500 and up to £43,300	9.50%
On earnings above £43,300	12.00%

By way of comparison, employee contribution rates for the other Scottish public sector schemes are as follows: NHS (5% - 8.5%), civil service (3.5%), police (9.5%), fire fighters (8.5%), and teachers (6.4%).

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service.



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

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

## 5.1. Pension benefits of senior councillors

Pension benefits of senior councillors	In year pension contributions		Accrued pension benefits		
	For year to 31 March 2013 £	For year to 31 March 2014 £		Difference from 31 March 2013 £000	As at 31 March 2014 £000
Gordon Matheson	9,134	9,466	Pension	1	12
			Lump sum	1	25
Sadie Docherty	6,767	7,099	Pension	1	3
			Lump sum	0	2
Archibald Graham	6,880	7,099	Pension	1	3
			Lump sum	0	0
Gerald Leonard	4,954	5,324	Pension	0	2
			Lump sum	0	1
Graeme Hendry	4,298	4,546	Pension	0	2
			Lump sum	0	1
Frank McAveety	3,954	4,546	Pension	1	1
			Lump sum	0	0
Paul Carey	4,298	4,546	Pension	0	2
			Lump sum	0	1
Paul Rooney	5,892	6,062	Pension	1	4
			Lump sum	0	3
Aileen Colleran	5,727	6,062	Pension	1	3
			Lump sum	0	1
George Ryan	5,892	3,232	Pension	-3	0
			Lump sum	-2	0
Frank Docherty	4,449	4,546	Pension	0	2
			Lump sum	0	0
Marie Garrity	3,954	4,546	Pension	1	1
			Lump sum	0	0
James Adams	3,954	5,662	Pension	1	1
			Lump sum	0	0
David McDonald	4,298	4,546	Pension	0	2
			Lump sum	0	1
Mohammed Razaq	4,789	3,692	Pension	0	2
			Lump sum	0	1
Malcolm Cunning	3,803	4,546	Pension	1	1
			Lump sum	0	0
Christopher Kelly	3,954	4,546	Pension	1	1
			Lump sum	0	0
James Scanlon	4,449	4,546	Pension	0	2
			Lump sum	0	0
Total	91,446	94,612	Pension	7	44
			Lump sum	-1	36

## 5.2. Pension benefits of senior employees

Pension benefits of senior employees	In year pension contributions		Accrued pension benefits		
	For year to 31 March 2013 £	For year to 31 March 2014 £		Difference from 31 March 2013 £000	As at 31 March 2014 £000
<b>George Black</b>	32,188	32,279	Pension	3	59
			Lump sum	0	136
<b>Lynn Brown</b>	25,486	25,486	Pension	3	48
			Lump sum	0	110
<b>Annemarie O'Donnell</b>	24,260	24,978	Pension	3	40
			Lump sum	2	88
<b>Richard Brown</b>	23,058	24,071	Pension	4	43
			Lump sum	5	99
<b>Maureen McKenna</b>	24,629	25,356	Pension	4	63
			Lump sum	5	157
<b>Brian Devlin</b>	24,194	24,908	Pension	3	49
			Lump sum	4	134
<b>David Williams</b>	19,791	23,284	Pension	3	10
			Lump sum	0	0
<b>Colin Edgar</b>	16,557	16,719	Pension	1	11
			Lump sum	1	12
<b>Anne Connolly</b>	13,289	13,419	Pension	1	26
			Lump sum	0	61
<b>Total</b>	<b>203,452</b>	<b>210,500</b>	<b>Pension</b>	<b>25</b>	<b>349</b>
			<b>Lump sum</b>	<b>17</b>	<b>797</b>

### 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 2013 £	For year to 31 March 2014 £		Difference from 31 March 2013 £000	As at 31 March 2014 £000
<b>John Sharkey</b> (note 1) Chief Executive, SEC Ltd	32,946	25,194	Pension	n/a	n/a
			Lump sum	n/a	n/a
<b>Malcolm Close</b> (note 1) Operations Director, SEC Ltd	25,377	19,033	Pension	n/a	n/a
			Lump sum	n/a	n/a
<b>Dr Graham Paterson</b> Executive Director, City Building (Glasgow) LLP	25,048	25,881	Pension	6	56
			Lump sum	10	134
<b>Dr Bridget McConnell</b> Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	25,486	23,448	Pension	4	53
			Lump sum	3	125
<b>David Melvin</b> Managing Director, Cordia (Glasgow) LLP	23,676	24,498	Pension	4	48
			Lump sum	4	113
<b>William Taggart</b> Interim Managing Director, City Parking (Glasgow) LLP	10,229	11,841	Pension	5	26
			Lump sum	8	62
<b>Richard Rae</b> Managing Director, City Property (Glasgow) LLP (from April 2013 to Feb 2014)	24,717	24,015	Pension	1	8
			Lump sum	0	0
<b>Pauline Barclay</b> Acting Managing Director, City Property (Glasgow) LLP (from March 2014)	13,030	15,304	Pension	4	15
			Lump sum	4	25
<b>Scott Taylor</b> Chief Executive, Glasgow City Marketing Bureau Ltd	20,402	20,402	Pension	1	25
			Lump sum	0	50
<b>Calum Graham</b> Chief Executive, Jobs and Business Glasgow	16,695	17,370	Pension	2	3
			Lump sum	0	0
<b>Total</b>	<b>217,606</b>	<b>206,986</b>	<b>Pension</b>	<b>27</b>	<b>234</b>
			<b>Lump sum</b>	<b>29</b>	<b>509</b>

#### Notes:

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

## ❖ Independent Auditor’s Report

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

I certify that I have audited the financial statements of Glasgow City Council and its group for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority-only Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets, and Cash-Flow Statements, the authority-only Council Tax Income Account, the Non-Domestic Rate Income Account, Common Good Fund and Sundry Trusts and Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the 2013/14 Code).

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

### **Respective responsibilities of the Executive Director of Financial Services and Deputy Chief Executive and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the group and of the body as at 31 March 2014 and of the income and expenditure of the group and the body for the year then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

### **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA  
Assistant Director  
Audit Scotland  
18 George Street  
EDINBURGH  
EH2 2QU  
25 September 2014

## ❖ **The Scottish Public Services Ombudsman**

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

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



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