

West Lothian Council

Statement of Accounts

Year ended 31 March 2014

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Accounts of West Lothian Council for the year ended 31 March 2014, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

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INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of West Lothian Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of West Lothian 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 Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rate Income Account 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 Head of Finance and Estates and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance and Estates 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 Head of Finance and Estates; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 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:

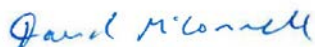
- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement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

I have the following to report in respect of these matters.

Failure to achieve a prescribed financial objective

Whilst it has not been necessary to qualify my opinion in respect of the following matter, I am required to report it to you.

Local authorities have a duty under section 10 of the Local Government in Scotland Act 2003 to conduct their significant trading operations so that income is not less than expenditure over each three year period. The authority failed to comply with this statutory requirement for the three year period ending 31 March 2014 in respect of their significant trading operation, Economic Development Properties.



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29 September 2014

FOREWORD TO THE STATEMENT OF ACCOUNTS

by Donald Forrest, Head of Finance and Estates

1. INTRODUCTION

The statement of accounts presents the financial position of the Council for the year to 31 March 2014.

2. THE FINANCIAL STATEMENTS

The Council's Accounts for the year 2013/14 are set out in Statements 4 to 20 on pages 18 to 69. The Statement of Accounts provides a true and fair view of the financial transactions of the Council during the year ended 31 March 2014.

These statements are supported by Statement 1 which sets out the respective responsibilities of the authority and the Head of Finance and Estates for the accounts; Statement 8 Note 1 which outlines the Council's accounting policies and Statement 2 which reports on the Annual Governance of the Council.

The Statement of Accounts has been prepared under the 2013 Code of Practice based on International Financial Reporting Standards (IFRS).

The format of the Financial Statements includes:-

- Remuneration Report (Statement 3) – this provides information on the remuneration and pension benefits for senior officers, senior councillors and councillors with responsibility as convenors / vice-convenors of Joint Boards.
- Movement in Reserves Statement (Statement 4) - this shows the movement in the year on different reserves held by the Council. These reserves are categorised into usable i.e. available to fund services and unusable accounting reserves.
- Comprehensive Income and Expenditure Statement (Statement 5) - this is a summary of the resources generated and consumed by the Council in the year.
- Balance Sheet (Statement 6) - this brings together all the assets and liabilities of the Council. It is a statement of the resources of the Council and the means by which they have been financed.
- Cash Flow Statement (Statement 7) - this summarises the inflows and outflows of cash arising from transactions with third parties for both revenue and capital activities.

These are followed by Statement 8 the Notes to the Financial Statements and Supplementary Financial Statements (Statements 9 to 20), which include the Housing Revenue Account (HRA), Council Tax and Non-Domestic Rate Income Accounts and the Group Accounts.

3. REVENUE BUDGET – GENERAL SERVICES

The net expenditure on General Services is met from Government Grants and Council Tax. In 2013/14 Government Grants accounted for 81.4% (81.8% 2012/13) of the Council's external funding with the remaining 18.6% (18.2% 2012/13) from Council Tax. The in year collection rate for Council Tax was 94.4% (94.7% 2012/13).

In 2013/14 the Council incurred net expenditure of £390.975 million against a budget of £394.544 million, utilising 99.1% of available budget.

The General Fund recorded a net deficit for the year of £2.641 million. This was made up of the following :-

- a net service underspend of £3.568 million
- a net overspend of £0.021 million in non service expenditure
- an over recovery of council tax and community charge income of £0.022 million
- a net spend of £6.210 million in relation to General Fund committed balances

The net deficit of £2.641 million decreases the General Fund balance to £22.571 million at 31 March 2014. Existing commitments against the balance are £20.571 million, including a Modernisation Fund of £4.371 million and time limited projects of £10.237 million, leaving an uncommitted balance of £2 million (£2 million 2012/13) or 0.51% of budgeted net expenditure. There is no change on the uncommitted total from 2012/13. The fund total is at the Council's target minimum uncommitted General Fund balance of £2 million.

The Council has created a provision of £1.450 million to meet the liability arising from the equal pay claims following the outcome of recent litigation involving Dumfries and Galloway Council. West Lothian is currently in discussions with claimants' representatives to establish settlement terms. During 2013/14 £0.213 million was paid to claimants, leaving a remaining provision of £1.255 million to meet future claims. The remaining balance in the equal pay provision is deemed sufficient to cover any further payments which may be required.

On 29 June 2010 a Modernisation Fund was agreed to assist in funding potential termination costs for staff. Use of the fund is managed by application from Heads of Service and approved by the Head of Finance and Estates. To date £13.997 million has been paid from the Modernisation Fund.

Included in the Comprehensive Income and Expenditure Statement is £1.310 million of expenditure in relation to the cost of employee exit packages paid to 40 staff during 2013/14 as part of the Council's strategy to balance the budget.

FOREWORD TO THE STATEMENT OF ACCOUNTS

by Donald Forrest, Head of Finance and Estates

During the normal fixed assets revaluation cycle, landfill sites, pitches, pavilions, sports land (golf courses, bowling greens, putting greens, running tracks and tennis courts) were reduced in value due to current economic conditions. As a result £14.363 million has been charged to the Comprehensive Income and Expenditure Account. The revaluation charge has no impact on the General Fund Balance carried forward.

4. REVENUE BUDGET - HOUSING

Statement 9 the HRA – Income and Expenditure Statement includes depreciation and impairment on housing assets. The deficit for the year is £8.748 million. Statement 10 the Statement of Movement on the HRA Balance adjusts this deficit as a result of amounts which are required by statute to be debited or credited to the HRA Balance for the year, the net credit for these items is £8.748 million.

The overall position was breakeven for the year, which maintains the HRA balance carried forward at £0.926 million.

5. CAPITAL BUDGET 2013/14

Under the provisions of the CIPFA Prudential Code for Capital Finance in Local Authorities, councils can decide locally on capital investment strategy. This is on the basis that spending plans must be affordable, prudent, sustainable and meet Best Value requirements. Compliance with these criteria is demonstrated by defined prudential indicators.

Based on approved indicators, the Council was able to demonstrate the affordability of capital plans. The capital financing requirement for 2013/14 was £588.218 million, £439.503 million for general services and £148.715 million for Housing Revenue Account. External debt levels were £569.601 million during 2013/14. The ratio of financing costs to net revenue stream for General Fund and HRA were 7.3% and 20.8% respectively.

Capital expenditure of £69.702 million was incurred in 2013/14. This expenditure was split between two distinct blocks with £31.841 million spent on the Housing Programme and £37.861 million on the General Services Programme.

6. ACQUISITION OF MAJOR ASSETS

PPP Contracts are assessed under IFRS which looks at aspects of control of an asset, such as specifying services and the price paid for these services. The net value of all PPP assets in the balance sheet at 31 March 2014 is £109.806 million.

7. SIGNIFICANT TRADING OPERATIONS

The Local Government in Scotland Act 2003 introduced new requirements to maintain and disclose significant trading operations. Consequently, a trading account has been prepared for the only significant trading operation, Economic Development Properties, in accordance with guidance issued by CIPFA/LASAAC. Note 30 provides further details.

8. CAPITAL FUNDING AND BORROWING

Of the total capital expenditure of £69.702 million, £21.231 million was funded by asset sales and contributions from third parties / funds, £13.101 million was raised from revenue contributions to capital, and the remaining £35.370 million was funded by borrowing. Total internal capital debt outstanding at 31 March 2014 was £499.6 million.

The outstanding liabilities on the PPP contracts, referred to in Section 6 above, are £71.638 million of which £1.778 million is shown under current liabilities and £69.860 million under long term liabilities. Details of the annual costs of these contracts are shown in Note 36.

9. PENSION RESERVE AND IAS 19

The pensions accounting standard IAS 19 is fully adopted in the accounts and details are available in Statement 8 Note 1 on accounting policies. The requirement to recognise the Council's share of the net liabilities of the Lothian Pension Fund in the balance sheet has resulted in a Pension Reserve debit balance of £195.595 million at 31 March 2014 (£164.504 million 31 March 2013).

The deficit has increased due to falling real bond yields. However this has been partially offset by investment returns being greater than expected.

The negative reserve does not impact on the Council's available resources.

The figures presented in the actuary's valuation are prepared only for the purposes of IAS 19 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, and have no impact on the employers' pension contribution rate.

10. GROUP ACCOUNTS

Local authorities are required to consider their interests in all types of entity, including companies, joint ventures and statutory bodies such as Police, Fire and Valuation Boards. Where they have a material interest in such entities, authorities are required to prepare a full set of group accounts in addition to their own Council's accounts.

The Council does not have any subsidiary companies but the following are deemed to be associates under group accounts guidance: West Lothian Leisure Ltd, the Lothian and Borders Police and Fire Boards and the Lothian Valuation Board. In addition the Council has a 50% holding in West Lothian Recycling Ltd. Full details of the group accounts are on pages 63 to 69.

The Police and Fire Reform (Scotland) Act 2012 received royal assent on 7 August 2012. Responsibility for Police and Fire and Rescue Services transferred from local government to new central government bodies effective from 1 April 2013. This change has been reflected in the Group Accounts for 2013/14.

FOREWORD TO THE STATEMENT OF ACCOUNTS

by Donald Forrest, Head of Finance and Estates

11. FUTURE DEVELOPMENTS

The financial parameters for the council for the five years from 2013/14 to 2017/18 were set out in the Delivering Better Outcomes (DBO) consultation that was undertaken in Autumn 2012.

Following this consultation, the council agreed an approach to developing a financial strategy up to 2017/18 incorporating eight priorities and nine workstreams. The agreed priorities provide a clear road map as to how budgets have to be managed.

On 19 December 2013, the Council agreed a revenue budget for 2014/15 of £375.040 million, which included budget reduction measures of £7 million. Progress on delivering these savings will be reported to Council Executive at quarterly intervals in 2014/15, as part of the revenue budget monitoring.

On 19 June 2014, the Council Executive considered an updated Revenue Budget Strategy 2015/16 to 2017/18 report. This report set out an update on the council's budget model based on latest funding and expenditure assumptions. An assessment has been made that the council will be required to deliver budget reductions of £30.4 million over the years 2015/16 to 2017/18.

The Council Executive agreed on 19 June 2014 that officers will develop draft budget measures for the three years 2015/16 to 2017/18 based on the detailed responses received from the DBO consultation. Council Executive also agreed that a further engagement exercise with stakeholders will be undertaken between October and November 2014. The engagement exercise will focus on the detailed measures within the context of other planning factors such as funding restrictions and council priorities and workstreams.

Following the completion of the engagement exercise, consideration of the feedback and responses will be presented to the relevant Policy Development and Scrutiny Panels (PDSP's) in December 2014.

Following the conclusion of this process, Council Executive has agreed that a three year revenue budget strategy for 2015/16 to 2017/18, and a detailed 2015/16 revenue budget should be presented to Council for consideration.

12. AUDIT

The Accounts have been audited and the Independent Auditor's Report is on Page 1.

13. ACKNOWLEDGEMENTS

The control of budgets to maximise the effectiveness of limited resources could not take place without the support of colleagues and staff throughout the Council and this is gratefully acknowledged.

I would also like to express my appreciation to staff in Finance and Estates for their high level of commitment and performance during the year.

14. FURTHER INFORMATION

Further information on the Accounts or on the Council's general finances can be obtained from Finance and Estates Services, West Lothian Civic Centre, Howden South Road, Livingston, EH54 6FF.

STATEMENT OF RESPONSIBILITIES**STATEMENT 1****THE AUTHORITY'S RESPONSIBILITIES**

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance and Estates;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts at a meeting held within two months of receipt of the audit certificate.

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance and Estates is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this statement of accounts the Head of Finance and Estates has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Head of Finance and Estates has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- submitted the unaudited statement of accounts to the authority and the Controller of Audit by 30 June.

The Statement of Accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2014.



Donald Forrest CPFA
Head of Finance and Estates
29 September 2014

This statement assures stakeholders on the adequacy of corporate governance arrangements within West Lothian Council.

SCOPE OF RESPONSIBILITY

West Lothian Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Furthermore, sound governance arrangements are essential in fulfilling the statutory duty to secure Best Value.

In discharging this accountability, elected members and senior officers are responsible for stewardship of resources and governance of the council's affairs. To this end, the council has in place a Code of Corporate Governance based on a CIPFA/SOLACE framework, as well as management and reporting arrangements to ensure the Code is adhered to.

The code is built around six governance principles:

- Focusing on the purpose of the authority, outcomes for the community and a vision for the local area;
- Elected members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the council and demonstrating good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of elected members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

A copy of the code's standards is contained in Appendix 1 to the annual report for 2013/14 and is on the council website at:

<http://coins.westlothian.gov.uk/coins/submissiondocuments.asp?submissionid=23254>

or can be obtained from the Chief Executive's Office, West Lothian Civic Centre, Howden South Road, Livingston, West Lothian, EH54 6FF.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the council is directed and controlled and the activities through which it is accountable to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The governance framework has been in place at West Lothian Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

The Code of Corporate Governance is supported by evidence of compliance which is reviewed on an annual basis and is available for inspection.

The system of internal control is a significant part of the governance framework and is based on an ongoing process designed to identify risks to the achievement of the council's objectives, to evaluate the likelihood of those risks occurring and to consider the potential impact of the risks and to manage them effectively. Internal controls cannot eliminate all risk of failure to achieve objectives and can only provide reasonable and not absolute assurance.

ANNUAL GOVERNANCE STATEMENT**STATEMENT 2**

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, including segregation of duties, management supervision, audit and governance committee scrutiny and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council. Key elements include:

- A comprehensive budgeting and monitoring framework;
- Scrutiny of periodic and annual financial and operational performance reports;
- Performance management information;
- A documented internal control framework relating to financial processes, procedures and regulations;
- Project management disciplines.

The Audit and Risk Management Unit is an independent appraisal function which examines and evaluates systems of financial and non-financial control. The Audit and Risk Management Unit operates in accordance with the Public Sector Internal Audit Standards. An annual audit plan is prepared based on an assessment of risk. Internal audit reports are issued in the name of the Audit and Risk Manager who has the right, when deemed necessary, of direct access to the Chief Executive. The council has established an Audit and Governance Committee which monitors the independence and effectiveness of internal audit, and the Audit and Risk Manager prepares an annual report to the Committee which provides an independent opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

REVIEW OF EFFECTIVENESS

The Chief Legal Officer reports annually to the Council Executive on compliance with the Code of Corporate Governance. The Chief Solicitor chairs a working group that is responsible for overseeing the operation of corporate governance in practice. During 2013/14 a Governance and Risk Board was established to further strengthen governance arrangements. Within each service area, Governance Champions have been trained to monitor compliance with the Code. The council's performance system, Covalent, along with a scoring methodology are used to monitor progress against each of the requirements of the Code. The annual report for 2013/14 is available on the council website at:

<http://coins.westlothian.gov.uk/coins/submissiondocuments.asp?submissionid=23254>

The Audit and Risk Manager independently reviews the adequacy, effectiveness and extent of compliance with the Code and conducts an annual review of agreed elements of the Code. Based on 2013/14 audit work undertaken during the year, the Audit and Risk Manager is of the opinion that the council's governance, risk and control framework is generally sound. Any recommendations resulting from a review of compliance with the council's corporate Guidance on Partnership Working, will be taken forward by the Corporate Governance Working Group in 2014/15. Internal audit also undertook a follow up of the 2012/13 audit of arrangements for reporting on the activities of significant outside bodies, and/or those with elected member representation, and although the review identified that some improvements to reporting arrangements were still required, reminders to Heads of Service were issued which resulted in all relevant reporting requirements being met.

As well as ensuring there are proper systems and procedures in place, the working group also focuses on enhancing the quality of these systems and procedures and verifying their deployment throughout the Council. The evidence in the annual report for 2013/14 indicates arrangements for corporate governance have operated well.

On the basis of reports by the Chief Legal Officer and the Audit and Risk Manager, it can be concluded that governance arrangements are operating satisfactorily within West Lothian Council and the requirements of the local Code of Corporate Governance continue to be substantially met. Effective governance arrangements will remain a key priority for the council in future, including review and improvement as appropriate.

West Lothian Council's financial management arrangements conform to the requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010).

SIGNIFICANT GOVERNANCE ISSUES

Audit Scotland reported as part of their 2012/13 audit that overall governance arrangements in the council were adequate and no material weaknesses in the accounting and internal control systems were identified during the audit. They were satisfied that the disclosures in the Annual Governance Statement were in line with CIPFA guidance, Delivering Good Governance in Local Government, and the adequacy of relevant processes.

The Corporate Governance Working Group considered the annual statements of compliance made by the relevant responsible officer on a number of issues, as well as assessment results on each element of the Code. It concluded that the governance standards of the Code were substantially met in 2013/14. In 2014/15, the Corporate Governance Working Group will pursue the following activities to ensure governance requirements are given appropriate attention:

- A review, with Governance Champions, to ensure the consistent application of evidence across service areas and an investigation into the possibility of streamlining the scoring system;
- Implementation of any Internal Audit recommendations on compliance with the Partnership Working Guidance approved by Council Executive;
- Benchmarking of the council's approach to corporate governance with other councils.

It can be concluded that there is evidence that compliance with the standards of the council's Code of Corporate Governance has been strengthened during 2013/14 and the Code's standards continued to be substantially met in 2013/14. The council will continue to take steps in 2014/15 to further enhance our governance arrangements. We are satisfied that this will address the need for improvements that were identified in the review of effectiveness and the implementation and operation will be monitored as part of our next annual review.



Graham Hope
Chief Executive

29 September 2014



Councillor John McGinty
Leader of the Council

REMUNERATION REPORT**STATEMENT 3****1. INTRODUCTION**

In accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2011, West Lothian Council is required to prepare a Remuneration Report to disclose remuneration information and details of West Lothian Council's remuneration policy for "relevant persons". The Regulations define "relevant persons" as senior councillors and senior employees.

All information disclosed in the tables at paragraphs 2.3, 2.4, 3.2, 3.3, 3.4, 4.2, 4.3 and 4.4 in this Remuneration Report will be audited by Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

2. COUNCIL LEADER, PROVOST AND SENIOR COUNCILLORS**2.1 Remuneration Policy**

The remuneration of 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 Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2013/14 the salary for the Leader of West Lothian Council was £32,795. The Regulations permit the council to remunerate one Provost and set out the maximum salary that may be paid to the Provost. For 2013/14 the salary of the Provost of West Lothian Council was £24,596. The Council's Scheme of Elected Members Remuneration, Allowances and Reimbursement of Expenses 2013/14 sets the level of payment in accordance with the regulations at the national maximum.

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 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the council for remuneration of all of its Senior Councillors shall not exceed £286,957. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

In 2013/14 (2012/13) West Lothian Council had 11 senior councillors and the basic salary paid to these councillors totalled £270,556 (£264,000). 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 Scheme of Elected Members Remuneration, Allowances and Reimbursement of Expenses which sets out details of the salary parameters for all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the Council Executive on 12 March 2013 and is available at www.westlothian.gov.uk.

2.2 Remuneration Policy - Convenors and Vice Convenors for Police and Fire Functions and Joint Boards

In addition to the Senior Councillors of the Council the Regulations also set out the remuneration payable to councillors with the responsibility of a convenor or a vice-convenor of a Joint Board. The Regulations require the remuneration to be paid by the Council of which the convenor or vice-convenor is a member. The Council is also required to pay any pension contributions arising from the convenor or vice-convenor being a member of the Local Government Pension Scheme.

The Police and Fire Reform (Scotland) Act 2012 came into effect on the 1 April 2013. The act transfers responsibility for the provision of police and fire functions from local authorities to the newly formed Scottish Police Authority (SPA) and the Scottish Fire and Rescue Service (SFRS) with effect from 1 April 2013. Police and fire joint boards were therefore wound up at 31 March 2013.

In 2012/13 the amount recharged to Lothian and Borders Police Board was £2,008 in respect of Councillor J Muir (1 April 2012 to 10 May 2012).

In 2012/13 the amount recharged to Lothian and Borders Fire and Rescue Boards was £346 in respect of Councillor E Glass (1 April 2012 to 3 May 2012) and £9,627 in respect of Councillor D Dodds (29 June 2012 to 31 March 2013).

In 2013/14 (2012/13) the amount recharged to Lothian Valuation Joint Board in respect of Councillor B Robertson was £3,045 (2012/13 £666 for period 1 February 2013 to 31 March 2013).

All West Lothian Councillor payments were in respect of vice-convenor positions.

REMUNERATION REPORT**STATEMENT 3****2.3 Council Leader, Provost and Senior Councillors Remuneration**

The following table provides details of the remuneration paid to the Council's Senior Councillors and remuneration paid to councillors with the responsibility of a convenor or vice-convenor of a Joint Board during 2013/14:-

Name	Post Title	Total Remuneration 2013/14 £	Total Remuneration 2012/13 £
Council Leader, Provost and Senior Councillors payments from 1 April 2012 to 3 May 2012			
F Anderson	Executive Post - Services for the Community (Depute Leader)	-	2,294
J Cochrane	Chair Licensing Board and Licensing Committee	-	2,294
C John	Chair of Performance Committee and Audit Committee	-	2,294
W Boyle	Executive Post - Voluntary Organisations	-	2,294
M Day	Executive Post - Development and Transport	-	2,294
R De Bold	Executive Post - Environment	-	2,306
J Dickson	Depute Provost / Chair Development Control Committee	-	2,294
E Glass	Executive Post - Health and Care; Lothian and Borders Fire and Rescue	-	2,580
I Hutton	Executive Post - Social Policy	-	2,294
P Johnston	Leader of Council, Executive Post - Policy and Resources	-	3,058
A Miller	Executive Post - Education	-	2,294
J Walker	Executive Post - Culture and Leisure	-	2,299
J Muir	Lothian and Borders Police Board	-	2,742
Council Leader, Provost and Senior Councillors			
T Kerr	Provost (Civic Leader)	24,596	24,487
A Boyle	Chair Licensing Board and Licensing Committee	24,596	21,706
H Cartmill	Chair of Audit and Governance Committee	24,596	21,706
T Conn	Executive Post – Environmental	24,596	21,706
A Davidson	Chair Development Management Committee	24,596	21,706
J Dixon	Executive Post – Voluntary Organisations	24,596	21,770
L Fitzpatrick	Executive Post – Education	24,596	21,706
D King	Executive Post – Culture and Leisure (Depute Provost)	24,596	21,850
D Logue	Executive Post – Social Policy	24,596	21,706
J McGinty	Leader of Council	32,795	28,940
A McMillan	Executive Post – Health and Care	24,596	21,706
C Muldoon	Executive Post – Development and Transport (Depute Leader)	24,596	21,706
G Paul	Executive Post – Services for the Community	24,596	22,224
D Dodds	Lothian and Borders Fire and Rescue	-	22,885
B Robertson	Lothian and Borders Joint Valuation	19,441	14,977
Total		347,388	362,118

With the exception of matters reserved to the full council or remitted to committees for consideration, the Council Executive has universal decision making powers and has 12 members, of which eight councillors and the Leader of the Council have been appointed with responsibility for Executive Posts.

The amount recharged to Lothian Valuation Joint Board in 2013/14 was £3,045 in respect of Councillor B Robertson (2012/13 £666 1 February 2013 to 31 March 2013).

Councillors D Dodds and B Robertson have been included due to the additional responsibility they have or have had during 2012/13 as vice convenors of their respective Joint Boards.

REMUNERATION REPORT**STATEMENT 3****2.4 Total Councillors Remuneration**

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

Type of Remuneration

Salaries
Allowances
Expenses
Total

2013/14 £'000	2012/13 £'000
656	643
14	19
27	33
697	695

The annual return of Councillors' salaries and expenses for 2013/14 is available for any member of the public to view at all Council Information Services Offices and Libraries during normal working hours and is also available on the council's website at

<http://www.westlothian.gov.uk/media/downloadaddoc/2354709/2364465/ElectedMembersRemerationExps>

3. SENIOR EMPLOYEES**3.1 Remuneration Policy**

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish Local Authorities. Circular CO/146 sets the amount of salary for the Chief Executive of West Lothian Council for the period 2013 to 2015.

The salaries of the Deputy Chief Executives are based on the nearest point on the national spinal column for Chief Officers which equates to 87 per cent of the Chief Executive's salary of three spinal column points, Heads of Service are paid across two pay grades of three spinal column points. These pay grades are based on the nearest point on the national spinal column for Chief Officers which equates to one pay grade of 65 per cent and one of 72 per cent of the Chief Executives salary. Placing on the pay grade for Heads of Service is based on the outcome of a job evaluation exercise.

These pay arrangements were agreed through approval of the Organisational Review Report at a meeting of the Policy, Partnership and Resources Committee on 6 February 2002.

The Deputy Chief Executive/Director of West Lothian CHCP is a joint appointment and the terms and conditions, including pay for the post, are set by NHS Lothian, who employ the post holder directly.

3.2 Senior Employees Remuneration

The senior employees included in the table include any local authority employee:

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the council.
- Who holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989, or
- Whose annual remuneration is £150,000 or more.

REMUNERATION REPORT

STATEMENT 3

3.2. Senior Employees Remuneration (Continued)

The full year equivalent salary has been provided for senior employees who have been in post for part year during 2013/14.

Name and Post Title	Full Year Equivalent Salary £	Total Remun 2013/14 ⁹ £	Total Remun 2012/13 £
G Hope Chief Executive	-	129,102	127,824
J Forrest¹ Depute Chief Executive	90,435	45,217	39,372
J Hill² Depute Chief Executive	111,525	9,293	111,525
M Niven Depute Chief Executive	-	112,641	108,087
D Forrest Head of Finance and Estates	-	91,827	90,918
J Jack Head of Operational Services	-	84,885	84,045
M Rankine³ Head of Education (Quality Assurance)	-	-	90,918
E Cook Head of Education (Quality Assurance)	-	91,827	89,190
G Struthers⁴ Depute Chief Executive	-	103,975	84,045
S Field Head of Area Services	-	84,885	84,045
A Gee⁵ Head of Housing, Construction and Building Services	-	-	9,744
A Shaw Head of Housing, Construction and Building Services	-	84,885	84,045
J Scott Head of Social Policy	-	91,827	90,918
C McCorrison⁶ Head of Planning and Economic Development	-	83,038	35,921
J Whitelaw⁷ Head of Corporate Services	81,411	79,875	-
J Cameron⁸ Head of Schools with Education Support	88,350	87,723	-
Total	-	1,181,000	1,130,597

- The Depute Chief Executive/Director of West Lothian CHCP, J Forrest, is remunerated by the National Health Service (NHS) with West Lothian contributing 50% of his total cost of employment. The total pension contribution paid by WLC in relation to J Forrest in 2013/14 (2012/13) is £6,104 (£5,309).
- Depute Chief Executive until 30 April 2013.
- Head of Education (Quality Assurance) until 31 March 2013.
- Appointed to Depute Chief Executive from 1 May 2013. Previous post Head of Corporate Services until 30 April 2013.
- Head of Housing, Construction and Building Services until 13 May 2012.
- Head of Planning and Economic Development from 22 October 2012.
- Appointed to Acting Head of Corporate Services from 1 May 2013.
- Appointed to Head of Schools with Education Support from 15 April 2013.
- There were no compensation payments for loss of employment or annual compensation payments in 2013/14.

REMUNERATION REPORT

STATEMENT 3

3.3 Employee Information by Pay Band

The number of officers whose remuneration, including benefits, in the year were £50,000 or more is detailed below:-

Remuneration Bands	Number of Employees	
	2013/14	2012/13
£50,000 - £54,999	87	82
£55,000 - £59,999	36	31
£60,000 - £64,999	11	11
£65,000 - £69,999	6	7
£70,000 - £74,999	2	4
£75,000 - £79,999	6	3
£80,000 - £84,999	4	4
£85,000 - £89,999	1	1
£90,000 - £94,999	3	3
£95,000 - £99,999	-	-
£100,000 - £104,999	2	-
£105,000 - £109,999	-	1
£110,000 - £114,999	1	1
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	1	1
Total	160	149

3.4 Employee Exit Packages

The number of employee exit packages with total cost per band is set out in the table below. There were no compulsory redundancies in 2012/13 or 2013/14.

Exit package cost band	Number of employee exit packages agreed		Total cost of employee exit packages in each band	
	2013/14	2012/13	2013/14 £'000	2012/13 £'000
£0 - £20,000	19	17	229	176
£20,001 - £40,000	10	5	295	135
£40,001 - £60,000	7	2	332	86
£60,001 - £80,000	0	1	0	68
£80,001 - £100,000	1	1	82	87
£100,001 - £150,000	3	-	372	-
Total	40	26	1,310	552

4. PENSIONS

4.1 Local Government Pension Scheme Details (LGPS)

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or 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 the career average pay. This is the value used to calculate the pension benefits.

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 that person has been a member of 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. Prior to 2009 contribution rates were set at 6% for all non manual employees.

The members contribution rates for 2013/14 remain at the 2012/13 rates, however the tiers have changed as follows:

REMUNERATION REPORT**STATEMENT 3****4.1 Local Government Pension Scheme Details (LGPS) (Continued)**

Whole time pay	Range 2013/14	Range 2012/13	Contribution rate 2013/14	Contribution rate 2012/13
On earnings up to and including	£19,800	£19,400	5.5%	5.5%
On earnings above	£19,800 and up to £24,200	£19,400 and up to £23,700	7.25%	7.25%
On earnings above	£24,200 and up to £33,200	£23,700 and up to £32,500	8.5%	8.5%
On earnings above	£33,200 and up to £44,200	£32,500 and up to £43,300	9.5%	9.5%
On earnings above	£44,200	£43,300	12.0%	12.0%

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 pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

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 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

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 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; and without any adjustment for the effects of future inflation.

REMUNERATION REPORT

STATEMENT 3

4.2 Pension Benefits Senior Councillors - Local Government Pension Scheme (LGPS)

The pension entitlements of Senior Councillors for the year to 31 March 2014 are shown in the table below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

		In-year pension contributions		Accrued pension benefits			
		For year to 31 March 2014	For year to 31 March 2013	As at 31 March 2014		Difference from 31 March 2013	
Name	Post Title	£	£	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000
Senior Councillor contributions to 3 May 2012							
F Anderson	Executive Post - Services for the Community	-	3,701	-	-	2	2
C John	Chair of Performance and Audit Committee	-	3,468	-	-	2	1
W Boyle	Executive Post - Voluntary Organisations	-	3,468	-	-	2	2
M Day	Executive Post - Development and Transport	-	3,468	-	-	2	2
R De Bold	Executive Post - Environment	-	3,505	-	-	2	2
J Dickson	Chair Development Control Committee	-	3,468	-	-	2	2
E Glass	Executive Post - Health and Care (until 3 May 2012)	-	526	-	-	2	10
I Hutton	Executive Post - Social Policy	-	3,468	-	-	2	2
P Johnston	Leader of Council, Executive Post - Policy and Resources	-	3,624	-	-	3	2
A Miller	Executive Post - Education	-	3,507	-	-	2	2
J Walker	Executive Post - Culture and Leisure	-	3,482	-	-	3	2
J Muir	Lothian and Borders Police Board	-	3,559	-	-	3	2
Senior Councillor contributions from 10 May 2012							
T Kerr	Provost (Civic Leader)	5,017	5,043	3	2	-	-
A Boyle	Chair Licensing Board and Licensing Committee	5,017	4,476	1	-	-	-
H Cartmill	Chair of Audit and Governance Committee	5,017	4,476	1	-	-	-
T Conn	Executive Post – Environmental	5,017	4,788	2	1	-	-
L Fitzpatrick	Executive Post – Education	5,017	4,788	2	1	-	-
D King	Executive Post – Culture and Leisure (Depute Provost)	5,017	4,817	2	1	-	(1)
D Logue	Executive Post – Social Policy	5,017	4,788	2	1	-	-
A McMillan	Executive Post – Health and Care	5,017	4,476	1	-	1	-
C Muldoon	Executive Post – Development and Transport (Depute Leader)	5,017	4,788	2	1	-	-
G Paul	Executive Post – Services for the Community	5,017	4,894	2	1	-	(1)
B Robertston	Lothian and Borders Joint Valuation	3,965	3,103	1	-	1	-
Total		54,135	89,681	19	8	29	29

All senior Councillors shown in the tables above are members of the LGPS.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current appointment.

Councillors A Davidson, J Dixon and J McGinty are not members of the LGPS. All Councillors under 75 years of age are eligible for participation in the LGPS.

REMUNERATION REPORT

STATEMENT 3

4.3 Pension Benefits Senior Employees - Scottish Public Pensions Agency (SPPA)

The Scottish Teachers' Superannuation Scheme (STSS) is a contributory scheme administered by the SPPA on behalf of the Scottish Ministers. It is a defined benefit final salary scheme. The members' contribution rates are based on a tiered contribution rate as detailed in the table below.

Whole time pay	Range 2013/14	Range 2012/13	Contribution rate 2013/14	Contribution rate 2012/13
On earnings up to and including	£14,999	£14,999	6.4%	6.4%
On earnings above	£15,000 and up to £25,999	£15,000 and up to £25,999	7.0%	7.0%
On earnings above	£26,000 and up to £31,999	£26,000 and up to £31,999	7.9%	7.3%
On earnings above	£32,000 and up to £39,999	£32,000 and up to £39,999	8.8%	7.6%
On earnings above	£40,000 and up to £44,999	£40,000 and up to £74,999	9.2%	8.0%
On earnings above	£45,000 and up to £74,999	£40,000 and up to £74,999	10.1%	8.0%
On earnings above	£75,000 and up to £99,999	£75,000 and up to £111,999	10.6%	8.4%
On earnings above	£100,000 and above	£112,000 and above	11.2%	8.8%

The senior employees shown in the table below are members of the SPPA. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

		In-year pension contributions		Accrued pension benefits			
		For year to 31 March 2014	For year to 31 March 2013	As at 31 March 2014		Difference from 31 March 2013	
Name	Post Title	£	£	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000
M Rankine ¹	Head of Education (Quality Assurance)	-	13,546	-	-	44	133
Total		-	13,546	-	-	44	133

1. Head of Education (Quality Assurance) until 31 March 2013

REMUNERATION REPORT

STATEMENT 3

4.4 Pension Benefits Senior Employees - Local Government Pensions Scheme (LGPS)

The pension entitlements of Senior Employees who are members of the LGPS for the year to 31 March 2014 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

		In-year pension contributions		Accrued pension benefits			
		For year to 31 March 2014	For year to 31 March 2013	As at 31 March 2014		Difference from 31 March 2013	
Name	Post Title	£	£	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000
G Hope	Chief Executive	26,336	26,076	46	105	3	1
J Hill ¹	Depute Chief Executive	1,895	22,751	55	143	-	-
M Niven	Depute Chief Executive	22,978	22,050	53	131	4	5
D Forrest	Head of Finance and Estates	18,732	18,547	30	68	2	1
J Jack	Head of Operational Services	17,316	17,145	31	72	2	1
E Cook	Head of Education (Quality Assurance)	18,732	18,195	39	-	3	-
G Struthers ²	Depute Chief Executive	21,211	17,145	34	76	8	14
S Field	Head of Area Services	17,316	17,145	37	89	2	1
A Gee ³	Head of Housing, Construction and Building Services	-	1,988	-	-	(34)	(88)
A Shaw	Head of Housing, Construction and Building Services	17,316	17,145	42	107	1	1
J Scott	Head of Social Policy	18,732	18,547	26	56	1	-
C McCorrison	Head of Planning and Economic Development	16,939	14,379	30	70	5	10
J Whitelaw ⁴	Head of Corporate Services	16,294	-	19	37	19	37
J Cameron ⁵	Head of Schools with Education Support	17,209	-	53	-	53	-
Total		231,006	211,113	495	954	69	(17)

1. Depute Chief Executive until 30 April 2013.
2. Appointed to Depute Chief Executive from 1 May 2013. Previous post Head of Corporate Services until 30 April 2013.
3. Head of Housing, Construction and Building Services until 13 May 2012.
4. Appointed to Acting Head of Corporate Services from 1 May 2013.
5. Appointed to Head of Schools with Education Support from 15 April 2013.



Graham Hope
Chief Executive
29 September 2014



Councillor John McGinty
Leader of the Council

MOVEMENT IN RESERVES STATEMENT**STATEMENT 4****PURPOSE**

This statement shows the movement in the year on the different reserves held by the authority categorised into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' accounting reserves. The deficit on the provision of services shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account (HRA) for council tax setting and dwellings rent setting purposes. The net increase/decrease before transfers to Other Statutory Reserves line shows the statutory General Fund and HRA surplus or deficit for the year before any discretionary transfers to or from Other Statutory Reserves undertaken by the Council.

**MOVEMENT IN RESERVES STATEMENT
AS AT 31 MARCH 2014**

	Note	General Fund £'000	HRA £'000	Revenue Statutory Funds £'000	Capital Statutory Funds £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2012		19,574	926	9,851	68,108	98,459	658,393	756,852
Movement in Reserves during 2012/13								
Surplus (Deficit) on the provision of services		(11,374)	(12,658)	-	-	(24,032)	-	(24,032)
Other comprehensive income and expenditure	8	-	-	-	-	-	(31,762)	(31,762)
Total comprehensive income and expenditure		(11,374)	(12,658)	-	-	(24,032)	(31,762)	(55,794)
Adjustments between accounting basis and funding basis under regulations	7	28,879	12,658	-	(3,219)	38,318	(38,318)	-
Net increase (decrease) before transfers to other statutory reserves		17,505	-	-	(3,219)	14,286	(70,080)	(55,794)
Transfers to / (from) other statutory reserves	9	(11,867)	-	2,418	9,449	-	-	-
Increase (decrease) in year		5,638	-	2,418	6,230	14,286	(70,080)	(55,794)
Balance at 31 March 2013 (Restated)		25,212	926	12,269	74,338	112,745	588,313	701,058
Movement in Reserves during 2013/14								
Surplus (Deficit) on the provision of services		(36,002)	(8,748)	-	-	(44,750)	-	(44,750)
Other comprehensive income and expenditure	8	-	-	-	-	-	2,477	2,477
Total comprehensive income and expenditure		(36,002)	(8,748)	-	-	(44,750)	2,477	(42,273)
Adjustments between accounting basis and funding basis under regulations	7	40,229	8,748	-	(2,274)	46,703	(46,703)	-
Net increase (decrease) before transfers to other statutory reserves		4,227	-	-	(2,274)	1,953	(44,226)	(42,273)
Transfers (to) / from other statutory reserves	9	(6,868)	-	(76)	6,944	-	-	-
Increase (decrease) in year		(2,641)	-	(76)	4,670	1,953	(44,226)	(42,273)
Balance at 31 March 2014		22,571	926	12,193	79,008	114,698	544,087	658,785

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**STATEMENT 5****PURPOSE**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2013/14			2012/13 Restated		
		Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Education Services		209,569	7,461	202,108	191,042	7,587	183,455
Housing		69,398	58,055	11,343	70,858	59,421	11,437
Cultural and Related Services		34,229	3,573	30,656	29,444	3,226	26,218
Environmental Services		23,798	2,730	21,068	24,097	2,781	21,316
Fire Services		-	-	-	6,143	-	6,143
Roads and Transport Services		21,666	1,557	20,109	23,297	1,149	22,148
Police Services		-	-	-	14,138	520	13,618
Planning and Development Services		18,044	9,812	8,232	15,459	5,232	10,227
Social Work		103,955	20,792	83,163	96,674	19,198	77,476
Joint Valuation Board		1,143	-	1,143	1,143	-	1,143
Central Services		12,180	8,995	3,185	10,622	8,779	1,843
Corporate and Democratic Core		5,639	73	5,566	4,998	62	4,936
Non-Distributed Costs		590	-	590	275	-	275
Net Cost of General Fund Services		500,211	113,048	387,163	488,190	107,955	380,235
Housing Revenue Account		44,786	41,303	3,483	48,987	41,233	7,754
Net Cost of Services		544,997	154,351	390,646	537,177	149,188	387,989
Other Operating Expenditure	10	(1,373)	-	(1,373)	(802)	-	(802)
Finance and Investment Income and Expenditure	11	64,635	34,623	30,012	67,589	34,214	33,375
Taxation and Non-Specific Grant Income	12	-	374,535	(374,535)	-	396,530	(396,530)
(Surplus) or Deficit on Provision of Services		608,259	563,509	44,750	603,964	579,932	24,032
Items that will not be reclassified to the (surplus) / Deficit on the Provision of Services							
(Surplus) / Deficit on revaluation of property, plant and equipment				(22,902)			7,264
Actuarial (gains) / losses on pension assets and liabilities				20,488			24,467
Items that may be reclassified to the (Surplus) / Deficit on the Provision of Services				(2,414)			31,731
(Surplus) / Deficit on revaluation of available for sale financial assets				(63)			31
Other Comprehensive Income and Expenditure				(2,477)			31,762
Total Comprehensive Income and Expenditure				42,273			55,794

BALANCE SHEET		STATEMENT 6	
PURPOSE	The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. The first category of reserves are usable reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Fund that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes 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 are adjustment accounts that absorb the differences between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.		
LONG TERM ASSETS	Note	As at 31 March 2014 £'000	As at 31 March 2013 £'000
Property, Plant and Equipment	13		
- Council Dwelling		452,983	439,711
- Other Land and Buildings		649,695	652,328
- Vehicles, Plant, Furniture and Equipment		16,443	17,106
- Infrastructure Assets		193,843	186,114
- Community Assets		592	298
- Assets under construction		6,266	12,954
- Surplus Assets, not yet held for disposal		25,526	25,569
- Heritage Assets	13.10	677	677
Long Term Investments	14.1	1,346,025	1,334,757
Long Term Debtors	15	223	160
		1,594	1,812
TOTAL LONG TERM ASSETS		1,347,842	1,336,729
CURRENT ASSETS			
Short Term Investments	14	85,436	101,476
Inventories	16	1,452	1,350
Short Term Debtors	17	30,952	34,233
Cash and Cash Equivalents	27	31,419	11,980
TOTAL CURRENT ASSETS		149,259	149,039
CURRENT LIABILITIES			
Short Term Borrowing	14	(105,698)	(94,595)
Short Term Creditors	18	(70,061)	(67,990)
Provisions	19	(1,620)	(433)
TOTAL CURRENT LIABILITIES		(177,379)	(163,018)
NET CURRENT ASSETS (LIABILITIES)		(28,120)	(13,979)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,319,722	1,322,750
LONG TERM LIABILITIES			
Long Term Creditors	20	(1,580)	(1,754)
Long Term Borrowing	14	(393,902)	(383,796)
Defined Benefit Scheme Liability	21	(195,595)	(164,504)
Other Long Term Liabilities	20	(69,860)	(71,638)
TOTAL LONG TERM LIABILITIES		(660,937)	(621,692)
TOTAL NET ASSETS		658,785	701,058
Financed by:			
USABLE RESERVES			
General Fund Balance	35	22,571	25,212
HRA Balance		926	926
Capital Fund	22.2	79,008	74,338
Insurance Fund	22.1	12,193	12,269
TOTAL USABLE RESERVES		114,698	112,745
UNUSABLE RESERVES	23	544,087	588,313
TOTAL RESERVES		658,785	701,058

The unaudited accounts were issued on 23 June 2014 and the audited accounts were authorised for issue on 29 September 2014.

Donald Forrest

CASH FLOW STATEMENT**STATEMENT 7****PURPOSE**

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

	Note	2013/14 £'000	Restated 2012/13 £'000
Net Surplus or (Deficit) on the provision of services		(44,750)	(24,032)
Adjust net surplus or deficit on the provision of services for non cash movements	24	94,374	80,802
Net cash flows from Operating Activities		49,624	56,770
Net cash flows from Investing Activities	25	(50,927)	(74,106)
Net cash flows from Financing Activities	26	20,742	7,306
Net increase (decrease) in cash and cash equivalents		19,439	(10,030)
Cash and cash equivalents at the beginning of the reporting period		11,980	22,010
Cash and cash equivalents at the end of the reporting period	27	31,419	11,980

1. ACCOUNTING POLICIES**General**

The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (The Code) and the Service Reporting Code of Practice 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounts for 2012/13 have been restated to account for revisions to the SeRCOP analysis following a full internal review and also to reflect the changes to IAS 19 – Employee Benefits. The differences between the previous audited accounts and the restated accounts are detailed in Notes 5 and 6 to the accounts.

The change is of a technical accounting nature and there has been no change in the usable financial reserves of the Council.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of property, plant and equipment.

Revenue Transactions

The Revenue Accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice. That is, sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year. Provision has been made for possible bad or doubtful debts in both the General Fund Account and Housing Revenue Account.

Property, Plant and Equipment - Valuation

All expenditure on the acquisition, creation or enhancement of property, plant and equipment has been capitalised on an accruals basis.

Property, plant and equipment have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use - apart from Vehicles, Plant, Furniture and Equipment, and Infrastructure Assets which are shown at depreciated historical cost. Assets under construction and Community Assets have been included at historical cost. Surplus assets not yet available for sale have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value.

Plant, furniture and computer equipment costing below £6,000 are not treated as long term assets but are charged to the revenue account. This de minimis limit does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

Council houses have been valued using a Beacon Principle in accordance with the Royal Institution of Chartered Surveyors (RICS) Guidance.

Valuations have been provided by the Council's Property Services and an external firm of chartered surveyors. Increases in valuations from 1 April 2007 have been credited to the Revaluation Reserve.

Property, Plant and Equipment - Capital Receipts

Receipts arising from the sale of property, plant and equipment are credited to the capital receipts reserve and used to finance new capital expenditure. These transactions are then credited to the capital adjustment account.

Property, Plant and Equipment - Depreciation

Assets, other than land, are being depreciated using the straight line method over their useful economic lives as follows:-

- Council dwellings	50 years
- Council dwellings (Fixtures)	27 years
- Operational buildings	20 - 50 years
- Plant and equipment (Other)	10 - 25 years
- Plant and equipment (Books)	3 - 10 years
- Motor vehicles	4 - 10 years
- Fixtures and fittings	3 - 10 years
- Infrastructure assets	40 years

No depreciation is provided on Community Assets, Assets under construction, Surplus Assets not yet available for sale and Heritage Assets.

Under International Accounting Standard 16 (IAS 16), where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Significance is determined by comparing the cost of components against the overall cost of the asset. Originally the significance threshold was set at £100,000 on assets with a value in excess of £1 million.

During 2013/14, the landfill sites, pitches, pavilions, sports land (golf courses, bowling greens, putting greens, running tracks and tennis courts) were revalued. In total, they were collectively deemed to be significant in terms of their overall asset value and as such depreciation was charged on a componentised basis for all properties revalued as part of those groups regardless of the value of the asset.

The current policy of quinquennial revaluation will remain. However, in line with the requirements of the Code, only assets which were acquired, enhanced or revalued in 2013/14 had their useful lives updated, thereby achieving progressive compliance over 5 years.

In the case of Council dwellings fixtures are depreciated over 27 years with the non fixture element of Council dwellings being depreciated over 50 years.

Property, Plant and Equipment - Revaluation

Where decreases in value are identified, they are accounted for by:-

- 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 that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

Property, Plant and Equipment - Impairment

Assets subject to revaluation that have suffered a reduction in value have been impaired. Where impairment losses are identified, they are accounted for as follows:

- 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 that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

Property, Plant and Equipment - Charges to Revenue

Service revenue accounts and the HRA have been charged with a capital charge for all property, plant and equipment assets used in the provision of the service. Such charges cover the annual provision for depreciation.

Heritage Assets

The Council's Heritage Assets are held in various locations throughout the authority, there are two main categories of asset:- Artworks and Sculptures and Civic Regalia which includes Precious Metals, Fabric Items and Robes. All other assets are included in the Miscellaneous Other category.

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

Artworks & Sculptures

The art collection includes paintings, sketches and marble busts. These assets are reported in the balance sheet at insurance value which is based on market value. Valuations are provided by an external valuer with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions. The assets within the artwork and sculpture collections are deemed to have indeterminate lives and a high residual value hence the Council does not consider it appropriate to charge depreciation.

There have been no acquisitions, donations or disposals during the previous 5 years. No Council owned additions to the Heritage Asset portfolio have been identified during the financial year 2013/14.

Civic Regalia

Civic regalia predominately relates to the Council's collection of Chains of Office worn by office bearers at ceremonial and civic events (Provost, Magistrates and Convenors).

These are reported in the balance sheet at insurance value which is based on market value. Following the full valuation of civic regalia in 2012, further formal valuations will be commissioned where it is considered that there could potentially be a material change in the value of the assets held. In the absence of such circumstances a formal revaluation will be carried out on a 5 yearly basis.

It would be exceptionally rare for the Council to purchase or dispose of, items of civic regalia.

Archives

These records include photographs, prints, negatives and slides, both original and copied from loans, recording the history of West Lothian.

These collections are not recognised on the balance sheet as cost information is not readily available and the Council believes that the benefits of obtaining the valuation for these items would not justify the cost. Nearly all the items are believed to have an immaterial value.

The majority of items within the collections have been acquired by donation over time.

Archaeology

The Council does not consider that reliable cost or valuation information can be obtained for the items held in its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently the Council does not recognise these assets on the balance sheet.

The council does not make any purchases of archaeological items.

Memorials, Monuments and Public Art

The authority holds and maintains memorials, public art and monuments of historic significance, some of which are tributes to the war dead. These are recognised on the balance sheet where there has been capital spend to improve or refurbish the assets. It is considered that there is a lack of available, comparable market values to establish a 'fair value'. Assets which have not had enhancing capital spend are not recognised on the balance sheet as information on historical cost is not available.

It is unlikely that the Council would procure such assets but is more likely to refurbish or enhance existing assets. In this respect, the cost of those works will be capitalised at cost.

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. It is likely that disposals of heritage assets will be made rarely. If this does occur, the proceeds of such items will be accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Improvement Grants

All expenditure on improvement and other grants is charged to revenue in the year the expenditure is incurred.

Government Grants

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account. Capital grants and contributions received to finance property, plant and equipment assets have been credited to the Comprehensive Income and Expenditure Account. They are reversed out of the General Fund Balance in the Movement in Reserves Statement and transferred to the Capital Adjustment Account.

Redemption of Debt

The Council operates a Consolidated Loans Fund under the terms of the Local Government (Scotland) Act 1975. All loans raised are paid into the fund. Capital payments made by services are financed from the Loans Fund and repaid over 30 years using the annuity method.

Premiums and discounts on debt rescheduling have been transferred to the Financial Instruments Adjustment Account and have been designated as statutory premiums and discounts under statutory guidance issued by the Scottish Government. The annual charge to the General Fund is managed by movements to and from the Financial Instruments Adjustment Account and the Movement on Reserves Statement.

Investments

Long-term investments, held in Lothian Buses Limited (Formerly Lothian Buses Plc), have been shown in the Balance Sheet at fair value, based on the current share price multiplied by the Council's share holding. Changes in fair value are balanced by an entry in the Available-for-sale Financial Instrument Reserve and the gain is recognised in the Comprehensive Income and Expenditure Account.

Other long-term investments, which are investments over 1 year and short-term investments, which are investments over three months, have been measured at cost.

Cash and Cash Equivalents

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

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.

Prior Period Adjustments

Prior Period Adjustments arise as a result of a change in accounting policy. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts. IAS 19 – Employee Benefits prior period adjustments are stated in Note 6 on page 29.

Financial Liabilities

Financial liabilities are carried in the balance sheet at amortised cost using the effective interest rate method. For market stepped Lenders Option Borrowers Option (LOBO) loans this involves calculation of the effective interest rate over the life of the loan. The difference between this and the actual interest paid to date on the loan is added to the carrying value of the loan. This increase in value of financial liabilities is offset by a corresponding debit to the Financial Instruments Adjustment Account.

Reserves

The Council operates the following reserves under Schedule 3 of the Local Government (Scotland) Act 1975.

General Fund - to ensure that sufficient funds are held in reserve to deal with the financial consequences of uncertain future events the Council has agreed that the uncommitted General Fund Balance will be a minimum of £2 million.

Insurance Fund - this is the funding mechanism for the control of insurable risk and includes premiums and self-funded insurance costs. The fund covers all known insurance liabilities and is independently valued every three years.

Repair and Renewal Fund - established to provide for infrastructure investment.

Capital Fund - established to ensure that, following the introduction of the CIPFA Prudential Code for Capital Finance in Local Authorities in April 2004, borrowing decisions and capital programme management are based on Best Value considerations. General Fund treasury management balances in any given year will normally be transferred to or from the Capital Fund. The balance in the Capital Fund at 31 March 2014 was £79.008 million.

Capital Receipts Reserve - the capital receipts reserve represents the balance of available receipts carried forward to fund future capital expenditure.

Revaluation Reserve

The Revaluation Reserve represents the net increase in the value of fixed assets as a result of these being shown in the Balance Sheet at revalued amounts rather than historical cost. The opening balance on the Revaluation Reserve at 1 April 2007 was zero. The balances on the former Fixed Asset Restatement Account and Capital Financing Account at 31 March 2007 were transferred into the Capital Adjustment Account.

This Account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation or impairment. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS

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Inventories

Stocks and stores held by the Council are recorded at average cost, with the exception of deer and Highland Cows which have been valued at net realisable value. The valuation is in accordance with IAS 2 - Inventories.

The use of average cost rather than lower of cost and net realisable value is a departure from the Code but is not considered material.

External Interest Payable and Loans Fund Interest

External interest has been calculated and charged to the Income and Expenditure Account on an amortised cost basis over the life of the loan. For the majority of loans this represents the interest amount payable for the year per the loan agreement. However, for stepped LOBO loans, this results in a difference between the coupon rate and the amount charged to the Income and Expenditure Account. This difference is removed from the General Fund by a transfer to the Financial Instruments Adjustment Account.

These accounting adjustments ensure that the loans fund interest is calculated and allocated to the Revenue Account in accordance with LASAAC Guidance Note No. 2.

Interest on revenue balances is allocated on the basis of the monthly balances held on the respective accounts.

Central Support Services

Time recording systems and number of employees have been used as the bases for allocating costs to direct services, with the exception of the following:-

- a) Administration Buildings - The number of employees based at each building.
- b) Central Telephone Service - Based on number of extensions.
- c) Central Postal and Messenger Services - Based on actual usage.
- d) HR Pay and Reward – based on employee numbers within each Service.

Central Support Services allocated to the HRA is a fixed amount agreed at the start of the financial year.

Corporate and Democratic Core

In accordance with CIPFA Guidance the costs of corporate and democratic core and of non distributed costs have not been allocated to Services but gathered together and separately identified in the Comprehensive Income and Expenditure Statement.

Finance Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lesser to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, these elements are considered separately for classification.

Assets acquired under finance leases have been capitalised together with a liability to pay outstanding rentals. Payments have been apportioned between the finance charge and the reduction of the outstanding obligation, with the finance charge being allocated and charged to revenue over the term of the lease.

Employee Benefits

An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

Public Private Partnership (PPP)

The treatment of PPP contracts, under International Financing Reporting Standards (IFRS) looks at aspects of control of an asset, such as specifying services and the price paid for these services. The PPP schools are recognised as property assets, with recognition of a liability for the financing of these assets. The unitary charge paid to the PPP contractor is allocated between operating costs, finance lease principal and interest, and any capitalised lifecycle costs.

Operating Leases

Current annual operating lease rentals have been charged to revenue.

Non Domestic Rates (NDR)

National Non-domestic Rate debtors were previously shown on local authority balance sheets as debtors of the authority. Following a review of all types of local taxation, CIPFA/LASAAC concluded that local authorities act as the agent of the Government when collecting NDR. The Code requires local authorities not to recognise NDR debtors in their balance sheets but instead recognise a creditor or debtor for cash collected from NDR debtors as agent of the Government but not paid or overpaid to the Government.

Pension Costs

The Council participates in two different pension schemes which provide members with defined benefits related to pay and service and are as follows:-

Teachers: This is an unfunded scheme administered by the Scottish Government. Under the pensions accounting standard IAS 19 - 'Retirement Benefits' this scheme is treated as a defined contribution scheme as it does not allow the identification of liabilities consistently and reliably between participant authorities. The pension cost charged to the Accounts is the contribution rate set by HM Treasury on the basis of a notional fund.

Other Employees: Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (which is administered by the City of Edinburgh Council as the Lothian Pension Fund). The Lothian Pension Fund is a multi-employer scheme funded on the basis of triennial actuarial valuations of the required employers' contributions to ensure adequate assets in the scheme. As it is possible to identify the Council's share of the assets and liabilities underlying the scheme on a consistent and reliable basis, it is accounted for as a defined benefit scheme under IAS 19.

IAS 19 is based on the premise that an organisation should account for retirement benefits when it is committed to give them, even if the actual payment will be many years in the future. The pension cost under IAS 19 is therefore not the cash contributions paid to the pension fund but the increase in the employers' attributable pensions liability during the year.

The IAS 19 actuarial valuation involves the actuary reviewing the most recent triennial actuarial valuation, updating it to reflect current conditions at the balance sheet date and apportioning assets and liabilities amongst employers. Assets are valued at fair value, principally bid value for investments. Liabilities are valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The inclusion of attributable scheme assets and liabilities in the balance sheet represents an authority's commitment to increase contributions to make up any shortfall, or its ability to benefit, via reduced contributions, from a surplus in the scheme.

The actuary identifies the following elements of pension cost charged to the Income and Expenditure account:

Actuarial gains and losses – these consist of experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effect of actuarial assumption changes in regard to financial and demographic assumptions.

Current Service Cost - the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Net Defined Benefit Liability – the present value of the defined benefit obligation less the fair value of the plan assets.

Net interest Income – the change during the period in the net defined benefit liability that arises from the passage of time. This includes allowance for interest on the current service cost.

Past Service Costs – the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment

Any difference between the accounting cost (i.e. the IAS 19 based cost) and the funding cost (i.e. the contributions or payments made during the year) is appropriated from the Pensions Reserve to the Movement in Reserves Statement. This appropriation ensures the IAS 19 pension cost equals the pension payments funded from taxation.

International Accounting Standard 19 Employee Benefits (IAS19) was amended on 16 June 2011. The figures for 2012/13 have been restated to reflect these changes in accordance with IAS8 Accounting Policies, Changes in Accounting Estimates and Errors. The changes have been disclosed fully in Note 21.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in the Notes to the Financial Statements. Details of the liabilities are shown in note 32.

Provisions

Provisions are made where an event has taken place that gives the Council a Legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the obligation. Provisions are charged as an expense to the appropriate service revenue account in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and appropriate adjustments made to the level of provision. Details of the provisions are shown in note 19.

Carbon Reduction Commitment Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which lasted until 31 March 2014. The Council is required to purchase and surrender allowances, retrospectively, on the basis of emissions. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances and is measured at the best estimate of the expenditure required to meet the obligation, at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

VAT

Income and Expenditure excludes any amounts related to VAT, as all VAT collected and paid is payable to, or recoverable from, Her Majesty's Revenues and Customs (HMRC).

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

For 2013/14 the following accounting policy changes require to be reported as issued but not yet adopted by the code.

IFRS10 Consolidated Financial Statements

IFRS11 Joint Arrangements

IFRS12 Disclosures of Interests in Other Entities

IAS27 Separate Financial Statements (as amended May 2011)

IAS28 Investments in Associates and Joint Ventures (as amended May 2011)

IAS32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

IAS1 Presentation of Financial Statements (as amended 2011)

There is no impact of these changes on the accounts covering the 2013/14 financial year.

3. CRITICAL JUDGEMENTS 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 statement of accounts are:

- **PPP** - The Council is deemed to control the services provided under the agreement for the provision of educational establishments in accordance with IFRC12. The Council controls the services provided under the scheme and ownership of the schools will pass to the Council at the end of the contract. The schools are therefore recognised on the Council's balance sheet.
- **Associates** - The valuation joint board is included within the group accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements in place.
- **Investment Properties** - All property, plant and equipment is used on the delivery of services or as part of the Council's strategy for economic regeneration.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority 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 items in the Authority's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

PROVISIONS
Equal Pay

Uncertainties: The Council has a remaining provision of £1.255 million for the settlement of claims for back pay arising from equal pay claims following the outcome of recent litigation involving Dumfries and Galloway Council. With regard to West Lothian Council's position, negotiations are taking place with the claimants' representatives to establish settlement terms. The value of the total liability has been estimated at £1.450 million, (of which £0.213 million has been paid in 2013/14), based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.

Effect if actual results differ from assumptions: An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £0.125 million to the provision required.

Carbon Reduction Commitment

Uncertainties: The Council has made a provision of £0.365 million for the estimated liability of allowances required at 31 March 2014 to meet the cost of the Carbon Reduction Commitment.

Effect if actual results differ from assumptions: A variance from the estimated energy consumption as at 31 March of 10% would have the effect of adding £36,500 to the provision required for 2013/14.

PENSIONS LIABILITY

Uncertainties: 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 salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

Effect if actual results differ from assumptions: The following table shows the sensitivity of the results to the changes in the principal assumptions used to measure the scheme liabilities.

Sensitivities at 31 March 2014	Approx % increase to Employer Obligation	Approx monetary amount £'000
0.5% decrease in Real Discount Rate	10%	83,924
1 year increase in member life expectancy	3%	25,052
0.5% increase in the Salary Increase Rate	3%	25,559
0.5% increase in the Pension rate	7%	56,850

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

5. RESTATEMENT OF 2012/13 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

During 2011/12 a review of the Local Government Financial Return (LFR) was undertaken led by Scottish Government (SG) – the outcome of which was a material change to the LFR Templates. The council undertook an initial review of its SeRCOP analysis during 2012/13 to ensure compliance with the LFR and has subsequently undertaken a further and final review during 2013/14.

The SeRCOP analysis was subsequently restated for 2012/13 (Net Cost of General Fund Services) in the Comprehensive Income and Expenditure Account for 2013/14 and Note 5 below refers. The 2012/13 adjustments are neutral in terms of the Net Cost of General Fund Services however movements were identified between services and adjustments made to remove overstated Income and Expenditure.

	Audited 2012/13 Accounts £'000	SeRCOP Review Adjustments £'000	Revised Comparatives £'000
Gross Expenditure			
Education Services	188,737	2,305	191,042
Cultural and Related Services	31,428	(1,984)	29,444
Environmental Services	24,339	(242)	24,097
Roads and Transport Services	23,285	12	23,297
Planning and Development Services	15,501	(42)	15,459
Social Work	99,364	(2,690)	96,674
Central Services	10,640	(18)	10,622
Net Cost Of General Fund Services	490,849	(2,659)	488,190

	Audited 2012/13 Accounts £'000	Adjustments £'000	Revised Comparatives £'000
Gross Income			
Education Services	7,849	(262)	7,587
Cultural and Related Services	5,210	(1,984)	3,226
Environmental Services	3,023	(242)	2,781
Roads and Transport Services	1,137	12	1,149
Planning and Development Services	5,274	(42)	5,232
Social Work	19,321	(123)	19,198
Central Services	8,797	(18)	8,779
Net Cost Of General Fund Services	110,614	(2,659)	107,955

	Audited 2012/13 Accounts £'000	SeRCOP review adjustments £'000	Revised Comparatives £'000
Net Expenditure			
Education Services	180,888	2,567	183,455
Cultural and Related Services	26,218	-	26,218
Environmental Services	21,316	-	21,316
Roads and Transport Services	22,148	-	22,148
Planning and Development Services	10,227	-	10,227
Social Work	80,043	(2,567)	77,476
Central Services	1,843	-	1,843
Net Cost Of General Fund Services	380,235	-	380,235

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

6. RESTATEMENT OF 2012/13 FOR IAS19 PRIOR PERIOD ADJUSTMENTS

International Accounting Standard 19 Employee Benefits (IAS19) was amended on 16 June 2011. The figures for 2012/13 have been restated to reflect these changes in accordance with IAS8 Accounting Policies, Changes in Accounting Estimates and Errors. The changes have been disclosed fully in Note 21.

	Audited 2012/13 Accounts £'000	Restated 2012/13 Accounts £'000	Movement £'000
MOVEMENT IN RESERVES STATEMENT			
Surplus(Deficit) on the provision of services			
Usable Reserves	(18,867)	(24,032)	(5,165)
Unusable Reserves	-	-	-
	(18,867)	(24,032)	(5,165)
Other comprehensive income and expenditure			
Usable Reserves	-	-	-
Unusable Reserves	(36,927)	(31,762)	5,165
	(36,927)	(31,762)	5,165
Total comprehensive income and expenditure			
Usable Reserves	(18,867)	(24,032)	(5,165)
Unusable Reserves	(36,927)	(31,762)	5,165
	(55,794)	(55,794)	-
Adjustments between accounting basis and funding basis under regulations			
Usable Reserves	33,153	38,318	5,165
Unusable Reserves	(33,153)	(38,318)	(5,165)
	-	-	-
Balance at 31 March 2013			
Usable Reserves	112,745	112,745	-
Unusable Reserves	588,313	588,313	-
	701,058	701,058	-
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT			
Finance and Investment Income and Expenditure			
Gross Expenditure	37,630	67,589	29,959
Gross Income	9,420	34,214	24,794
Net Expenditure	28,210	33,375	5,165
(Surplus) or Deficit on Provision of Services			
Gross Expenditure	574,005	603,964	29,959
Gross Income	555,138	579,932	24,794
Net Expenditure	18,867	24,032	5,165
Actuarial (gains) / losses on pension assets and liabilities	29,632	24,467	(5,165)
Other Comprehensive Income and Expenditure	36,927	31,762	(5,165)
Total Comprehensive Income and Expenditure	55,794	55,794	-
CASH FLOW STATEMENT			
Net Surplus or (Deficit) on the provision of services	(18,867)	(24,032)	(5,165)
Adjust net surplus / (deficit) on the provision of services for non cash movements	75,637	80,802	5,165
Net cash flows from Operating Activities	56,770	56,770	-
Cash and cash equivalents at the end of the reporting period	11,980	11,980	-
HOUSING REVENUE ACCOUNT – INCOME AND EXPENDITURE STATEMENT 9			
HRA share of Non Distributed Costs	39	9	(30)
Net Cost of HRA Services	7,855	7,825	(30)
Pensions interest cost and expected return on pensions assets	9	193	184
Deficit for the year on HRA services	12,504	12,658	154
HOUSING REVENUE ACCOUNT – MOVEMENT ON THE HRA STATEMENT			
STATEMENT 10			
Deficit for the year on HRA Income and Expenditure Statement	12,504	12,658	154
Adjustments between accounting basis and funding basis under regulations	(12,504)	(12,658)	(154)
NOTES TO STATEMENT 10			
Amount by which Pension costs calculated in accordance with IAS 19 are different from contributions due to the Lothian Pension Fund	(48)	(202)	(154)
Total adjustments between accounting basis and funding basis under regulations	(12,504)	(12,658)	(154)
NOTE 23.5 PENSION FUND RESERVE			
Net surplus for year	817	(4,348)	(5,165)
Actuarial Gains (Losses) in Pension Plan	(29,632)	(24,467)	5,165
Balance at 31 March	(164,504)	(164,504)	-

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

7. MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS - 2012/13	Restated						
	General Fund £'000	HRA £'000	Revenue Statutory Funds £'000	Capital Statutory Funds £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Depreciation and impairment of non-current assets	57,930	22,634	-	-	80,564	(80,564)	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(18,255)	-	-	-	(18,255)	18,255	-
Net loss (gain) on sale of non-current assets	(463)	(339)	-	-	(802)	802	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(411)	-	-	-	(411)	411	-
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under pension scheme regulations	4,146	202	-	-	4,348	(4,348)	-
Statutory provision for repayment of debt	(8,538)	(2,613)	-	-	(11,151)	11,151	-
Statutory charge for lifecycle capital (PFI)	(92)	-	-	-	(92)	92	-
Capital expenditure charged to the General Fund and HRA	(6,261)	(7,226)	-	-	(13,487)	13,487	-
Net transfer to / (from) earmarked reserves required by legislation (i.e. holiday pay accrual)	823	-	-	-	823	(823)	-
Capital receipts transferred to the Capital Fund	-	-	-	(3,219)	(3,219)	3,219	-
	28,879	12,658	-	(3,219)	38,318	(38,318)	-
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS - 2013/14	General Fund £'000	HRA £'000	Revenue Statutory Funds £'000	Capital Statutory Funds £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Depreciation and impairment of non-current assets	60,344	19,626	-	-	79,970	(79,970)	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(15,834)	-	-	-	(15,834)	15,834	-
Net loss (gain) on sale of non-current assets	(1,051)	(322)	-	-	(1,373)	1,373	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(419)	-	-	-	(419)	419	-
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under pension scheme regulations	10,372	231	-	-	10,603	(10,603)	-
Statutory provision for repayment of debt	(8,472)	(3,105)	-	-	(11,577)	11,577	-
Statutory charge for lifecycle capital (PFI)	(208)	-	-	-	(208)	208	-
Capital expenditure charged to the General Fund and HRA	(5,419)	(7,682)	-	-	(13,101)	13,101	-
Net transfer to / (from) earmarked reserves required by legislation (i.e. holiday pay accrual)	916	-	-	-	916	(916)	-
Capital receipts transferred to the Capital Fund	-	-	-	(2,274)	(2,274)	2,274	-
	40,229	8,748	-	(2,274)	46,703	(46,703)	-

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

8. MOVEMENT IN RESERVES STATEMENT - OTHER COMPREHENSIVE INCOME AND EXPENDITURE - 2012/13	Restated						
	General Fund £'000	HRA £'000	Revenue Statutory Funds £'000	Capital Statutory Funds £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Revaluation Reserve - unrealised gains on revaluation of fixed assets	-	-	-	-	-	(7,264)	(7,264)
Available-for-sale Financial Instruments Reserve - loss arising on revaluation of available-for-sale financial assets	-	-	-	-	-	(31)	(31)
Pension Reserve - actuarial losses on pension assets and liabilities	-	-	-	-	-	(24,467)	(24,467)
	-	-	-	-	-	(31,762)	(31,762)
OTHER COMPREHENSIVE INCOME AND EXPENDITURE - 2013/14	General Fund £'000	HRA £'000	Revenue Statutory Funds £'000	Capital Statutory Funds £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Revaluation Reserve - unrealised gains on revaluation of fixed assets	-	-	-	-	-	22,902	22,902
Available-for-sale Financial Instruments Reserve - gain arising on revaluation of available-for-sale financial assets	-	-	-	-	-	63	63
Pension Reserve - actuarial losses on pension assets and liabilities	-	-	-	-	-	(20,488)	(20,488)
	-	-	-	-	-	2,477	2,477
9. MOVEMENT IN RESERVES STATEMENT - TRANSFERS TO OR (FROM) OTHER STATUTORY RESERVES - 2012/13	General Fund £'000	HRA £'000	Revenue Statutory Funds £'000	Capital Statutory Funds £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Transfer (to) / from Insurance Fund	(2,418)	-	2,418	-	-	-	-
Transfer (to) / from Capital Fund / Capital Receipts Reserve	(9,449)	-	-	9,449	-	-	-
	(11,867)	-	2,418	9,449	-	-	-
TRANSFERS TO OR (FROM) OTHER STATUTORY RESERVES - 2013/14							
Transfer (to) / from Insurance Fund / Capital Receipts Reserve	76	-	(76)	-	-	-	-
Transfer (to) / from Capital Fund / Capital Receipts Reserve	(6,944)	-	-	6,944	-	-	-
	(6,868)	-	(76)	6,944	-	-	-

NOTES TO THE FINANCIAL STATEMENTS		STATEMENT 8
10. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING EXPENDITURE Gain on disposal of non current assets	2013/14 £'000	2012/13 £'000
	1,373	802
	1,373	802
11. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE Interest payable and similar charges Pension – Interest Income on Plan Asset Pension – Increased cost on defined benefit obligation Interest receivable and similar income (Surplus) / Deficit on trading operations (Note 30)	2013/14 £'000	Restated 2012/13 £'000
	26,736	26,939
	(27,050)	(24,794)
	34,513	31,252
	(3,001)	(4,892)
	(1,186)	4,870
	30,012	33,375
12. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - TAXATION AND NON-SPECIFIC GRANT INCOME Council tax income Non domestic rates distribution Non ring-fenced government grants Capital grants and contributions	2013/14 £'000	2012/13 £'000
	58,237	68,647
	81,347	75,601
	219,117	234,027
	15,834	18,255
	374,535	396,530

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Movements in 2012/13

Cost or Valuation

At 1 April 2012

Additions	41,750	7,865	6,448	11,948
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(72)	(10,184)	-	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(2,795)	(11,594)	(14)	-
Derecognition - disposals	(1,224)	(738)	(1,104)	-
Other movements in cost or valuation	-	507	-	696

At 31 March 2013

Accumulated Depreciation and Impairment

At 1 April 2012

Depreciation charge	17,179	33,564	6,237	5,275
Depreciation written out to the Revaluation Reserve	-	(617)	-	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	(2,187)	(11)	-
Derecognition - disposals	(87)	(438)	(1,104)	-
Other movements in depreciation and impairment	2	3	-	-

At 31 March 2013

Net Book Value

At 31 March 2013

At 31 March 2012

Cost or Valuation

At 1 April 2012

Additions	-	4,445	-	72,456
Revaluation increase / (decreases) recognised in the Revaluation Reserve	102	5,300	(2,551)	(7,405)
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1,409)	-	(4,695)	(20,507)
Derecognition - disposals	-	-	(699)	(3,765)
Other movements in cost or valuation	-	(1,203)	-	-

At 31 March 2013

Accumulated Depreciation and Impairment

At 1 April 2012

Depreciation charge	-	-	-	62,255
Depreciation written out to the Revaluation Reserve	-	-	-	(617)
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	-	-	(2,198)
Derecognition - disposals	-	-	-	(1,629)
Other movements in depreciation and impairment	-	-	-	5

At 31 March 2013

Net Book Value

At 31 March 2013

At 31 March 2012

Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infrastructure Assets £'000
450,413	751,412	37,661	204,488
41,750	7,865	6,448	11,948
(72)	(10,184)	-	-
(2,795)	(11,594)	(14)	-
(1,224)	(738)	(1,104)	-
-	507	-	696
488,072	737,268	42,991	217,132
31,267	54,615	20,763	25,743
17,179	33,564	6,237	5,275
-	(617)	-	-
-	(2,187)	(11)	-
(87)	(438)	(1,104)	-
2	3	-	-
48,361	84,940	25,885	31,018
439,711	652,328	17,106	186,114
419,146	696,797	16,898	178,745
Heritage ¹ / Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
2,282	4,412	33,514	1,484,182
-	4,445	-	72,456
102	5,300	(2,551)	(7,405)
(1,409)	-	(4,695)	(20,507)
-	-	(699)	(3,765)
-	(1,203)	-	-
975	12,954	25,569	1,524,961
-	-	-	132,388
-	-	-	62,255
-	-	-	(617)
-	-	-	(2,198)
-	-	-	(1,629)
-	-	-	5
-	-	-	190,204
975	12,954	25,569	1,334,757
2,282	4,412	33,514	1,351,794

Note 1 Full details of the carrying value of Heritage Assets are included in note 13.10 Heritage Assets.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

13.1 Movements in 2013/14

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra- structure Assets £'000
Cost or Valuation				
At 1 April 2013	488,072	737,268	42,991	217,132
Additions	31,841	14,808	6,251	13,277
Revaluation increase / (decreases) recognised in the Revaluation Reserve	1,030	19,644	-	50
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(13,828)	(30)	-
Derecognition - disposals	(1,469)	(379)	(1,002)	-
Other movements in cost or valuation	-	9,272	-	-
At 31 March 2014	519,474	766,785	48,210	230,459
Accumulated Depreciation and Impairment				
At 1 April 2013	48,361	84,940	25,885	31,018
Depreciation charge	18,278	34,823	6,908	5,598
Depreciation written out to the Revaluation Reserve	-	(2,020)	-	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	(541)	(24)	-
Derecognition - disposals	(148)	(44)	(1,002)	-
Other movements in depreciation and impairment	-	(68)	-	-
At 31 March 2014	66,491	117,090	31,767	36,616
Net Book Value				
At 31 March 2014	452,983	649,695	16,443	193,843
At 31 March 2013	439,711	652,328	17,106	186,114
	Heritage¹/ Community Assets £'000	Assets² Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation				
At 1 April 2013	975	12,954	25,569	1,524,961
Additions	-	3,733	-	69,910
Revaluation increase / (decreases) recognised in the Revaluation Reserve	283	-	803	21,810
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provision of Services	(877)	-	(261)	(14,996)
Derecognition - disposals	-	-	(846)	(3,696)
Other movements in cost or valuation	888	(10,421)	261	-
At 31 March 2014	1,269	6,266	25,526	1,597,989
Accumulated Depreciation and Impairment				
At 1 April 2013	-	-	-	190,204
Depreciation charge	-	-	-	65,607
Depreciation written out to the Revaluation Reserve	-	-	-	(2,020)
Depreciation written out to the Surplus / Deficit on the Provision of Services	(9)	-	(59)	(633)
Derecognition - disposals	-	-	-	(1,194)
Other movements in depreciation and impairment	9	-	59	-
At 31 March 2014	-	-	-	251,964
Net Book Value				
At 31 March 2014	1,269	6,266	25,526	1,346,025
At 31 March 2013	975	12,954	25,569	1,334,757

Note 1 Full details of the carrying value of Heritage Assets are included in note 13.10 Heritage Assets.

Note 2 During 2013/14 £10.421 million of Assets under Construction were reclassified as operational and are now included in Other Land and Buildings.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

13.2 Information on assets held

Property, Plant and Equipment assets owned by the Council include the following:-

	Numbers as at 31 March 2014	Numbers as at 31 March 2013		Numbers as at 31 March 2014	Numbers as at 31 March 2013
Council Dwellings	13,210	13,048	Operational Equipment Vehicles / Trailers	68	67
Operational Buildings			Operational Buildings (Cont)		
Cemetery Buildings	15	15	Offices	32	33
Cinema and Theatres	2	2	Care Homes for Older People	3	3
Clubhouses	12	12	Pavilions	48	50
Community Centres	35	35	Public Conveniences	4	4
Day Centres	12	12	Restaurants	2	2
Depots	18	18	Schools	72	72
Hostels	8	9	Shops	106	105
Industrial / Factory Premises	189	189	Small Business Units	74	74
Libraries	9	9	Sports Centres	6	5
Lock Up Garages	158	158	Stores	33	33
Museums & Visitor Centres	6	6	Swimming Pools	5	4
Muster Rooms	1	1	Travelling Peoples Site	1	1
Non Stock Houses	32	32	Village Halls	16	15
OAP Pavilions	2	3			
Community Assets					
Open Spaces	155	140			
Children's Play Areas	142	142			

Surplus Assets comprise mainly development land which will be sold on a phased basis over the coming years and the proceeds will be used to help fund the Council's capital programme over that period.

13.3 Property, Plant and Equipment - PPP Schools

The value of assets held under two PPP contracts are as follows:-

	2013/14 £'000	2012/13 £'000
Value as at 1 April	120,769	120,677
Additions	208	92
Value as at 31 March	120,977	120,769
Aggregate Depreciation		
Value as at 1 April	8,800	6,432
Charge for year	2,371	2,368
Value as at 31 March	11,171	8,800
Net Book Value		
As at 31 March	109,806	111,969

13.4 Financial Liabilities - PPP Schools

The value of financial liabilities resulting from two PPP contracts are as follows:-

	2013/14 £'000	2012/13 £'000
As at 1 April	73,367	75,609
Principal repayments	(1,729)	(2,242)
As at 31 March	71,638	73,367
Split		
Short term Creditors	1,778	1,729
Long term Creditors	69,860	71,638
	71,638	73,367

NOTES TO THE FINANCIAL STATEMENTS**STATEMENT 8****13.5 Sources of Finance for Capital Expenditure Additions in year**

	2013/14 £'000	2012/13 £'000
Capital receipts from asset sales	5,397	5,982
Capital financed from current revenue	13,101	13,487
Capital grants received	12,620	15,735
Other capital contributions received	3,214	2,520
Borrowing from loans fund	35,370	34,640
	69,702	72,364

13.6 Fixed Asset Valuation

For assets included in the balance sheet at current value the undernoted valuation details apply:-

Date of Valuation	Council Dwellings £'000	Other Land & Buildings £'000	Surplus Assets £'000	Total £'000
1 April 2009	-	67,565	770	68,335
1 April 2010	385,787	36,204	-	421,991
1 April 2011	-	371,087	1,845	372,932
1 April 2012	-	26,858	20,432	47,290
1 April 2013	1,030	43,863	887	45,780
	386,817	545,577	23,934	956,328
Net historical cost alterations	132,657	221,208	1,592	355,457
Gross Valuation	519,474	766,785	25,526	1,311,785

Valuations of the above categories of assets were undertaken over a five year rolling programme by Chartered Surveyors of the Council's Property Services Unit, in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The housing stock valuation at 1 April 2010, was carried out by D.M. Hall LLP, an external firm of chartered surveyors and included all Council Housing Stock.

Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost. The major components of each building were separately identified and depreciated based on the assessed useful life of each component. The accounting policy for Componentisation is as detailed in Statement 8 Note 1.

Plant and machinery for heating and lighting purposes is included in the valuation of the buildings, however items of specialised plant have been shown separately at depreciated historic cost. Non operational assets have been valued on the basis of open market value.

For assets other than those valued at 1 April 2013 the Council considers that there is no permanent material change in value in 2013/14.

13.7 Depreciation

Assets other than land are being depreciated using the straight line method over their useful economic lives as follows:-

Council Dwellings	50 Years
Council Dwellings (Fixtures)	27 Years
Operational Buildings	20 - 50 Years
Plant and Equipment (Other)	10 - 25 Years
Plant and Equipment (Books)	3 - 10 Years
Motor Vehicles	4 - 10 Years
Fixtures and Fittings	3 - 10 Years
Infrastructure	40 Years

No depreciation is charged on Community Assets, Heritage Assets, Assets under Construction and Surplus Assets not yet available for sale.

The total depreciation charge for 2013/14 (2012/13) was £65.607 million (£62.255 million).

13.8 Capital Commitments

At 31 March 2014 the Council has commitments on capital contracts of £5.120 million (£15 million 2012/13) for the Housing Programme and £24.319 million (£7.639 million 2012/13) for the Composite Programme.

The Housing commitment is a result of ongoing investment within phase 2 of the new council house build programme.

The increase in the Composite Programme is a consequence of several significant capital investment projects, in the new financial year, namely the refurbishment of secondary schools and development of a partnership centre.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

13.9 Finance Leases

Included within the analysis of fixed assets in 13.1 are the following assets acquired by finance leases, excluding PPP assets which are detailed in 13.3 :-

		2013/14 £'000	2012/13 £'000
Operational Buildings	- Gross Cost	2,388	2,388
	- Aggregate Depreciation	1,387	1,147
	- Depreciation for the year	240	240
Vehicles	- Gross Cost	191	402
	- Aggregate Depreciation	159	364
	- Depreciation for the year	6	6
Finance lease interest for the year		119	126
The future obligations (net of finance charges) under these finance leases are:-		2013/14 £'000	2012/13 £'000
2014/15	(2013/14)	251	244
2015/16 to 2018/19	(2014/15 to 2017/18)	625	751
2019/20 onwards	(2018/19 onwards)	163	288

13.10 Heritage Assets

Five-Year Summary of Transactions

For the period 2007/08 to 2011/12 there was no acquisition, impairment or disposals of Heritage Assets. The carrying value remained at £0.470 million for the period. Following the revaluation at 31 March 2012, the carrying value increased to £0.677 million.

Details as follows:-

Reconciliation of carrying value of Heritage Assets held

Cost or Valuation	Artworks and Sculpture £'000	Civic Regalia £'000	Other Assets £'000	Total Assets £'000
1 April 2012	337	279	61	677
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
31 March 2013	337	279	61	677
1 April 2013	337	279	61	677
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
31 March 2014	337	279	61	677

The Council's collection of Civic Regalia, Artworks and Other miscellaneous Heritage Assets is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a five yearly basis.

The Council's external valuer for its art work (Bonhams – Fine Art Auctioneers & Valuers) carried out a valuation of the full collection as at 31 March 2012. The valuations were based on market values. The collection has not suffered any downward revaluation during the year since valuation and has not taken ownership of any donated assets. There have been no disposals during the year.

13.11 Heritage Assets – Further Information

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objective in relation to the maintenance of heritage.

The Council's Heritage Assets are held in various locations throughout the authority, there are two main categories of asset: - Artworks and Sculptures and Civic Regalia (which includes Precious Metals, Fabric Items and Robes). All other assets are included in the Miscellaneous Other category.

Heritage Assets are the responsibility of the Museums Service whose mission is to "enhance the quality of life by providing a museums service that serves the educational, cultural and leisure needs of the community now and in the future". Its key objectives include collecting objects appropriate to the heritage of West Lothian and providing access to these collections through exhibitions, reminiscence work, education and other outreach services.

A full copy of the museum Policy can be viewed at <http://www.westlothian.gov.uk/media/downloadaddoc/1799577/ADP>.

13.11 Heritage Assets – Further Information (Continued)

Artworks & Sculptures

The art collection includes paintings (both oil and watercolour), sketches and marble busts.

The most valuable assets are a full length portrait of John, Earl of Hopetoun, by Sir Henry Raeburn (1820) valued at £0.220 million, a full length portrait of Sir Alexander Hope by Sir John Watson Gordon (1835) valued at £0.030 million and a full length portrait of John Adrian Louis by Robert Brough (1904) valued at £0.030 million. The majority of artworks and Sculptures are on display in Operational Buildings and Arts Facilities throughout West Lothian, the remainder are in storage but remain accessible on request.

Civic Regalia

Civic regalia predominately relates to the council's collection of Chains of Office worn by office bearers at ceremonial and civic events (Provost, Magistrates and Convenors). The Regalia held relates to chains of office for predecessor authorities (West Lothian County Council, Armadale, Whitburn and Bathgate Town Councils and West Lothian District Council). Also included in this category are precious metals in the form of Trophies, Cups and Rose Bowls.

The valuation of the regalia has increased significantly due to the increase in the market value of precious metals. The collection of Chains of Office are stored at secure locations and worn for events as required, the majority of the other items are on display in the council's libraries and museum.

It would be exceptionally rare for the Council to purchase or dispose of items of civic regalia.

Archives

The Museums Service has responsibility for the collection and preservation of records of historical interest in relation to West Lothian in order to ensure that their heritage will survive for the future. These records include photographs, prints, negatives and slides, both original and copied from loans, recording the history of West Lothian. The majority of items within the collections have been acquired by donation over time and are held in the Archives and Records Centre and the Local History Library.

Archaeology

The Council does not make any purchases of archaeological items and has a small reference collection of Bronze Age items in storage used in outreach workshops for touring exhibitions.

Memorials, Public Art and Monuments

The authority holds and maintains memorials, Public Art and monuments of historic significance, some of which are tributes to the war dead. These are recognised on the balance sheet where there has been capital spend to improve or refurbish the assets. It is considered that there is a lack of available, comparable market values to establish a 'fair value'. Assets which have not had enhancing capital spend are not recognised on the balance sheet as information on historical cost is not available.

It is unlikely that the authority would procure such assets but is more likely to refurbish or enhance existing assets. In this respect, the cost of those works will be capitalised at cost.

The Council's Public Art Strategy 2014 - 2018, can be accessed at
http://www.westlothian.gov.uk/media/downloadoc/1799441/2195888/public_art_strategy_2014.

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14. FINANCIAL INSTRUMENTS

14.1 Types of Financial Instrument

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown in the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

	Long-term		Current	
	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000
Investments and Lending				
Loans, receivables and interest	-	-	85,436	101,476
Investments to cash equivalents	-	-	29,373	10,640
Long term investments	223	160	-	-
	223	160	114,809	112,116
Borrowing				
Financial liabilities at amortised cost	393,902	383,796	105,698	94,595
	393,902	383,796	105,698	94,595

14.2 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions:

- Interest rates at 31 March 2014 for PWLB vary from 2.27% to 10.625% depending on the maturity profile of the loans and for other loans market loans (LOBO's) from 3.75% to 4.85% again based on the maturity profile of the loans.
- No early repayments or impairment are recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	31 March 2014		31 March 2013	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Lending				
Loans and receivables - Cash	29,373	29,381	10,640	10,646
- Fixed Term Deposits	85,436	85,591	101,476	101,993
	114,809	114,972	112,116	112,639

The fair value is more than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. The commitment to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans. The fair value amount also includes accrued interest receivable on the loans of £0.486 million.

	31 March 2014		31 March 2013	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Borrowing				
Financial liabilities - PWLB	424,869	481,455	403,614	481,807
- LOBO's and Temporary borrowing	74,731	76,801	74,777	80,180
	499,600	558,256	478,391	561,987

The fair value is more than the carrying amount because the Council's borrowing figure includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

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14.3 Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council 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.

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. It is the policy of the Council to place deposits only with a limited number of high quality UK banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

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 its counterparties.

	Amount at 31 March 2014 £'000	Historical experience of non- payment adjusted for market conditions at 31 March 2014 %	Estimated maximum exposure to default and uncollectability £'000
Deposits with banks and building societies	114,809	0%	0
Customers (council tax and other income)	35,410	2.25%	797

The Council does not generally allow credit for customers, however, £32.961 million of the £35.410 million balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£'000
Less than three months	2,067
Three to six months	776
Six months to one year	4,802
More than one year	25,316
	32,961

The Council has provided £22.486 million against possible bad debts at 31 March 2014.

Liquidity Risk

The Council's main source of borrowing is the Treasury's Public Works Loan Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has 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 possible uncertainty over interest rates. The Council's policy is to ensure that not more than 15% 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, making early repayments. LOBO Loans are classified as maturing at the date of the next rate review but are unlikely to be repaid at that point.

The maturity analysis of financial liabilities, including LOBO Loans, is as follows:

	31 March 2014 £'000	31 March 2013 £'000
Less than one year	105,698	94,594
Between one and two years	30,107	50,000
Between two and five years	85,155	75,155
More than five years	278,640	258,642
	499,600	478,391

NOTES TO THE FINANCIAL STATEMENTS

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Nature and Extent of Risks arising from Financial Instruments (Continued)**Market risk**

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates. An increase in interest rates would also mean an increase in the income received on lending at variable rates.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council.

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 35% of total borrowing. At 31 March 2014 0.18% of total debt was subject to variable rates.
- During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.
- The Council takes daily advice from its specialist treasury adviser and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructuring of existing borrowings.

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher for the financial year 2013/14, with all other variables held constant.

Impact on tax-payer and rent-payers

Increase in interest payable on variable rate borrowings

Increase in interest receivable on variable rate lending

Net effect on Income and Expenditure Account

Housing Revenue Account's Share

£'000
9
(3,825)
(3,816)
(935)

Price Risk

The Council has 25,000 ordinary shares in Lothian Buses Limited (formerly Lothian Buses Plc). While the value of the shares held is not significant, there remains a risk arising from the movement in the price of Lothian Bus shares.

Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

15. LONG TERM DEBTORS**Loan Advances**

	Balance at 1 April 2013 £'000	Advances £'000	Repayments £'000	Balance at 31 March 2014 £'000
Small Business Loans	12	-	(1)	11
Sale of West Lothian House	1,800	-	(300)	1,500
Sale of Calderwood Land	-	83	-	83
	1,812	83	(301)	1,594

Soft Loans are defined as those where concessions are offered to borrowers such as long repayment terms, below-market rate of interest etc. The scheme detailed in the note above, Small Business Loans is categorised as a soft loan.

16. INVENTORIES

	2013/14 £'000	2012/13 £'000
Building Maintenance	363	382
Transport	139	155
Printing	9	9
Canteens	98	94
Roads and Grounds Maintenance	797	665
Countryside Deer / Highland Cows	46	45
	1,452	1,350

17. SHORT TERM DEBTORS

	2013/14 £'000	2012/13 £'000
Central Government Bodies	9,156	11,685
Other Local Authorities	624	2,847
NHS Bodies	156	396
Public Corporations and Trading Funds	1,142	1,192
Other Entities and Individuals	19,874	18,113
	30,952	34,233

NOTES TO THE FINANCIAL STATEMENTS

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18. SHORT TERM CREDITORS			2013/14 £'000	2012/13 £'000
Central Government Bodies			8,297	10,005
Other Local Authorities			2,705	2,505
NHS Bodies			656	465
Public Corporations and Trading Funds			177	449
Other Entities and Individuals			58,226	54,566
			70,061	67,990

19. PROVISIONS	Balance at 31 Mar 2013 £'000	Provision in Year £'000	Payments in year £'000	Balance at 31 Mar 2014 £'000
Included are the following provisions:-				
Equal pay settlements	18	1,450	213	1,255
Carbon Reduction Commitment	415	330	380	365
	433	1,780	593	1,620

Equal Pay Provision
The Council has created a provision of £1.450 million to meet the liability arising from the equal pay claims following the outcome of recent litigation involving Dumfries and Galloway Council. During the case against Dumfries and Galloway Council, the local authority worker's union, Unison, argued that terms and conditions for female staff should be in line with male workers. West Lothian is currently in discussions with claimants' representatives to establish settlement terms. During 2013/14 £0.213 million was paid to claimants, leaving a remaining provision of £1.255 million to meet future claims.

Carbon Reduction Commitment
The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and is required to purchase and surrender allowances, retrospectively, on the basis of carbon emissions. The provision represents the liability measured at the best estimate as at 31 March 2014 for the year 2013/14.

20. LONG TERM CREDITORS	Sum Outstanding 2013/14 £'000	Sum Outstanding 2012/13 £'000
Finance Leases - outstanding principal	788	1,038
Open Space Agreements	340	358
Economic Development Business Gateway	452	358
	1,580	1,754

OTHER LONG TERM LIABILITIES

PPP1 Schools	15,819	16,394
PPP3 Schools	54,041	55,244
	69,860	71,638

21. PENSION SCHEMES

21.1 Pension Schemes
As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments and to disclose them at the time that employees earn their future entitlement.
As explained in Statement 8 Note 1 of the Accounting Policies the Council participates in two post-employment schemes:

- Local Government Pension Scheme**
The Local Government Pension Scheme (Lothian Pension Fund) is administered by City of Edinburgh Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 2008. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Teachers Pension Scheme**
The Teachers' Pension Scheme is administered by the Scottish Public Pensions Agency, an Executive Agency of the Scottish Government. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. However, as the Scheme is not able to identify each Councils' share of the underlying liabilities with sufficient reliability for accounting purposes, the pension costs are accounted for as if it were a defined contribution scheme.

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 an extent by the statutory requirement to charge the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

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

In 2013/14 (2012/13) the Council paid an employer's contribution of £10.429 million (£10.426 million) at the prescribed rate of 14.9% (14.9%) of pensionable pay to the Scottish Government in respect of teachers' pension costs. An actuarial valuation was carried out at 31 March 2005. In addition, the Council is responsible for all pension payments relating to added years together with related increases. In 2013/14 (2012/13) these amounted to £0.459 million (£0.462 million) representing 0.4% (0.6%) of pensionable pay.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT 8

PENSION SCHEMES (CONTINUED)**21.2 Transactions Relating to Post-Employment Benefits**

The Council recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement:

Comprehensive Income And Expenditure Statement**Cost of Services**

Current Service cost

Past Service Costs

Financing and Investment Income and Expenditure

Net Interest Expense

Remeasurement of the net defined benefit liability comprising:

Return on plan assets (excluding the amount included in the net interest expense)

Actuarial (gains) and losses arising on changes in financial assumptions

Other experience

Total Post-employment Benefits Charged to Comprehensive Income and Expenditure Statement

2013/14		2012/13	
£'000	£'000	£'000	£'000
24,740	25,330	18,712	18,987
590		275	
	7,463		6,458
	32,793		25,445
(8,854)		(55,701)	
30,897		80,647	
(1,555)	20,488	(479)	24,467
	53,281		49,912
2013/14		2012/13	
£'000	£'000	£'000	£'000
	(31,091)		(28,815)
	(20,133)		(18,933)
	(2,057)		(2,164)
	(22,190)		(21,097)

21.2 Movement in Reserves Statement

Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with Code

Actual Amount charged against the General Fund Balance of pensions in the year

Employer's contributions payable to the scheme

Contributions in respect of unfunded benefits

The amount charged to taxation for the Lothian Pension Fund Scheme in 2013/14 (2012/13) was £19,298 million (£17.959 million).

21.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of Lothian Pension Fund is as follows:-

Fair Value of Assets

Present Value of Funded Liabilities

Share of net liabilities

Present value of unfunded liabilities

Net pension liabilities arising from defined benefit obligation**21.4 Reconciliation of the Movements in the Fair Value of Lothian Pension Fund Assets**

Opening fair value of assets at 1 April

Interest income on plan assets

Remeasurement gain / (loss) - Return on plan assets (excluding the amount included in the net interest expense)

Employer's contributions payable to the scheme

Contributions by scheme participants

Benefits paid

Closing fair value of assets at 31 March**21.5 Reconciliation of the Present Value of Lothian Pension Fund Liabilities**

Opening Balance at 1 April

Current Service costs

Interest cost

Contributions by scheme participants

Remeasurement gain / (loss):

- Actuarial (gains) and losses arising on changes in financial assumptions

- Other experience

Past service costs

Benefits paid

Unfunded benefits paid

Closing balance of liabilities at 31 March

31 March 2014 £'000	31 March 2013 £'000
639,482	598,717
(804,130)	(730,813)
(164,648)	(132,096)
(30,947)	(32,408)
(195,595)	(164,504)
31 March 2014 £'000	31 March 2013 £'000
598,717	515,011
27,050	24,794
8,854	55,701
20,133	18,933
6,063	5,807
(21,335)	(21,529)
639,482	598,717
31 March 2014 £'000	31 March 2013 £'000
(763,221)	(650,700)
(24,740)	(18,712)
(34,513)	(31,252)
(6,063)	(5,807)
(30,897)	(80,647)
1,555	479
(590)	(275)
21,335	21,529
2,057	2,164
(835,077)	(763,221)

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21.6 Lothian Pension Fund Assets by Category

The asset values below are at bid value as required by IAS 19

Equity Securities:

- *Consumer
- *Manufacturing
- *Energy and Utilities
- *Financial Institutions
- *Health and Care
- *Information Technology
- *Other

Private Equity:

- *All
- All

Investment funds and unit trusts:

- *Equities
- Equities
- Hedge Funds
- Commodities
- Infrastructure
- Other

Equity**Debt Securities:**

- *Corporate Bonds A (investment grade)
- *Corporate Bonds (non-investment grade)
- *UK Government
- *Other

Investment funds and unit trusts:

Bonds

Derivatives:

- Inflation
- Interest rate
- Foreign exchange
- *Other

Bonds**Real Estate:**

- UK Property
- Overseas Property

Property**Cash and cash equivalents**

- *All

Cash and cash equivalents

2013/14		2012/13	
£'000	%	£'000	%
96,907	15%	76,726	13%
87,291	14%	73,864	12%
71,159	11%	43,264	7%
44,543	7%	65,181	11%
43,629	7%	31,412	5%
41,600	7%	36,632	6%
28,255	5%	17,972	3%
5,211	1%	-	-
72,363	11%	68,831	11%
6,636	1%	40,218	7%
2,376	1%	12,136	2%
-	-	-	-
2,173	-	3,800	1%
-	-	-	-
2,079	-	1,967	-
504,222	80%	472,003	78%
20,673	3%	23,030	4%
3,109	-	1,968	-
21,763	3%	22,747	4%
546	-	588	-
2,731	-	3,013	1%
-	-	-	-
-	-	-	-
-	-	-	-
67	-	65	-
48,889	6%	51,411	9%
44,555	7%	41,354	7%
5,181	1%	5,672	1%
49,736	8%	47,026	8%
36,635	6%	28,277	5%
36,635	6%	28,277	5%
639,482	100%	598,717	100%

Assets marked with an asterisk (*) have quoted prices in active markets and equate to £508.024 million (2012/13 £461.944 million) with prices not quoted in active markets totalling £131.458 million (2012/13 £136.773 million).

21.7 Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit credit method which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as of 31 March 2011 and updated for the following years by Hymans Robertson, the independent actuaries to the Lothian Pension Fund. The significant assumptions used in the calculations for both the Lothian Pension Fund and discretionary payments are:

Long Term Rate of Return at 31 March**% per Annum****2014****2013**

- Equity investments
- Bonds
- Property
- Cash

6.0%

6.0%

6.0%

6.0%

4.5%

4.5%

4.5%

4.5%

NOTES TO THE FINANCIAL STATEMENTS

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21.7 Basis for Estimating Assets and Liabilities (Continued)

Mortality Assumptions

Life expectancy is based on the Fund's Vita Curves analysis used in the formal funding valuation as at 31 March 2011. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2013/14 Years	2012/13 Years
Current Pensioners - Males	20.4	20.4
Females	22.8	22.8
Future Pensioners - Males	22.6	22.6
Females	25.4	25.4

Financial Assumptions

Rate of inflation
Rate of increase in salaries
Increase in Pensions
Rate for discounting scheme liabilities

	2013/14 %	2012/13 %
Rate of inflation	2.8%	2.8%
Rate of increase in salaries	5.1%	5.1%
Increase in Pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%

21.8 Sensitivity Analysis

Accounting guidance requires disclosure of the sensitivity of the results to the methods and assumptions used. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

0.5% decrease in Real Discount Rate
1 year increase in member life expectancy
0.5% increase in the Salary Increase Rate
0.5% increase in the Pension Increase Rate

	Approximate % Increase to Employer Obligation	Approximate Monetary Amount £'000
0.5% decrease in Real Discount Rate	10%	83,924
1 year increase in member life expectancy	3%	25,052
0.5% increase in the Salary Increase Rate	3%	25,559
0.5% increase in the Pension Increase Rate	7%	56,850

21.9 Projected Pension Cost for period to 31 March 2015

The deficit has increased due to falling real bond yields. However, this has been partially offset by investment returns being greater than expected.

The figures presented in the actuary's valuation are prepared only for the purposes of IAS 19 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes and have no impact on the employer's pension contribution rate.

The net pensions liability does not impact on the Council's available reserves but the requirement to recognise the net pensions liability in the balance sheet has decreased the reported net worth of the Council by 30% (23% 2012/13).

The projected pension expense for next year has also risen due to falling bond yields. The following table sets out the projected amount to be charged to operating profit for the year to 31 March 2015, based on assumptions as at 31 March 2014:-

31 March 2015			
Assets £'000	Obligations £'000	Net £'000	% of pay
Current service cost	(27,900)	(27,900)	(27.9%)
Past service cost including curtailments	-	-	-
Effect of settlements	-	-	-
Total Service Cost	(27,900)	(27,900)	(27.9%)
Interest income on plan assets	-	27,603	27.6%
Interest cost on defined benefit obligation	(36,134)	(36,134)	(36.1%)
Total Net Interest Cost	(36,134)	(8,531)	(8.5%)
Total included in Profit or Loss	(64,034)	(36,431)	(36.4%)

The estimated Employer's contributions for the year to 31 March 2015 will be approximately £20.139 million.

21.10 Impact on Council's Cash Flow

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy with the schemes' actuary to achieve a funding level of 100% over the long term. Funding Levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2014.

The estimated Employer's contributions for the year to 31 March 2015 will be approximately £20.139 million. Employer contributions have been set at 16.9% for 2014/15. The next three years will be set following completion of the triennial valuation as at 31 March 2014.

22. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 7, 8 and 9.

22.1 Revenue Statutory Funds

Insurance Fund

Balance at 1 April
Appropriation

Balance at 31 March

	2013/14 £'000	2012/13 £'000
Balance at 1 April	12,269	9,851
Appropriation	(76)	2,418
Balance at 31 March	12,193	12,269

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22.2 Capital Fund	2013/14 £'000	2012/13 £'000
Balance at 1 April	74,338	68,108
Transfer (to) / from Capital Adjustment Account	(2,274)	(3,219)
Appropriation	6,944	9,449
Balance at 31 March	79,008	74,338

23. UNUSABLE RESERVES

	2013/14 £'000	2012/13 £'000
Revaluation Reserve	119,815	102,797
Available for Sale Financial Instruments Reserve	199	136
Capital Adjustment Account	639,587	669,306
Financial Instruments Adjustment Account	(10,528)	(10,947)
Pensions Reserve	(195,595)	(164,504)
Accumulated Absences Account	(9,391)	(8,475)
Total Unusable Reserves	544,087	588,313

23.1 Revaluation Reserve

	2013/14 £'000	2012/13 £'000
Balance at 1 April	102,797	114,930
Unrealised gains / (losses) on revaluation of fixed assets	22,902	(7,264)
Less: Depreciation on revaluations	(5,884)	(4,869)
Balance at 31 March	119,815	102,797

The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sales, and contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. The revaluations are depreciated over the life of the revalued assets with the corresponding credit charged to the Capital Adjustment Account.

23.2 Available-for-Sale Financial Instruments Reserve

	2013/14 £'000	2012/13 £'000
Balance at 1 April	136	167
Revaluation of long-term investments at fair value	63	(31)
Balance at 31 March	199	136

23.3 Capital Adjustment Account

	2013/14 £'000	2012/13 £'000
Balance at 1 April	669,306	697,995
Depreciation and impairment	(79,970)	(80,564)
Government grants written off	15,834	18,255
Loans fund principal repayments	11,577	11,151
Capital financed from current revenue (General Fund)	5,627	6,353
Capital financed from current revenue (HRA)	7,682	7,226
Gain/ (Loss) on disposal of non-current assets	1,373	802
Revaluation Reserve - Depreciation on revaluations	5,884	4,869
Transfer of Capital Receipts to Capital Fund	2,274	3,219
Balance at 31 March	639,587	669,306

The balances on the former Fixed Asset Restatement Account and Capital Financing Account at 31 March 2007 have been transferred into the Capital Adjustment Account. Revaluation gains up to 1 April 2007 have been accumulated in the Capital Adjustment Account. This account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairment. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure.

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23.4 Financial Instruments Adjustment Account

Balance at 1 April
Appropriations (to) from Movements on Reserve Statement

Balance at 31 March

The Financial Instruments Adjustment Account is an accounting reserve arising from the re-measurement of financial instruments. It is a balancing account to allow for differences in statutory requirements and proper accounting practices for the Council's lending and borrowing. The balance at 31 March 2014 represents:

Deferred Premiums less Discounts from Debt Rescheduling
Market LOBO loans restated - balance sheet value
- Deduct: actual loans outstanding

23.5 Pension Fund Reserve

The pension reserve mirrors the net pensions liability detailed in 21.2. The movements in the year are summarised as follows:

Balance at 1 April
Net surplus for year
Actuarial Gains (Losses) in Pension Plan

Balance at 31 March

23.6 Accumulated Absences Account

Balance at 1 April

Annual leave and flexitime accrual - previous year
Annual leave, maternity and flexitime accrual - current year

Statutory adjustment for the year

Balance at 31 March

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave, maternity and flexitime entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or (from) the Account.

24. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The following amounts are included in the net cash flows from Operating Activities:-

Interest paid
Interest element of finance lease rental payments including PPP contracts
Interest received

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:-

Depreciation
Impairment and downward revaluations
Amortisation
Increase/decrease in creditors
Increase/decrease in debtors
Increase/decrease in inventories
Movement in pension liability
Gain / (Loss) on disposal of non-current assets
Other non-cash items

2013/14 £'000	2012/13 £'000
(10,947)	(11,358)
419	411
(10,528)	(10,947)

2013/14 £'000	2012/13 £'000
(7,851)	(8,244)
(63,257)	(63,283)
60,580	60,580
(10,528)	(10,947)

2013/14 £'000	Restated 2012/13 £'000
(164,504)	(135,689)
(10,603)	(4,348)
(20,488)	(24,467)
(195,595)	(164,504)

2013/14 £'000	2012/13 £'000
	(7,652)
8,475	7,652
(9,391)	(8,475)
	(823)
(9,391)	(8,475)

2013/14 £'000	Restated 2012/13 £'000
------------------	------------------------------

20,930	20,689
4,292	4,593
(2,715)	(3,608)

65,607	62,255
14,363	18,309
(26)	(17)
3,603	4,287
1,623	(7,879)
(102)	343
10,603	4,348
(1,373)	(802)
76	(42)
94,374	80,802

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25. CASH FLOW STATEMENT - INVESTING ACTIVITIES	2013/14 £'000	2012/13 £'000
Purchase of property, plant and equipment Other payments for investing activities Proceeds from the sale of property, plant and equipment Net decrease (increase) in short term investments	(71,791) (83) 5,947 15,000	(75,133) - 6,027 (5,000)
Net cash flows from Investing Activities	(50,927)	(74,106)
26. CASH FLOW STATEMENT - FINANCING ACTIVITIES	2013/14 £'000	2012/13 £'000
Cash receipts of short and long term borrowing Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PPP contracts Repayments of short and long term borrowing	78,600 (244) (57,614)	47,500 (237) (39,957)
Net cash flows from Financing Activities	20,742	7,306
27. CASH AND CASH EQUIVALENTS	2013/14 £'000	2012/13 £'000
Cash held by officers Bank current accounts Bank overnight investment accounts Short term deposits	131 1,915 - 29,373	132 1,208 2,500 8,140
Total Cash and Cash Equivalents	31,419	11,980
28. AGENCY SERVICES		
Agency agreements operate in certain services under which the Council undertakes work on behalf of another body for which it is reimbursed, or reimburses other bodies for undertaking work which is properly the function of the authority.		
Expenditure/Income on agency agreements with other bodies is analysed as follows:-	2013/14 £'000	2012/13 £'000
Expenditure		
Local Bus Services	56	49
Residential Schools and other Social Work payments	780	771
Special School Placements	295	194
Other	985	915
Non Domestic Rates	82,153	76,310
	84,269	78,239
Income		
Scottish Water Collection Services	430	438
Social Work Services	1,830	1,916
Local Bus Services	246	284
Special School Placements	411	338
Other	-	17
Non Domestic Rates	78,990	76,996
	81,907	79,989
29. WEST LOTHIAN COMMUNITY HEALTH AND CARE PARTNERSHIP (WLCHCP)		
This body was established in April 2005 in accordance with the National Health Service Reform (Scotland) Act 2004. WLCHCP manages a substantial range of West Lothian Council's social care services and NHS Lothian's community health services for the West Lothian community.		
The aims of the Partnership are to:		
<ul style="list-style-type: none"> - improve health and wellbeing - provide safer care and development of children - improve quality of life for older people - reduce life inequalities - maximise resources - reduce bureaucracy - strengthen service delivery 		
Of the Partnership's gross budget of £167 million (£165.2 million for 2012/13), West Lothian Council contributed £74.7 million (£73.5 million 2012/13). In 2013/14 the final outturn for Council services was £74.8 million (£71.6 million 2012/13), a £0.1 million overspend (£1.9 million underspend 2012/13).		

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30. TRADING OPERATIONS

The Local Government in Scotland Act 2003 repealed the requirement to have separate DSO/DLO trading accounts and introduced a specific performance requirement for each significant trading operation to breakeven over a three year rolling basis.

Economic Development Properties have been identified as a significant trading operation. The Service involves the maintenance and letting of industrial units, office accommodation and shops. The portfolio contains around 450 individual rental units and the policy objective is to ensure an adequate supply of property to meet the requirements of business needs in West Lothian. Summarised details of the account are as follows:-

	2013/14 £'000	2012/13 £'000
Turnover	4,572	4,528
Expenditure	3,386	9,398
Surplus (Deficit) for year	1,186	(4,870)
Budget Surplus (Deficit) for year	1,142	(5,237)

Included in turnover is internal income of £349,380 (£294,387 2012/13).

The requirement to charge notional interest was removed in the 2006 SORP. However, for the purposes of assessing whether the trading operation has met the statutory requirement to breakeven over a three year rolling period, interest still requires to be included in expenditure for this assessment. A share of General Fund loan interest has been made based on the net book value of Economic Development Properties fixed assets to the total net book value of General Fund fixed assets. The results are summarised as follows:-

	Surplus £'000	Loan Interest £'000	Net Surplus (Deficit) £'000
2011/12	1,063	713	350
2012/13	(4,870)	757	(5,627)
2013/14	1,186	772	414
	(2,621)	2,242	(4,863)

In the three years to 31 March 2014 the trading account sustained a statutory aggregate loss of £4.863 million, therefore not achieving the statutory financial requirement to breakeven over the three year period. This was as a result of a charge for impairment of £6.382 million in 2012/13 on assets from the Economic Development Property Portfolio. The financial position excluding the 2012/13 impairment charge would have resulted in the following surplus.

	2013/14 £'000	2012/13 £'000	2011/12 £'000
Turnover	4,572	4,528	4,730
Expenditure	3,386	3,016	3,667
Surplus for year	1,186	1,512	1,063
Budget Surplus for year	1,142	1,144	631

	Surplus £'000	Loan Interest £'000	Net Surplus (Deficit) £'000
2011/12	1,063	713	350
2012/13	1,512	757	755
2013/14	1,186	772	414
	3,761	2,242	1,519

Excluding impairment charges incurred during 2012/13, in the three years to 31 March 2014 the trading account made a statutory aggregate surplus of £1.519 million, therefore meeting the statutory financial requirement to breakeven over the three year period, when the cost of impairment is excluded from the calculation.

31. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non audit services provided by the Authority's external auditors:-

	2013/14 £'000	2012/13 £'000
Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice.	328	324
	328	324

32. CONTINGENT LIABILITIES**Modernisation Fund**

The Council operates a voluntary severance scheme financed from the Modernisation Fund - which is an earmarked balance in the General Fund. The balance of the fund is £4.371 million (note 35). The value of liability on the fund cannot be established as it is driven by employee request, subject to payback criteria and at the discretion of management.

West Lothian Recycling

The Council, under the terms of the Shareholder's Agreement with its partner Tarmac, has guaranteed to meet any loan from Tarmac to its related company, West Lothian Recycling Ltd. up to a maximum of £96,500, plus 50% of the related financing costs. There were no loans during 2013/14.

Equal Pay Provision

Whilst the council has made appropriate provision, as detailed in note 19, for all known outstanding claims in respect of equal pay, the council recognises the potential for compensation claims in respect of cases not yet presented.

Municipal Mutual – Scheme of Arrangement

The Municipal Mutual Scheme of Arrangement was triggered in November 2012. The scheme administrator announced that the initial levy rate was 15% of claims paid since 1993. The Council paid an initial payment of £0.117 million in respect of West Lothian District Council and Livingston Development Corporation liability. An additional payment of £0.020 million was made in respect of the Council's share of Lothian Regional Council liability.

The Council recognises that further levies will be imposed in the future and therefore acknowledges a potential liability.

Holiday Pay Liability

During periods of annual leave employees receive their basic contractual pay which is common practice across all Scottish Councils, which means that any non contractual additional payments e.g. shift allowance, are not reflected in the rate of pay the employee receives while on annual leave. A decision made by the European Court of Justice in May 2014 under the Working Time Directive 2003/88/EC has held that holiday pay should be the normal remuneration received by the employee and the matter is currently under consideration by the employment tribunal system.

The Council matter is also currently subject to discussion at the Convention of Scottish Local Authorities (COSLA) and will be considered by the Council when further information is received from COSLA. No payments have been made by the Council in 2014/15 in relation to this issue.

33. POST REPORTING PERIOD EVENTS

The Head of Finance and Estates, Donald Forrest CPFA, being the officer responsible for the Council's financial affairs, authorised the issue of the unaudited statement of accounts on 23 June 2014 and the audited accounts were authorised for issue on 29 September 2014. Events after the balance sheet date have been considered up to 29 September 2014.

34. GRANT INCOME

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

	2013/14 £'000	2012/13 £'000
Credited to Taxation and Non Specific Grant Income		
Capital Grants and Contributions		
- General Capital Grant	10,766	10,028
- Other Scottish Government Grant	1,854	5,707
- Developers Contributions	1,420	1,360
- Other Capital Contributions	1,794	1,160
Total Capital Grants and Contributions	15,834	18,255
Revenue Support Grant	219,117	234,027
Distribution from Non Domestic Rate Pool	81,347	75,601
Council Tax Benefits Grant	(31)	10,437
Total Grants credited to Taxation and Non Specific Grant Income	316,267	338,320
Credited to Services		
Housing Benefits Grant	54,398	55,081
Administration of Benefits Grant	1,265	1,436
Education Maintenance Allowance	884	792
European Grants	2,385	867
Private Sector Housing Grant	732	732
Community Led Regeneration	2,141	-
Criminal Justice Grant	1,809	2,077
Future Jobs Fund	-	30
Other Grants	4,770	2,957
Contribution from - SEEL	(73)	844
- Local Authorities	1,147	1,159
- NHS	7,406	6,692
Total Grants credited to Services	76,864	72,667

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35. GENERAL FUND BALANCE

The following amounts have been earmarked within the General Fund Balance.

	2013/14 £'000	2012/13 £'000
General Fund Balance at 31 March	22,571	25,212
Less: Earmarked Balances -		
Education - Delegated Schemes	1,101	945
Energy Efficiency Fund	415	520
Weather Emergency Fund	1,000	500
Modernisation Fund	4,371	4,371
Senior Peoples Challenge Fund	192	100
Scottish Government Grant	2,895	1,325
Scottish Welfare Fund	74	-
Time Limited Projects	10,237	14,245
Renewables Strategy	-	786
Demand Responsive Transport	126	200
Business Gateway	-	220
War Memorial Fund	50	-
Local Plan	110	-
	20,571	23,212
Uncommitted General Fund Balance at 31 March	2,000	2,000

In accordance with both the School Boards Delegation and Devolved School Management schemes, a net credit balance of £1.101 million (£0.945 million 2012/13) is held within the General Fund. This sum represents the amount by which schools underspent their delegated schemes and may be used to supplement their 2014/15 budgetary provision. This sum, although held within the General Fund, must be spent on Education Services and is not available to the Council for general use.

36. LEASING AND PPP PAYMENTS

The Council uses leased cars, street sweeping vehicles, occupies certain offices financed under the terms of various operating leases and leases windows and doors in some of the Council's housing stock. The amounts paid under these arrangements were as follows:-

	2013/14 £'000	2012/13 £'000
Plant and Vehicles	3,550	3,285
Windows and Doors	-	403
Property	449	456
	3,999	4,144

The operating lease for windows and doors was bought out during 2012/13 with the assets acquired for a total cost of £1.998 million), representing a substantial saving on renewing the lease on a 5 year basis.

Assets acquired under finance leases have been capitalised and are detailed in Note 13.

Operating Leases

The future cash payments required under operating leases are:-

	2013/14 £'000	2012/13 £'000
2014/15 (2013/14)	453	455
	3,478	2,991
2015/16 to 2018/19 (2014/15 to 2017/18)	831	920
	6,986	7,018
2019/20 onwards (2018/19 onwards)	1,747	1,980
	-	116

The cumulative value of leases where the Council is a lessor is £4.460 million for 695 units.

Education Service PPP1 Schools Project

This is a 31 year PPP contract which was awarded in August 2001 for the construction, extension and refurbishment of existing facilities, for three high schools, three primary schools and two nursery schools in Bathgate, Broxburn, Whitburn and Linlithgow. The contractor is also responsible for the ongoing maintenance and operation of school facilities, which requires the ongoing procurement of construction services, plant and equipment. Contract expiry date is 7 November 2032.

The unitary charge is subject to annual RPI indexation. The PPP contractor has price risk for utilities, so the council may be due a rebate on the unitary charge and this is reviewed bi-annually. The contractor is also entitled to a change adjustment to reflect any relevant costs incurred by the contractor within the first eleven and a half years of the contract. The Council is however entitled to receive a share of any Refinancing Gain in accordance with a formula linked to the Equity IRR.

The Council has rights to access the school facilities each school day. The contract specifies standards for the services to be delivered by the PPP contractor, with payment deductions to be made if facilities become unavailable or performance falls below the required standards. The school facilities and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. Both parties have rights to terminate the contract, but compensation may be payable.

A number of minor changes to the arrangements have been made in the period, but none significant enough to change the risk profile of the project.

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LEASING AND PPP PAYMENTS (CONTINUED)**Education Service PPP3 Schools Project**

This is a 31 year PPP contract for the construction of new facilities, for two high schools in Livingston (Deans) and Armadale. The contractor is also responsible for the ongoing maintenance and operation of school facilities, which requires the ongoing procurement of construction services, plant and equipment. Contract expiry date is 16 August 2039.

The Unitary Charge is subject to annual RPI indexation. The parties share the benefit/cost of improving or not achieving the set utility consumption targets, so the Council may be due a rebate on the unitary charge and this is reviewed annually. Whilst the Council may have to meet any additional cost of insurance premiums, it may also benefit from their reduction. In addition, the Council is entitled to receive a 50% share of a refinancing gain arising from a qualifying refinancing.

The Council has rights to access the school facilities each week day, and each weekend. The contract specifies standards for the services to be delivered by the PPP contractor, with payment deductions to be made if facilities become unavailable or performance falls below the required standards. The school facilities and any plant and equipment installed in them at the end of the contract will be transferred to the council for nil consideration. Both parties have rights to terminate the contract, but compensation may be payable.

A number of minor changes to the arrangements have been made in the period, but none significant enough to change the risk profile of the project.

PPP Payments

The future cash payments under two PPP schools contracts are analysed as follows:-

	Principal £'000	Interest £'000	Lifecycle Capital Costs £'000	Operating Costs £'000	2013/14 Total £'000	2012/13 Total £'000
Within one year	1,778	4,078	218	5,623	11,697	11,453
2 to 5 years	9,230	14,941	558	24,605	49,334	48,304
6 to 10 years	11,908	15,374	1,697	38,856	67,835	66,414
11 to 15 years	12,943	11,720	2,624	48,138	75,425	73,839
16 to 20 years	18,607	6,971	924	47,495	73,997	79,683
21 to 25 years	15,603	2,511	-	36,022	54,136	52,816
26 to 30 years	1,569	38	-	2,799	4,406	15,774
	71,638	55,633	6,021	203,538	336,830	348,283

37. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Scottish Government

Scottish Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government Departments are set out in the subjective analysis in note 34 on amounts reported to decision makers. Grant receipts outstanding at 31 March 2014 are detailed on page 53.

Councillors

Members of the Council have direct control over the Council's financial and operating policies. The total of Councillors Remuneration allowances paid in 2013/14 are shown in the Remuneration Report Note 2.4 on page 11. There are no related party transactions with members of the Council.

Officers

There are no related party transactions with Officers of the Council.

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RELATED PARTIES (CONTINUED)

During the year, the Council entered into a number of transactions with related parties which include Central Government, Other Local Authorities, Police, Fire and Joint Valuation Boards and related companies.

	2013/14 £'000	2012/13 £'000
EXPENDITURE		
Government Payments		
PAYE and National Insurance	51,785	53,066
Superannuation – Teachers	10,429	10,426
Other Local Authority Payments		
Superannuation	19,298	17,959
Other Payments	932	744
Other Related Party Payments		
Police, Fire and Joint Valuation Boards	166	21,424
West Lothian Municipal Bank Ltd.	34	34
West Lothian Leisure Ltd.	2,082	2,177
Councillors Remuneration	697	695
Criminal Justice Authority	2,930	2,843
SESTRAN / SESPLAN	72	72
	88,425	109,440
Other Related Party Income		
Other Local Authority Receipts	1,147	1,159
West Lothian Municipal Bank Ltd.	18	18
Criminal Justice Authority	2,264	2,122
West Lothian Leisure Ltd. - Fees	-	-
	3,429	3,299
BALANCE SHEET		
The amounts due (to) or from related parties are detailed below:-		
Government departments	859	1,680
Other local authorities	(2,081)	343
Related companies		
- West Lothian Municipal Bank Ltd.	910	910
- West Lothian Leisure Ltd.	269	4
	(43)	2,937

NOTES TO THE FINANCIAL STATEMENTS

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38. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS - 2012/13 Restated

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Account is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Corporate Management Team on the basis of budget reports analysed across Service areas. The accounting policies for depreciation, impairment, IAS 19 pension costs, employee holiday pay accruals do not impact on the service budget reports as a service budget to the value of the actual costs is allocated to Services to ensure that these accounting policies do not impact on the service outturn for the year.

The services reported to management include central support services and these are reallocated as support services in the Comprehensive Income and Expenditure Statement. As a result these are included in the reconciliation to subjective analysis.

2012/13	Total Income £'000	Employee Expenses £'000	Other Service Expenses £'000	Depreciation £'000	Total Expenditure £'000	Net Expenditure £'000
Schools with Education Support	(4,024)	109,925	19,411	25,175	154,511	150,487
Area Services (including Arts, Sports and Outdoor Education)	(5,524)	14,679	6,985	5,221	26,885	21,361
Planning and Economic Development Services	(3,057)	4,309	2,037	2,453	8,799	5,742
Operational Services	(23,170)	33,343	44,401	12,891	90,635	67,465
Housing, Construction and Building Services	(36,832)	19,186	19,479	12	38,677	1,845
Corporate Services	(1,289)	6,996	3,622	4,257	14,875	13,586
WLCHCP & Social Policy	(18,387)	36,559	62,112	2,445	101,116	82,729
Chief Executive, Finance and Estates	(11,457)	7,605	17,303	11,489	36,397	24,940
Joint Boards	(520)	-	21,496	-	21,496	20,976
Other Services						
- Non Service Expenditure	(59,680)	831	40,332	-	41,163	(18,517)
Time-Limited Projects	(23)	1,787	249	10	2,046	2,023
HRA	(41,233)	3,613	22,803	14,817	41,233	-
Total	(205,196)	238,833	260,230	78,770	577,833	372,637

Reconciliation of Service Income and Expenditure to Cost of Services in Comprehensive Income and Expenditure Statement

Net Expenditure in the Service Analysis

Net expenditure of services and support services not included in the Analysis

Amounts in the Net Cost of Services not reported to management in the Analysis

Amounts included in the Service Analysis not included in the Net Cost of Services

Net Cost of Services**Reconciliation to Subjective Analysis**

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the (Surplus) or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Account.

	Service Analysis £'000	Not included in Net Cost of Services £'000	Allocation of Support Services £'000	Net Cost of Services £'000	Corporate Amounts* £'000	Total £'000
Fees, charges and other service income	(205,196)	49,666	6,342	(149,188)	(4,528)	(153,716)
Interest and investment income	-	-	-	-	(29,686)	(29,686)
Government grants and contributions	-	-	-	-	(327,883)	(327,883)
Income from council tax	-	-	-	-	(68,647)	(68,647)
Total Income	(205,196)	49,666	6,342	(149,188)	(430,744)	(579,932)
Employee expenses	238,833	(19,841)	(13,874)	205,118	48	205,166
Other service expenses	260,230	(9,150)	(8,558)	242,522	982	243,504
Support Service recharges	-	470	22,667	23,137	782	23,919
Depreciation, amortisation and impairment	78,770	(5,793)	(6,577)	66,400	7,586	73,986
Interest Payments	-	-	-	-	58,191	58,191
(Gain) or Loss on Disposal of Non Current Assets	-	-	-	-	(802)	(802)
Total Expenditure	577,833	(34,314)	(6,342)	537,177	(66,787)	603,964
(Surplus) or Deficit on the Provision of Services	372,637	15,352	-	387,989	(363,957)	24,032

* Corporate Amounts are amounts reported below the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

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STATEMENT 8

38. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS - 2013/14

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Account is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Corporate Management Team on the basis of budget reports analysed across Service areas. The accounting policies for depreciation, impairment, IAS 19 pension costs, employee holiday pay accruals do not impact on the service budget reports as a service budget to the value of the actual costs is allocated to Services to ensure that these accounting policies do not impact on the service outturn for the year.

The services reported to management include central support services and these are reallocated as support services in the Comprehensive Income and Expenditure Statement. As a result these are included in the reconciliation to subjective analysis.

	Total Income £'000	Employee Expenses £'000	Other Service Expenses £'000	Depreciation £'000	Total Expenditure £'000	Net Expenditure £'000
2013/14						
Schools with Education Support	(3,627)	113,089	17,596	33,665	164,350	160,723
Area Services (including Arts, Sports and Outdoor Education)	(6,221)	15,150	7,569	6,807	29,526	23,305
Planning and Economic Development Services	(6,659)	4,704	3,369	603	8,676	2,017
Operational Services	(17,609)	34,918	38,080	12,152	85,150	67,541
Housing, Construction and Building Services	(34,434)	20,563	15,758	30	36,351	1,917
Corporate Services	(1,492)	8,254	4,229	4,757	17,240	15,748
WLCHCP & Social Policy	(20,013)	40,081	65,688	734	106,503	86,490
Chief Executive, Finance and Estates	(11,113)	7,991	24,702	7,055	39,748	28,635
Joint Boards	-	-	238	-	238	238
Other Services						
- Non Service Expenditure	(59,016)	726	28,657	-	29,383	(29,633)
Time-Limited Projects	(37)	3,693	697	8	4,398	4,361
HRA	(41,303)	4,080	21,153	16,070	41,303	-
Total	(201,524)	253,249	227,736	81,881	562,866	361,342

Reconciliation of Service Income and Expenditure to Cost of Services in Comprehensive Income and Expenditure Statement

	£'000
Net Expenditure in the Service Analysis	361,342
Net expenditure of services and support services not included in the Analysis	-
Amounts in the Net Cost of Services not reported to management in the Analysis	-
Amounts included in the Service Analysis not included in the Net Cost of Services	29,304
Net Cost of Services	390,646

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the (Surplus) or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Account.

	Service Analysis £'000	Not included in Net Cost of Services £'000	Allocation of Support Services £'000	Net Cost of Services £'000	Corporate Amounts* £'000	Total £'000
Fees, charges and other service income	(201,524)	41,253	5,920	(154,351)	(4,572)	(158,923)
Interest and investment income	-	-	-	-	(30,051)	(30,051)
Government grants and contributions	-	-	-	-	(15,834)	(15,834)
Income from council tax	-	-	-	-	(358,701)	(358,701)
Total Income	(201,524)	41,253	5,920	(154,351)	(409,158)	(563,509)
Employee expenses	253,249	(20,061)	(15,154)	218,034	57	218,091
Other service expenses	227,736	11,177	(9,203)	229,710	984	230,694
Support Service recharges	-	174	26,147	26,321	1,080	27,401
Depreciation, amortisation and impairment	81,881	(3,239)	(7,710)	70,932	1,265	72,197
Interest Payments	-	-	-	-	61,249	61,249
(Gain) or Loss on Disposal of Non Current Assets	-	-	-	-	(1,373)	(1,373)
Total Expenditure	562,866	(11,949)	(5,920)	544,997	63,262	608,259
(Surplus) or Deficit on the Provision of Services	361,342	29,304	-	390,646	(345,896)	44,750

* Corporate Amounts are amounts reported below the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

HRA – INCOME & EXPENDITURE STATEMENT			STATEMENT 9
PURPOSE	The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.		
INCOME		2013/14 £'000	Restated 2012/13 £'000
	Dwellings Rent (gross)	(40,276)	(39,662)
	Non-Dwellings Rent (gross)	(747)	(824)
	Other Income	(280)	(747)
	TOTAL INCOME	(41,303)	(41,233)
EXPENDITURE			
	Repairs and Maintenance	13,847	15,794
	Supervision and Management	8,242	8,238
	Depreciation and Revaluation of non current assets	19,626	22,634
	Bad or Doubtful Debts	1,062	225
	Other Expenditure	2,009	2,096
	TOTAL EXPENDITURE	44,786	48,987
	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	3,483	7,754
	HRA Services share of Corporate and Democratic Core (CDC)	73	62
	HRA share of Non Distributed Costs	17	9
	Net Cost of HRA Services	3,573	7,825
	HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement		
	(Profit) / Loss on sale of HRA assets	(322)	(339)
	Interest payable and similar charges	5,283	4,979
	Net interest on the net defined benefit liability	214	193
Deficit for the year on HRA Services	8,748	12,658	

MOVEMENT ON THE HRA STATEMENT

STATEMENT 10

PURPOSE	This statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.			
		Note	2013/14 £'000	Restated 2012/13 £'000
	Balance on the HRA at the end of the previous year		(926)	(926)
	Deficit for the year on the HRA Income and Expenditure Statement		8,748	12,658
	Adjustments between accounting basis and funding basis under regulations	1	(8,748)	(12,658)
	(Increase) or decrease in year on the Housing Revenue Account		-	-
	Balance on the HRA at the end of the current year		(926)	(926)
NOTES	1. Adjustments between accounting basis and funding basis under regulations			
	Depreciation and Revaluation		(19,626)	(22,634)
	Profit / (Loss) on sale of HRA fixed assets		322	339
	Capital Grants and Contributions		-	-
	Amount by which pension costs calculated in accordance with IAS 19 are different from contributions due to the Lothian Pension Fund		(231)	(202)
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		(19,535)	(22,497)
	Loans fund principal		3,105	2,613
	Capital expenditure funded by HRA		7,682	7,226
	Adjustments between accounting basis and funding basis under regulations		(8,748)	(12,658)
2.	Housing Stock			
	The Council's stock at 1 April 2013 was 13,048 houses and at 31 March 2014 was 13,210 houses. As a result the Council was responsible for managing an average of 13,129 dwellings during 2013/14.		2013/14 No of Houses	2012/13 No of Houses
	Stock movements can be summarised as follows:-			
	Stock as at 1 April		13,048	12,906
	Additions		265	182
	Less Demolitions		(18)	(4)
	Less Stock restated		(45)	-
	Less Sales		(40)	(36)
	Stock as at 31 March		13,210	13,048
	Housing Stock Numbers by type are as follows:			
	1 Bed		2,262	2,244
	2 Bed		6,175	6,099
	3 Bed		4,183	4,130
	4 Bed		459	447
	More than 4 Bed		131	128
			13,210	13,048
3.	Rent Arrears			
	Gross Rent Arrears at 31 March		2013/14 £1,319,531	2012/13 £1,001,019
4.	Bad Debts Provision			
	A bad debts provision of £1,509,233 (£614,865 at 31 March 2013) has been made in respect of house rent arrears and former tenants debt.			
5.	Losses on Void Properties			
	Losses on void properties at 31 March		2013/14 £315,447	2012/13 £257,505

COUNCIL TAX INCOME ACCOUNT

STATEMENT 11

PURPOSE	This statement shows the net income raised from Council Tax levied under the Local Government Finance Act 1992.									
INCOME	<div>Gross Council Tax levied and contributions in lieu</div> <div>Less:</div> <div>Discounts</div> <div>Provision for bad debts</div> <div>Council Tax Reduction Scheme</div> <div>Net cost of benefits</div> <div>Other deductions</div> <div>Adjustments for previous years' Community Charge and Council Tax</div> <div>Transfers to General Fund</div>	2013/14 £'000							2012/13 £'000	
		79,046							78,360	
		(6,623)							(6,520)	
		(1,584)							(1,573)	
		(10,247)							-	
		-							9	
		(2,250)							(1,753)	
(20,704)							(9,837)			
58,342							68,523			
(105)							124			
58,237							68,647			

NOTES	1.	Calculation of the Council Tax base 2013/14											
		PROPERTY BANDS											
		A	B	C	D	E	F	G	H	Total			
		Properties	17,813	24,572	9,721	7,703	9,014	5,212	2,450	174	76,659		
		Exemptions	(858)	(592)	(211)	(100)	(71)	(46)	(23)	(11)	(1,912)		
		Disabled Relief	172	(81)	(9)	11	(20)	(34)	(39)	-	-		
		Discounts (10%)	(22)	(21)	(14)	(8)	(8)	(3)	(2)	-	(78)		
		Discounts (25%)	(2,477)	(2,442)	(908)	(518)	(411)	(166)	(59)	(4)	(6,985)		
		Discounts (50%)	(44)	(57)	(22)	(11)	(9)	(5)	(6)	(1)	(155)		
		Council Tax Reduction Scheme	(5,322)	(4,761)	(1,174)	(463)	(235)	(82)	(21)	(1)	(12,059)		
		Effective Properties	9,262	16,618	7,383	6,614	8,260	4,876	2,300	157	55,470		
		Ratio to Band D	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9			
		Band D Equivalents	6,174	12,925	6,563	6,614	10,096	7,043	3,833	316	53,564		
		Contributions in lieu										-	
		Level of non-payment provided for										(1,339)	
		COUNCIL TAX BASE										52,225	
		2.	The level of Council Tax depends upon the value of the property. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers i.e. single occupants. A Council Tax Scheme Reduction is available to taxpayers on a low income. Other deductions include Disabled Relief.										
A bad debt provision of 2.25% of the net income from council tax has been provided, this represents a collection level of 97.75%.													
3.	The Council Tax charge for each band is as follows:-												
	Band		2013/14 Council Tax £				2012/13 Council Tax £						
	A		752.00				752.00						
	B		877.33				877.33						
	C		1,002.67				1,002.67						
	D		1,128.00				1,128.00						
	E		1,378.67				1,378.67						
	F		1,629.33				1,629.33						
	G		1,880.00				1,880.00						
	H		2,256.00				2,256.00						

PURPOSE	This account shows the income from the rate levied on non-domestic property under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992.			
INCOME	<div>Gross rates levied and contributions in lieu</div> <div>Less</div> <div>Reliefs and other deductions</div> <div>Payment of interest</div> <div>Provisions for bad and doubtful debts</div> <div>Adjustments for years prior to introduction of national NDR pool</div> <div>Net non-domestic rate income</div> <div>Allocated:</div> <div>National non-domestic rate pool</div> <div>Cost of Council rate relief</div>	2013/14 £'000		2012/13 £'000
			97,869	95,257
		(15,943)		(18,627)
		-		(11)
		(1,880)		(1,146)
			(17,823)	(19,784)
			80,046	75,473
			-	-
			80,046	75,473
			80,166	75,581
			(120)	(108)
			80,046	75,473
NOTES	1.	The amount distributed to West Lothian Council from the national non-domestic rate income pool in 2013/14 was £81.347 million (£75.601 million 2012/13).		
	2.	<div>Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Lothian area. The National non-domestic rate poundage is determined by the Scottish Government, and was 46.2p per £ in 2013/14 (45.0p in 2012/13). The rate was 47.1p (45.8p in 2012/13) for properties with a rateable value of more than £35,000. Properties with a rateable value of £18,000 or less are subject to a reduced charge.</div> <div>Properties used as shops which have a rateable value of greater than £300,000 and are licensed to sell alcohol and tobacco have been charged an additional rate of 13p in 2013/14 (9.3p 2012/13). The rate poundage for such premises for 2013/14 is 60.1p (55.1p 2012/13).</div>		
	3.	Rateable values at 1 April 2013		
			Number	Rateable Value £'000
		Shops, Offices and other Commercial Subjects	2,826	96,146
		Industrial Subjects	1,775	77,875
		Miscellaneous (Schools etc.)	1,040	40,698
		Total	5,641	214,719
	4.	There is no retained income from the Business Rates Incentivisation Scheme for 2013/14.		

LOANS FUND REVENUE ACCOUNT		STATEMENT 13	
PURPOSE	This statement shows the revenue transactions of the Loans Fund. The Loans Fund provides a central pool of finance for all Council expenditure. All external loans, borrowed to finance capital spending, are paid into the fund. Interest due on these borrowings and debt management expenses are allocated to this account. These costs are then charged annually to the Comprehensive Income and Expenditure Statement.		
EXPENDITURE		2013/14 £'000	2012/13 £'000
	Interest paid to External Lenders	20,345	19,746
	Interest paid on Internal Revenue Account Balances	1,820	2,496
	Losses on the Repurchase of Borrowing	394	394
	Total Interest	22,559	22,636
	Expenses of Borrowing	304	278
	Total Expenditure	22,863	22,914
INCOME	Interest Received from Investments	1,301	2,509
	Expenses charged to the Comprehensive Income and Expenditure Statement	304	278
		1,605	2,787
	Net Loans Fund interest charged to the Comprehensive Income and Expenditure Statement	21,258	20,127
	Total Income	22,863	22,914
NOTES	1.	The average rate of interest on borrowings from the Loans Fund was 4.2% (4.2% 2012/13).	
	2.	The rate for debt management expenses was 0.1% (0.1% 2012/13).	
	3.	The amount of internal debt outstanding at 31 March 2014 was £515.8 million or £2,931 per head of population compared with £490.1 million or £2,833 per head of population at 31 March 2013.	

CHARITABLE TRUSTS

STATEMENT 14

PURPOSE	<p>The Council acts as sole trustee for 39 Charitable Trusts and Mortifications. The funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet.</p> <p>The figures below summarise the Income and Expenditure arising during the year and the aggregate Assets and Liabilities of the Trusts at the year end.</p>		
EXPENDITURE INCOME SURPLUS / (DEFICIT)	INCOME AND EXPENDITURE STATEMENT	2013/14 £'000	2012/13 £'000
	Beneficiaries	5	4
	Loans Fund and Dividend Interest	7	9
	For Year	2	5
	At 1 April	372	367
	At 31 March	374	372
	BALANCE SHEET		
	Current Assets		
	Investments	47	47
	Revenue Advances to Loans Fund	327	325
		374	372
	Current Liabilities	-	-
	TOTAL ASSETS	374	372
	Reserves		
	Capital Fund	159	158
	Revenue Fund	215	214
	TOTAL RESERVES	374	372
NOTES	1. In order to preserve the capital value of Trust Funds, it is Council policy to disburse only revenue income arising from them. This is done one year in arrears i.e. revenue income received during 2013/14 is disbursed in 2014/15.		
	2. The main fund balances where the Council is sole trustee at 31 March 2014 are:-		
		Capital £'000	Revenue £'000
	Irene Elizabeth Miller Trust	60	3
	West Lothian Trust for the Benefit of People with Disabilities	41	19
	Quarter Farm Trust	17	40
	James Wood Bequest	14	52
	Robert Turner of Armadale Trust	11	19
	3. The Council also administers six other trusts, which have external and Council trustees. At 31 March 2014 the total assets of these trusts, valued at cost, was £0.214 million (£0.213 million at 31 March 2013).		

COMMON GOOD ACCOUNT

STATEMENT 15

PURPOSE

The Common Good Fund was inherited from West Lothian District Council and the former Linlithgow Town Council at the respective reorganisations of local government in 1996 and 1975 and is administered by the Council. Income from the Fund may be applied for the benefit of inhabitants of Linlithgow.

The figures below summarise the Income and Expenditure arising during the year and the Assets and Liabilities of the Fund at the year end.

INCOME AND EXPENDITURE STATEMENT

2013/14
£'0002012/13
£'000

Expenditure

Donations

-

-

Income

Interest

1

-

Surplus/(Deficit)

At 1 April

13

13

At 31 March

14

13

BALANCE SHEET

Non Current Assets

Heritable Property

1

1

Furnishings

4

4

5

5

Current Assets

Revenue Advances to Loans Fund

18

17

TOTAL ASSETS

23

22

FINANCED BY:

Reserves

Revenue Balance

14

13

Capital Reserve

9

9

TOTAL LOANS AND RESERVES

23

22

NOTES

1. Fixed Assets represent book values taken over from former Councils as recorded in their Abstract of Accounts. They consist of:-

Furnishings

£'000

4

Heritable Property

1

5

2. LASAAC has issued guidance on the application of accounting requirements to Common Good assets. The Council has not taken any action due to the insignificant amount involved (£5,000) and have not included this amount in their asset register.

3. Interest received in 2013/14 amounted to £273 (£386 2012/13).

MOVEMENT IN RESERVES STATEMENT - GROUP**STATEMENT 16****PURPOSE**

This statement shows the movement in the year on the different reserves held by the authority into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' accounting reserves. The deficit on the provision of services shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account (HRA) for council tax setting and dwellings rent setting purposes. The net increase/decrease before transfers to Other Statutory Reserves line shows the statutory General Fund and HRA surplus or deficit for the year before any discretionary transfers to or from Other Statutory Reserves undertaken by the Council.

**MOVEMENT IN RESERVES STATEMENT - GROUP
AS AT 31 MARCH 2014**

	Group Note	Restated *Single Entity Usable Reserves £'000	Restated Single Entity Unusable Reserves £'000	Restated Group Reserves £'000	Restated Total Group Reserves £'000
Balance at 1 April 2012		98,459	658,393	(368,581)	388,271
Movement in Reserves during 2012/13 (Restated)					
Surplus (Deficit) on the provision of services	G4	(24,032)	-	(19,617)	(43,649)
Other comprehensive income and expenditure		-	(31,762)	(53,569)	(85,331)
Total comprehensive income and expenditure		(24,032)	(31,762)	(73,186)	(128,980)
Adjustments between accounting basis and funding basis under regulations		38,318	(38,318)	-	-
Net increase (decrease) before transfers to other statutory reserves		14,286	(70,080)	(73,186)	(128,980)
Transfers to or from other statutory reserves		-	-	-	-
Increase (decrease) in year		14,286	(70,080)	(73,186)	(128,980)
Balance at 31 March 2013		112,745	588,313	(441,767)	259,291
Movement in Reserves during 2013/14					
Surplus (Deficit) on the provision of services	G4	(44,750)	-	(319)	(45,069)
Other comprehensive income and expenditure		-	2,477	(363)	2,114
Total comprehensive income and expenditure		(44,750)	2,477	(682)	(42,955)
Removal of Police and Fire Unusable Reserves	G3	-	-	440,983	440,983
Adjustments between accounting basis and funding basis under regulations		46,703	(46,703)	-	-
Net increase (decrease) before transfers to other statutory reserves		1,953	(44,226)	440,301	398,028
Transfers to or from other statutory reserves		-	-	-	-
Increase (decrease) in year		1,953	(44,226)	440,301	398,028
Balance at 31 March 2014		114,698	544,087	(1,466)	657,319

*Statement 4 and Notes 7, 8 and 9 to the Financial Statements provide details of the Single Entity Reserves

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - GROUP

STATEMENT 17

PURPOSE

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in Reserves Statement.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Group Note	2013/14			2012/13 Restated		
		Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Education Services		209,569	7,461	202,108	191,042	7,587	183,455
Housing		69,398	58,055	11,343	70,858	59,421	11,437
Cultural and Related Services		34,229	3,573	30,656	29,444	3,226	26,218
Environmental Services		23,798	2,730	21,068	24,097	2,781	21,316
Fire Services		-	-	-	6,143	-	6,143
Roads and Transport Services		21,666	1,557	20,109	23,297	1,149	22,148
Police Services		-	-	-	14,138	520	13,618
Planning and Development Service		18,044	9,812	8,232	15,459	5,232	10,227
Social Work		103,955	20,792	83,163	96,674	19,198	77,476
Joint Valuation Board		1,143	-	1,143	1,143	-	1,143
Central Services		12,180	8,995	3,185	10,622	8,779	1,843
Corporate and Democratic Core		5,639	73	5,566	4,998	62	4,936
Non-Distributed Costs		590	-	590	275	-	275
Net Cost of General Fund Services		500,211	113,048	387,163	488,190	107,955	380,235
Housing Revenue Account		44,786	41,303	3,483	48,987	41,233	7,754
Net Cost of Services		544,997	154,351	390,646	537,177	149,188	387,989
Other Operating Expenditure		(1,373)	-	(1,373)	(802)	63	(865)
Financing and Investment Income and Expenditure		64,967	34,902	30,065	68,172	34,605	33,567
Share of corporation tax of Joint Venture		10	-	10	14	-	14
Taxation and Non-Specific Grant Income		-	374,535	(374,535)	-	396,530	(396,530)
(Surplus) or Deficit on Provision of Services		608,601	563,788	44,813	604,561	580,386	24,175
Share of Operating Results of Associates and Joint Ventures		3,914	3,658	256	70,170	50,696	19,474
(Surplus) or Deficit on Group		612,515	567,446	45,069	674,731	631,082	43,649
Items that will not be reclassified to the (Surplus) / Deficit on the Provision of Services							
(Surplus) / Deficit on revaluation of property, plant and equipment				(22,902)			7,264
Actuarial (gains) / losses on pension assets and liabilities				20,488			24,467
(Gains) / Losses on Investments in Associates and Joint Ventures				363			53,569
Items that may be reclassified to the Surplus / (Deficit) on the Provision of Services				(2,051)			85,300
(Surplus) / Deficit on revaluation of available for sale financial assets				(63)			31
Other Comprehensive Income and Expenditure				(2,114)			85,331
Total Comprehensive Income and Expenditure				42,955			128,980

BALANCE SHEET - GROUP**STATEMENT 18****PURPOSE**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. The first category of reserves are usable reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Fund that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes 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 are adjustment accounts that absorb the differences between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.

	Group Note	As at 31 March 2014 £'000	As at 31 March 2013 £'000
LONG TERM ASSETS			
Property, Plant and Equipment			
- Council Dwelling		452,983	439,711
- Other Land and Buildings		649,695	652,328
- Vehicles, Plant, Furniture and Equipment		16,443	17,106
- Infrastructure Assets		193,843	186,114
- Community Assets		592	298
- Assets under construction		6,266	12,954
- Surplus Assets, not yet held for disposal		25,526	25,569
- Heritage Assets		677	677
Long Term Investments		1,346,025	1,334,757
Long Term Debtors		223	160
		1,594	1,812
TOTAL LONG TERM ASSETS		1,347,842	1,336,729
CURRENT ASSETS			
Short Term Investments		85,436	101,476
Inventories		1,452	1,350
Short Term Debtors		30,952	34,233
Cash and Cash Equivalents		31,419	11,980
TOTAL CURRENT ASSETS		149,259	149,039
CURRENT LIABILITIES			
Short Term Borrowing		(105,698)	(94,595)
Short Term Creditors		(70,061)	(67,990)
Provisions		(1,620)	(433)
TOTAL CURRENT LIABILITIES		(177,379)	(163,018)
NET CURRENT ASSETS (LIABILITIES)		(28,120)	(13,979)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,319,722	1,322,750
LONG TERM LIABILITIES			
Long Term Creditors		(1,580)	(1,754)
Long Term Borrowing		(393,902)	(383,796)
Defined Benefit Scheme Liability		(195,595)	(164,504)
Other Long Term Liabilities		(69,860)	(71,638)
Share of Net Liabilities of Associates and Joint Venture		(1,466)	(441,767)
TOTAL LONG TERM LIABILITIES		(662,403)	(1,063,459)
TOTAL NET ASSETS		657,319	259,291
Financed by:			
USABLE RESERVES			
General Funds Balance		22,520	25,514
HRA Balance		926	926
Capital Fund		79,008	74,338
Insurance Fund		12,193	12,269
Capital Grants Unapplied Account		-	-
TOTAL USABLE RESERVES		114,647	113,047
UNUSABLE RESERVES		542,672	146,244
TOTAL RESERVES		657,319	259,291

The unaudited accounts were issued on 23 June 2014 and the audited accounts were authorised for issue on 29 September 2014.

Donald Forrest

CASH FLOW STATEMENT - GROUP**STATEMENT 19****PURPOSE**

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

	Group Note	2013/14 £'000	Restated 2012/13 £'000
Net Surplus or (Deficit) on Group		(45,069)	(43,649)
Adjust net surplus or deficit on the provision of services for non cash movements		94,693	100,419
Net cash flows from Operating Activities		49,624	56,770
Net cash flows from Investing Activities		(50,927)	(74,106)
Net cash flows from Financing Activities		20,742	7,306
Net increase / (decrease) in cash and cash equivalents		19,439	(10,030)
Cash and cash equivalents at the beginning of the reporting period		11,980	22,010
Cash and cash equivalents at the end of the reporting period		31,419	11,980

NOTES TO THE GROUP ACCOUNTS

STATEMENT 20

G1. ACCOUNTING POLICIES

The group accounting policies are those specified for the single entity financial statements as detailed in Statement 8 Note 1.

The Police and Fire Reform (Scotland) Act 2012 provides for the transfer of police and fire functions from the local authority sector to the central government sector from 1 April 2013.

The 2012/13 Police and Fire Financial Statements were prepared on a going concern basis given that constituent authorities had a legal obligation under the 1995 Combined Area Amalgamation Scheme Order to provide the board with funding to meet all liabilities as they fell due. Similarly the group accounts reflected a going concern for 2012/13.

For 2013/14 there is no requirement to include police and fire in the group accounts of the authority and the reserves were removed from the Group Movement in Reserve Statement on page 63. The detail of balances removed is shown in Note G3.

G2. RESTATEMENT FOR IAS 19

	Audited 2012/13 Group Accounts £'000	Restated 2012/13 Group Accounts £'000	Movement £'000
Movement in Reserves Statement			
Surplus (Deficit) on Provision of Services	(38,432)	(43,649)	(5,217)
Other Comprehensive Income and Expenditure	(90,548)	(85,331)	5,217
Total Comprehensive Income and Expenditure	(128,980)	(128,980)	-
Income and Expenditure Statement			
Finance and Investment Income	28,362	33,567	5,205
Share of Corporation Tax of Joint Venture	19,462	19,474	12
Actuarial losses on pension assets and liabilities	29,632	24,467	(5,165)
Losses in Investments in Associates and Joint Ventures	53,621	53,569	(52)
Total Comprehensive Income and Expenditure	(128,980)	(128,980)	-
Cash Flow			
Net Surplus / (Deficit)	(38,590)	(43,649)	(5,059)
Adjust Net Surplus / (Deficit) for non cash movements	95,360	100,419	5,059
Net cash flows from Operating Activities	56,770	56,770	-

G3. REMOVAL OF LOTHIAN AND BORDERS POLICE AND FIRE UNUSABLE RESERVES

	Total £'000
Lothian and Borders Police	377,673
Lothian and Borders Fire and Rescue	63,310
	440,983

G4. COMBINING ENTITIES

The Council has a number of related companies full details of which are shown on page 69 of the Accounts. For the purposes of consolidation and incorporation within the Group Accounts the Council does not have any subsidiary companies but has significant influence over West Lothian Leisure Ltd and the Lothian Valuation Joint Board. These interests are deemed to be Associates. The Council has a 50% joint venture in West Lothian Recycling Ltd.

The following shares of the accounts of these bodies have been included within the Group Accounts.

Associates

West Lothian Leisure Ltd.	- basis - WLC funding to total income
Joint Boards	- Police - basis - WLC funding to total funding
	- Fire - basis - WLC funding to total funding
	- Valuation - basis - WLC funding to total funding

Joint Venture

West Lothian Recycling Ltd.	- basis - 50% of share capital
-----------------------------	--------------------------------

	2013/14	2012/13
	19.03%	20.86%
	-	17.23%
	-	15.91%
	18.67%	18.67%
	50%	50%

The summarised Financial Information of the associates and joint venture are detailed below:

Council share of Associates and Joint Ventures		Police £'000	Fire £'000	Valuation £'000	West Lothian Leisure £'000	West Lothian Recycling £'000	Total £'000
Total Assets	2013/14	-	-	328	726	214	1,268
	2012/13	23,373	8,813	311	700	267	33,464
Total Liabilities and shareholders equity	2013/14	-	-	(1,743)	(906)	(85)	(2,734)
	2012/13	(401,046)	(72,122)	(1,398)	(594)	(71)	(475,231)
Net Assets / (Liabilities)	2013/14	-	-	(1,415)	(180)	129	(1,466)
	2012/13	(377,673)	(63,309)	(1,087)	106	196	(441,767)
Included in Surplus / (Deficit) in Group	2013/14	-	-	(75)	(277)	33	(319)
	2012/13	(16,284)	(3,203)	46	(174)	50	(19,565)

NOTES TO THE GROUP ACCOUNTS

STATEMENT 20

G4. COMBINING ENTITIES (Continued)

The summarised reserves of the associates and joint venture are detailed below:

Council share of Associates and Joint Ventures		Police £'000	Fire £'000	Valuation £'000	West Lothian Leisure £'000	West Lothian Recycling £'000	Total £'000
General Fund Balance	2013/14	-	-	-	(180)	129	(51)
	2012/13	-	-	-	106	196	302
Capital Fund	2013/14	-	-	-	-	-	-
	2012/13	-	-	-	-	-	-
Capital Grants	2013/14	-	-	-	-	-	-
Unapplied A/C	2012/13	-	-	-	-	-	-
Capital Receipts	2013/14	-	-	-	-	-	-
Reserve	2012/13	-	-	-	-	-	-
Total Usable Reserves	2013/14	-	-	-	(180)	129	(51)
	2012/13	-	-	-	106	196	302

Council share of Associates and Joint Ventures		Police £'000	Fire £'000	Valuation £'000	West Lothian Leisure £'000	West Lothian Recycling £'000	Total £'000
Unusable Reserves	2013/14	-	-	(1,415)	-	-	(1,415)
	2012/13	(377,673)	(63,309)	(1,087)	-	-	(442,069)
Total Reserves	2013/14	-	-	(1,415)	(180)	129	(1,466)
	2012/13	(377,673)	(63,309)	(1,087)	106	196	(441,767)

The accounting period for the Associates is the 31 March 2014 while the Joint Venture is the 31 December 2013. The associates and joint venture have been accounted for using the equity method.

The Charitable Trusts and Common Good Fund, which the Council manages, have not been included in the Group Accounts on the grounds of materiality. Full details of these accounts can be found in Statements 14 and 15 on pages 61 and 62.

G5. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates and Joint Venture on the Group Balance Sheet as at 31 March 2013 (2012) is to reduce the net assets by £1.158 million (£441.767 million) representing the Council's share of net liabilities of these organisations. The net liabilities are attributable to the Lothian Valuation Joint Board which has significant pension liabilities under IAS 19 of £1.507 million (£461.927 million as the Police and Fire Officers pension schemes are unfunded and pension payments, net of officer's contributions, are met annually from revenue funding). The split of these pension liabilities is detailed below:

	2013/14 £'000	2012/13 £'000
- Lothian and Borders Fire Board	-	(70,283)
- Lothian and Borders Police Board	-	(390,467)
- Lothian Valuation Joint Board	(1,507)	(1,177)
	(1,507)	(461,927)

Further information regarding these deficits can be found in the annual report and accounts of the relevant bodies.

G6. GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

The 2013/14 (2012/13) share of Associates pension interest cost and expected return on pension assets is £0.053 million (£18.700 million). These figures are not included in the Group Comprehensive Income and Expenditure Account as they are part of the IAS 19 pension entries which are reversed out in arriving at the share of operating results of Associates for the year.

G7. NON MATERIAL INTEREST IN OTHER ENTITIES

The Council has a relationship with the following companies which have been set up for specific purposes. The following companies are not consolidated into the Group Accounts as they are not considered to be a material part of the Group.

Accounts of the companies may be obtained on application to the Head of Finance and Estates.

NOTES TO THE GROUP ACCOUNTS

STATEMENT 20

7.1 West Lothian Municipal Bank Limited

The company has carried on business in Armadale as a Bank of Deposit, basically a savings bank, since 1964. Members of the Council are the sole shareholders and directors of the company. The company does not pay a dividend and the directors are not paid any remuneration. The Council does not have a shareholding in the company. The Council matches the expenses and interest incurred so that no profit or loss is made. The vast majority of the funds of the company are lent to the Council who guarantee to make good to a depositor any principal and interest due, should the company default in payment.

The following details have been extracted from the most recent accounts of the company which, where audited, have had no qualifications to the audit certificate.

	Unaudited 17 April 2014 £'000	Audited 17 April 2013 £'000
Debtors - West Lothian Council	946	911
Creditors - due to Depositors	1,029	998

7.2 WL Ventures Group Limited

The company is limited by guarantee and was set up to promote industry and commerce within West Lothian. The Council has a right to nominate six members and directors.

The unaudited (audited) accounts for the period ended 31 March 2014 (31 March 2013) show losses before and after tax of £3,000 (£3,017) with net assets of £490,000 (£492,104).

7.3 West Lothian Enterprise Limited

The company is limited by guarantee. The principal activity is the management of funds designed for investments in industrial and commercial businesses with a view to promoting economic development. The company commenced in 2012/13.

The unaudited (audited) accounts for the period ended 31 March 2014 (31 March 2013) show losses before and after tax of £1,000 (£354) with net liabilities of £19,000 (£18,117).

7.4 Visit West Lothian Limited

Visit West Lothian Limited was set up in August 2008 as a company limited by guarantee. The company consists of one employee, the Tourism Executive, and a board of 7 Directors comprising 1 council representative and 6 stakeholders. The purpose of the company is to promote and develop West Lothian as a visitor destination. As part of this the company aims to maximise the economic impact of West Lothian's visitor potential, improve the quality of the visitor experience and raise the profile of the locality. The company is funded by the council but also works to access available funding sources and generate additional revenue.

The unaudited (audited) accounts for the year ended 31 March 2014 (2013) show a profit before tax of £127 (£10,480 loss) and after tax of £102 (£8,384 loss) with net assets of £21,015 (£20,913).

7.5 The West of Scotland Archaeology Service

This body was set up in 1997 as a Joint Committee of local authorities in the area. It is currently funded by 11 local authorities and 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 Executive planning guidance for the treatment of archaeological remains in the planning process. During the year, the Council made a contribution of £12,691 (£12,691 2012/13) representing 9.23% (7.5% 2012/13) of the Committee's estimated running costs for the year to 31 March 2014.

7.6 South East of Scotland Transport Partnership (SESTRAN)

The Council is a member of SESTRAN, one of seven statutory regional transport partnerships set up under the Transport (Scotland) Act 2005. SESTRAN has a membership of 8 local authorities and they have a statutory duty to produce a Regional Transport Strategy Plan and provide the Council with capital grant for West Lothian projects within the plan. During the year, the Council made a contribution of £22,546 (£22,662 2012/13) and had a voting share of 12.5%.

7.7 SESplan is the Strategic Development Planning Authority for Edinburgh and South East Scotland (SESplan)

The Council is a member of SESplan. SESplan is composed of 6 local authorities that have a statutory duty under Section 4 of the Planning (Scotland) Act 2006 to work together to prepare, and keep under review, a Strategic Development Plan (SDP) for the South East of Scotland. During the year, the Council made a contribution of £49,000 to the running costs of SESplan, representing 17% of the authority's running costs. The Council has a voting share of 17%.

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