GLASGOW CITY COUNCIL

ANNUAL ACCOUNTS

For the year ended 31 March 2020

(Pre-Audit Inspection Copy)

GLASGOW CITY COUNCIL

Annual Accounts for the Year ended 31 March 2020

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❖ Management Commentary

Introduction

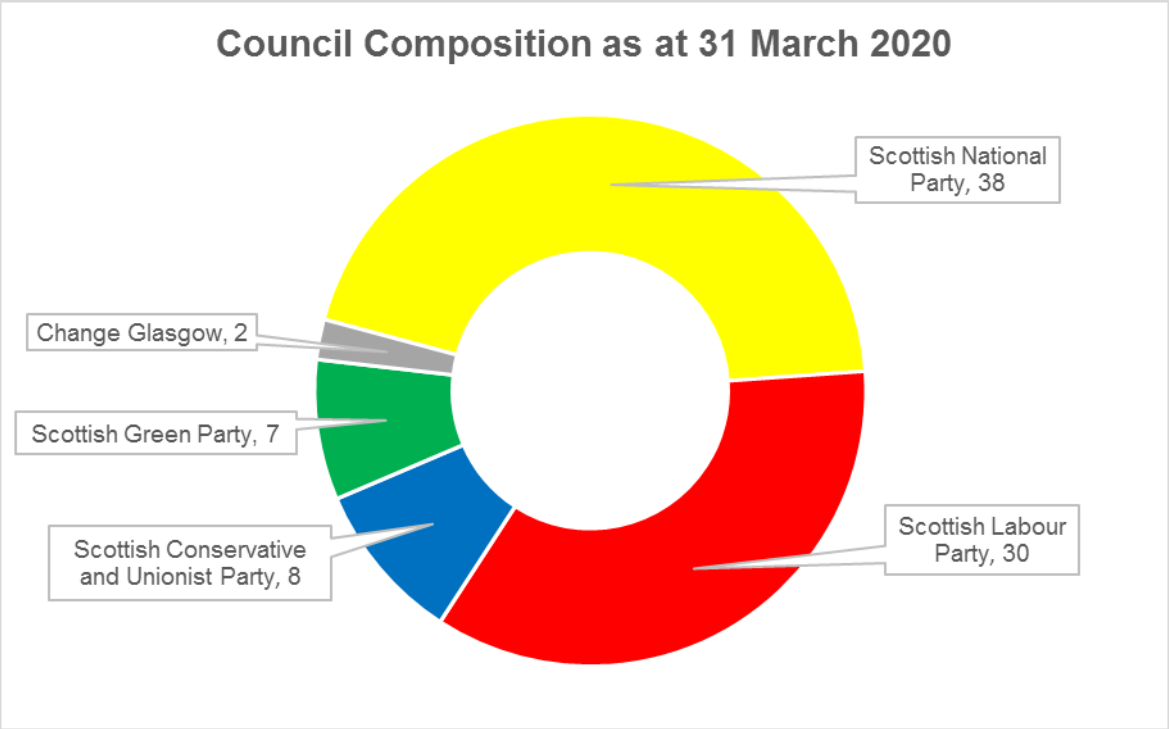
Glasgow City Council is the main provider of services to the city's growing population of 633,120 residents and those who visit, work and do business in the city. Our resources are focused on the provision of Education, Social Work and other services, as well as supporting investment in the city's infrastructure.

This publication represents the Annual Accounts of both Glasgow City Council (the council) and its group for the year ended 31 March 2020, which have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector.

These accounts include the initial impact of Covid-19. Where relevant, reference is made to the impact of Covid-19, how this has affected the performance of the council and how the council has managed the financial implications.

Political Structure

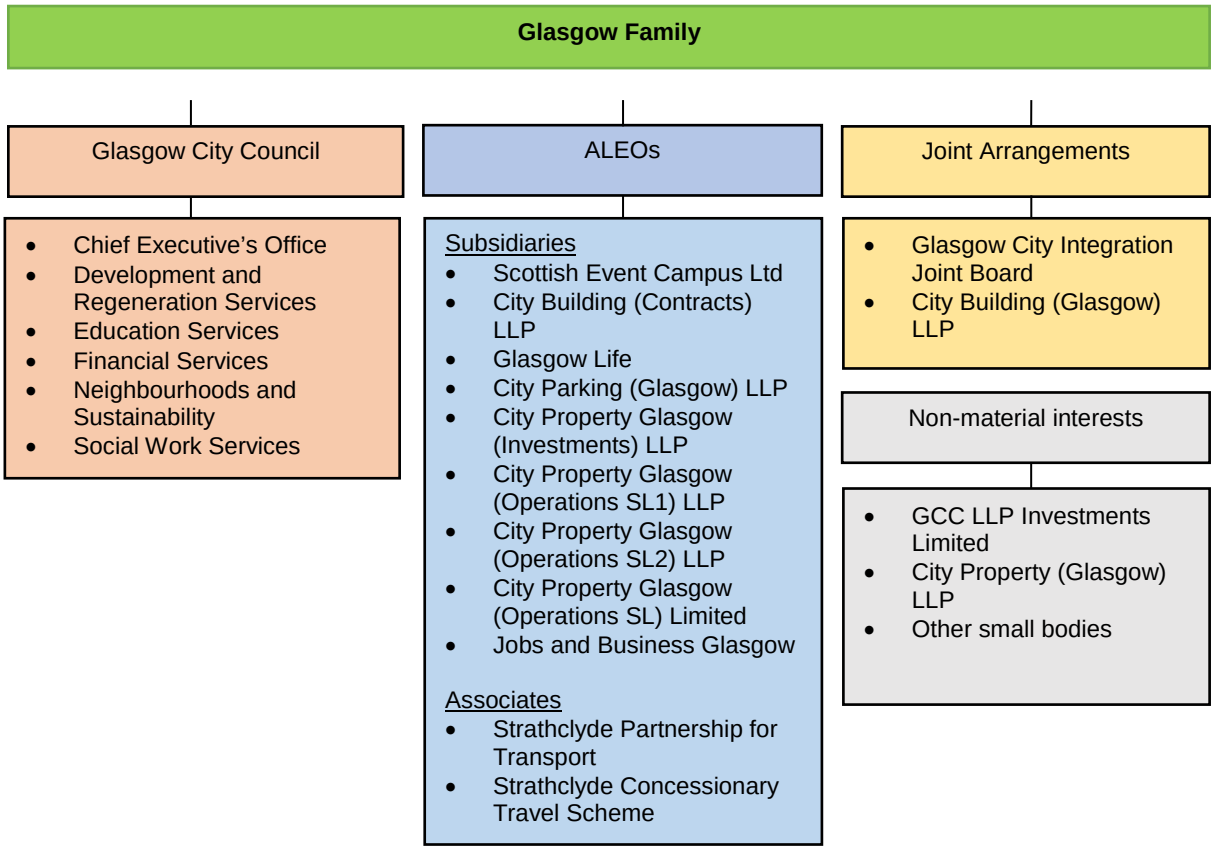
The city council is made up of 23 multi-member wards, electing 85 councillors. The current make-up of the council is outlined below.



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

Organisational Structure

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



Full details of the ALEOs, joint arrangements and non-material interests can be found in the council's group accounts on pages 86 to 116.

Strategic objectives

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

- A Thriving Economy
- A Vibrant City
- A Healthier City
- Excellent and Inclusive Education
- A Sustainable and Low Carbon City

- Resilient and Empowered Neighbourhoods
- A Well Governed City that listens and responds

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

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

Alignment of the Strategic and Community Plan

Community Plan Theme	ECONOMIC GROWTH	RESILIENT COMMUNITIES	A FAIRER MORE EQUAL GLASGOW
Lead Strategy	GLASGOW ECONOMIC STRATEGY	RESILIENT CITY STRATEGY	FAIRER GLASGOW STRATEGY
Specific Aspects of the Strategy Community Planning will focus on	• Raising Health • Skills for all • Linking Education to Employment opportunities • Ensuring Inclusive Growth is part of city deal/master planning of projects	• Mental health and wellbeing • Social isolation • Empowering Glaswegians	• Attitudes • Child poverty • Participation • Work and worth
Linked Council Strategic Plan Themes	• A Thriving Economy • A Healthier City • Excellent & Inclusive Education • A Vibrant City	• Resilient & Empowered Neighbourhoods • A Healthier City • Excellent & Inclusive Education • A Well Governed City that Listens & Responds	• A Healthier City • A Thriving Economy • A Well Governed City that Listens & Responds • Excellent & Inclusive Education • A Vibrant City
Linked Council Strategic Plan Commitments that Deliver Community Plan Priorities	• Deliver Economic Strategy & City Deal • Ensure Benefits to Glaswegians • Improve Attainment • Improve % Positive Destination • Employer Connections • Community Learning • Tourism & Visitor Strategy • Cultural Strategy	• Neighbourhood Empowerment • Participatory Budgeting • Invest in Community Facilities • Community Asset Management • Volunteers/skills • City Charter • Consult on Service Redesign • Review Funding to 3rd Sector • Liveable communities • Planning and licensing decisions • Local festivals fund • Housing	• Address Child Poverty, Summer Schemes & Free School Meals • Support for Carers • Age Friendly • Financial Inclusion Strategy • Employment Programmes • Cost of the School Day • Outdoor Play • Equality & Diversity in Education • Financial inclusion

Performance management

Our Corporate Performance Management Framework sets out our approach to reporting on performance at both a corporate and service level to ensure that we can monitor and report progress against the council's

commitments and programmes, improve benchmarking reporting and activity, and streamline how we gather residents' views on services.

The target audience for much of the reporting output is the City Administration Committee (CAC), the Operational Performance and Delivery Scrutiny Committee (OPDSC), the Finance and Audit Scrutiny Committee (FASC) and the Council Management Team (CMT). Information is also provided to other committees and to the public, as part of our Public Performance Reporting arrangements.

A number of reports form the core of the framework including the council's Strategic Plan and the Annual Performance Report (APR), Annual Service Plan and Improvement Reports (ASPIRs), the Glasgow Community Plan and associated performance reports, Equality Outcomes, Equality Monitoring reports and Local Government Benchmarking Framework Indicators and activity. Our performance information is hosted on a performance page on our website.

Performance reporting to council committees also incorporates thematic scrutiny reporting, as well as operational performance reporting. The Corporate Performance Management Framework also includes financial reports, human resources reports, Service Reform Programme reports, risk registers and Annual Household Survey reports. The annual performance against the council's Strategic Plan 2017 to 2022 is incorporated with the council's Strategic Plan progress report.

The council response to the pandemic has affected our timescale for reporting on performance for 2019/2020. This is due to temporary revised governance arrangements and also council staff being directly involved in supporting the council response to the pandemic. However it is still expected that our Public Performance report will be available autumn 2020, however some key achievements during 2019/2020 year are listed below:

- Glasgow contributed £20 billion to the UK economy during 2019

- Glasgow continued to be a popular destination for film and TV productions and the Glasgow Film Office contributed £12.5 million to the city economy

- A participatory budgeting pilot in 4 wards and 2 communities of interest for disabled people and young people were concluded with positive evaluations. The next phase is being developed

- Educational attainment continued to increase year on year, more pupils are staying on at school and the number of school leavers achieving positive destinations continues to rise. The rollout of digital devices to assist learning in schools has begun and is expected to complete in 2021

- Free personal care for under 65s was introduced April 2019 and is supporting approximately 1,400 service users

- The public conversation on George Square was concluded and our strategy to deliver improvements has been set out

- The Climate Emergency Working Group delivered its report with over 60 recommendations that it considers provide a pathway to a carbon neutral Glasgow.

Year 3 performance for Council Strategic Plan priorities will be reported autumn 2020,

Best Value Audit Report

In 2018, Audit Scotland Best Value Assurance Report (BVAR) was presented to full council on 13 September 2018 with the findings and recommendations noted and the Best Value Action Plan approved. The report contained seven recommendations across the following themes:

- Continued refinement of the corporate Performance Management Framework;
- Continued partnership working to implement the Homelessness Strategy; to further strengthen relationships with the third sector, and to deliver locality planning and encourage community engagement;
- Further consideration of the potential impact of Equal Pay claims, and
- Monitoring of benefits realised from transformation activity and changes to the Council Family structure.

The first BVAR Action Plan update was presented to FASC on 12 March 2019 with a further update provided on 11 September 2019. This update reported that actions against 2 of the 7 recommendations were complete with the remaining 5 ongoing. A further update scheduled for March 2020 has been delayed due to the pandemic and lockdown.

Risk management

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

The Corporate Risk Register contains a total of 28 open risks and each has been aligned to the seven strategic themes within the Council's Strategic Plan. Given their cross-cutting nature, a number of risks have been identified as being aligned to or underpinning several strategic themes. The corporate risk register has also been updated to reflect the uncertainities and threats to the council's strategic objectives arising from Covid-19.

There are 10 risks which have been rated as very high i.e. those with a risk score of 15 and over, as listed below by theme:

Theme : A Thriving Economy	
Title : Constitutional Uncertainty	
Risk: There may be a lack of clarity over the constitutional future of Scotland and the impact of Brexit.	Mitigation: • Proactive consideration / research into potential impact on Council policies etc. • Engagement and monitoring through COSLA

	and local and national resilience partners. • Participation in Home Office briefings on the EU Settlement Scheme, with information disseminated to relevant parts of the Council Family. • Council Family Working Group established for planning and co-ordination and progression of the Council's Brexit Action Plan. • Elected Members Brexit Preparation Forum established • Specific Brexit Risk Register maintained, monitored and reported to CMT, the Council Family Brexit Working Group and the Brexit Preparation Forum.

Theme : A Healthier City	
Title : Poverty and Inequality	
Risk: The council and citizens may be impacted by continued social inequality and poverty.	Mitigation: • Implementation of key economic and development strategies. • Re-provisioning of Care Homes. • Sustainable Glasgow. • Poverty Leadership Panel. • Local Child Poverty Action Plan. • Holiday Hunger Programme. • The Financial Inclusion Strategy 2020 to 2025.
Title : Failure to fulfil duty of care to children and vulnerable adults	
Risk: Failure to fulfil duty of care to children and vulnerable adults.	Mitigations: • Local Social Work performance management and supervision systems in place. • Adult and Child Protection Committees. • Quarterly meeting of HSCP Chief Officers' group. • Monthly review of adult and child protection management information at appropriate HSCP leadership and governance groups. • Half yearly local management review process overseen and coordinated by Child Protection team. • Multi-agency adult and child protection training programmes. • Regular Criminal Justice review of practice • Liaison with national and local partners to review activity.

	• Memorandum of Understanding in place between statutory agencies and reviewed annually.
Title: Impact of Welfare Reforms	
Risk: Vulnerable people may be financially disadvantaged and require additional support / services from the council.	Mitigations: • Key messages are refreshed and disseminated in line with current stage of reform. • Significant further training on Welfare Reform has been provided to voluntary sector organisations. • Linkages with Scottish Welfare Fund has resulted in a significant increase in the number of people appealing benefits sanctions. • Support for all those in Private Landlord housing affected by the implementation of the benefit cap. • Support for Discretionary Housing Payment claims and access to exemptions from the benefit cap. • Briefings on Universal Credit have been arranged • Information dissemination on rights to appeal. • Appeals packs have been developed for service users. • Welfare Reform training has been provided to the Third Sector.

Theme : Excellent and Inclusive Education	
Title: Educational Attainment	
Risk: Young people leaving council education establishments may not have achieved their full potential or secure positive destinations.	Mitigations: • Attainment funding included in Glasgow's Improvement Challenge 2015-2020. • Year on year improvement in attainment. • Positive destinations for school leavers are at an all-time high. • Raising Attainment and Closing the Gap Toolkit-Local Improvement Groups. • Effective use of Education Scotland quality frameworks.

Theme : A Sustainable and Low Carbon City	
Title : Inaction / insufficient response to climate and ecological emergency	
Risk: The council may fail to take sufficient action in response to the declared climate and ecological	Mitigations: • Declaration of climate and ecological emergency.

emergency and to meet the revised carbon neutrality target by 2030.	• Development of an implementation plan to respond to the Climate Emergency Working Group. • Investment in a new fleet of 63 e-bikes for hire under the Next Bike scheme. • Partnership working with Scottish Power to focus on installation of more electric vehicle charging points. • Glasgow has already met and exceeded carbon reduction targets for 2020 under the Energy and Carbon Masterplan. • Implementation of the Zero Waste Plan. • Implementation of Sustainable Glasgow initiatives including establishment of four thematic hubs • Operation of Glasgow Recycling and Renewable Energy Centre will divert up to 90% of input waste from landfill. • Development of Low Emission Zone. • Successful bid for £3.5m from Spaces for People, to provide temp measures to facilitate physical distancing in response to COVID-19.

Theme : Various	
Title : Fiscal Uncertainty	
Risk: There may be a reduction in funding / income to the council.	Mitigations : • Robust budgetary control and reporting to FASC and CAC including the financial impact of Covid-19. • Internal and External Audit. • Financial Regulations and Financial Management Code of Practice. • Dialogue with the Scottish Government. • Continuing development more effective partnership working. • Spending controls and monitoring. • Financial Management Steering Group. • VAT oversight by the Council's VAT Officers. • Outturn report shows contribution to reserves • Implementation of the Funding Strategy for Equal Pay obligations. • Additional funding from the Scottish Government which partially mitigates the financial impact of Covid-19. • Through COSLA, the council is lobbying for further funding to mitigate the full impact of

	Covid-19.
Title : Significant Industrial Action	
Risk: There may be significant industrial action.	Mitigations: • Regular meetings with Trade Unions. • Involvement of external bodies. • Staff communication. • Close monitoring of budget options going forward.
Title : Impact of Covid-19	
Risk: The impact of Covid-19 may prevent or adversely affect the council's ability to deliver services and strategic outcomes.	Mitigations: • Clear command and control structures established for response phase. • Use of business continuity planning materials to identify critical functions for prioritisation of focus and resource. • Use of corporate volunteer programme to match resource demand and availability to sustain delivery of critical services. • Shielding Plus programme established. • Renewal programme strategy and governance framework established.
Title: Failure to deliver the Capital Investment Programme	
Risk: The council may fail to deliver the Capital Investment Programme, to time, budget and specification.	Mitigations: • The council's model for monitoring the Capital Investment programme is robust and mature. • A robust programme governance framework is in place, underpinned by the Corporate Project Management Toolkit. • The financial performance of the investment programme is closely monitored and reported to City Administration Committee and FASC. • All potential funding sources are explored. • City Administration Committee has approved a process for the engagement with contractors regarding the impact of Covid-19 and an approach to management of any increased costs.

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

Individual Services maintain and report their own risk registers to their management teams with the corporate risk register reported to the Corporate Management Team and thereafter to FASC. The latest report as at 31 March 2020 was considered by FASC on 24 June 2020.

Financial review

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

- **Council Services**

In 2019/20 the council managed its operational net expenditure within its overall budget. During the year and at outturn, overspends were reported within Development and Regeneration Services, Education Services and Neighbourhoods and Sustainability partly offset by underspends within Financial Services. The key reasons for these variances are outlined below:

- Development and Regeneration Services reflect overspends in property and land services division due to repairs and utilities. These overspends are partly offset by increased income within building standards and planning services and an underspend within the economic development division.

- Education Services reflects overspends relating to increasing pupil rolls affecting employee costs, property costs, transport and supplies and services offset by early years graduate recruitment.

- Neighbourhoods and Sustainability reflects overspends due to lower commercial refuse income offset by increased income from parking and environmental services and underspends in vacancy management.

- Financial Services underspend reflects a lower level of commitment in respect of the Council Tax Reduction scheme and improved collection of housing benefit overpayments. This underspend is offset by an overspend in the Scottish Welfare Fund due to increased demand.

Financial pressures across service budgets were closely monitored and corrective action was identified by Executive Directors to contain net expenditure within approved budgets as far as possible. This process was supported by the establishment of the probable outturn and the provision of updates throughout the year.

Services have spent between 97.2% and 104.1% of their final budget resulting in a net overspend in total net direct service expenditure of £8.3m.

These costs are inclusive of £2.6m net financial implications associated with Covid-19. The council in conjunction with COSLA continue to lobby the UK and Scottish governments for additional funding to meet these costs. In the interim these have been supported by the reserves of the council.

- **Integrated Joint Board**

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

The financial outturn for the IJB reflects an underspend of £14.7m. This reflects underspends within health services of £8.8m related mainly to vacancies and staff turnover, prescribing and external funding and within council services of £5.9m related to early delivery of transformation programme savings, part year implementation of national priorities including rapid rehousing, the Carers Act provisions and criminal justice.

The IJB committed £8.5m of this underspend to fund the maximising independence programme. The remaining balance will be earmarked to meet ongoing commitments linked to external funding and prescribing.

Additional costs associated with the impact of Covid-19 amounted to £0.8m. These cost are being met by the Scottish Government and therefore have no impact on the financial position outlined above.

In line with proper accounting practice this underspend is reflected within the council's accounts as a prepayment of income from the IJB. This has no net impact on the council's overall financial position.

- **Funding**

The principal sources of finance utilised by the council in 2019/20 were General Revenue Grant of £879.572 million, Non-Domestic Rate Income of £356.234 million and capital grants and contributions of £113.154 million provided by the Scottish Government and Council Tax of £231.668 million raised from local taxpayers.

Council Tax income is the only significant funding source within the council's control, albeit restricted by the Scottish Government's budget commitments in recent years. This funding represents only around 15% of total funding, limiting the council's capacity to vary expenditure through raising Council Tax income.

In year collection levels for Council Tax amounted to 94.36% (2018/19 95.03%). This will have been affected by the suspension of recovery activity during March associated with Covid-19. The actual value of Council Tax income received was £231.668 million, £6.390 million more than budgeted (2018/19 £9.193 million more than budgeted). This is due to a review of bad debt provisions and buoyancy.

The Scottish Government operates a pooling arrangement for the collection and re-distribution of Non-Domestic Rates Income, whereby the council acts as an agent, collecting income on its behalf. A 'pool' account is maintained and reported by the Scottish Government, outlining the amount collected on its behalf by councils and the amount re-distributed to authorities. The amount retained by local authorities reflects the amount raised within their local area. The balance of government funding is provided by amending the amount of General Revenue Grant received to meet the total government funding available.

The council received a total of £356.234 million in 2019/20. In year collection amounted to 98.00% (2018/19 97.98%).

- **Trading Accounts and Related Companies**

The Local Government in Scotland Act 2003 created a requirement to maintain statutory trading accounts and report on the performance of significant Trading Operations in a best value environment. The Area Operations Trading Operation reported a surplus of £1.394 million, and the Transport Trading Operation reported a surplus of £0.808 million, both of which are in line with budget.

In terms of the statutory requirement to break-even over a three year period, both Trading Operations reported a surplus over the current cycle. Note 12 on page 48 summarises the performance of the Trading Operations.

Surpluses received from related companies amounted to £4.875 million, some £1.125 million less than budgeted. This is mainly due to a lower return from City Buildings (Contracts) as a result of a lower level of capital works being provided by the council.

- **Financing Costs**

Financing costs (see note 1.11 on page 27) associated with the council's debt portfolio were underspent by £18.228 million. This reflects the application of capital receipts from asset sales (£11.447 million) and the ongoing impact of lower interest rates. The capital interest rate charged by the council's Loans Fund in the year was 3.87%. The application of asset sales in the year allowed for resources to be contributed to the Culture and Recreational Fund (£5.300 million) to support ongoing cultural activities and to the Insurance Fund (£6.147 million) to meet potential future insurance liabilities.

- **Equal Pay**

During 2019/20 the council settled the majority of outstanding equal pay claims with any remaining claims fully provided for within these accounts. The full cost of these settlements were met from the council's funding strategy which saw the refinancing of the City Property loan arrangements and the sale and leaseback of 11 council properties to City Property. The full details of these settlements and funding strategy were reported to the City Administration Committee on 31 October 2019.

- **Comprehensive Income and Expenditure Statement**

The Comprehensive Income and Expenditure Statement records an accounting net income of £514.005 million. This is represented by an increase in Unusable Reserves of £412.957 million and an increase in Usable Reserves of £101.048 million (as shown in the Movement in Reserves Statement and detailed in note 6, page 39 to 42).

The Financial Statements show an increase in the General Fund Reserve balance of £84.384 million for the year. This results in a total General Fund Reserve balance of £155.406 million. Having accounted for earmarked reserves of £124.356 million, General Fund unearmarked reserves total £31.050 million, which represents 1.9% of the net budgeted expenditure. The council's policy remains to maintain balances at 2% of the net budgeted expenditure over the medium term and current budgets include £1 million contribution per annum to replenish balances.

- **Balance Sheet**

The council's Balance Sheet shows Net Assets of £1,586.689 million as at 31 March 2020 (2018/19 £1,072.684 million).

Long-term assets amount to £4,868.721 million as at 31 March 2020 (2018/19 £4,767.206 million) and mainly reflect Property, Plant and Equipment and Heritage assets. The valuations of certain categories of long term assets have been reported on the basis of 'material valuation uncertainty' due to market activity being impacted by Covid-19. The effect on valuations have not been evidenced at this point however the potential impact has been recognised by the council as an area of estimation uncertainty in note 4 on page 37.

As noted above as part of the equal pay funding strategy the council sold 11 properties with asset values of £453.010 million to City Property and subsequently leased these properties back from City Property for a commercial rent. This sale and leaseback transaction has been incorporated within these accounts in line with proper accounting practice.

The Financial Statements reflect provisions for anticipated future liabilities including the estimated costs of former landfill site decommissioning, equal pay settlements and the council's schools PPP scheme. Council Tax debtors of £14.893 million (2018/19 £14.610 million) have been written off in accordance with the council's policy of writing off such debt more than five years old from the Balance Sheet. In addition, sundry debtors over two years old totalling £4.180 million (2018/19 £3.690 million) have been written off in the year in

accordance with the council's accounting policy. In both cases these debts were fully provided for in previous years and the council continues to pursue collection.

The council's total debt outstanding amounts to £1,498.703 million (2018/19 £1,458.741 million). The majority of the council's borrowing comes from the Public Works Loans Board (PWLB), with the remainder coming from Lender Option Buyer Options (LOBOs), market borrowing and temporary borrowing from various public bodies and financial institutions. The management of this debt is governed by the council's Treasury Management Strategy which is approved annually by the City Administration Committee.

Council employees are entitled to join the Local Government Pension Scheme (LGPS) or, for teachers, the Scottish Teachers' Superannuation Scheme (STSS). The STSS is accounted for as a defined contribution scheme and, therefore, the Annual Accounts show the amounts contributed by the council to the scheme in the year. The LGPS is a defined benefit scheme, requiring an actuarial assessment of the council's overall assets and liabilities to be included in the Annual Accounts. The 2019/20 actuarial report shows a £372 million decrease in the net pension liability, which is £1,077 million as at 31 March 2020.

- **Capital investment expenditure and income**

The council's Capital Expenditure and Income Statement is detailed in note 19.7 on page 60. Gross Capital Expenditure for the year totalled £634.327 million. The major elements of expenditure reflect sale and leaseback transactions £453.010 million, Education estate investment programmes £28.367 million, City Deal - Sighthill Regeneration £23.314 million, ICT Development & Innovation £33.793 million and the refurbishment and redevelopment of the Burrell £20.655m.

Of the total expenditure, £453.010 million related to sale and leaseback transactions and £580.019 million was met from revenue contributions, government grants and other receipts. This results in a negative borrowing requirement of £398.702 million. The council has an investment programme capital fund to provide resources for tackling investment priorities within the authority. The balance on this fund at 31 March 2020 was £14.999 million (see note 8 on page 45). Capital receipts from asset sales achieved during the year totalled £464.457 million.

- **Prudential indicators**

The Capital Financing Requirement (CFR) defines the underlying need to borrow for capital purposes. As at 31 March 2020, the CFR was £2,337 million, while gross external borrowing stood £232 million lower at £2,105 million. This is a measure of prudence, demonstrating that borrowing has only been undertaken for capital investment purposes and to meet short-term cash flow requirements. It is also reflective of the council's Treasury Management Strategy, where it has been deemed prudent to make use of internal funds held for longer-term purposes, to minimise exposure to investment risk.

The Ratio of Financing Costs to Net Revenue Stream provides an indication of affordability of capital investment. As at 31 March 2020, the ratio of financing costs to net revenue stream was 7.60%. The council's ability to service the borrowing costs is integral to capital investment decisions. Both capital and revenue budget forecasts are therefore inextricably linked, with the revenue implications of capital investment plans reflected within the council's revenue budget forecasts.

- **Group accounts**

The Code requires the council to include summary Group Accounts in the Annual Accounts, showing the joint financial position of the council and its subsidiaries and associates. The Group Balance Sheet shows Net Assets of £1,692.251 million as at 31 March 2020 (2018/19 £1,183.888 million).

The 2019/20 Annual Accounts show an overall group pension liability of £1,150.870 million. These liabilities, falling due in future years, will be financed by future years' annual pension contributions and returns on investments. It is expected that future revenue streams, aligned with the group's budget process and service reform programme, will provide sufficient resources to finance future liabilities.

Outlook

As part of its initial response to the Covid-19 outbreak the council took steps to prioritise key public services and support business critical activities. In line with Scottish Government guidance this has resulted in a number of changes to the way services have been delivered.

As the city moves out of lockdown, the council has established a renewal programme that will reflect our recent experiences and develop projects that support both the economic and social recovery of the city. This programme will also focus on the council's resources and how our workforce, infrastructure, technology and processes need to adapt to meet the needs of the city in a post Covid-19 world. Underpinning all of these activities will be a process of customer and community engagement and prudent control of the council's financial resources.

The council will continue to face significant financial challenges to anticipated funding gaps between revenues from central government income and local taxation, and increasing demand for council services and other cost pressures. The council will be preparing its financial forecasts for the next three years and undergoing the normal budget process to consider the appropriate action to take to address any projected financial shortfalls.

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

❖ Statement of Responsibilities

1. The Council's Responsibilities

The council is required to:

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

These Annual Accounts will be considered by the Finance and Audit Scrutiny Committee at its meeting on 9 September 2020 and are planned to be submitted to the City Administration Committee to be approved for signature no later than 30 November 2020.

2. The Executive Director of Finance Responsibilities

The Executive Director of Finance is responsible for the preparation of the council's Annual Accounts, in accordance with proper practices, as required by legislation and as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Annual Accounts, the Executive Director of Finance has:

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

The Executive Director of Finance has also:

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

I certify that the financial statements give a true and fair view of the financial position of Glasgow City Council and its group as at 31 March 2020 and the transactions for the year then ended.

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

❖ The Financial Statements

A summary of the main financial statements is provided below.

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

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

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

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

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

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

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

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2020

2018/19 Expenditure £000	*2018/19 Income £000*	*2018/19 Net Expenditure £000*	**Service**	**Note**	**2019/20 Expenditure £000**	**2019/20 Income £000**	**2019/20 Net Expenditure £000**
176,823	(61,345)	115,478	Chief Executive's Office		116,059	(15,598)	100,461
224,682	(155,319)	69,363	Development and Regeneration Services		223,472	(173,401)	50,071
649,664	(65,209)	584,455	Education Services		702,558	(83,497)	619,061
407,145	(344,517)	62,628	Financial Services		381,654	(313,300)	68,354
214,663	(54,017)	160,646	Neighbourhoods and Sustainability		238,702	(60,503)	178,199
1,036,862	(602,824)	434,038	Social Work Services		1,100,459	(647,329)	453,130
112,773	(4,009)	108,764	Related Companies and Joint Boards		111,230	(2,045)	109,185
469,734	0	469,734	Equal Pay Obligations		1,806	0	1,806
3,292,346	**(1,287,240)**	**2,005,106**	**Cost of Services**		**2,875,940**	**(1,295,673)**	**1,580,267**
0	(3,785)	(3,785)	(Gain) or loss on the disposal of Property, Plant and Equipment		0	(3,402)	(3,402)
0	**(3,785)**	**(3,785)**	**Other Operating (Income) and Expenditure**		**0**	**(3,402)**	**(3,402)**
2,043	(4,289)	(2,246)	(Surplus) or deficit on Trading Operations (where not included elsewhere)	**12**	613	(2,815)	(2,202)
86,447	0	86,447	Interest payable		96,242	0	96,242
0	(6,943)	(6,943)	Interest and investment income		0	(102,476)	(102,476)
31,000	0	31,000	Net interest on the net defined benefit liability	**13**	36,000	0	36,000
119,490	**(11,232)**	**108,258**	**Financing and Investment (Income) and Expenditure**		**132,855**	**(105,291)**	**27,564**
0	(870,993)	(870,993)	Non-ring fenced government grants	**14**	0	(879,572)	(879,572)
0	(342,292)	(342,292)	Non-Domestic Rates	**14**	0	(356,234)	(356,234)
0	(220,607)	(220,607)	Council Tax		0	(231,668)	(231,668)
0	(101,070)	(101,070)	Capital grants and contributions	**14**	0	(113,154)	(113,154)
0	**(1,534,962)**	**(1,534,962)**	**Taxation and Non-specific Grant Income**		**0**	**(1,580,628)**	**(1,580,628)**
3,411,836	**(2,837,219)**	**574,617**	**(Surplus) or Deficit on the Provision of Services**		**3,008,795**	**(2,984,994)**	**23,801**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(80,691)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(39,806)
		240,000	Actuarial (gains) or losses on Pension Assets and Liabilities	**13**			(498,000)
		159,309	**Other Comprehensive (Income) and Expenditure**				**(537,806)**
		733,926	**Total Comprehensive (Income) / Expenditure**				**(514,005)**

Movement in Reserves Statement for the Year ended 31 March 2020

	General Fund Reserve £000	Revenue Reserve Funds £000	Capital Reserve Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2018	**47,818**	**45,584**	**10,885**	**7,447**	**111,734**	**1,694,876**	**1,806,610**
Adjustment for the restatement of financial instruments	1,006	0	0	0	1,006	(1,006)	0
Adjusted Balance at 1 April 2018	**48,824**	**45,584**	**10,885**	**7,447**	**112,740**	**1,693,870**	**1,806,610**
Movement in reserves during 2018/19:							
Total Comprehensive Income and (Expenditure)	(574,617)	0	0	0	(574,617)	(159,309)	(733,926)
Adjustments between accounting basis and funding basis under regulations (note 7)	590,612	0	0	8,706	599,318	(599,318)	0
Net Increase or (Decrease) before transfers to other statutory reserves	**15,995**	**0**	**0**	**8,706**	**24,701**	**(758,627)**	**(733,926)**
Transfers (to) or from other statutory reserves (note 8)	6,203	(7,881)	1,678	0	0	0	0
Increase or (Decrease) in the year	**22,198**	**(7,881)**	**1,678**	**8,706**	**24,701**	**(758,627)**	**(733,926)**
Balance at 31 March 2019	**71,022**	**37,703**	**12,563**	**16,153**	**137,441**	**935,243**	**1,072,684**
Movement in reserves during 2019/20:							
Total Comprehensive Income and (Expenditure)	(23,801)	0	0	0	(23,801)	537,806	514,005
Adjustments between accounting basis and funding basis under regulations (note 7)	113,267	0	0	11,582	124,849	(124,849)	0
Net Increase or (Decrease) before transfers to other statutory reserves	**89,466**	**0**	**0**	**11,582**	**101,048**	**412,957**	**514,005**
Transfers (to) or from other statutory reserves (note 8)	(5,082)	2,646	2,436	0	0	0	0
Increase or (Decrease) in the year	**84,384**	**2,646**	**2,436**	**11,582**	**101,048**	**412,957**	**514,005**
Balance at 31 March 2020	**155,406**	**40,349**	**14,999**	**27,735**	**238,489**	**1,348,200**	**1,586,689**

Notes 6 to 8 on pages 39 to 45 provide further details on the Movement in Reserves Statement

Balance Sheet as at 31 March 2020

31 March 19 £000		Note	£000	31 March 20 £000
2,254,402	Other land and buildings		2,313,894	
86,049	Vehicles, plant, furniture and equipment		88,371	
693,434	Infrastructure assets		733,875	
23,118	Community assets		23,359	
124,243	Assets under construction		103,111	
37,517	Corporate surplus assets		33,524	
3,218,763	**Property, Plant and Equipment**	**20**		**3,296,134**
1,417,376	Heritage assets	**21**		1,417,359
8,663	Intangible assets	**22**		7,097
23,281	Long-term investments	**28**		23,512
99,123	Long-term debtors	**28**		124,619
4,767,206	**Long-term Assets**			**4,868,721**
352	Short-term investments	**28**		266
2,247	Inventories			2,694
220,203	Net short-term debtors	**24**		205,270
28,015	Cash and cash equivalents	**25**		55,800
269	Intangible assets			0
15,349	Assets held for sale	**23**		19,271
266,435	**Current Assets**			**283,301**
(183,892)	Short-term borrowing	**28**		(162,869)
(291,960)	Short-term creditors	**26**		(290,660)
(507,222)	Short-term provisions	**27**		(9,557)
(983,074)	**Current Liabilities**			**(463,086)**
(22,672)	Long-term provisions	**27**		(22,436)
(1,274,849)	Long-term borrowing	**28**		(1,335,834)
(1,449,000)	Net pensions liability	**13**		(1,077,000)
(231,362)	Deferred liabilities	**29**		(666,977)
(2,977,883)	**Long-term Liabilities**			**(3,102,247)**
1,072,684	**Net Assets**			**1,586,689**
71,022	General Fund Reserve	**6,7**		155,406
37,703	Revenue Reserve Funds	**6,8**		40,349
12,563	Capital Reserve Fund	**6,8**		14,999
16,153	Capital Grants Unapplied Account	**6,7**		27,735
137,441	**Usable Reserves**			**238,489**
935,243	Unusable Reserves	**6,7**		1,348,200
1,072,684	**Total Reserves**			**1,586,689**

The unaudited accounts were issued on 19 August 2020

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

Cash Flow Statement for the Year ended 31 March 2020

2018/19 £000		Note	2019/20 £000
574,617	(Surplus) or Deficit on the Provision of Services		23,801
(661,214)	Adjustments to (Surplus) or Deficit on the Provision of Services for non-cash movements		343,619
(162)	Adjustments for items included in the (Surplus) or Deficit on the Provision of Services that are investing or financing activities		12,892
(86,759)	**Net cash flows from operating activities**	**32**	**380,312**
80,520	Investing activities	**33**	(390,658)
84,630	Financing activities	**34**	(17,439)
78,391	**Net (increase) or decrease in Cash and cash equivalents**		**(27,785)**
(106,406)	Cash and cash equivalents at the beginning of the reporting period		(28,015)
(28,015)	**Cash and cash equivalents at the end of the reporting period**		**(55,800)**

❖ Notes to the Financial Statements

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

1. Statement of accounting policies

The Financial Statements for the year ended 31 March 2020 have been prepared on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the council and its group.

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

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

1.1. Income and debtors

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

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

1.2. Supplies and services

Suppliers' invoices received up to 31 March 2020 are included, together with the specific accrual of invoices received after that date for material amounts, provided the goods or services were received in 2019/20. Where applicable, expenditure and income are reduced by the value of recharges to other council services under the heading inter-departmental recharges. This ensures that the cost is only reflected in the receiving service.

1.3. Long-term contracts

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

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

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

1.4. Overheads and support services

The full cost of overheads and support services are allocated to services in proportion to the benefits received, with the exception of charges to capital projects. Costs relating to capital projects incurred by services are charged to capital projects.

1.5. Employee benefits

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

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

1.6. Retirement benefits

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

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

(i) Attributable assets are measured at fair value at the balance sheet date, after deducting accrued expenses. Attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the schemes are recorded as creditors due within one year.

(ii) For pension charges, the change in defined benefit asset or liability is analysed and charged to the Comprehensive Income and Expenditure Statement as follows:

- Current service cost, past service cost and gains / losses on curtailments and settlements are included within Cost of Services;
- Net interest on the net defined benefit liability is included within Financing and Investment Income and Expenditure; and
- Actuarial gains / losses are incorporated within Other Comprehensive Income and Expenditure.

The nature of the teachers' scheme prevents the council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme. Further details of pension costs can be found in note 13 on pages 49 to 54.

1.7. Value Added Tax

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

1.8. Trading Operations

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

Trading Operations form part of the council's overall activities and as such, their performance is reported within Financing and Investment Income and Expenditure supported by note 12 on page 48.

1.9. Service expenditure analysis

The Comprehensive Income and Expenditure Statement is presented in accordance with the council's management structure.

1.10. Charges to revenue for long-term assets

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

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

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

1.11. Financing costs

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

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

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

1.12. Leases and lease type arrangements

1.12.1. Finance leases

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

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

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

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

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

1.12.2. Operating leases

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

1.13. Public Private Partnership

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

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

- Fair value of the services received during the year – charged to the Comprehensive Income and Expenditure Statement within Education Services;

- Finance cost – the interest charge of 8.37% on the outstanding Balance Sheet liability charged to the Comprehensive Income and Expenditure Statement within Financing and Investment Income and Expenditure;

- Contingent rent – increase in the amount to be paid for the property arising during the contract charged to the Comprehensive Income and Expenditure Statement within Financing and Investment Income and Expenditure;

- Payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator; and

- Lifecycle replacement costs – recognised as Long-term Assets on the Balance Sheet.

1.14. Revenue expenditure funded from capital under statute

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

1.15. Property, plant and equipment

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

1.15.1. Recognition

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

1.15.2. Measurement

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

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

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

- Infrastructure assets, vehicles, plant, furniture and equipment assets and intangible assets – depreciated historic cost.
- Community assets - valued at £1 on 1 April 1994, with any additions or enhancement from that date included at cost. The major assets in this category are areas of open parkland.
- Assets held for sale – lower of carrying value of the asset at the date it was declared held for sale and fair value less cost of sale.
- Corporate surplus assets (i.e. surplus assets that do not meet the criteria to be held for sale) – fair value.
- Other land and buildings – current value.

1.15.3. Componentisation

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

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

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

1.15.4. Revaluation

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

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

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

In respect of decreases in value, where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance, up to the amount

of the accumulated gains. Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

1.15.5. Depreciation and impairment

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

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

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

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

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

1.15.6. Disposals and Long-term Assets held for sale

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

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

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

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

1.16. Intangible assets

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

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

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

1.17. Heritage assets

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

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

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

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

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

1.18. Interest in companies and other entities

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

1.19. Valuation of other assets and investments

Inventories are included at the lower of cost and net realisable value of the separate items of inventory or of groups of similar items, calculated on the basis of weighted average cost.

1.20. Cash and cash equivalents

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

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

1.21. Foreign currency translation

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

1.22. Provisions

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

Further details of provisions can be found in note 27 on page 67.

1.23. Contingent liabilities

Contingent liabilities are included in note 30 on page 72 to 73 and reflect possible liabilities facing the council where the potential amount is unable to be estimated, and/or it is still not deemed probable that an obligating event has arisen.

1.24. Deferred liabilities

Deferred liabilities are released to the Comprehensive Income and Expenditure Statement to match future payments. Further detail on deferred liabilities can be found within note 29 on page 72.

1.25. Financial instruments

Financial assets comprising the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership are recognised as fair value through profit or loss. Financial assets (investments and debtors) and financial liabilities (borrowing and creditors) are recognised at amortised cost.

The council has financial guarantees on loans taken out by City Parking (Glasgow) Limited Liability Partnership (LLP) and City Property Glasgow (Investments) LLP. It also has a financial guarantee in relation to bond returns for City Property Glasgow (Operations SL) Ltd. These financial guarantees are measured at fair value and estimated by considering the probability of the guarantee being called. Premiums and discounts arising from debt restructuring are written off through the Movement in Reserves Statement to the Financial Instruments Adjustment Account. Amortisation is undertaken in line with statutory instruction.

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

The Financial Instruments Adjustment Account holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the accumulated financing costs required in accordance with the regulations to be charged to the General Fund balance.

Further details can be found in note 28 on pages 67 to 72.

1.26. Fair value measurement

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

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

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

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

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

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

- Level 3 – unobservable inputs for the asset or liability.

1.27. Capital grants and contributions

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

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

1.28. Usable and unusable reserves

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

Unusable reserves represent funds that are not available to the council. These balances are recognised as part of the accounting arrangements for capital, financial instruments, pensions and employee benefits. The Capital Adjustment Account contains entries relating to the financing of capital expenditure and the Revaluation Reserve reflects movements in the value of assets. The Financial Instruments Adjustment Account is required to permit the re-measurement of financial instruments. The Pension Reserve has been set up in accordance with statutory accounting requirements to absorb the timing differences arising from accounting and funding for post-employment benefits. The Employee Statutory Adjustment Account has been created to negate the impact of the employee benefits accrual on the General Fund and also includes the deferral of equal pay costs in accordance with statutory accounting requirements. Details of the movement in these reserves can be found in note 6 on pages 39 to 42, and in note 8 on page 45.

1.29. Material items

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

1.30. Events after the balance sheet date

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events; and

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

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

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied. Changes in accounting estimation techniques are applied in the current and future years and do not give rise to a prior period adjustment.

2. New standards issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2020/21 Code:

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

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

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

3. Critical judgements made in applying accounting policies

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

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

- The annual unitary charge payable by the council in respect of the PPP contract for secondary schools is allocated across various expenditure headings based on a detailed financial model, in line with assumptions contained within the service provider's operating model.

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

The Financial Statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The item in the council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

Item	Uncertainties	Effect if results differ from assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated that a 0.5% decrease in the real discount rate would result in an increase to the pension liability of £475 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £86 million and £382 million respectively. In terms of life expectancy, an increase of 1 year is estimated to equate to an increased liability of between £151 million and £252 million.
Asset Valuations	The 2019/20 asset valuations have a valuation date of 31 March 2020. Valuations of non current assets have been reported on the basis of 'material valuation uncertainty' due to market activity being impacted by the Global Pandemic of Covid-19 as declared by the World Health Organisation on 11 March 2020. The effects on valuation have not been evidenced at this point so no change has been made to valuations provided.	If asset values were impacted by a reduction of 1% the carrying value would reduce by £24m. The asset value is based on the carrying values of Other Land and Buildings, Corporate Surplus assets and Assets Held for Sale.

5. Expenditure and Funding Analysis

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

5.1. Expenditure and Funding Analysis for the Year ended 31 March 2020

2018/19 Net Expenditure Chargeable to the General Fund £000	*2018/19 Adjustments between the Funding and Accounting basis £000*	*2018/19 Net Expenditure in the CIES £000*	**Service**	**2019/20 Net Expenditure Chargeable to the General Fund £000**	**2019/20 Adjustments between the Funding and Accounting basis £000**	**2019/20 Net Expenditure in the CIES £000**
80,112	35,366	115,478	Chief Executive's Office	83,480	16,981	100,461
32,507	36,856	69,363	Development and Regeneration Services	47,568	2,503	50,071
506,152	78,303	584,455	Education Services	554,293	64,768	619,061
118,027	(55,399)	62,628	Financial Services	124,105	(55,751)	68,354
113,930	46,716	160,646	Neighbourhoods and Sustainability	129,070	49,129	178,199
401,223	32,815	434,038	Social Work Services	417,257	35,873	453,130
105,170	3,594	108,764	Related Companies and Joint Boards	104,146	5,039	109,185
0	469,734	469,734	Equal Pay Obligations	464,516	(462,710)	1,806
1,357,121	**647,985**	**2,005,106**	**Net Cost of Services**	**1,924,435**	**(344,168)**	**1,580,267**
(1,373,116)	**(57,373)**	**(1,430,489)**	**Other (Income) and Expenditure**	**(2,013,901)**	**457,435**	**(1,556,466)**
(15,995)	**590,612**	**574,617**	**(Surplus) or Deficit on the Provision of Services**	**(89,466)**	**113,267**	**23,801**
		47,818	**Opening General Fund Balance**			**71,022**
		1,006	Restatement of Financial Instruments			0
		15,995	Surplus/(Deficit) on General Fund in Year			89,466
		6,203	Transfers (to)/from Other Statutory Reserves			(5,082)
		71,022	**Closing General Fund Balance**			**155,406**

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

2018/19 Adjustments for Capital Purposes £000	*2018/19 Net Change for the Pensions Adjustments £000*	*2018/19 Other Differences £000*	*2018/19 Total Adjustments £000*	**Service**	**2019/20 Adjustments for Capital Purposes £000**	**2019/20 Net Change for the Pensions Adjustments £000**	**2019/20 Other Differences £000**	**2019/20 Total Adjustments £000**
13,739	6,345	15,282	35,366	Chief Executive's Office	13,304	5,763	(2,086)	16,981
26,745	10,599	(488)	36,856	Development and Regeneration Services	(3,856)	7,099	(740)	2,503
51,472	25,135	1,696	78,303	Education Services	44,099	18,622	2,047	64,768
513	6,690	(62,602)	(55,399)	Financial Services	524	7,413	(63,688)	(55,751)
31,551	16,308	(1,143)	46,716	Neighbourhoods and Sustainability	31,536	18,425	(832)	49,129
4,030	28,521	264	32,815	Social Work Services	1,262	33,313	1,298	35,873
0	0	3,594	3,594	Related Companies and Joint Boards	0	0	5,039	5,039
0	0	469,734	469,734	Equal Pay Obligations	0	0	(462,710)	(462,710)
128,050	**93,598**	**426,337**	**647,985**	**Cost of Services**	**86,869**	**90,635**	**(521,672)**	**(344,168)**
(133,531)	**30,402**	**45,756**	**(57,373)**	**Other (Income) and Expenditure**	**358,626**	**35,365**	**63,444**	**457,435**
(5,481)	**124,000**	**472,093**	**590,612**	**(Surplus) or Deficit on the Provision of Services**	**445,495**	**126,000**	**(458,228)**	**113,267**

Note 7 on page 43 provides further detail on the adjustments contained in the table above.

6. Reserves

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

6.1. Usable Reserves

6.1.1. General Fund Reserve

The General Fund Reserve represents the accumulated surplus of the council. The balance on the General Fund Reserve as at 31 March 2020 stands at £155.406 million, an increase of £84.384 million from the previous year. A cumulative total of £124.356 million has been earmarked to meet expenditure in future years, leaving an uncommitted balance of £31.050 million (31 March 2019 £25.000 million).

6.1.2. Revenue and Capital Reserve Funds

The council also has statutory powers to hold Revenue Reserve Funds (Repairs and Renewals, Culture and Recreational, and Insurance Funds) and Capital Reserve Funds to meet future service revenue costs and capital investment respectively. Note 8 on page 45 provides information on these reserves showing the purpose of the reserve and an analysis of the movement in reserves from 1 April 2018 to 31 March 2020.

6.1.3. Capital Grants Unapplied Account

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

6.2. Unusable Reserves

Unusable Reserves in the Balance Sheet comprises the following reserves:

2018/19 £000	**Unusable Reserves**	**2019/20 £000**
809,629	Capital Adjustment Account	370,913
2,121,544	Revaluation Reserve	2,138,725
(62,092)	Financial Instruments Adjustment Account	(57,828)
(1,449,000)	Pensions Reserve	(1,077,000)
(484,838)	Employee Statutory Adjustment Account	(26,610)
935,243	**Total**	**1,348,200**

6.2.1. Capital Adjustment Account

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

2018/19 £000	**Capital Adjustment Account**	**2019/20 £000**
787,229	Balance at 1 April	809,629
	Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(126,750)	Charges for depreciation and impairment	(124,452)
(25,163)	Revaluation losses	(6,600)
(2,682)	Amortisation of Intangible assets	(1,782)
331	Donated assets	0
(6,888)	Revenue expenditure funded from capital under statute	(646)
(15,339)	Disposals	(461,055)
29,712	Adjusting amounts written out of the Revaluation Reserve	22,625
	Capital financing applied in the year:	
86,563	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	93,777
5,470	Application of grants to capital financing from Capital Grant Unapplied	7,795
19,124	Use of the capital receipts reserve	464,457
56,827	Loans Fund principal repayment	(435,223)
(38)	Home loans principal repayment	(20)
1,233	Capital expenditure charged against the General Fund Reserve	2,408
809,629	**Balance at 31 March**	**370,913**

6.2.2. Revaluation Reserve

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

2018/19 £000	**Revaluation Reserve**	**2019/20 £000**
2,070,565	Balance at 1 April	2,121,544
135,249	Upward revaluation of assets	50,892
(54,558)	Downward revaluation of assets and impairment losses not charged to (Surplus) or Deficit on the Provision of Services	(11,086)
80,691	**Surplus or deficit on revaluation of Property, Plant and Equipment not posted to (Surplus) or Deficit on the Provision of Services**	**39,806**
(15,809)	Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(15,825)
(13,903)	Accumulated gains on assets sold or scrapped	(6,800)
(29,712)	**Amounts written off to the Capital Adjustment Account**	**(22,625)**
2,121,544	**Balance at 31 March**	**2,138,725**

6.2.3. Financial Instruments Adjustment Account

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

2018/19 £000	**Financial Instruments Adjustment Account**	**2019/20 £000**
(66,179)	Balance at 1 April	(62,092)
4,087	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	4,264
(62,092)	**Balance at 31 March**	**(57,828)**

6.2.4. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the council's share of Strathclyde Pension Fund resources available to meet them. Employers' contribution rates and contribution strategy will be reviewed following the next formal valuation as at 31 March 2020. The following table shows the movement on the Pension Reserve during the year:

2018/19 £000	**Pension Reserve**	**2019/20 £000**
(1,085,000**)**	Balance at 1 April	(1,449,000)
(287,000)	Actuarial gains or (losses) on Pension Assets/Liabilities	498,000
47,000	Effect of business combinations and disposals	0
(205,000)	Reversal of items relating to net charges for retirement benefits charged to (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(245,000)
81,000	Employers' pension contributions paid to Strathclyde Pension Fund	119,000
(1,449,000)	**Balance at 31 March**	**(1,077,000)**

6.2.5. Employee Statutory Adjustment Account

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

2018/19 £000	**Employee Statutory Adjustment Account**	**2019/20 £000**
(12,745)	**Balance at 1 April**	(15,104)
12,745	Settlement or cancellation of accrual made for short term accumulating paid absences at end of preceding year	15,104
(15,104)	Amounts accrued in year for short term accumulating absences	(19,586)
(15,104)	**Amounts accrued at the end of the current year for short term accumulating absences**	**(19,586)**
0	**Balance at 1 April**	(469,734)
0	Settlement or cancellation of accrual made for equal pay	464,516
(469,734)	Amount accrued in year for equal pay	(1,806)
(469,734)	**Amounts accrued at the end of the current year for equal pay**	**(7,024)**
(484,838)	**Balance at 31 March**	**(26,610)**

7. Adjustments between accounting basis and funding basis under regulation

This note details the adjustments required to total Comprehensive Income and Expenditure for the year in accordance with either proper accounting practice or statutory provisions and applied to the General Fund Reserve. Figures for 2018/19 are provided in an additional table to allow comparison:

	31 March 2020		
	Usable Reserves		
Accounting adjustments permitted under regulation during 2019/20	**General Fund Reserve £000**	**Capital Grants Unapplied Account £000**	**Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account:			
Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale	131,052		(131,052)
Amortisation of Intangible assets	1,782		(1,782)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(113,154)	11,582	101,572
Net gain on sale of Property, Plant and Equipment and Assets held for sale	(3,402)		3,402
Loans Fund principal	(29,214)		29,214
Capital receipts applied	464,457		(464,457)
Capital expenditure charged to General Fund Reserve	(2,408)		2,408
Revenue expenditure funded from capital under statute	646		(646)
Adjustments primarily involving the Financial Instruments Adjustment Account:			
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	(4,264)		4,264
Adjustments primarily involving the Pension Reserve:			
Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	126,000		(126,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:			
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	4,482		(4,482)
Deferral of equal pay obligations	(462,710)		462,710
Totals	**113,267**	**11,582**	**(124,849)**

Comparative Information 2018/19

Accounting adjustments permitted under regulation during 2018/19	31 March 2019 Usable Reserves: General Fund Reserve £000	Capital Grants Unapplied Account £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale	151,913		(151,913)
Amortisation of Intangible assets	2,682		(2,682)
Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement	(100,739)	8,706	92,033
Net gain on sale of Property, Plant and Equipment and Assets held for sale	(3,785)		3,785
Loans Fund principal	(75,913)		75,913
Capital receipts applied	19,124		(19,124)
Capital expenditure charged to General Fund Reserve	(1,233)		1,233
Revenue expenditure funded from capital under statute	6,888		(6,888)
Donated assets	(331)		331
Adjustments primarily involving the Financial Instruments Adjustment Account:			
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	(4,087)		4,087
Adjustments primarily involving the Pension Reserve:			
Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute	124,000		(124,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:			
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	2,359		(2,359)
Deferral of equal pay obligations	469,734		(469,734)
Totals	**590,612**	**8,706**	**(599,318)**

8. Transfers to or from statutory reserves

Under statute, the council is permitted to hold a number of revenue and capital reserves to provide financing for future expenditure plans. These funds include Repairs and Renewals Funds, the Culture and Recreational Fund, Insurance Fund and Capital Reserve Fund. The table below provides an analysis of the movement in reserve funds from 1 April 2018 to 31 March 2020. The Code requires that all income and expenditure associated with statutory reserves is reported within the Comprehensive Income and Expenditure Statement and transferred to the appropriate reserve in the Movement in Reserves Statement.

Reserve	Balance at 1 April 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31 March 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance at 31 March 2020 £000	Purpose of the reserve
Property Repairs and Renewals	5,132	(1,596)	1,536	5,072	(2,394)	1,537	4,215	For the repair and renewal of council property
Winter Gardens Appeal	39	0	0	39	0	1	40	For the upkeep of the Winter Gardens
Energy Efficiency	152	(74)	388	466	(334)	279	411	For energy efficiency initiatives in council properties
New Technology	8,241	0	712	8,953	0	716	9,669	To fund new technology projects
Douglas Flagpole Appeal	17	0	0	17	0	0	17	For maintenance of the flagpole in the Botanic Gardens
Botanic Book Fund Appeal	18	0	0	18	0	0	18	For the purchase of books for the Botanic Gardens
Winter Maintenance Reserve Fund	306	0	569	875	0	6	881	To equalise the effect of severe, mild and average winters
Total Repairs and Renewals Funds	**13,905**	**(1,670)**	**3,205**	**15,440**	**(2,728)**	**2,539**	**15,251**	
Culture and Recreational Fund	22,376	(21,152)	10,420	11,644	(6,828)	7,216	12,032	For the provision of social, cultural, and recreational activities
Insurance Fund	9,303	(10,178)	11,494	10,619	(9,675)	12,122	13,066	For property, motor and liability insurance
Total Revenue Reserves	**45,584**	**(33,000)**	**25,119**	**37,703**	**(19,231)**	**21,877**	**40,349**	
Capital Reserve Fund	10,885	(5,073)	6,751	12,563	(12,489)	14,925	14,999	To fund capital investment projects
Total Revenue and Capital Reserve Funds	**56,469**	**(38,073)**	**31,870**	**50,266**	**(31,720)**	**36,802**	**55,348**	

9. Subjective analysis

2018/19 £000	%	Subjective analysis	2019/20 £000	%
		Where the money came from		
(1,486,361)	52.4	Government grants and local taxation	(1,547,762)	51.9
(627,321)	22.1	Other grants, reimbursements and contributions	(605,146)	20.3
(611,707)	21.6	Customer and client receipts	(613,010)	20.5
(5,849)	0.2	Interest	(5,661)	0.2
(292,372)	10.3	Income from other departments	(308,424)	10.3
(1,126)	0.0	Other miscellaneous income	(96,859)	3.2
(3,785)	0.1	Gain on disposal of property, plant and equipment	(3,402)	0.1
292,372	(10.3)	Inter-departmental recharges	308,424	(10.3)
(101,070)	3.6	Capital grants and contributions	(113,154)	3.8
(2,837,219)	**100.0**	**Total income**	**(2,984,994)**	**100.0**
		How the money was spent		
1,366,962	40.1	Employee costs	1,044,255	34.7
200,177	5.9	Premises costs	204,960	6.8
335,624	9.9	Supplies and services	299,512	10.0
61,688	1.8	Transport and plant	61,234	2.0
950,440	27.9	Third party payments	944,987	31.4
526,297	15.4	Transfer payments	504,841	16.8
154,595	4.5	Depreciation, amortisation and impairment	132,834	4.4
86,447	2.5	Financing costs	96,242	3.2
(9,022)	(0.3)	Allocations	(7,646)	(0.2)
31,000	0.9	Net interest on the net defined benefit liability	36,000	1.2
(292,372)	(8.6)	Inter-departmental recharges	(308,424)	(10.3)
3,411,836	**100.0**	**Total expenditure**	**3,008,795**	**100.0**
574,617		**(Surplus) or Deficit on the Provision of Services**	**23,801**	

10. Material items

The Code requires disclosure of the nature and amount of material items. During 2019/20 the following items are regarded as material:

Nature	2019/20 £m
A decrease in the net pension liability mainly arising from a decrease in the present value of funded liabilities offset by a decrease in the fair value of employer assets.	372.000
Asset sales in respect of sale and leaseback transactions entered into in 2019/20 as part of the funding strategy to settle equal pay claims.	453.010

11. Education Services – Public Private Partnership

The council entered into a Public Private Partnership for the provision of school buildings, maintenance and other facilities. This agreement provides the council with 29 replacement or renovated secondary schools and one primary school. The provider is required to maintain these schools to a high standard. When the agreement ends in July 2030 the schools will be handed back to the council with a guarantee of no major maintenance requirements for a five year period. The value of the assets held under the PPP scheme are £355.760 million (2018/19 £362.915 million). Under the agreement the council is committed to paying the following sums (in cash terms at today's prices):

Future repayment periods	Payment for services £m	Repayment of liability £m	Interest £m	Total £m
Within 1 year	26.762	8.776	19.741	55.279
2 to 5 years	124.543	34.345	72.804	231.692
6 to 10 years	179.285	52.533	83.758	315.576
11 to 15 years	12.574	1.752	2.301	16.627
Total	**343.164**	**97.406**	**178.604**	**619.174**

12. Trading Operations

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

- **Area Operations Trading Operation**

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

- **Transport Trading Operation**

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

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

2017/18 (Surplus)/ Deficit £000	*2018/19 (Surplus)/ Deficit £000*	**Trading Operations Financial Summary**	**2019/20 Expenditure £000**	**Income £000**	**(Surplus)/ Deficit £000**	**3-year (Surplus)/ Deficit £000**
(1,524)	(1,469)	Area Operations	88,169	(89,563)	(1,394)	(4,387)
(445)	(777)	Transport	28,725	(29,533)	(808)	(2,030)
(1,969)	**(2,246)**	**(Surplus) / Deficit for year**	**116,894**	**(119,096)**	**(2,202)**	**(6,417)**

On consolidating the Trading Operations into the Comprehensive Income and Expenditure Statement it is necessary to remove the impact of internal trading from the income and expenditure of the Trading Operations.

In 2019/20 the Area Operations Trading Operation and Transport Trading Operation each reported a surplus for the year. In relation to the statutory three year performance targets, both Trading Operations met the requirement to break-even.

13. Pension costs

13.1. Local Government Pension Scheme

Disclosure of information relating to pensions follows the reporting requirements of IAS19 'Employee Benefits'. The table on page 51 details the assumptions made in estimating the figures contained in this note. The council offers retirement benefits to its employees under the Terms and Conditions of Employment.

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

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

The council recognises the cost of retirement benefits within Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, as the charge made when calculating Council Tax is based on the cash payable in the year, the cost of retirement benefits under IAS19 is reversed out of the General Fund Reserve in the Movement in Reserves Statement as an adjustment between the accounting basis and funding basis under regulation.

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

2018/19 £000	**Local Government Pension Scheme**	**2019/20 £000**
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
126,000	Current service cost	189,000
48,000	Past service cost	20,000
	Financing and Investment Income and Expenditure:	
31,000	Net interest cost	36,000
205,000	**Total Post-employment Benefits charged / (credited) to the (Surplus) or Deficit on the Provision of Services**	**245,000**
	Other Comprehensive Income and Expenditure	
	Remeasurement of the net defined benefit liability:	
(111,000)	Return on assets	276,000
386,000	Actuarial (gains) / losses arising on changes in financial assumptions	(556,000)
0	Actuarial (gains) / losses arising on changes in demographic assumptions	(181,000)
(47,000)	Effect of business combinations and disposals	0
12,000	Other experience	(37,000)
445,000	**Total Post-employment Benefits charged / (credited) to the Comprehensive Income and Expenditure Statement**	**(253,000)**
205,000	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	245,000
	Movement in Reserves Statement	
(124,000)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS19	(126,000)
	Actual amount charged against the General Fund balance for pensions in the year:	
81,000	**Employers contribution paid**	**119,000**

13.1.1. Pension assets and liabilities

As explained in the Accounting Policies (see note 1.6, Retirement Benefits on pages 26 to 27) the council participates in two formal schemes, the Local Government Pension Scheme, which is administered by the Strathclyde Pension Fund Office, and the Scottish Teachers' Superannuation Scheme. The Strathclyde Pension Fund is a funded, multi-employer, defined benefit scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. The Teachers' Scheme is also a defined benefit scheme but the assets and liabilities cannot be identified at individual employer level. The council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with HM Treasury. The council has additional liabilities for unfunded discretionary pension payments outside the main schemes.

Assets are valued at fair value. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The council's liabilities have been assessed by Hymans Robertson Limited Liability Partnership, an independent firm of actuaries. Calculations have been based on the triennial valuation of the scheme as at 31 March 2017.

The credit to the Surplus or Deficit on the Provision of Services from the Pension Reserve per note 13.1 is £126.000 million. The council's net liability in respect of pensions decreased by £372.000 million in 2019/20 to £1,077.000 million. The pension liability represents the best estimate of the current value of pensions, which the council will have to fund. The real discount factor, which is used to express the benefits in current value terms rather than cash terms, has increased from -0.1% at March 2019 to 0.4% at March 2020.

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

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the council of £1,077.000 million at 31 March 2020:

2018/19	**Actuarial assumptions**	**2019/20**
	Long-term expected rate of return on assets in the scheme:	
2.4%	Equity investments	2.3%
2.4%	Bonds	2.3%
2.4%	Property	2.3%
2.4%	Cash and net debtors / creditors	2.3%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.4	Men	20.7
23.7	Women	22.9
	Longevity at 65 for future pensioners:	
23.4	Men	22.2
25.8	Women	24.6
	General assumptions:	
2.5%	Rate of price increases	1.9%
3.7%	Rate of increase in salaries	3.0%
2.5%	Rate of increase in pensions	1.9%
2.4%	Rate for discounting scheme liabilities	2.3%
50.0%	Take-up of option to convert annual pension into retirement lump sum (pre-April 2009 service)	50.0%
75.0%	Take-up of option to convert annual pension into retirement lump sum (post-April 2009 service)	75.0%

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

2018/19 £000	**Pension Assets and Liabilities recognised in the Balance Sheet**	**2019/20 £000**
5,586,000	Present value of the defined benefit obligation	5,048,000
(4,137,000)	Fair value of plan assets	(3,971,000)
1,449,000	**Net liability arising from defined benefit obligation**	**1,077,000**

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

2018/19 £000	**Reconciliation of present value of scheme liabilities**	**2019/20 £000**
4,648,000	Opening balance at 1 April	5,586,000
126,000	Current service costs	189,000
131,000	Interest costs	135,000
20,000	Contributions by scheme participants	32,000
	Remeasurement (gains) and losses:	
386,000	Actuarial (gains) / losses arising from changes in financial assumptions	(556,000)
0	Actuarial (gains) / losses arising from changes in demographic assumptions	(181,000)
350,000	Effect of business combinations and disposals	0
12,000	Other	(37,000)
48,000	Past service costs	20,000
(135,000)	Benefits paid	(140,000)
5,586,000	**Closing balance at 31 March**	**5,048,000**

2018/19 £000	**Reconciliation of the movements in the fair value of scheme assets**	**2019/20 £000**
3,563,000	Opening fair value of scheme assets	4,137,000
100,000	Interest income	99,000
	Remeasurement gain / (loss):	
111,000	Return on assets, excluding the amount included in the net interest cost	(276,000)
397,000	Effect of business combinations and disposals	0
81,000	Contributions by employer	119,000
20,000	Contributions by scheme participants	32,000
(135,000)	Benefits paid	(140,000)
4,137,000	**Closing fair value of scheme assets**	**3,971,000**

13.1.2. Analysis of Pension Fund's Assets

2018/19				2019/20		
Quoted prices in active markets £m	*Prices not quoted in active markets £m*	*Total £m*	**Local Government Pension Scheme assets**	**Quoted prices in active markets £m**	**Prices not quoted in active markets £m**	**Total £m**
213	205	418	Cash and cash equivalents	204	196	400
			Equity Instruments:			
265	1	266	Consumer	254	1	255
215	1	216	Manufacturing	206	1	207
55	0	55	Energy and utilities	53	0	53
178	0	178	Financial institutions	171	0	171
105	1	106	Health and care	101	1	102
136	0	136	Information technology	131	0	131
954	**3**	**957**	**Sub-total equity instruments**	**916**	**3**	**919**
			Debt Securities:			
130	0	130	Corporate Bonds (investment grade)	125	0	125
			Private Equity:			
0	494	494	All	0	475	475
			Property:			
0	375	375	UK	0	360	360
			Other investment funds:			
1,175	102	1,277	Equities	1,128	98	1,226
181	298	479	Bonds	174	285	459
2	0	2	Commodities	2	0	2
0	5	5	Other	0	5	5
1,358	**405**	**1,763**	**Sub-total other investment funds**	**1,304**	**388**	**1,692**
2,655	**1,482**	**4,137**	**Total Assets**	**2,549**	**1,422**	**3,971**

13.1.3. Investment Strategy

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

13.1.4. Impact on the Authority's Cash Flows

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy with the scheme's actuary to achieve a funding rate of 100% over time. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2020.

The total contributions expected to be made by the council to Strathclyde Pension Fund in the year to 31 March 2021 is £82.000 million.

The weighted average duration of the defined benefit obligation for scheme members is 18.3 years (2018/19 18.3 years).

13.2. Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is an unfunded multi-employer defined benefit scheme. The scheme is financed by payments from employers and from those current employees. As the scheme is not able to identify each body's share of the underlying liabilities on a consistent and reasonable basis, the pension costs are accounted for as if it were a defined contribution scheme. Glasgow City Council has no liability for other employer's obligations to the multi-employer scheme and as the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2020, the council's level of participation in the scheme is approximately 10.7%.

The employer's rate of contribution for the teachers' pension scheme administered by the Scottish Government is set with reference to a funding valuation undertaken by the scheme actuary. The employer's contribution rate from 1 April 2019 to 31 August 2019 was 17.2%; this increased to 23.0% on 1 September 2019. The last four-yearly valuation was undertaken as at 31 March 2016. The employee rate was 9.9% throughout the year. The next valuation will be as at 31 March 2020 and this will set contribution rates from 1 April 2023. The amount paid over to the Scottish Public Pensions Agency was as follows:

2018/19 £000	**Scottish Teachers Superannuation Scheme**	**2019/20 £000**
33,319	Employer's Contributions	46,885
18,155	Employee's Contributions	21,386
51,474	**Total**	**68,271**

The employer's contributions due to be paid in the next financial year are estimated to be £53.961 million.

In addition, the council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2019/20 these amounted to £6.171 million (2018/19 £6.138 million).

13.3. Capital cost of discretionary increases

Councils are also required to disclose the capital cost of discretionary increases in pensions payments, whether the employees are members of the Local Government Pension Scheme or the Scottish Teachers' Superannuation Scheme. In 2019/20 the capitalised costs attributable to the early retirals from Glasgow City Council and from predecessor authorities were as follows:

2018/19 £000	**Capital cost of discretionary increases**	**2019/20 £000**
388	Current year	95
404,612	In earlier years	342,905
405,000	**Total**	**343,000**

14. Grant income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20:

2018/19 £000	**Grant income in the Comprehensive Income and Expenditure Statement**	**2019/20 £000**
	Credited to Taxation and Non-specific Grant Income	
(870,993)	General Revenue Grant	(879,572)
(342,292)	Redistribution from Non-Domestic Rates pool	(356,234)
(100,739)	Capital Grant and Contributions	(113,154)
(331)	Donated assets	0
	Credited to Services	
(324,569)	Housing benefit subsidy	(293,375)
(113,353)	Housing investment	(121,198)
(147,756)	Health Board	(148,378)
(17,916)	Criminal Justice	(18,241)
(3,944)	Benefits administration subsidy and initiatives	(3,561)
(29,835)	Attainment funding	(30,356)
(10,314)	Early Learning and Childcare	(29,652)
(7,309)	Various education services grants	(8,077)
(20,129)	Various other grants	(21,369)
(4,665)	Various other contributions	(11,227)
(1,994,145)	**Total**	**(2,034,394)**

15. Agency income and expenditure

The council is the billing authority for Non-Domestic Rates in Glasgow and, in this role, acts as an agent of the Scottish Government. During 2019/20, the council billed £376.076 million (2018/19 £372.553 million) on behalf of the Scottish Government. After provisions for bad and doubtful debts, and prior year adjustments, the council contributed £347.422 million to the National Non-Domestic Rates Pool (2018/19 £358.586 million) and received back from the pool £356.234 million in income (2018/19 £340.778 million).

The council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2019/20 the council received £2.565 million for providing this service (2018/19 £2.565 million).

The council is the appointed agent on behalf of Transport Scotland to manage the M74 Completion Project. The M74 was opened to the public on 28 June 2011. During 2019/20 expenditure on the project amounted to £0.032 million. There was no council contribution to the project in 2019/20 (2018/19 £nil).

Scotland Excel provides a purchasing service to the council, obtaining and passing on discounts for bulk purchasing on behalf of 28 local authorities and similar bodies across Scotland. Payments of £0.348 million were made to Scotland Excel during 2019/20 in this respect (2018/19 £0.339 million).

16. Auditor remuneration

The council incurred fees of £0.644 million (2018/19 £0.634 million) for the statutory inspection of the Annual Accounts by Audit Scotland. No fees were payable in respect of other services provided by the appointed auditor.

17. Related party transactions

Related parties are organisations that the council can control or influence or who can control or influence the council. Central government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in note 14 on page 55.

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

Related party transactions during the year and balances as at 31 March 2020 are as follows:

2018/19 Net Expenditure / (Income) £000	*Debtor / (Creditor) at 31 March 2019 £000*	**Related party transactions and balances**	**2019/20**		**Debtor / (Creditor) at 31 March 2020 £000**
			Expenditure £000	**Income £000**	
547	45,937	Scottish Event Campus Ltd	697	(135)	46,079
39,285	230	City Building (Glasgow) LLP	48,812	(10,573)	4,562
69,268	(2,156)	City Building (Contracts) LLP	46,893	(3,010)	(1,617)
1,725	37,878	City Parking (Glasgow) LLP	5,884	(6,108)	40,117
75,777	(2,585)	Culture and Sport Glasgow	93,205	(19,114)	5,952
29,214	2,329	Cordia (Services) LLP	0	0	0
31,490	0	Cordia (Care) LLP	0	0	0
2,536	205	City Property Glasgow (Investments) LLP	7,713	(93,016)	(625)
0	0	City Property Glasgow (Operations SL1) LLP	3,352	0	4,683
0	0	City Property Glasgow (Operations SL2) LLP	5,204	0	9,914
2,038	(148)	City Property (Glasgow) LLP	2,448	(457)	165
10,195	2,043	Community Safety Glasgow Ltd	0	0	0
7,829	(586)	Jobs & Business Glasgow	8,572	(997)	(759)
10,661	694	Strathclyde Partnership for Transport	10,743	0	1,477
76,892	(1,569)	Strathclyde Pension Fund	118,886	(4,027)	(2,363)
33,319	(2,849)	Teachers' Pension Fund	46,885	0	(4,371)
1,159	(11)	Clyde Gateway	634	(15)	11
19,912	(46,872)	Glasgow City Integration Joint Board	401,002	(386,275)	(45,350)
(29)	0	Scotcash	57	(91)	0

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

In addition to transactions with related companies and other related bodies noted above, significant revenue and capital payments made to organisations where council members are represented, totalled £20.894 million (2018/19 £5.869 million), broken down as follows:

2018/19 £000	**Organisation**	**2019/20 £000**
4,405	NHS Greater Glasgow & Clyde	19,073
1,464	Citizens Theatre	1,821
5,869	**Total**	**20,894**

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

18. Operating leases

The council utilises vehicles, plant, furniture and equipment under the terms of an operating lease. Lease rentals charged to the Comprehensive Income and Expenditure Statement in the year for such assets total £3.567 million (2018/19 £3.309 million). The future minimum lease payments due under non-cancellable leases in future years and in cash terms are as follows:

2018/19 £000	**Operating lease commitments**	**2019/20 £000**
587	No later than one year	203
343	Later than one year and not later than five years	312
0	Later than five years	34
930	**Total**	**549**

19. Long-term assets

19.1. Valuation of long-term assets

Category	Valuer	Basis of Valuation	Date of last full Valuation	Useful Life
Property, plant and equipment:				
Other land and buildings	City Property (Glasgow) LLP	Current value	March 2016	Land – Not applicable Buildings – 40 years
Vehicles, plant, furniture and equipment	Not applicable	Depreciated historic cost	Not applicable	5-10 years
Infrastructure assets	Not applicable	Depreciated historic cost	Not applicable	40 years
Community assets	Not applicable	Valued at £1 on 1 April 1994, with additions valued at cost	Not applicable	Not applicable
Assets under construction	Not applicable	Cost	Not applicable	Not applicable
Corporate surplus assets	City Property (Glasgow) LLP	Fair value	March 2018	40 years
Other long-term assets:				
Heritage assets	Not applicable	Declared valuation for insurance purposes, fair value or cost	Not applicable	Not applicable
Intangible assets	Not applicable	Depreciated historic cost	Not applicable	7 years
Assets held for sale	City Property (Glasgow) LLP	Lower of carrying value at date declared held for sale and fair value less cost of sale.	Date declared surplus	40 years

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

19.2. Depreciation

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

19.3. Community assets

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

19.4. Heritage assets

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

19.5. Summary of capital expenditure and sources of finance

2018/19 £000	**Capital expenditure and sources of finance**	**2019/20 £000**
	Capital investment	
201,969	Property, plant and equipment	634,003
193	Heritage assets	35
1,275	Intangible assets	186
20	Assets held for sale	103
203,457	**Total Gross Expenditure per Capital Expenditure and Income Statement (page 60)**	**634,327**
	Sources of finance	
81,523	Net borrowing	(398,702)
19,124	Asset Sales	464,457
838	Assets acquired under finance leases	453,010
100,739	Government grants and other capital contributions	113,154
1,233	Revenue contributions	2,408
203,457	**Total**	**634,327**

19.6. Summary of assets held

19.6.1. Intangible assets

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

19.6.2. Property

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

19.6.3. Plant, vehicles and equipment

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

19.6.4. Infrastructure

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

19.6.5. Community assets

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

19.6.6. Heritage assets

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

19.6.7. Assets held under finance leases

The council utilises property as well as a number of vehicles, plant and equipment under the terms of a finance lease. Lease rentals payable under these arrangements in the year total £17.527 million (2018/19 £6.379 million), comprising £16.036 million (2018/19 £3.715 million) charged to the Comprehensive Income and Expenditure Statement in respect of interest and £1.491 million (2018/19 £2.664 million) in respect of principal repayments.

19.7. Capital Expenditure and Income Statement

2018/19 Gross Capital Expenditure £000		Gross Capital Expenditure £000	2019/20 Sources of Finance: Finance Leases £000	Revenue £000	Receipts £000	Net Borrowing £000
35	Chief Executives Office	298	0	0	0	298
16,143	Cultural and Related Services	475,557	453,010	853	8,477	13,217
52,483	Development and Regeneration Services	62,891	0	0	11,839	51,052
43,469	Education Services	28,367	0	0	18,000	10,367
33,285	Service Reform	33,793	0	0	16	33,777
32,644	Neighbourhoods and Sustainability	25,324	0	0	6,806	18,518
25,398	Social Work Services	8,097	0	1,555	0	6,542
0	General Capital Grant	0	0	0	68,016	(68,016)
0	Asset Sales	0	0	0	464,457	(464,457)
203,457	**Total**	**634,327**	**453,010**	**2,408**	**577,611**	**(398,702)**

The above table reflects the receipt of asset sales totalling £464,457 million during the year. However, these asset sales have been fully applied in the year, reducing the principal repayment reflected within the Movement in Reserves Statement by an equivalent amount. There has therefore been no change to debt outstanding in respect of asset sales achieved in the year.

19.8. Commitments under capital investments

The council's approved capital investment programme will continue to progress during 2019/20 and subsequent years. As at 31 March 2020, the council has outstanding commitments on significant contracts for capital investment totalling £141.349 million (31 March 2019 £143.104 million). These outstanding commitments comprise the following:

Project description	Outstanding commitment at 31 March 2020 £000	Contract completion
Sighthill TRA – City Deal	41,638	End 2021
ICT Development and Innovation	37,547	End 2025
Education Estate Investment 2017-2021	20,661	End 2022
Burrell Refurbishment	13,091	End 2021
Various other projects (32 contracts)	28,412	Various
Total	**141,349**	

As at 31 March 2020, outstanding obligations to make payments under finance leases are as follows:

2018/19 £000	**Finance lease obligations**	**2019/20 £000**
2,438	Not later than one year	414
7,291	Later than one year and not later than five years	7,194
75,014	Later than five years	528,119
84,743	**Total**	**535,727**

The total outstanding obligations are accounted for within short-term creditors (leases expiring within one year) £0.414 million (2018/19 £2.438 million) and deferred liabilities (leases expiring after one year) £535.313 million (2018/19 £82.305 million).

19.9. Fair value measurement of non-financial assets

Surplus assets and assets held for sale are valued at fair value. Valuation reports prepared for these assets incorporate the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For these asset classes, the valuation inputs generally comprise either level 2 or level 3 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For valuations conducted in 2019/20, both the income and market valuation techniques were widely adopted in forming opinions of fair value. The resulting valuations for surplus assets of £1.046 million and assets held for sale of £3.356 million were entirely based on level 2 inputs.

19.10 Tax Incremental Financing (TIF) Projects

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

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

Net capital expenditure incurred in the year to 31 March 2020, to be funded from borrowing, in respect of TIF assets totalled £0.047 million (2018/19 £0.011 million). This is reflected within the 'Summary of capital expenditure and sources of finance', outlined within note 19.5 on page 59. Total TIF debt, to be repaid over the project period, in respect of investment to 31 March 2020, has been calculated in accordance with Local Government Finance Circular No. 8/2016 at £21.773 million (£21.717 million at 31 March 2019).

20. Property, Plant and Equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2019/20. The valuation bases, useful lives and depreciation methods used are disclosed within notes 19.1 and 19.2 (page 58). A summary of capital expenditure during the year, together with the sources of finance and the amount of contractual commitments for PPE, are disclosed separately in notes 19.7 and 19.8 (page 60).

Movement in PPE 2019/20	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000	PPP Assets included in Property, Plant and Equipment £000
Cost or Valuation:								
At 1 April 2019	2,349,277	238,858	957,374	24,836	124,243	37,988	3,732,576	386,037
Additions in year	493,039	17,841	58,208	230	64,677	8	634,003	1,365
Revaluation adjustments to Revaluation Reserve	36,750	0	0	0	0	2,628	39,378	1,463
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(1,503)	0	0	0	0	(6,995)	(8,498)	0
Disposals	(454,372)	(4,461)	0	0	0	(1,598)	(460,431)	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(13,132)	(13,132)	0
Other reclassifications (transfers)	51,282	12,117	7,567	11	(85,809)	14,802	(30)	0
At 31 March 2020	**2,474,473**	**264,355**	**1,023,149**	**25,077**	**103,111**	**33,701**	**3,923,866**	**388,865**
Depreciation and impairment:								
At 1 April 2019	(94,875)	(152,809)	(263,940)	(1,718)	0	(471)	(513,813)	(23,122)
Depreciation charge for year	(68,904)	(27,099)	(25,334)	0	0	(48)	(121,385)	(11,707)
Depreciation written out to the Revaluation Reserve	4,934	0	0	0	0	(1,210)	3,724	1,724
Depreciation written out to the Surplus/Deficit on the Provision of Services	190	0	0	0	0	2,163	2,353	0
Impairment losses to Revaluation Reserve	(1,171)	0	0	0	0	0	(1,171)	0
Impairment losses to Comprehensive Income and Expenditure Statement	(3,058)	0	0	0	0	(9)	(3,067)	0
On Disposals	1,362	3,927	0	0	0	338	5,627	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0	0
Other reclassifications (transfers)	943	(3)	0	0	0	(940)	0	0
At 31 March 2020	**(160,579)**	**(175,984)**	**(289,274)**	**(1,718)**	**0**	**(177)**	**(627,732)**	**(33,105)**
Balance Sheet Amount at 31 March 2020	**2,313,894**	**88,371**	**733,875**	**23,359**	**103,111**	**33,524**	**3,296,134**	**355,760**
Balance Sheet Amount at 31 March 2019	**2,254,402**	**86,049**	**693,434**	**23,118**	**124,243**	**37,517**	**3,218,763**	**362,915**
Nature of Asset Holding:								
Owned	1,464,365	86,989	733,875	23,359	103,111	33,524	2,445,223	0
Finance leased	493,769	1,382	0	0	0	0	495,151	0
PPP	355,760	0	0	0	0	0	355,760	355,760
Total	**2,313,894**	**88,371**	**733,875**	**23,359**	**103,111**	**33,524**	**3,296,134**	**355,760**

Movement in PPE 2018/19	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000	PPP Assets included in Property, Plant and Equipment £000
Cost or Valuation:								
At 1 April 2018	2,324,168	222,358	882,985	25,759	56,013	40,160	3,551,443	381,532
Additions in year	36,628	15,673	67,726	137	81,414	391	201,969	4,499
Donations in year	0	331	0	0	0	0	331	0
Revaluation adjustments to Revaluation Reserve	26,622	0	0	0	0	895	27,517	0
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(29,543)	0	0	0	0	(3,875)	(33,418)	0
Disposals	(8,392)	(1,264)	0	(1,060)	0	(2,512)	(13,228)	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(1,775)	(1,775)	0
Other reclassifications (transfers)	(206)	1,760	6,663	0	(13,184)	4,704	(263)	6
At 31 March 2019	**2,349,277**	**238,858**	**957,374**	**24,836**	**124,243**	**37,988**	**3,732,576**	**386,037**
Depreciation and impairment:								
At 1 April 2018	(94,305)	(124,615)	(240,147)	(1,060)	0	(329)	(460,456)	(11,560)
Depreciation charge for year	(71,870)	(28,194)	(23,793)	0	0	(78)	(123,935)	(11,562)
Depreciation written out to the Revaluation Reserve	56,700	0	0	0	0	(509)	56,191	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,283	0	0	0	0	973	8,256	0
Impairment losses to Revaluation Reserve	(515)	0	0	0	0	(4)	(519)	0
Impairment losses to Comprehensive Income and Expenditure Statement	(766)	0	0	(1,718)	0	(332)	(2,816)	0
On Disposals	8,392	0	0	1,060	0	14	9,466	0
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0	0
Other reclassifications (transfers)	206	0	0	0	0	(206)	0	0
At 31 March 2019	**(94,875)**	**(152,809)**	**(263,940)**	**(1,718)**	**0**	**(471)**	**(513,813)**	**(23,122)**
Balance Sheet Amount at 31 March 2019	**2,254,402**	**86,049**	**693,434**	**23,118**	**124,243**	**37,517**	**3,218,763**	**362,915**
Balance Sheet Amount at 31 March 2018	**2,229,863**	**97,743**	**642,838**	**24,699**	**56,013**	**39,831**	**3,090,987**	**369,972**
Nature of Asset Holding:								
Owned	1,840,496	82,996	693,434	23,118	124,243	37,517	2,801,804	0
Finance leased	50,991	3,053	0	0	0	0	54,044	0
PPP	362,915	0	0	0	0	0	362,915	362,915
Total	**2,254,402**	**86,049**	**693,434**	**23,118**	**124,243**	**37,517**	**3,218,763**	**362,915**

21. Heritage assets

This note details the movement in Heritage Assets during 2019/20. The valuation bases, useful lives and depreciation methods used are disclosed within notes 19.1 and 19.4 (page 58).

Movement in Heritage assets	Fine art £000	Civic regalia £000	Statues and fountains £000	Total Heritage assets £000
Cost or Valuation:				
At 1 April 2018	1,400,000	538	16,620	1,417,158
Additions in year	0	0	193	193
Transfers	0	0	3	3
Revaluations	0	22	0	22
At 31 March 2019	**1,400,000**	**560**	**16,816**	**1,417,376**
Movement in 2019/20:				
Additions in year	0	0	35	35
Revaluations	0	0	(52)	(52)
At 31 March 2020	**1,400,000**	**560**	**16,799**	**1,417,359**

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

Assets excluded from Heritage Assets	Estimated number of assets 31 March 2020
Fountains	5
Statues	50
War memorials	31

22. Intangible assets

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

There have been no changes to the estimated useful life and there have been no revaluations of intangible assets during the year. The amortisation charge for intangible assets in 2019/20 was £1.782 million (2018/19 £2.682 million). There has been no impairment charge in 2019/20 (2018/19 £nil). The movement on intangible asset balances during the year is as follows:

2018/19 £000	**Movement in Intangible assets**	**2019/20 £000**
	Balance at start of year:	
20,376	Gross carrying amounts	21,911
(10,566)	Accumulated amortisation	(13,248)
9,810	**Net carrying amount at start of year**	**8,663**
1,275	Additions	186
260	Transfers	30
(2,682)	Amortisation for the period	(1,782)
8,663	**Net carrying amount at end of the year**	**7,097**
	Comprising:	
21,911	Gross carrying amounts	22,127
(13,248)	Accumulated amortisation	(15,030)
8,663	**Net carrying amount at end of the year**	**7,097**

23. Assets held for sale

Assets are recognised as held for sale when their carrying value is likely to be recovered principally through a sale transaction rather than through continued use. At 31 March 2020, the valuation of assets held for sale was £19.271 million (£15.349 million as at 31 March 2019).

2018/19 £000	**Assets Held for Sale**	**2019/20 £000**
28,915	Balance at 1 April	15,349
	Assets newly classified as held for sale:	
2,792	Property, plant and equipment	14,766
(2,520)	Revaluation losses	(2,528)
	Assets declassified as held for sale:	
(1,017)	Property, plant and equipment	(1,634)
(12,841)	Assets disposed	(6,785)
20	Expenditure in year	103
15,349	**Balance at 31 March**	**19,271**

24. Net short-term debtors

The net short-term debtors balance consists of amounts owed to the council, primarily in respect of Council Tax and grants, and H.M. Revenue and Customs debtors. It also includes sums due from other authorities and various other sundry debtors. During 2019/20, there was an accounting adjustment made to debtors and the associated impairment loss within the Financial Statements of £19.073 million. This mainly related to Council Tax (£14.893 million). The individual Non-Domestic Rates debtors are not included in the Balance Sheet but the outstanding debt and impairment loss are monitored separately, with the council acting as a collecting agent for the Scottish Government. Records associated with all outstanding debts are retained and recovery action will continue to be taken, where possible. The following table shows an analysis of debtors outstanding by customer group:

2018/19 £000	**Analysis of net short-term debtors**	**2019/20 £000**
116,970	Bodies external to general government	105,636
82,231	Central government bodies	88,487
5,019	Other local authorities	4,065
15,977	NHS bodies	7,034
6	Public corporations and trading funds	48
220,203	**Total**	**205,270**

25. Cash and cash equivalents

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

2018/19 £000	**Cash and cash equivalents**	**2019/20 £000**
19,585	Short-term deposits	41,237
8,278	Bank current accounts	14,380
152	Cash imprest held by the council	183
28,015	**Total**	**55,800**

26. Short-term creditors

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

2018/19 £000	**Analysis of creditors**	**2019/20 £000**
266,166	Bodies external to general government	248,686
18,191	Central government bodies	35,663
2,195	Other local authorities	3,096
4,409	NHS bodies	2,190
999	Public corporations and trading funds	1,025
291,960	**Total**	**290,660**

27. Short and long-term provisions

The council has identified a number of material liabilities, where the amount or timing of the transaction is uncertain, and made provision for future expenditure. All provisions have been reassessed at the financial year end. The following table provides an analysis of the movement in provisions during 2019/20:

Provisions	Asset decommissioning £000	Employee related legal cases £000	Other outstanding legal cases £000	Other provisions £000	Total £000
Balance as at 1 April 2019	23,255	505,479	46	1,114	529,894
Additional provisions made during the year	1,614	1,806	259	1,016	4,695
Costs incurred and charged against provision	(2,821)	(499,571)	(86)	(57)	(502,535)
Unused amounts reversed during the year	0	0	0	(61)	(61)
Balance at 31 March 2020	**22,048**	**7,714**	**219**	**2,012**	**31,993**

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

Provisions for employee related legal cases comprise mainly of the provision for the assessment of equal pay obligations, £7.024 million. In addition there is provision for the estimated level of holiday pay potentially due, £0.690 million. During 2019/20, £499.571 million equal pay compensation payments have been met from the provision.

Provisions for other outstanding legal cases relates to estimated payments, £0.219 million at 31 March 2020, in respect of the potential clawback of payments made by Municipal Mutual Insurance Limited to former employees of SRC and GDC under occupational disease claims. This follows the Supreme Court ruling on Employers' Liability Insurance 'Trigger' Litigation on 28 March 2012. Payments of £0.086 million were made in respect of claims by former employees of Strathclyde Regional Council (SRC) and Glasgow District Council (GDC) during 2019/20.

Other provisions include estimated future costs in relation to the bulk waste contract (£0.482 million), estimated future costs for the recycling contract (£0.389 million), provision for future warranty claims (£0.235 million) and financial guarantees in relation to loan repayments and bond issue relating to group subsidiaries (£0.825 million). During the year, a financial guarantee was amortised and another written back, allowing the release of £0.061 million from the provision.

28. Financial instruments

The statement of accounting policies in note 1.25 on page 34, explains the requirement of the reporting basis for financial instruments.

28.1. Categories of financial instruments

Financial instruments in the Balance Sheet at 31 March 2020 comprise the following financial assets and financial liabilities with their measurement bases.

2018/19				2019/20		
Fair value through profit and loss £000	*Amortised cost £000*	*Total £000*	**Financial assets**	**Fair value through profit and loss £000**	**Amortised cost**	**Total £000**
			Long-term:			
3,372	0	3,372	Investments	3,603	0	3,603
0	1,480	1,480	Debtors	0	3,617	3,617
			Short-term:			
352	28,015	28,367	Investments	266	55,800	56,066
0	183,841	183,841	Debtors	0	180,865	180,865
3,724	**213,336**	**217,060**	**Total financial assets**	**3,869**	**240,282**	**244,151**

2018/19 Amortised cost £000	**Financial liabilities**	**2019/20 Amortised cost £000**
	Long-term:	
1,274,849	Borrowing	1,335,834
51,910	Creditors	43,632
	Short-term:	
183,892	Borrowing	162,869
259,756	Creditors	259,406
1,770,407	**Total financial liabilities**	**1,801,741**

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

Income, expense, gains and losses for the year ended 31 March 2020 and recognised within the Comprehensive Income and Expenditure Statement (page 21) for financial instruments comprise the following:

2018/19 £000	**Income, expense, gains and losses on financial instruments**	**2019/20 £000**
	(Income) and expense from:	
(5,855)	Interest revenue from financial assets measured at amortised cost	(5,881)
85,310	Interest expenses	96,208
40	Management fee	32
79,495	**(Income) and expenses**	**90,359**
	Net (gains) and losses on:	
49	Financial assets measured at fair value through profit or loss	(150)
3,125	Financial assets measured at amortised cost	3,737
3,174	**Total net (gains) / losses**	**3,587**
82,669	**Total (income), expense, (gains) and losses**	**93,946**

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

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The rates quoted in this valuation were obtained by the council's treasury management advisors from the market on 31 March 2020.

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

The calculations are made using the following assumptions:

(i) The PWLB new loan rate, in force at 31 March 2020, has been used as the discount rate for PWLB debt;

(ii) For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender;

(iii) Interpolation techniques have been used between available rates where the exact maturity date was not available;

(iv) No early repayment or impairment is recognised.

2018/19			**2019/20**	
Carrying Amount £000	*Fair Value £000*	**Valuation of financial liabilities**	**Carrying Amount £000**	**Fair Value £000**
1,458,741	1,900,930	Borrowing	1,498,703	1,847,946

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

28.4. Nature and extent of risks arising from financial instruments

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

28.5. Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers. The council's policy for managing credit risk is outlined within the approved Treasury Management Strategy. The following analysis summarises the council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the council expects full repayment on the due date of deposits placed with counterparties.

2018/19				**2019/20**		
£000	*Impairment loss %*	*Estimated maximum exposure to default and un-collectability £000*	**Credit risk**	**£000**	**Impairment loss %**	**Estimated maximum exposure to default and un-collectability £000**
27,863	0	0	Deposits with banks and other financial institutions	55,617	0	0
324,006	8.866	28,727	Customers	334,887	8.716	29,188
351,869		**28,727**	**Total**	**390,504**		**29,188**

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

2018/19 £000	**Aged debt profile**	**2019/20 £000**
217,443	Less than 3 months	192,565
1,388	3 to 6 months	1,710
1,651	6 months to 1 year	9,716
103,524	More than 1 year	130,896
324,006	**Total**	**334,887**

28.6. Liquidity risk

As the council has access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

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

2018/19 £000	**Loans outstanding**	**2019/20 £000**
867,344	Public Works Loans Board	896,304
449,000	Lender Option Buyer Option (LOBO)	449,000
5,577	Market debt	10,255
108,525	Temporary borrowing	115,891
1,430,446	**Total**	**1,471,450**
169,566	Less than 1 year	149,444
33,553	Between 1 and 2 years	22,243
78,589	2 to 5 years	78,982
187,846	5 to 10 years	204,433
150,492	10 to 30 years	125,948
756,400	30 to 50 years	836,400
54,000	50 to 70 years	54,000
1,430,446	**Total**	**1,471,450**

The maturity analysis of financial liabilities is outlined in the above table at nominal values. However, these liabilities are reflected in the Balance Sheet at amortised cost, which includes accrued interest of £13.424 million (£14.326 million in 2018/19) and an effective interest rate adjustment of £13.829 million (£13.969 million in 2018/19) in respect of LOBOs with stepped interest rates.

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

28.7. Market risk

28.7.1. Interest rate risk

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

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

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

According to this assessment strategy, at 31 March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

2018/19 £000	**Estimated financial effect**	**2019/20 £000**
4,264	Increase in the interest payable on variable rate borrowings	3,014
(1,060)	Increase in interest receivable on variable rate investments	(1,028)
3,204	**Net impact on the (surplus) or deficit on the provision of services**	**1,986**

2018/19 £000	**Other presentational changes** (no impact on the Comprehensive Income and Expenditure Statement)	**2019/20 £000**
274,518	Decrease in the fair value of fixed rate borrowings	269,384

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

28.7.2. Market price risk

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

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

28.7.3. Foreign exchange rate risk

Investment in foreign currency denominated equities and bonds forms a part of the investment strategy of funds managed by Ruffer Limited Liability Partnership and the foreign exchange risk is actively managed as a key element of the portfolio's asset allocation. In addition, the council held euros to meet future currency commitments with a sterling equivalent value of £0.227 million as at the 31 March 2020 exchange rate (£0.220 million at 31 March 2019). The potential financial impact of exchange rate movements in this respect is not material.

29. Deferred liabilities

Deferred liabilities represent amounts falling due in more than 12 months from the balance sheet date. An analysis of deferred liabilities at 31 March 2020 is provided in the following table:

2018/19 £000	**Analysis of deferred liabilities**	**2019/20 £000**
97,625	Long-term liability relating to the PPP secondary schools contract	88,857
82,305	Long-term lease liability relating to council properties, vehicles and equipment	535,313
24,961	Developers' contributions received for the provision of recreational greenspace in line with council policy	27,190
26,471	Other	15,617
231,362	**Total**	**666,977**

30. Contingent liabilities

The council remains liable for potential liabilities arising from claims lodged against Strathclyde Regional Council (SRC) on a geographical basis. There is also a shared liability in connection with Municipal Mutual Insurance Limited, one of the key insurers of the former SRC (and other local authorities across the United Kingdom). Following the Supreme Court ruling on Employers' Liability Insurance 'Trigger' Litigation on 28 March 2012, the council has a provision to meet a 25% clawback of estimated payments made by Municipal Mutual Insurance Limited in respect of known claims. The council recognises a contingent liability for further unknown claims in the future.

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

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

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

The council has provided two financial guarantees in relation to loan repayments of group subsidiaries (80% of loan value), namely City Parking (Glasgow) Limited Liability Partnership (original total loan £45 million) and City Property Glasgow (Investments) Limited Liability Partnership (original total loan £285 million). The council has also provided a financial guarantee in relation to bond returns of a group subsidiary (100% of bond return), namely City Property Glasgow (Operations SL) Ltd (original bond issued £195 million). The likelihood of these guarantees being called is assessed annually. As at 31 March 2020, the risk has been assessed as minimal and the guarantees have been accounted for on that basis. However, the council also recognises the potential for future liabilities in the event that the related companies do not meet their contractual obligations under the respective funding agreements.

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

The council recognises and has provided for the liability in respect of its obligation to undertake restoration and aftercare work in respect of former landfill sites. As at 31 March 2020, a sum of £22.048 million has been provided for, principally in respect of the former Cathkin Landfill Site. However, the council recognises a contingent liability in respect of other landfill sites formerly operated by the council. The timing of further liabilities in respect of asset decommissioning is uncertain and the associated costs cannot be reliably estimated at this time.

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

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

31. Events after the balance sheet date

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

32. Cash flow statement - Operating activities

2018/19 £000		**2019/20 £000**
762,126	Cash paid to and on behalf of employees	1,444,003
(869,967)	General Revenue Grant	(879,572)
(349,903)	Non-Domestic Rates receipts from national pool	(357,557)
86,447	Interest paid	96,242
(5,849)	Interest received	(5,661)
(38)	Dividends received	(96,462)
290,425	Other net operating cash payments	179,319
(86,759)	**Net cash flows from operating activities**	**380,312**

33. Cash flow statement - Investing activities

2018/19 £000		**2019/20 £000**
200,254	Purchase of property, plant and equipment and intangible assets	186,118
(19,124)	Proceeds from sale of property, plant and equipment and intangible assets	(464,457)
(1,000)	Proceeds from short-term and long-term investments	0
(99,610)	Other receipts from investing activities	(112,319)
80,520	**Net cash flows from investing activities**	**(390,658)**

34. Cash flow statement - Financing activities

2018/19 £000		**2019/20 £000**
(422,046)	Cash receipts of short-term and long-term borrowing	(535,510)
(1,426)	Other receipts from financing activities	11,599
12,118	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PPP contracts	11,695
495,282	Repayment of short-term and long-term borrowing	494,507
702	Other payments for financing activities	270
84,630	**Net cash flows from financing activities**	**(17,439)**

❖ Council Tax Income Account

2018/19 £000	**Council Tax**	**2019/20 £000**
371,741	Gross Council Tax levied and contributions in lieu	387,323
	Less :	
(72,344)	Other discounts and reductions	(76,226)
2,602	Prior years' Council Tax	4,252
(14,012)	Provision for bad and doubtful debts	(15,643)
(67,380)	Council Tax Reduction	(68,038)
220,607	**Transfers to Comprehensive Income and Expenditure Statement**	**231,668**

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

Notes to the Council Tax Income Account

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

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

Calculation of the Council Tax base (The Band D figures quoted are based on the Council Tax base as at 11 September 2018)

Band	Valuation	No. of dwellings	No. of exemptions	No. of disabled relief cases	No. of discounts 25%	No. of discounts 50%	Total equivalent dwellings	Ratio to Band D	No. of Band D equivalents	Charges per band
A	Up to £27,000	68,043	11,519	156	39,206	737	46,510	240/360	31,002	£857
B	£27,001 - £35,000	79,714	5,358	78	42,490	864	63,380	280/360	49,296	£1,000
C	£35,001 - £45,000	69,311	4,444	-20	29,618	671	57,107	320/360	50,762	£1,143
D	£45,001 - £58,000	43,206	3,503	-21	14,580	468	35,803	1	35,803	£1,286
E	£58,001 - £80,000	30,177	2,739	-94	8,507	370	25,032	473/360	32,889	£1,690
F	£80,001 - £106,000	13,917	1,460	-43	3,071	209	11,542	585/360	18,756	£2,090
G	£106,001 - £212,000	6,411	367	-52	1,179	102	5,646	705/360	11,057	£2,518
H	Over £212,000	668	47	-4	60	20	592	882/360	1,450	£3,151
									231,015	
					Add:	Class 17 and 24 dwellings			29	
					Less:	Provision for non-payment			11,552	
						Band D Equivalent			**219,492**	

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

❖ Non-Domestic Rates Income Account

2018/19 £000	**Non-Domestic Rates**	**2019/20 £000**
499,127	Gross rates levied and contributions in lieu	503,385
	Less :	
(126,574)	Relief and other deductions	(127,309)
(7,502)	Provision for bad and doubtful debts	(7,438)
365,051	**Net Non-Domestic Rate Income**	**368,638**
(4,951)	Prior years - adjustments	(21,216)
(1,514)	Non-Domestic Rate Income retained by authority (BRIS)	0
358,586	**Contribution to National Non-Domestic Rates Pool**	**347,422**
340,778	Sum due from central rates pool	356,234
1,514	Non-Domestic Rate Income retained by authority (BRIS)	0
342,292	**Income credited to Comprehensive Income and Expenditure Statement**	**356,234**

Notes to the Non-Domestic Rates Income Account

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial property within their areas, as distinct from a charge for their use of service. The basis of tax, the rateable value of the property, was subject to revaluation by the Assessor at 1 April 2017. The uniform business rate for 2019/20 was set by the Scottish Government at 49.0p (48.0p in 2018/19). The Small Business Rates Relief scheme was superseded by the Small Business Bonus Scheme, introduced on 1 April 2008 and applies to properties with a rateable value up to and including £18,000. This scheme is funded by a supplement (2.6p in the pound) to the rate poundage for businesses with a rateable value of more than £51,000.

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

Rateable values and numbers of premises as at 1 April

Premises	**Number of subjects**		**Rateable values**	
	2018/19	**2019/20**	*2018/19 £000*	**2019/20 £000**
Industrial and freight	2,093	2,088	51,969	49,698
Commercial subjects				
Shops	8,374	8,332	299,560	293,454
Offices	8,604	8,826	234,000	237,313
Hotels, boarding houses etc.	297	317	28,115	29,648
Others	3,784	3,774	117,456	113,219
Miscellaneous and formula valued subjects	4,808	4,765	278,690	272,393
Total	**27,960**	**28,102**	**1,009,790**	**995,725**

❖ Common Good Fund

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

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

The council has an approved policy to maintain the overall value of the Fund over time. The net assets of the Fund were £18.698 million as at 31 March 2020 (£18.150 million at 31 March 2019).

Common Good Fund Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2018	**17,105**	**898**	**18,003**
Movement in reserves during 2018/19:			
Adjustments for the restatement of Financial Instruments	898	(898)	0
Total Comprehensive Income and (Expenditure)	147	0	147
Increase or (Decrease) in the year	**1,045**	**(898)**	**147**
Balance at 31 March 2019	**18,150**	**0**	**18,150**
Movement in reserves during 2019/20:			
Total Comprehensive Income and (Expenditure)	548	0	548
Increase or (Decrease) in the year	**548**	**0**	**548**
Balance at 31 March 2020	**18,698**	**0**	**18,698**

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

2018/19 Expenditure £000	*2018/19 Income £000*	*2018/19 Net Expenditure £000*	**Service**	**Note**	**2019/20 Expenditure £000**	**2019/20 Income £000**	**2019/20 Net Expenditure £000**
536	(52)	484	Common Good Fund		521	(51)	470
536	**(52)**	**484**	**Cost of Services**		**521**	**(51)**	**470**
0	(10)	(10)	Interest and investment income		0	(820)	(820)
50	(671)	(621)	Income, expenditure and changes in the fair value of investment properties		51	(249)	(198)
50	**(681)**	**(631)**	**Financing and Investment (Income) and Expenditure**		**51**	**(1,069)**	**(1,018)**
586	**(733)**	**(147)**	**(Surplus) or Deficit on the Provision of Services**	**7**	**572**	**(1,120)**	**(548)**
		(147)	**Total Comprehensive (Income) and Expenditure**				**(548)**

Balance Sheet as at 31 March 2020

2018/19 £000		**Note**	**2019/20 £000**
2,519	Investment property	**2, 3**	2,539
14,071	Long-term investments	**4**	14,798
16,590	**Long-term Assets**		**17,337**
1,469	Short-term investments	**4**	1,094
4	Inventories		4
27	Net short-term debtors		40
155	Cash and cash equivalents	**5**	342
1,655	**Current Assets**		**1,480**
(95)	Short-term creditors		(119)
(95)	**Current Liabilities**		**(119)**
18,150	**Net Assets**		**18,698**
18,150	Usable Reserves	**6**	18,698
18,150	**Total Reserves**		**18,698**

Notes to the Common Good Fund

1. Accounting policies

1.1 The financial statements for the year ended 31 March 2020 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a true and fair view of the financial performance and position of the Fund.

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

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

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

1.5 Financial assets comprising the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership are recognised as fair value through profit or loss. Financial assets (investments and debtors) and financial liabilities (borrowing and creditors) are recognised at amortised cost.

2. Investment property

The Fund owns a number of properties across the city, which are held to generate rental income or for capital appreciation. They are, therefore, accounted for as investment property and held at fair value in accordance with the Code. The fair value must reflect market conditions at the balance sheet date and thus the fair value of investment property is reviewed annually for material differences. Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services. Investment properties are not depreciated. The consumption of the economic benefits in the asset over time is, instead, automatically reflected in the property's fair value. All the investment properties are leased under operating leases to third parties. The amounts received in rental income are detailed at note 7 (page 81).

3. Fair value measurement of investment property

Each financial year, a valuation report is prepared for Common Good assets which incorporates the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For Common Good assets, the valuation inputs comprise level 2 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For 2019/20, both the income and market valuation techniques were widely adopted in forming opinions of fair value. The resulting valuation was £2.539 million at 31 March 2020.

4. Short and long-term investments

The Fund's investments were managed by Ruffer Limited Liability Partnership during the year. The fair value of investments as at 31 March 2020 was £15.892 million (£15.540 million at 31 March 2019). These are split between short and long-term investments on the Common Good Fund Balance Sheet. In terms of the fair value measurement hierarchy, short and long-term investments are considered to be valuations at level 1, being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

The investment objective of the Fund is to achieve low volatility, positive returns from an actively managed portfolio of different asset classes, including internationally listed or quoted equities or equity related securities (including convertibles) or bonds, which are issued by corporate issuers, supra-nationals or government organisations, and currencies. The portfolio may also be invested in collective investment schemes, cash and money market instruments. Pervading this objective is a fundamental philosophy of capital preservation. The principal performance objective of the portfolio is to achieve a positive total annual return, after all expenses, of double the Bank of England base rate. Actual performance for the year to 31 March 2020 was 5.2%.

5. Cash and cash equivalents

Cash and cash equivalents of £0.342 million represents the balance held in the council's loans fund at 31 March 2020 (£0.155 million at 31 March 2019).

6. Reserves

The Code requires reserves to be summarised as Usable and Unusable Reserves. The Usable Reserve represented the accumulated Surplus on the Provision of Services. This balance stands at £18.698 million at 31 March 2020, an increase of £0.548 million from the previous year. Following the introduction of IFRS 9 'Financial Instruments' in 2018/19 the cumulative gains/losses on unrealised equities now sit in the usable reserve and can fluctuate dependant on fund performance.

There are currently no unusable reserves. The overall net assets of the Sundry Trusts Fund have, therefore, increased by £0.548 million.

7. Analysis of income and expenditure

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

2018/19 £000		**2019/20 £000**	**%**
	Where the money came from		
(438)	Interest and (gains)/losses on investments	(820)	73
(243)	Rental income	(249)	22
(52)	Other receipts	(51)	5
(733)	**Total income**	**(1,120)**	**100**
	How the money was spent		
401	Civic hospitality	367	64
50	Investment property costs	51	9
128	Treasury management	133	23
7	Other supplies and services	21	4
586	**Total expenditure**	**572**	**100**
(147)	**(Surplus) or Deficit on the Provision of Services**	**(548)**	

❖ Sundry Trusts and Funds

Introduction

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

A total of 14 Sundry Trusts were held at 31 March 2020, with an overall balance of £14.823 million (£14.774 million at 31 March 2019).

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

Glasgow City Council is sole trustee			
Balance 2018/19 £000	**Name of Fund**	**Objectives**	**Balance 2019/20 £000**
Charities			
963	Lord Provost's Children's Fund	The prevention or relief of poverty, the advancement of education, the advancement of citizenship or community development and the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries of school age and under	974
829	Lord Provost's Fund for Older People	The prevention or relief of poverty, the advancement of citizenship or community development, the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries of retiral age	841
2,969	Lord Provost's Fund for Vulnerable Citizens	The prevention or relief of poverty, the advancement of education, the advancement of citizenship or community development, the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries between school age and retiral age	2,963
4,761		**Charities**	**4,778**
Non-Charities			
17	Glasgow Education Trust	General purpose – education in schools	17
51	Glasgow Necropolis Fund	For the upkeep of the Necropolis	53
12	Southern Necropolis Lair Fund	For the upkeep of lairs and stones in Southern Necropolis	12
6,558	Art and Museum Purchase Fund	For the purchase of works of art for the council	6,666
245	Donald McPherson	For the purchase of books at the Mitchell Library	253
27	Louis E Campbell Bequests	For the purchase of books at the Mitchell Library	28
172	Mitchell Centenary Fund	For the purchase of books at the Mitchell Library	128
235	Barbara Collier Trust Fund	To advance the education and help assist pupils at Hyndland Secondary School to achieve a place at University	220
3	Lord Provost/Lady Provost Lunch	To raise funds for good causes	0
7,320		**Non-Charities**	**7,377**
12,081		**Total**	**12,155**

Glasgow City Council is not sole trustee			
Balance 2018/19 £000	**Name of Fund**	**Objectives**	**Balance 2019/20 £000**
Charities			
2,326	Blindcraft Trust Fund	Provide support of the blind or visually impaired	2,306
367	Fossil Grove Trust	Provide support for the preservation of fossils at Victoria Park	362
2,693		**Charities**	**2,668**

Of the Sundry Trusts reported, 5 have charitable status, with a Total Reserves balance of £7.446 million at 31 March 2020 (£7.454 million at 31 March 2019). The remaining 9 trusts with non-charitable status have a Total Reserves balance of £7.377 million at 31 March 2020 (£7.320 million at 31 March 2019).

Sundry Trusts and Funds Movement in Reserves Statement

	Usable Reserves £000	**Unusable Reserves £000**	**Total Reserves £000**
Balance at 31 March 2018	**13,427**	**1,773**	**15,200**
Movement in reserves during 2018/19:			
Adjustments for the restatement of Financial Instruments	1,773	(1,773)	0
Total Comprehensive Income and (Expenditure)	(426)	0	(426)
Increase or (Decrease) in the year	**1,347**	**(1,773)**	**(426)**
Balance at 31 March 2019	**14,774**	**0**	**14,774**
Movement in reserves during 2019/20:			
Total Comprehensive Income and (Expenditure)	49	0	49
Increase or (Decrease) in the year	**49**	**0**	**49**
Balance at 31 March 2020	**14,823**	**0**	**14,823**

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2020

2018/19					2019/20		
Charities £000	*Non – Charities £000*	*Total £000*	**Sundry Trusts and Funds**	**Note**	**Charities £000**	**Non – Charities £000**	**Total £000**
395	203	598	Expenditure		302	186	488
(270)	(3)	(273)	Income		(52)	0	(52)
125	**200**	**325**	**Cost of Services**		**250**	**186**	**436**
50	51	101	Interest and investment income		(242)	(243)	(485)
50	**51**	**101**	**Financing and Investment Income**		**(242)**	**(243)**	**(485)**
175	**251**	**426**	**(Surplus) or Deficit on the Provision of Services**		**8**	**(57)**	**(49)**
175	**251**	**426**	**Total Comprehensive (Income) and Expenditure**		**8**	**(57)**	**(49)**

Balance Sheet as at 31 March 2020

2018/19					2019/20		
Charities £000	*Non – Charities £000*	*Total £000*	**Sundry Trusts and Funds**	**Note**	**Charities £000**	**Non – Charities £000**	**Total £000**
7,246	7,237	14,483	Long-term investments	**1**	7,407	7,421	14,828
6	0	6	Short-term debtors		7	0	7
211	133	344	Cash and cash equivalents	**2**	39	6	45
217	**133**	**350**	**Current Assets**		**46**	**6**	**52**
(9)	(50)	(59)	Short-term creditors		(7)	(50)	(57)
(9)	**(50)**	**(59)**	**Current Liabilities**		**(7)**	**(50)**	**(57)**
7,454	**7,320**	**14,774**	**Net Assets**		**7,446**	**7,377**	**14,823**
7,454	7,320	14,774	Usable Reserves	**3**	7,446	7,377	14,823
7,454	**7,320**	**14,774**	**Total Reserves**		**7,446**	**7,377**	**14,823**

Notes to the Accounts

1. Long-term investments

The fair value of investments managed by Ruffer Limited Liability Partnership at 31 March 2020 was £14.778 million (£14.433 million at 31 March 2019). The investment objectives of the Fund is to preserve the capital over rolling 12 month periods, and secondly to grow the portfolio at a higher rate (after fees) than could reasonably be expected from depositing the cash in a UK bank. The Fund is invested in a variety of different asset classes, including fixed interest stocks and equities (both UK and international), and an allocation of other risk investments designed to improve the overall return, but never to the extent of risking serious capital loss.

Further long-term investments held at 31 March 2020 total £0.050 million (£0.050 million at 31 March 2019) relating to a National Savings Deposit Bond.

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

2. Cash and cash equivalents

Cash and cash equivalents of £0.045 million represents the balance held in the council's loans fund at 31 March 2020 (£0.344 million at 31 March 2019).

3. Reserves

The Code requires reserves to be summarised as Usable and Unusable Reserves. The Usable Reserve represented the accumulated Surplus on the Provision of Services. This balance stands at £14.823 million at 31 March 2020, an increase of £0.049 million from the previous year. Following the introduction of IFRS 9 'Financial Instruments' in 2018/19 the cumulative gains/losses on unrealised equities now sit in the usable reserve and can fluctuate dependant on fund performance.

There are currently no unusable reserves. The overall net assets of the Sundry Trusts Fund have, therefore, increased by £0.049 million.

❖ Group Financial Statements

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 places a requirement on authorities to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the authority is required to prepare a full set of Group Financial Statements, in addition to those prepared for the authority's single entity Financial Statements. The Group Financial Statements are designed to give a 'true and fair view' of the financial performance and position of the council's group.

Combining entities

The council has created a number of companies, commonly known as Arm's Length External Organisations (ALEOs), to further council objectives. Where the council has a 'controlling interest', these ALEOs are termed 'subsidiaries'. The council also has a 'significant interest' in a number of ALEOs, other companies and statutory bodies that are termed 'associates' and is an equal partner in the Glasgow City Integration Joint Board with NHS Greater Glasgow and Clyde that is termed as a 'joint board'. The subsidiaries, associates and joint board representing the combining entities are listed on page 87. Additional information on these entities can be found in note 4 on pages 96 to 102.

Basis of consolidation

The Group Financial Statements for the year ended 31 March 2020 have been prepared on the basis of a full consolidation, with all financial transactions and balances of the council and its subsidiaries consolidated on a line by line basis. Associates and joint boards have been incorporated using the equity method, where an opening investment is recognised in the Group Balance Sheet and adjusted each year by the council's share of the associate's operating results and other gains and losses. The accounting periods for all entities are for the year to 31 March 2020.

Changes to group structure

During financial year 2019/20 there were the following changes within the GCC group structure.

Three new Special Purpose Vehicles (SPVs) were setup during 2019/20 to facilitate funding agreements in relation to settling the Council's equal pay liability. These were City Property Glasgow (Operations SL1) LLP, City Property Glasgow (Operations SL2) LLP and City Property Glasgow (Operations SL) Limited. From 2019/20 onwards these SPVs have been treated as subsidiaries and their results have been consolidated into the group accounts on a line by line basis with appropriate adjustments.

During the financial year 2018/19 there were the following changes within the GCC group structure that impact on the 2019/20 financial statements.

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

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

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

Subsidiaries

- Scottish Event Campus Limited
- City Building (Contracts) Limited Liability Partnership
- Culture and Sport Glasgow, trading as Glasgow Life
- City Parking (Glasgow) Limited Liability Partnership
- City Property Glasgow (Investments) LLP
- City Property Glasgow (Operations SL1) LLP
- City Property Glasgow (Operations SL2) LLP
- City Property Glasgow (Operations SL) Limited
- Jobs & Business Glasgow

Associates and Joint Ventures

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

Group Comprehensive Income and Expenditure Statement for the Year ended 31 March 2020

2018/19 Exp. £000	*2018/19 Income £000*	*2018/19 Net Exp. £000*	**Service**	**Note**	**2019/20 Exp. £000**	**2019/20 Income £000**	**2019/20 Net Exp. £000**
166,020	(54,903)	111,117	Chief Executive's Office		112,389	(11,728)	100,661
218,532	(153,979)	64,553	Development & Regeneration Services		200,548	(164,923)	35,625
602,092	(63,986)	538,106	Education Services		676,065	(81,951)	594,114
404,351	(341,681)	62,670	Financial Services		380,734	(311,080)	69,654
213,210	(49,514)	163,696	Neighbourhoods and Sustainability		235,492	(54,768)	180,724
952,014	(603,385)	348,629	Social Work Services		1,091,409	(647,324)	444,085
18,736	(1,512)	17,224	Related Companies and Joint Boards		14,193	(2,195)	11,998
469,734	0	469,734	Equal Pay Obligation		1,806	0	1,806
173	(52)	121	Common Good Fund	**6**	108	(3)	105
292	(273)	19	Sundry Trusts	**6**	195	(52)	143
97,204	(11,652)	85,552	City Building (Contracts) LLP		65,107	(14,297)	50,810
10,424	(9,499)	925	City Parking LLP		7,747	(9,691)	(1,944)
1,722	(189)	1,533	City Property Glasgow (Investments) LLP		1,002	(468)	534
8	(95)	(87)	Cordia Care LLP		0	0	0
77,381	(6,845)	70,536	Cordia Services LLP		0	0	0
129,064	(42,268)	86,796	Culture and Sport Glasgow		117,317	(32,017)	85,300
7,425	(868)	6,557	Jobs & Business Glasgow		7,028	(96)	6,932
34,822	(35,891)	(1,069)	Scottish Event Campus Ltd		32,172	(33,349)	(1,177)
3,403,204	**(1,376,592)**	**2,026,612**	**Cost of Services**		**2,943,312**	**(1,363,942)**	**1,579,370**
0	(3,857)	(3,857)	(Gain) or loss on the disposal of Property, Plant and Equip.		0	(3,514)	(3,514)
0	**(3,857)**	**(3,857)**	**Other Operating Expenditure**		**0**	**(3,514)**	**(3,514)**
2,043	(4,289)	(2,246)	(Surplus) or deficit on Trading Operations where not included above		613	(2,815)	(2,202)
94,184	0	94,184	Interest payable		110,915	0	110,915
0	(3,175)	(3,175)	Interest and investment income		0	(5,204)	(5,204)
32,421	0	32,421	Net interest on the net defined benefit liability	**11**	38,925	(9)	38,916
7,281	(20,737)	(13,456)	Income, expenditure and changes in the fair value of investment properties	**15**	6,466	(19,481)	(13,015)
0	(41)	(41)	Minority interest		0	(25)	(25)
135,929	**(28,242)**	**107,687**	**Financing and Investment Income and Expenditure**		**156,919**	**(27,534)**	**129,385**
0	(870,993)	(870,993)	Non-ringfenced Government grants		0	(879,572)	(879,572)
0	(342,292)	(342,292)	Non-Domestic Rates		0	(356,234)	(356,234)
0	(220,607)	(220,607)	Council Tax / Community Charge		0	(231,668)	(231,668)
0	(101,070)	(101,070)	Capital grants and contributions		0	(113,154)	(113,154)
0	**(1,534,962)**	**(1,534,962)**	**Taxation and Non-specific Grant Income**		**0**	**(1,580,628)**	**(1,580,628)**
3,539,133	**(2,943,653)**	**595,480**	**(Surplus) or Deficit on the Provision of Services**		**3,100,231**	**(2,975,618)**	**124,613**
		(1,709)	Share of (surplus) or deficit on provision of services by associates				(8,431)
		499	Tax expenses or (receipts) of subsidiaries	**13**			815
		594,270	**Group (Surplus) or Deficit**				**116,997**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(90,422)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(46,731)
		294,801	Actuarial (gains) or losses on Pension Assets and Liabilities	**11**			(552,445)
		3,273	Other unrealised (gains) or losses				12,836
		13,973	Share of other comprehensive (income) and expenditure of associates				(36,975)
		41	Minority interest				25
		221,666	**Other Comprehensive (Income) and Expenditure**				**(623,290)**
		815,936	**Total Comprehensive (Income) / Expenditure**				**(506,293)**

Group Movement in Reserves Statement for the year ended 31 March 2020

Movement in Reserves Statement	General Fund Reserve £000	Revenue Reserve Fund £000	Capital Reserve Fund £000	Capital Grants Unapplied Account £000	**Total Usable Reserves £000**	**Total Unusable Reserves £000**	**Total Authority Reserves £000**	**Authority's share of Usable Reserves of Subsidiaries & Associates £000**	**Authority's share of Unusable Reserves of Subsidiaries & Associates £000**	**Minority Interest £000**	**Total Reserves £000**
Adjusted balance at 1 April 2018	**48,824**	**45,584**	**10,885**	**7,447**	**112,740**	**1,693,870**	**1,806,610**	**98,055**	**88,917**	**6,242**	**1,999,824**
Movement in reserves during 2018/19:											
Total Comprehensive Income and (Expenditure)	**(851,940)**	**0**	**0**	**0**	**(851,940)**	**(159,309)**	**(1,011,249)**	**257,627**	**(62,355)**	**41**	**(815,936)**
Adjustments between group accounts and authority accounts (note 9)	277,323	0	0	0	277,323	0	277,323	(277,323)	0	0	0
Net Increase or (Decrease) before transfers	**(574,617)**	**0**	**0**	**0**	**(574,617)**	**(159,309)**	**(733,926)**	**(19,696)**	**(62,355)**	**41**	**(815,936)**
Adjustments between accounting basis and funding basis under regulations	590,612	0	0	8,706	599,318	(599,318)	0	32,366	(32,366)	0	0
Net Increase or (Decrease) before transfers to other statutory reserves	**15,995**	**0**	**0**	**8,706**	**24,701**	**(758,627)**	**(733,926)**	**12,670**	**(94,721)**	**41**	**(815,936)**
Transfers (to) and from other statutory reserves	6,203	(7,881)	1,678	0	0	0	0	0	0	0	0
Increase or (Decrease) in the year	**22,198**	**(7,881)**	**1,678**	**8,706**	**24,701**	**(758,627)**	**(733,926)**	**12,670**	**(94,721)**	**41**	**(815,936)**
Balance at 31 March 2019	**71,022**	**37,703**	**12,563**	**16,153**	**137,441**	**935,243**	**1,072,684**	**110,725**	**(5,804)**	**6,283**	**1,183,888**
Impact of Group movements/adjustments during the year	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,070**	**0**	**2,070**
Revised balance at 1 April 2019	**71,022**	**37,703**	**12,563**	**16,153**	**137,441**	**935,243**	**1,072,684**	**110,725**	**(3,734)**	**6,283**	**1,185,958**
Movement in reserves during 2019/20:											
Total Comprehensive Income and (Expenditure)	**(66,027)**	**0**	**0**	**0**	**(66,027)**	**537,806**	**471,779**	**(50,995)**	**85,761**	**(252)**	**506,293**
Adjustments between group accounts and authority accounts (note 9)	42,226	0	0	0	42,226	0	42,226	(42,226)	0	0	0
Net Increase or (Decrease) before transfers	**(23,801)**	**0**	**0**	**0**	**(23,801)**	**537,806**	**514,005**	**(93,221)**	**85,761**	**(252)**	**506,293**
Adjustments between accounting basis and funding basis under regulations	113,267	0	0	11,582	124,849	(124,849)	0	96,908	(96,908)	0	0
Net Increase or (Decrease) before transfers to other statutory reserves	**89,466**	**0**	**0**	**11,582**	**101,048**	**412,957**	**514,005**	**3,687**	**(11,147)**	**(252)**	**506,293**
Transfers (to) and from other statutory reserves	(5,082)	2,646	2,436	0	0	0	0	0	0	0	0
Increase or (Decrease) in the year	**84,384**	**2,646**	**2,436**	**11,582**	**101,048**	**412,957**	**514,005**	**3,687**	**(11,147)**	**(252)**	**506,293**
Balance at 31 March 2020	**155,406**	**40,349**	**14,999**	**27,735**	**238,489**	**1,348,200**	**1,586,689**	**114,412**	**(14,881)**	**6,031**	**1,692,251**

Note 9 on page 105 provides further details on the Movement in Reserves Statement

Group Balance Sheet as at 31 March 2020

31 March 19 £000		Note	£000	31 March 20 £000
2,392,211	Other land and buildings		2,447,894	
95,854	Vehicles, plant, furniture and equipment		97,797	
693,434	Infrastructure assets		733,875	
23,118	Community assets		23,359	
124,243	Assets under construction		103,111	
37,517	Corporate surplus assets		33,524	
3,366,377	**Property, Plant and Equipment**	**14**		3,439,560
1,417,376	Heritage assets			1,417,359
206,148	Investment property	**15**		215,608
8,766	Intangible assets			7,097
31,957	Long-term investments			33,260
112,796	Investments in associates and joint boards	**17**		141,523
32,665	Long-term debtors			42,558
5,176,085	**Long-term Assets**			**5,296,965**
2,321	Short-term investments			3,360
2,900	Inventories			3,112
220,050	Net short-term debtors			196,183
114,512	Cash and cash equivalents	**18**		182,622
269	Intangible Assets			0
15,349	Assets held for sale			19,271
355,401	**Current Assets**			**404,548**
(189,577)	Short-term borrowing			(173,045)
(368,602)	Short-term creditors			(361,935)
(507,626)	Short-term provisions			(9,949)
(25)	Current tax liability			0
(1,065,830)	**Current Liabilities**			**(544,929)**
(22,414)	Long-term provisions			(21,610)
(1,392,569)	Long-term borrowing			(2,007,573)
(1,557,006)	Net pensions liability	**11**		(1,150,870)
(232,168)	Deferred liabilities			(215,381)
(1,568)	Deferred tax liability			(2,382)
(21,281)	Deferred grants	**19**		(20,712)
(2,543)	Deferred income			(10,264)
(52,219)	Liabilities in associates and joint boards	**17**		(35,541)
(3,281,768)	**Long-term Liabilities**			**(3,464,333)**
1,183,888	**Net Assets / (Liabilities)**			**1,692,251**
71,022	General Fund Reserve			155,406
37,703	Revenue Reserve Funds			40,349
12,563	Capital Reserve Funds			14,999
16,153	Capital Grants Unapplied Account			27,735
137,441	Usable Reserves			238,489
935,243	Unusable Reserves			1,348,200
111,204	Group Reserves			105,562
1,183,888	**Total Reserves**			**1,692,251**

The unaudited accounts were issued on 19 August 2020

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

Group Cash Flow Statement for the Year ended 31 March 2020

2018/19 £000		**2019/20 £000**
594,270	Group (Surplus) or Deficit on the Provision of Services	116,997
(694,388)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	9,226
368	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	16,681
(99,750)	**Net cash flows from operating activities**	**142,904**
85,890	Investing activities	(184,443)
89,574	Financing activities	(27,717)
75,714	**Net (increase) or decrease in Cash and cash equivalents**	**(69,256)**
(195,877)	Cash and cash equivalents at the beginning of the reporting period	(114,512)
5,651	Impact of Group movements during the year on opening cash balances	1,146
(190,226)	Revised Cash and cash equivalents at the beginning of the reporting period	(113,366)
(114,512)	**Cash and cash equivalents at the end of the reporting period**	**(182,622)**

❖ Notes to the Group Financial Statements

1. Group accounting policies

The group accounting policies are those specified for the single entity Financial Statements on pages 25 to 36. Where materially different, the accounting policies of group members have been aligned to those of the single entity. Where group members are not required to prepare their financial statements on an IFRS basis, consolidation adjustments have been made.

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

1.1. Goodwill

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

1.2. Going concern

For three subsidiaries, the council's share of net reserves is a net liability. The net liabilities of City Building (Contracts) LLP and Culture and Sport Glasgow are a direct consequence of the requirement to fully account for IAS19 Employee Benefits. As with the council's pension liabilities, the 2019/20 Financial Statements show a decrease in the overall group pension liability. These liabilities, falling due in future years, will be financed by annual pension contributions and returns on investments.

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

The financial effect of the subsidiaries reporting a net liability in the Group Financial Statements is to reduce group balances and reserves by £83.174 million (£116.249 million in 2018/19).

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

1.3. Pensions

Disclosure of information relating to the pensions of Glasgow City Council and its associates follows the reporting requirements of IAS19 Employee Benefits. Information relating to the pensions of subsidiaries follows the reporting requirements of FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

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

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

Scottish Event Campus Limited and Jobs & Business Glasgow operate defined contribution schemes on behalf of their employees. For these defined contribution schemes, the pension costs reported for the year are equal to the contributions payable to the scheme for the accounting period and are included within Cost of Services in the Group Comprehensive Income and Expenditure Statement. Assets or liabilities are recognised only to the extent that they are prepaid or outstanding at the year end.

1.4. Common Good Fund and Sundry Trusts

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

1.5. Depreciation

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

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

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

The Group Financial Statements contain estimated figures that are based on assumptions made by the group about the future or outcomes that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The item in the Group Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

Item	Uncertainties	Effect if results differ from assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated that a 0.5% decrease in the real discount rate would result in an increase to the pension liability of £545.8 million. Similarly, a 0.5% increase in the rate of salary increase and pension increase rates would increase the liability by £102.7 million and £434.4 million respectively. In terms of life expectancy, an increase of 1 year would equate to an increased liability of between £167.7 million and £279.5 million.

3. Group Expenditure and Funding Analysis for the Year ended 31 March 2020

2018/19 Expenditure Chargeable to the General Fund £000	*2018/19 Adjustments between the Funding and Accounting basis £000*	*2018/19 Net Expenditure in the CIES £000*	**Service**	**2019/20 Expenditure Chargeable to the General Fund £000**	**2019/20 Adjustments between the Funding and Accounting basis £000**	**2019/20 Net Expenditure in the CIES £000**
75,751	35,366	111,117	Chief Executive's Office	83,680	16,981	100,661
27,697	36,856	64,553	Development and Regeneration Services	33,122	2,503	35,625
459,803	78,303	538,106	Education Services	529,346	64,768	594,114
118,069	(55,399)	62,670	Financial Services	125,405	(55,751)	69,654
116,980	46,716	163,696	Neighbourhood and Sustainability	131,595	49,129	180,724
315,814	32,815	348,629	Social Work Services	408,212	35,873	444,085
13,630	3,594	17,224	Related Companies and Joint Boards	6,959	5,039	11,998
0	469,734	469,734	Equal Pay Obligations	464,516	(462,710)	1,806
(777)	898	121	Common Good Fund	105	0	105
(1,754)	1,773	19	Sundry Trusts	143	0	143
79,038	6,514	85,552	City Building (Contracts) LLP	47,868	2,942	50,810
2,712	(1,787)	925	City Parking (Glasgow) LLP	882	(2,826)	(1,944)
9,364	(7,831)	1,533	City Property Glasgow (Investments) LLP	34,353	(33,819)	534
0	0	0	City Property Glasgow (Operations SL1) LLP	3,073	(3,073)	0
0	0	0	City Property Glasgow (Operations SL2) LLP	5,098	(5,098)	0
(87)	0	(87)	Cordia Care LLP	0	0	0
65,459	5,077	70,536	Cordia Services LLP	0	0	0
69,268	17,528	86,796	Culture and Sport Glasgow	71,536	13,764	85,300
5,498	1,059	6,557	Jobs & Business Glasgow	6,801	131	6,932
2,864	(3,933)	(1,069)	Scottish Event Campus Ltd	128	(1,305)	(1,177)
1,359,329	**667,283**	**2,026,612**	**Cost of Services**	**1,952,822**	**(373,452)**	**1,579,370**
(1,388,113)	**(44,229)**	**(1,432,342)**	**Other (Income) and Expenditure**	**(2,036,425)**	**574,052**	**(1,462,373)**
(28,784)	**623,054**	**594,270**	**Group (Surplus) or Deficit**	**(83,603)**	**200,600**	**116,997**
		146,860	**Opening General Fund Balance**			181,748
		21	Impact of Group movements during the year			0
		28,784	Surplus/(Deficit) on General Fund in Year			83,603
		6,083	Transfers (to)/from Other Statutory Reserves			4,467
		181,748	**Closing General Fund Balance**			**269,818**

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

2018/19 Adjustments for Capital Purposes £000	*2018/19 Net Change for the Pensions Adjustments £000*	*2018/19 Other Differences £000*	*2018/19 Total Adjustments £000*	**Service**	**2019/20 Adjustments for Capital Purposes £000**	**2019/20 Net Change for the Pensions Adjustments £000**	**2019/20 Other Differences £000**	**2019/20 Total Adjustments £000**
13,739	6,345	15,282	35,366	Chief Executive's Office	13,305	5,763	(2,087)	16,981
26,745	10,599	(488)	36,856	Development and Regeneration Services	(3,856)	7,099	(740)	2,503
51,471	25,135	1,697	78,303	Education Services	44,099	18,622	2,047	64,768
513	6,690	(62,602)	(55,399)	Financial Services	524	7,413	(63,688)	(55,751)
31,550	16,308	(1,142)	46,716	Neighbourhoods and Sustainability	31,535	18,425	(831)	49,129
4,029	28,521	265	32,815	Social Work Services	1,263	33,312	1,298	35,873
0	0	3,594	3,594	Related Companies and Joint Boards	0	0	5,039	5,039
0	0	469,734	469,734	Equal Pay Obligations	0	0	(462,710)	(462,710)
0	0	898	898	Common Good Fund	0	0	0	0
0	0	1,773	1,773	Sundry Trusts	0	0	0	0
0	6,600	(86)	6,514	City Building (Contracts) LLP	4	5,155	(2,217)	2,942
1,708	1,166	(4,661)	(1,787)	City Parking (Glasgow) LLP	1,204	1,568	(5,598)	(2,826)
64	0	(7,895)	(7,831)	City Property Glasgow (Investments) LLP	63	0	(33,882)	(33,819)
0	0	0	0	City Property Glasgow (Operations SL1) LLP	0	0	(3,073)	(3,073)
0	0	0	0	City Property Glasgow (Operations SL2) LLP	0	0	(5,098)	(5,098)
0	0	0	0	Cordia Care LLP	0	0	0	0
375	10,302	(5,600)	5,077	Cordia Services LLP	0	0	0	0
1,208	19,364	(3,044)	17,528	Culture and Sport Glasgow	1,317	24,260	(11,813)	13,764
265	240	554	1,059	Jobs & Business Glasgow	218	257	(344)	131
4,710	677	(9,320)	(3,933)	Scottish Event Campus Ltd	4,850	790	(6,945)	(1,305)
136,377	**131,947**	**398,959**	**667,283**	**Cost of Services**	**94,526**	**122,664**	**(590,642)**	**(373,452)**
(121,808)	**31,823**	**45,756**	**(44,229)**	**Other (Income) and Expenditure**	**472,328**	**38,281**	**63,443**	**574,052**
14,569	**163,770**	**444,715**	**623,054**	**(Surplus) or Deficit on the Provision of Services**	**566,854**	**160,945**	**(527,199)**	**200,600**

4. Combining entities

4.1. Scottish Event Campus Limited

Scottish Exhibition Centre Limited was incorporated under the terms of the Companies Acts to promote international exhibitions, conferences and events on 4 March 1983 and formally changed its name to Scottish Event Campus Limited on 26 January 2017. The council is the principal shareholder in the company holding 19,900,000 ordinary £1 shares representing 90.87% of the issued share capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

Net assets of the company were £17.036 million at 31 March 2020, compared to net assets of £15.476 million at 31 March 2019. The profit on ordinary activities before taxation for the year to 31 March 2020 was £2.375 million, compared to a profit of £2.294 million for the period to 31 March 2019. The limit of the council's commitment to meet accumulated losses is £0.200 million (exclusive of RPI increases), in addition to the value of any rates paid or payable in the year for the conference centre. No dividend payments were due to, or received by, the council in respect of its investment.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Chief Executive, Scottish Event Campus Limited, Glasgow G3 8YW.

4.2. City Building (Contracts) Limited Liability Partnership

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

After accounting for IAS19 Employee Benefits, the net liabilities of the partnership were £20.100 million at 31 March 2020, compared to net liabilities of £27.863 million at 31 March 2019. The loss on ordinary activities before and after taxation for the year to 31 March 2020 was £3.677 million, compared to a loss of £5.386 million for the period to 31 March 2019.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Managing Director, City Building (Contracts) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

4.3. Culture and Sport Glasgow, trading as Glasgow Life

Culture and Sport Glasgow was incorporated on 22 December 2006 as a company limited by guarantee and Glasgow City Marketing Bureau Limited was incorporated within Culture and Sport Glasgow as a wholly owned subsidiary from 1 April 2016. The company is also a registered charity, with Glasgow City Council being the sole member. The limit of the council's liability if the company was wound up is £1. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

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

After accounting for IAS19 Employee Benefits, the net liabilities of the company were £37.587 million at 31 March 2020, compared to net liabilities of £63.361 million at 31 March 2019. The loss on ordinary activities before and after taxation for the year to 31 March 2020 was £14.168 million, compared to a loss of £14.629 million for the period to 31 March 2019.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Chief Executive, Culture and Sport Glasgow, 220 High Street, Glasgow G4 0QW.

4.4. City Parking (Glasgow) Limited Liability Partnership

City Parking (Glasgow) Limited Liability Partnership was incorporated on 23 March 2007 to provide secure off-street parking facilities in the Glasgow area. The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

After accounting for IAS19 Employee Benefits, the net liabilities of the partnership were £25.487 million at 31 March 2020, compared to £25.025 million at 31 March 2019. The loss on ordinary activities before and after taxation for the year to 31 March 2020 was £1.094 million, compared to a loss of £2.047 million for the period to 31 March 2019.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Managing Director, City Parking (Glasgow) Limited Liability Partnership, Third Floor, 5 Cadogan Square, Anderston Centre, Glasgow G2 7PH.

4.5. City Property Glasgow (Investments) LLP

City Property Glasgow (Investments) Limited Liability Partnership was incorporated on 13 August 2009 to acquire and manage Glasgow City Council's investment property portfolio. The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £51.215 million at 31 March 2020, compared to net assets of £127.864 million at 31 March 2019. The profit on ordinary activities before and after taxation for the year to 31 March 2020 was £6.817 million, compared to £7.561 million for the period to 31 March 2019.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Investments) Limited Liability Partnership, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

4.6. City Property Glasgow (Operations SL1) LLP

City Property Glasgow (Operations SL1) LLP was incorporated on 28 March 2019 to facilitate funding agreements in relation to settling the Council's equal pay liability.

The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £39.310 million at 31 March 2020. The profit on ordinary activities before and after taxation for the year to 31 March 2020 was £0.833 million.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Operations SL1) LLP, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

4.7. City Property Glasgow (Operations SL2) LLP

City Property Glasgow (Operations SL2) LLP was incorporated on 28 March 2019 to facilitate funding agreements in relation to settling the Council's equal pay liability.

The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £39.174 million at 31 March 2020. The profit on ordinary activities before and after taxation for the year to 31 March 2020 was £3.688 million.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Operations SL2) LLP, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

4.8. City Property Glasgow (Operations SL) Limited

City Property Glasgow (Operations SL) Limited was incorporated on 4 July 2019 to facilitate funding agreements in relation to settling the Council's equal pay liability.

City Property Glasgow (Operations SL1) LLP is the sole owner of the company, holding 100% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company through holding 99.999% of the ordinary capital of City Property Glasgow (Operations SL1) LLP. It is therefore included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were nil at 31 March 2020. The profit on ordinary activities before and after taxation for the year to 31 March 2020 was nil.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Operations) Limited, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

4.9. Jobs & Business Glasgow

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

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

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

After accounting for IAS19 Employee Benefits, the net assets of the company were £18.689 million at 31 March 2020, compared to net assets of £17.191 million at 31 March 2019. The profit on ordinary activities before taxation for the year to 31 March 2020 was £1.157 million, compared to a profit of £1.611 million for the period to 31 March 2019.

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Managing Director, Jobs & Business Glasgow, 94 Duke Street, Glasgow G4 0UW.

4.10. Strathclyde Partnership for Transport

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

The latest set of unaudited accounts is for the year to 31 March 2020. When available, copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Under accounting standards, the council has a significant interest in this statutory body. The Board is included within the Group Financial Statements as an associate. In 2019/20, Glasgow City Council contributed £9.903 million or 27.93% of the Board's estimated running costs (2018/19 £9.651 million) and its share of the year-end net assets of £118.921 million (2018/19 net assets of £89.043 million) is included in the Group Balance Sheet.

The following table represents the group's share of key financial information extracted from the Strathclyde Partnership for Transport accounts for 2019/20:

2018/19 £000	**Strathclyde Partnership for Transport**	**2019/20 £000**
(23,082)	Gross (income)	(38,707)
(3,299)	(Surplus) or Deficit on the Provision of Services	(15,931)
(2,959)	Other Comprehensive (Income) and Expenditure	(13,947)
67,145	Long-term assets	77,289
47,890	Current assets	48,374
(7,073)	Current liabilities	(5,496)
(13,787)	Long-term liabilities excluding pension liability	0
(5,132)	Pension liability	(1,246)

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

2018/19 £000	**Strathclyde Partnership for Transport**	**2019/20 £000**
	Amounts owed to GCC	
939	Short-term debtors	1,358
	Amounts owing by GCC	
(245)	Short-term creditors	(66)

4.11. Strathclyde Concessionary Travel Scheme

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

The latest set of audited accounts is for the year to 31 March 2020. Copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Under accounting standards, the council has a significant interest in this statutory body. The Board is included within the Group Financial Statements as an associate. In 2019/20, Glasgow City Council contributed £0.840 million or 20.79% of the Board's estimated running costs (2018/19 £1.010 million) and its share of the year-end net assets of £0.152 million (2018/19 £0.313 million) is included in the Group Balance Sheet.

The following table represents the group's share of key financial information extracted from Strathclyde Concessionary Travel Scheme accounts for 2019/20:

2018/19 £000	**Strathclyde Concessionary Travel Scheme**	**2019/20 £000**
(1,016)	Gross (income)	(844)
73	(Surplus) or Deficit on the Provision of Services	162
526	Current assets	383
(213)	Current liabilities	(231)

An analysis of the amounts owed and owing between Glasgow City Council and Strathclyde Concessionary Travel Scheme is provided below and includes normal trade debtors and creditors:

2018/19 £000	**Strathclyde Concessionary Travel Scheme**	**2019/20 £000**
	Amounts owed to GCC	
0	Short-term debtors	185

4.12. Glasgow City Integration Joint Board

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

The latest set of audited accounts is for the year to 31 March 2020. Copies of the audited accounts may be obtained from the Chief Officer, Glasgow City Integration Joint Board, 32 Albion Street, Glasgow G1 1LH.

Under accounting standards, the council has a significant interest in this statutory body. The statutory body is included within the Group Financial Statements as a material joint board. In 2019/20, the council contributed £417.729 million (2018/19 £402.367 million) or 33% of the board's running costs and its share of the year end net assets was £22.451 million (2018/19 £23.439 million).

The following table represents the group's share of key financial information extracted from the accounts of Glasgow City Integration Joint Board for 2019/20:

2018/19 £000	**Glasgow City Integration Joint Board**	**2019/20 £000**
(675,313)	Turnover	(744,974)
(7,752)	(Surplus) or Deficit on the Provision of Services	989
23,439	Current assets	22,451

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

2018/19 £000	**Glasgow City Integration Joint Board**	**2019/20 £000**
	Amounts Owing by GCC	
(46,878)	Short-term creditors	(45,350)

4.13. City Building (Glasgow) Limited Liability Partnership

City Building (Glasgow) Limited Liability Partnership is a 50/50 joint venture partnership between Glasgow City Council and the Wheatley Housing Group, set up to provide an integrated, responsive, effective and efficient building repair and construction service to Glasgow City Council, Glasgow Housing Association Limited and other service users, commencing 1 April 2017.

The latest set of unaudited accounts is for the year to 31 March 2020. Copies of the audited accounts may be obtained from the Managing Director, City Building (Glasgow) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

Under accounting standards, the council has a significant interest in this company. The company is included within the Group Financial Statements as a material joint venture. In 2019/20, the council contributed £7.532 million (2018/19 £6.910 million) or 50% of the company's running costs and its share of the year end net liabilities was £35.541 million (2018/19 £52.219 million).

The following table represents the group's share of key financial information extracted from the accounts of City Building (Glasgow) Limited Liability Partnership for 2019/20:

2018/19 £000	**City Building (Glasgow) Limited Liability Partnership**	**2019/20 £000**
(69,547)	Gross (income)	(71,324)
9,270	(Surplus) or Deficit on the Provision of Services	6,350
11,358	Other Comprehensive (Income) and Expenditure	(23,028)
513	Long-term assets	368
14,143	Current assets	16,493
(14,285)	Current liabilities	(16,376)
(283)	Long-term liabilities excluding pension liability	(368)
(52,307)	Pension liability	(35,658)

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

2018/19 £000	**City Building (Glasgow) Limited Liability Partnership**	**2019/20 £000**
	Amounts owed to GCC	
806	Short-term debtors	8,598
	Amounts owing by GCC	
(576)	Short-term creditors	(4,036)

5. Nature of combination

The council inherited its interest in Scottish Event Campus Limited, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme as a result of local government reorganisation in April 1996. To advance council objectives, the council has established further limited companies and Limited Liability Partnerships which were incorporated between November 2004 and March 2020.

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

6. Reporting authority adjustments to align to IFRS

The Code requires that the Common Good Fund and Sundry Trusts are included within the Group Comprehensive Income and Expenditure Statement if material. Following the elimination of inter-company trading, net expenditure on the Common Good Fund of £0.105 million (£0.121 million in 2018/19) and net expenditure on Sundry Trusts of £0.143 million (net expenditure of £0.019 million in 2018/19) have been included as separate lines within Cost of Services in the Comprehensive Income and Expenditure Statement.

7. Financial impact of consolidation

The effect of the inclusion of the subsidiaries and associates in 2019/20 was to increase council reserves and net assets by £105.562 million (2018/19 net assets increased by £111.204 million) representing the council's net asset in the consolidating entities.

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

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

- **GCC LLP Investments Limited** is a subsidiary company incorporated under the terms of the Companies Act on 4 July 2006. The company is an investment holding company being the council's partner in the limited liability partnerships formed in recent years. The company is limited by guarantee with Glasgow City Council holding 1,000 ordinary shares representing 100% of the issued share capital. Current assets of £0.001 million were matched by share capital of £0.001 million as at 31 March 2020.

- **City Property (Glasgow) Limited Liability Partnership** is a subsidiary company that was incorporated on 17 February 2009. It was formed to manage and dispose of Glasgow City Council's surplus properties. After accounting for IAS19 Employee Benefits, the net liabilities of the partnership were £2.399 million at 31 March 2020 compared to £4.650 million at 31 March 2019. The loss on ordinary activities before and after taxation for the year to 31 March 2020 was £0.815 million compared to £0.546 million for the period to 31 March 2019.

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

2018/19 Net Expenditure/ (Income) £000	Debtor / (Creditor) at 31 March 2019 £000		2019/20		Debtor / (Creditor) at 31 March 2020 £000
		City Property (Glasgow) Limited Liability Partnership	**Expenditure £000**	**Income £000**	
(2,038)	148	Glasgow City Council	(2,448)	457	(165)

- **Scotland Excel** is a Joint Committee established on 1 April 2008 to replace the Authorities Buying Consortium and other similar bodies across Scotland. It is the largest non-profit purchasing agency in Scotland and serves the buying needs of 32 local authorities and similar public sector bodies in Scotland. During the year, the council made a contribution of £0.348 million (2018/19 £0.339 million) representing 9.8% of the organisation's estimated running costs for the year to 31 March 2020.

- **Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee**, formerly known as the Glasgow and Clyde Valley Structure Plan Joint Committee, was constituted under a formal agreement of the eight councils in the Glasgow and Clyde Valley area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in their area but also the strategic issues that cover the wider area of the Glasgow and Clyde Valley. Accordingly the Joint Committee prepares, monitors and reviews the Structure Plan on behalf of member councils and liaises with Central Government, Scottish Enterprise and other bodies. During the year, the council made a contribution of £0.052 million (2018/19 £0.072 million) representing 12.5% of the Joint Committee's estimated running costs for the year to 31 March 2020.

- **West of Scotland European Forum (WoSEF)** was set up in 2007 as a Joint Committee including the 12 local authorities and a number of influential organisations in the region. Following on from the work previously undertaken by the West of Scotland European Consortium, WoSEF's purpose is to develop positive links between the communities of the region and the institutions of the European Union. During the year, the council made a contribution of £0.011 million (2018/19 £0.011 million) representing 26% of the Joint Committee's running costs for the year to 31 March 2020.

- **Continuing Education Gateway** is a consortium of 10 local authorities in the West of Scotland. It was formed in April 2000 to further the provision of careers and educational guidance services. During the year, the council made a contribution of £0.123 million (2018/19 £0.123 million) representing 31% of the consortium's estimated running costs for the year to 31 March 2020.

- **West of Scotland Archaeology Service** was set up in 1997 as a Joint Committee of 12 local authorities in the region. It is currently funded by 10 local authorities and by Historic Scotland for specific projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process. During the year, the council made a contribution of £0.009 million (2018/19 £0.009 million) representing 6.3% of the Joint Committee's estimated running costs for the year to 31 March 2020.

- **SEEMIS Group LLP** was incorporated on 11 May 2009 and commenced trading on 1 July 2010. It is funded by the 32 participating authorities and the principal activity of the LLP is the provision of information technology solutions to Education Services. During the year, the council made a contribution of £0.269 million (2018/19 £0.236 million) representing 9.2% of the organisation's estimated running costs for the year to 31 March 2020.

- **Glasgow City Region – City Deal Cabinet** is a Joint Committee established on 20 January 2015. The purpose of the Committee is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The City Deal programme aims to deliver a £1.1 billion investment programme, including delivery of labour market and innovation programmes. During the year the council made a contribution of £0.463 million (2018/19 £0.391 million) representing 34% of the organisation's running costs for the year to March 2020.

- **Scotcash CIC** is an associate company limited by guarantee with charitable status. The company was created to provide a cost effective alternative for lending to individuals where a bank or building society cannot help. During the year, the council made a contribution of £0.057 million (2018/19 £0.057 million) representing 5.8% of the organisation's estimated running costs for the year to 31 March 2020.

- **The Clyde Valley Learning and Development Project Joint Committee** was established in October 2007. The purpose of the committee is to establish and deliver a number of shared approaches to training, learning and development between the 8 Clyde Valley Councils. During the year, the council made a contribution of £0.011 million (2018/19 £0.006 million) representing 9.8% of the Joint Committee's running costs for the year to 31 March 2020.

- **Transforming Communities Glasgow** was established as a charitable company in April 2012 and commenced trading in June 2015. The main purpose of the charity is to facilitate a single strategic focus for the regeneration of transformational regeneration areas. During the year, the council made a contribution of £0.001 million (2018/19 £0.001 million) representing 33.3% of the Joint Committee's running costs for the year to 31 March 2020.

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

2018/19 adjustments	General Fund Reserve £000	Revenue & Capital Reserve Fund £000	Capital Grants Unapplied Account £000	**Total Usable Reserves £000**	**Total Unusable Reserves £000**	**Total Authority Reserves £000**	Authority's share of Usable Reserves of Subsidiaries & Associates £000	Authority's share of Unusable Reserves of Subsidiaries & Associates £000	**Total Reserves £000**
Purchase of goods and services from subsidiaries	277,323	0	0	277,323	0	**277,323**	**(277,323)**	**0**	**0**
Grants and contributions	0	0	0	0	0	**0**	**0**	**0**	**0**
Total adjustments between Group Financial Statements and Authority Financial Statements	**277,323**	**0**	**0**	**277,323**	0	**277,323**	**(277,323)**	**0**	**0**

2019/20 adjustments	General Fund Reserve £000	Revenue & Capital Reserve Fund £000	Capital Grants Unapplied Account £000	**Total Usable Reserves £000**	**Total Unusable Reserves £000**	**Total Authority Reserves £000**	Authority's share of Usable Reserves of Subsidiaries & Associates £000	Authority's share of Unusable Reserves of Subsidiaries & Associates £000	**Total Reserves £000**
Purchase of goods and services from subsidiaries	42,226	0	0	42,226	0	**42,226**	**(42,226)**	**0**	**0**
Grants and contributions	0	0	0	0	0	**0**	**0**	**0**	**0**
Total adjustments between Group Financial Statements and Authority Financial Statements	**42,226**	**0**	**0**	**42,226**	0	**42,226**	**(42,226)**	**0**	**0**

10. Group subjective analysis

2018/19 £000	%	Subjective analysis	2019/20 £000	%
		Where the money came from		
(1,486,407)	50.4	Government grants and local taxation	(1,547,821)	51.9
(650,389)	22.1	Other grants, reimbursements and contributions	(623,728)	20.9
(587,947)	20.0	Customer and client receipts	(586,834)	19.7
(22,803)	0.8	Interest and investment income	(23,870)	0.8
(292,372)	9.9	Income from other departments	(308,424)	10.3
(91,180)	3.1	Other miscellaneous income	(76,697)	2.5
292,372	(9.9)	Inter-departmental recharges	308,424	(10.3)
(3,857)	0.1	Gain on disposal of property, plant and equipment	(3,514)	0.1
(1,709)	0.1	Share of surplus from associates and joint boards	(8,431)	0.3
(101,070)	3.4	Capital grants and contributions	(113,154)	3.8
(2,945,362)	**100.0**	**Total income**	**(2,984,049)**	**100.0**
		How the money was spent		
1,594,820	45.1	Employee costs	1,171,260	37.8
239,799	6.8	Premises costs	238,334	7.7
160,128	4.5	Supplies and services	192,499	6.2
67,210	1.9	Transport and plant	64,147	2.1
954,918	27.0	Third party payments	948,136	30.5
527,340	14.9	Transfer payments	505,953	16.3
162,925	4.6	Depreciation, amortisation and impairment losses	140,490	0.2
101,465	2.9	Financing costs	117,381	8.1
(9,022)	(0.3)	Allocations	(7,646)	(0.2)
32,421	0.9	Net interest on the net defined benefit liability	38,916	1.2
(292,372)	(8.3)	Inter-departmental recharges	(308,424)	(9.9)
3,539,632	**100.0**	**Total expenditure**	**3,101,046**	**100.0**
594,270		**Group (surplus) or deficit for the year**	**116,997**	

11. Pension Costs

11.1. Local Government Pension Scheme

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

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement in 2019/20:

2018/19 £000	**Local Government Pension Scheme**	**2019/20 £000**
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
151,393	Current service cost	219,941
57,127	Past service cost	20,113
0	(Gain) / loss from settlement	0
	Financing and Investment Income and Expenditure:	
32,421	Net interest cost	38,916
240,941	**Total post-employment benefits charged / (credited) to the Surplus or Deficit on the Provision of Services**	**278,970**
	Other Comprehensive Income and Expenditure	
	Remeasurement of the net defined benefit liability:	
(125,459)	Return on assets	308,505
426,680	Actuarial (gains) / losses arising on changes in financial assumptions	(618,490)
0	Actuarial (gains) / losses arising from changes in demographic assumptions	(202,784)
(18,646)	Effect of business combinations and disposals in group	0
12,226	Other Experience	(39,676)
535,742	**Total post-employment benefits charged / (credited) to the Comprehensive Income and Expenditure Statement**	**(273,475)**
240,941	Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward	278,970
	Movement in Reserves Statement	
(148,233)	Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS19	(146,309)
	Actual amount charged against the General Fund balance for pensions in the year:	
92,708	**Employers contribution paid**	**132,661**

11.2. Pension Assets and Liabilities

Assets are valued at fair value. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The council's liabilities have been assessed by Hymans Robertson Limited Liability Partnership, an independent firm of actuaries. Calculations have been based on the triennial valuation of the scheme as at 31 March 2017.

The following table sets out the principal assumptions used by the actuary to arrive at a net liability to the group of £1,150.870 million:

2018/19	**Actuarial Assumptions**	**2019/20**
	Long-term expected rate of return on assets in the scheme:	
2.4%	Equity Investments	2.3%
2.4%	Bonds	2.3%
2.4%	Property	2.3%
2.4%	Cash and net debtors/ creditors	2.3%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.4	Men	20.7
23.7	Women	22.9
	Longevity at 65 for future pensioners:	
23.4	Men	22.2
25.8	Women	24.6
	General assumptions:	
2.5%	Rate of price increases	1.9%
3.7%	Rate of increase in salaries	3.0%
2.5%	Rate of increase in pensions	1.9%
2.5%	Rate for discounting scheme liabilities	2.3%
50.0%	Take-up of option to convert annual pension into retirement lump sum (pre April 2009 service)	50.0%
75.0%	Take-up of option to convert annual pension into retirement lump sum (post-April 2009 service)	75.0%
	Employer share of net assets	
66%	Equities Investments	66%
15%	Bonds	15%
9%	Property	9%
10%	Cash and Net Debtors/Creditors	10%
100%	**Total**	**100%**

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

2018/19 £000	**Pension Assets and Liabilities recognised in the Balance Sheet**	**2019/20 £000**
6,170,794	Present value of the defined benefit obligation	5,589,922
(4,613,788)	Fair value of plan assets	(4,439,052)
1,557,006	**Net liability arising from defined benefit obligation**	**1,150,870**

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

2018/19 £000	**Reconciliation of present value of scheme liabilities:**	**2019/20 £000**
5,423,178	**Opening balance at 1 April**	**6,170,794**
(277,196)	Impact of Group movements during the year	0
5,145,982	**Revised opening balance at 1 April**	**6,170,794**
151,393	Current service costs	219,941
144,865	Interest costs	149,944
23,897	Contributions by scheme participants	36,700
	Remeasurement (gains) and losses:	
426,681	Actuarial (gains) / losses arising from changes in financial assumptions	(618,490)
0	Actuarial (gains) / losses arising from changes in demographic assumptions	(202,784)
12,226	Other	(39,676)
57,127	Past service cost (including curtailments)	20,113
(141,377)	Benefits paid	(146,620)
350,000	Effect of business combinations and disposals	0
6,170,794	**Closing balance at 31 March**	**5,589,922**

2018/19 £000	**Reconciliation of present value of scheme assets:**	**2019/20 £000**
4,314,208	**Opening balance at 1 April**	**4,613,788**
(310,131)	Impact of Group movements during the year	0
4,004,077	**Revised opening balance at 1 April**	**4,613,788**
112,024	Interest income	111,028
	Remeasurement gain / (loss):	
125,459	Return on assets, excluding the amount included in the net interest cost	(308,505)
92,708	Contributions by employer	132,661
23,897	Contributions by scheme participants	36,700
(141,377)	Benefits paid	(146,620)
397,000	Effect of business combinations and disposals	0
4,613,788	**Closing balance at 31 March**	**4,439,052**

11.3. Analysis of Pension Fund's Assets

2018/19				2019/20		
Quoted Prices in Active Markets £000	*Prices not quoted in Active Markets £000*	*Total £000*	**Local Government Pension Scheme assets**	**Quoted Prices in Active Markets £000**	**Prices not quoted in Active Markets £000**	**Total £000**
237,545	228,655	466,200	Cash and cash equivalents	228,095	220,221	448,316
			Equity Instruments:			
295,532	1,087	296,619	Consumer	283,972	1,085	285,057
239,738	1,075	240,813	Manufacturing	230,284	1,074	231,358
61,373	0	61,373	Energy and utilities	59,256	0	59,256
198,553	0	198,553	Financial institutions	191,177	0	191,177
117,072	1,124	118,196	Health and care	112,851	1,121	113,972
151,713	4	151,717	Information technology	146,425	3	146,428
1,063,981	**3,290**	**1,067,271**	**Sub-total equity instruments**	**1,023,965**	**3,283**	**1,027,248**
			Debt Securities			
144,960	0	144,960	Corporate Bonds	139,686	0	139,686
			Private Equity:			
0	550,974	550,974	All	0	530,933	530,933
			Property:			
0	418,169	418,169	UK	0	402,378	402,378
			Other investment funds:			
1,310,414	113,738	1,424,152	Equities	1,260,933	109,523	1,370,456
201,851	332,351	534,202	Bonds	194,469	317,721	512,190
2,239	0	2,239	Commodities	2,235	0	2,235
0	5,611	5,611	Other	0	5,600	5,600
1,514,504	**451,700**	**1,966,204**	**Sub-total other investment funds**	**1,457,637**	**432,844**	**1,890,481**
			Derivatives:			
10	0	10	Other	10	0	10
2,961,000	**1,652,788**	**4,613,788**	**Total Assets**	**2,849,393**	**1,589,659**	**4,439,052**

11.4. Impact on Group Cash Flows

The liabilities show the underlying commitments that the group has in the long run to pay retirement benefits. The total net liability of £1,150.870 million has a substantial impact on the net assets of the group as recorded in the Group Balance Sheet. Statutory arrangements for funding the deficit mean that the financial position of the group remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme.

The total contribution expected to be made to the Local Government Pension Scheme by the group in the year to 31 March 2020 is £95.166 million.

11.5. Defined Contribution Schemes

Scottish Event Campus Limited and Jobs & Business Glasgow operate defined contribution schemes for employees where assets of the scheme are held separately from those of the group.

Contributions are charged to the Group Comprehensive Income and Expenditure Statement as they become payable in accordance with the rules of the scheme. The amounts paid into these pension schemes in the year are as follows:

2018/19 £000	**Defined Contribution Schemes**	**2019/20 £000**
677	Scottish Event Campus Limited	790
178	Jobs & Business Glasgow	186
855	**Total**	**976**

12. Minority interest

The minority interest debited to the Group Comprehensive Income and Expenditure Statement is in recognition of the share of the gain for the year that is attributable to the minority shareholdings of Scottish Event Campus Limited.

On the Group Balance Sheet within group reserves, with accounting policies aligned, the share of the assets of Scottish Event Campus Limited attributable to minority shareholdings was £6.031 million for 2019/20 (2018/19 £6.283 million).

13. Taxation

For the Scottish Event Campus Limited, the difference between tax at the standard rate on the company's profits for the year and the actual level of corporation tax is mainly as a result of timing differences on capital expenditure and tax relief for earlier year losses.

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

2018/19 £000	**UK Corporation Tax**	**2019/20 £000**
499	Deferred tax	815
499	**Total**	**815**

14. Long-term assets

14.1. Movement in Property, plant and equipment

The table below illustrates the movement in property, plant and equipment, analysed by asset category, arising from additions, disposals, revaluations, depreciation and transfers during the year. As a result of these movements, the net book value held at 31 March 2020 was £3,439.560 million.

Movement in PPE 2019/20	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000
Cost or valuation:							
At 31 March 2019	**2,566,936**	**274,528**	**957,374**	**24,836**	**124,243**	**37,988**	**3,985,905**
Additions in year	40,951	20,113	58,208	230	64,677	8	184,187
Disposals	(1,470)	(4,512)	0	0	0	(1,598)	(7,580)
Revaluation adjustments to Revaluation Reserve	36,750	0	0	0	0	2,628	39,378
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(1,503)	0	0	0	0	(6,995)	(8,498)
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(13,132)	(13,132)
Other reclassifications	51,282	12,117	7,567	11	(85,809)	14,802	(30)
At 31 March 2020	**2,692,946**	**302,246**	**1,023,149**	**25,077**	**103,111**	**33,701**	**4,180,230**
Depreciation and impairment:							
At 31 March 2019	**(174,725)**	**(178,674)**	**(263,940)**	**(1,718)**	**0**	**(471)**	**(619,528)**
Depreciation charge for year	(73,527)	(28,420)	(25,334)	0	0	(48)	(127,329)
Depreciation written out to Revaluation Reserve	4,934	0	0	0	0	(1,210)	3,724
Depreciation written out to Comprehensive Income and Expenditure Statement	190	(1,317)	0	0	0	2,163	1,036
Impairment losses to Revaluation Reserve	(1,171)	0	0	0	0	0	(1,171)
Impairment losses to Comprehensive Income and Expenditure Statement	(3,058)	0	0	0	0	(9)	(3,067)
Disposals	1,362	3,965	0	0	0	338	5,665
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0
Other reclassifications	943	(3)	0	0	0	(940)	0
At 31 March 2020	**(245,052)**	**(204,449)**	**(289,274)**	**(1,718)**	**0**	**(177)**	**(740,670)**
Balance Sheet amount at 31 March 2020	**2,447,894**	**97,797**	**733,875**	**23,359**	**103,111**	**33,524**	**3,439,560**
Balance Sheet amount at 31 March 2019	**2,392,211**	**95,854**	**693,434**	**23,118**	**124,243**	**37,517**	**3,366,377**
Nature of asset holding:							
Owned	2,086,975	96,322	733,875	23,359	103,111	33,524	3,077,166
Finance leased	5,159	1,475	0	0	0	0	6,634
PPP	355,760	0	0	0	0	0	355,760
Total	**2,447,894**	**97,797**	**733,875**	**23,359**	**103,111**	**33,524**	**3,439,560**

Movement in PPE 2018/19	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Corporate Surplus Assets £000	Total Property, Plant and Equipment £000
Cost or valuation:							
At 31 March 2018	**2,539,178**	**257,568**	**882,985**	**25,759**	**56,264**	**40,160**	**3,801,914**
Additions in year	37,468	17,058	67,726	137	81,414	391	204,194
Donations in year	0	331	0	0	0	0	331
Disposals	(9,620)	(2,440)	0	(1,060)	0	(2,512)	(15,632)
Revaluation adjustments to Revaluation Reserve	26,622	0	0	0	0	895	27,517
Revaluation adjustments to Comprehensive Income and Expenditure Statement	(29,543)	0	0	0	0	(3,875)	(33,418)
Reclassifications from / (to) Held for Sale	0	0	0	0	0	(1,775)	(1,775)
Other reclassifications	2,831	2,011	6,663	0	(13,435)	4,704	2,774
At 31 March 2019	**2,566,936**	**274,528**	**957,374**	**24,836**	**124,243**	**37,988**	**3,985,905**
Depreciation and impairment:							
At 31 March 2018	**(170,762)**	**(148,720)**	**(240,147)**	**(1,060)**	**0**	**(329)**	**(561,018)**
Depreciation charge for year	(75,718)	(29,421)	(23,793)	0	0	(78)	(129,010)
Depreciation written out to Revaluation Reserve	56,700	0	0	0	0	(509)	56,191
Depreciation written out to Comprehensive Income and Expenditure Statement	6,510	(1,674)	0	0	0	973	5,809
Impairment losses to Revaluation Reserve	(515)	0	0	0	0	(4)	(519)
Impairment losses to Comprehensive Income and Expenditure Statement	(766)	0	0	(1,718)	0	(332)	(2,816)
Disposals	9,620	1,141	0	1,060	0	14	11,835
Reclassifications from / (to) Held for Sale	0	0	0	0	0	0	0
Other reclassifications	206	0	0	0	0	(206)	0
At 31 March 2019	**(174,725)**	**(178,674)**	**(263,940)**	**(1,718)**	**0**	**(471)**	**(619,528)**
Balance Sheet amount at 31 March 2019	**2,392,211**	**95,854**	**693,434**	**23,118**	**124,243**	**37,517**	**3,366,377**
Balance Sheet amount at 31 March 2018	**2,368,416**	**108,848**	**642,838**	**24,699**	**56,264**	**39,831**	**3,240,896**
Nature of asset holding:							
Owned	2,013,905	92,738	693,434	23,118	124,243	37,517	2,984,955
Finance leased	15,391	3,116	0	0	0	0	18,507
PPP	362,915	0	0	0	0	0	362,915
Total	**2,392,211**	**95,854**	**693,434**	**23,118**	**124,243**	**37,517**	**3,366,377**

14.2. Summary of capital expenditure and sources of finance

2018/19 £000	**Capital expenditure and sources of finance**	**2019/20 £000**
	Capital investment	
204,194	Property, plant and equipment	184,187
193	Heritage assets	35
1,378	Intangible assets	186
0	Assets held for sale	103
5,409	Investment property	5,228
211,174	**Total gross expenditure**	**189,739**
	Sources of finance	
81,503	Borrowing	54,308
19,124	Asset Sales	11,447
838	Assets acquired under finance leases	0
100,739	Government grants and other capital contributions	113,154
8,970	Revenue contributions	10,830
211,174	**Total**	**189,739**

15. Investment property

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

2018/19 £000	**Investment property**	**2019/20 £000**
(20,737)	Rental income from investment property	(19,481)
7,281	Investment Property Expenditure and Changes in Fair Value	6,466
(13,456)	**Net (gain) / loss**	**(13,015)**

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

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

2018/19 £000	**Movement in fair value**	**2019/20 £000**
191,649	Balance at start of year:	206,148
5,409	Additions	5,228
(270)	Disposals	(2,393)
9,360	Net gain / (loss) from fair value adjustments	6,625
206,148	**Balance at end of year**	**215,608**

16. Fair value measurement of assets and liabilities

Each financial year, a valuation report is prepared for non-financial assets, which incorporates the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For the Group assets, the valuation inputs comprise either level 1, level 2 or level 3 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For 2019/20, both the income and market valuation techniques were widely adopted in forming opinions of fair value. In addition short and long-term investments measured at fair value are considered Level 1 being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date. The resulting valuation of £252.755 million (2018/19 £253.112 million) comprises £32.745 million with level 1 inputs (2018/19 £30.848 million), £212.820 million with level 2 inputs (2018/19 £214.999 million) and £7.190 million with level 3 inputs (2018/19 £7.265 million).

Fair Value Measurement of assets	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Surplus Properties (valued in 2019/20)	0	1,046	0	1,046
Assets held for sale (valued in 2019/20)	0	3,356	0	3,356
Commercial Units	0	208,418	7,190	215,608
Unquoted equity investment at cost	25	0	0	25
Other investments	32,720	0	0	32,720
Total	**32,745**	**212,820**	**7,190**	**252,755**

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

Valuation of financial liabilities	Carrying Amount £000	Fair Value £000
Borrowing	2,180,618	2,439,705

17. Investments / liabilities in associates and joint ventures

The effect of accounting for associate City Building (Glasgow) LLP resulted in the inclusion of a liability within the Group Balance Sheet. By comparison, the group share of the investments in Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme and Glasgow City Integration Joint Board is an asset and is included on the Balance Sheet as a long-term investment. The group's share of the net asset by associate and joint board is shown below:

2018/19 £000	Investments in Associates and Joint Ventures	2019/20 £000
89,044	Strathclyde Partnership for Transport	118,921
313	Strathclyde Concessionary Travel Scheme	152
23,439	Glasgow City Integration Joint Board	22,451
112,796	**Sub-total**	**141,524**
	Liabilities in Associates and Joint Ventures	
(52,219)	City Building (Glasgow) LLP	(35,541)
(52,219)	**Sub-total**	**(35,541)**
60,577	**Total**	**105,983**

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

2018/19 £000	Associates and Joint Ventures	2019/20 £000
(768,958)	**Gross income**	**855,849**
67,658	Long-term assets	77,657
85,998	Current assets	87,700
(21,572)	Current liabilities	(22,102)
(71,507)	Long-term liabilities	(37,272)
60,577	**Net asset**	**105,983**

18. Cash and cash equivalents

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

2018/19 £000	Cash and cash equivalents	2019/20 £000
27,601	Short-term deposits	60,855
86,711	Bank current accounts	121,584
200	Cash imprests	183
114,512	**Total Cash and cash equivalents**	**182,622**

19. Deferred grants

Following the elimination of inter-company transactions, the balance remaining on deferred grants of £20.712 million (2018/19 £21.281 million) represents external funding in support of capital projects.

20. Charitable reserves

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

The following table identifies charitable funds prior to consolidation adjustments:

Charitable Funds	Balance at 31 March 2019 £000	Net movement 2019/20 £000	Balance at 31 March 2020 £000
Culture and Sport Glasgow	17,194	(1,484)	15,710
Jobs & Business Glasgow	17,469	1,208	18,677
Sundry Trusts - charitable element	7,454	(8)	7,446
Total	**42,117**	**(284)**	**41,833**

❖ Annual Governance Statement

1. Scope of responsibility

1.1 Glasgow City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. Under the Local Government in Scotland Act 2003, the Council also has a statutory duty to make arrangements to secure best value, which is to ensure continuous improvement in the way its functions are exercised, and to ensure public funds and assets are used economically, efficiently and effectively.

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

1.3 Collectively known as the Council Family, the Council has established various subsidiaries and associates to deliver services more effectively. While these organisations are required to implement their own organisational governance and management structures and arrangements, they also form part of the overall governance and control environment of the Council Family. The Corporate Management Team operates to consider matters of common interest across the Council Family.

2. The purpose of the governance framework

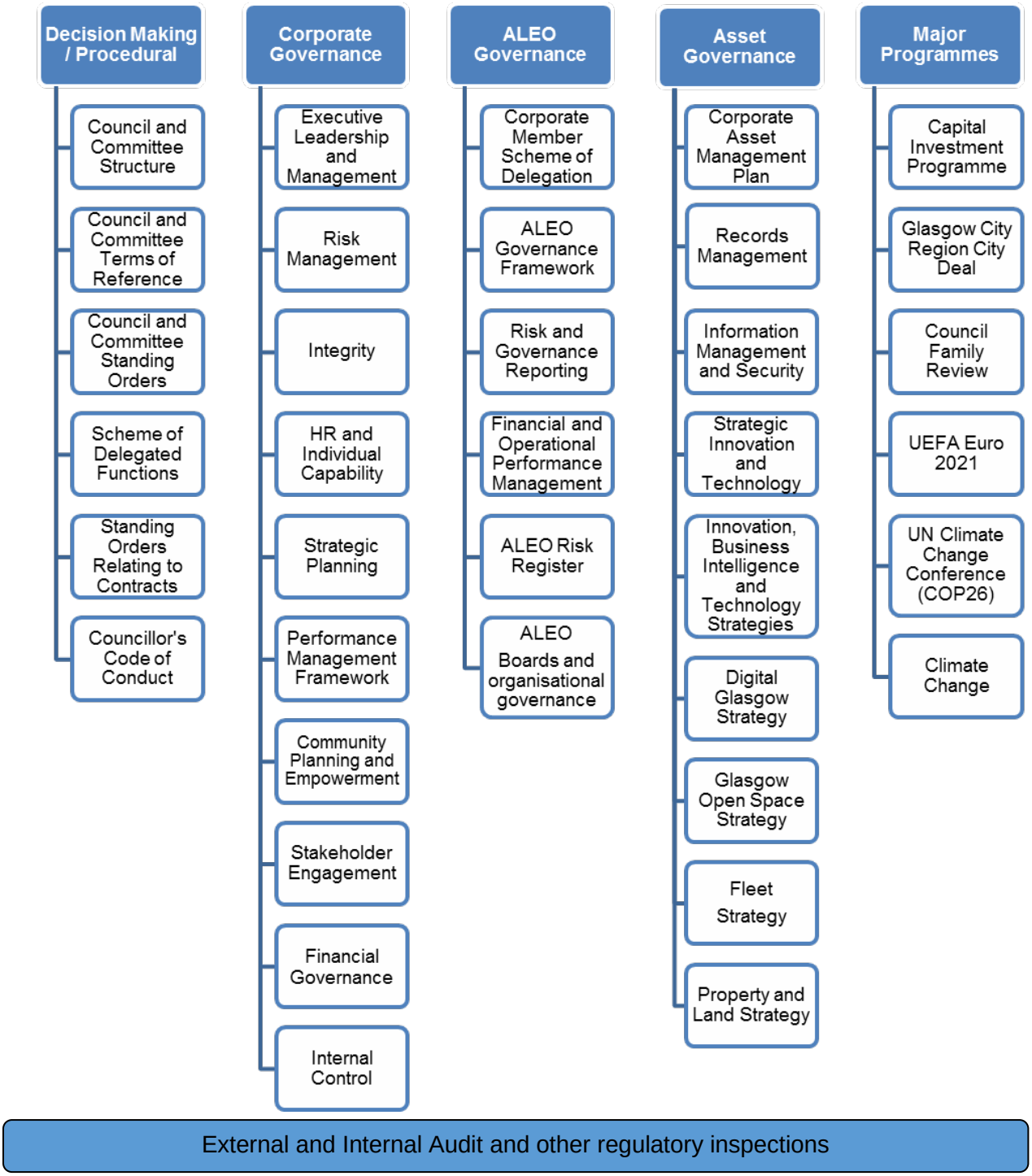
2.1 The Council's governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled. Through the framework, the Council is accountable to, engages with, and leads its communities. The framework enables the Council to monitor the achievement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

3. The governance framework

3.1 The main features of the Council's governance framework are enshrined in the Council's Local Code of Corporate Governance (the Code), which is consistent with the principles, and reflects the requirements of, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. The Code is regularly reviewed and evidences the Council's commitment to achieving good governance and demonstrates how it complies with recommended governance standards.

3.2 A key part of the Code, the Council has embedded a system of risk management and internal control. While providing reasonable assurance, these systems cannot, however, provide absolute assurance or certainty in entirely eliminating the risk of the Council failing to achieve its aims and objectives; incurring material errors; losses; fraud or breaches of laws and regulations.

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



3.4 The main features of the governance framework include:

(a) Committee and decision making structure – following the local government election in May 2017, the Council approved a revised structure and updated Council and Committee Terms of Reference and Standing Orders. Subject to section 9 below, this structure has continued to operate in 2019/20 and includes:

- a City Administration Committee - responsible for discharging all of the Council's functions, except those reserved to the Council and those matters specifically delegated to statutory committees;
- two Scrutiny Committees - responsible for holding Services and subsidiaries and relevant associates to account;
- five City Policy Committees - responsible for reviewing policies and overseeing implementation of Council Plan commitments within remit;
- a Contracts and Property Committee - responsible for approving relevant contract matters and deciding on relevant property matters, and
- the quasi-judicial and other committees previously in place.

Agendas, papers and minutes for Committees are publicly available and the majority of meetings are webcast with a library of previously webcast meetings available on the Council's website.

(b) The Scheme of Delegated Functions sets out the delegations made to committees, the Lord Provost/Deputy Lord Provost and officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved. This was approved at the first meeting of the new Council on 18 May 2017 and has operated since, with the most recent update in February 2020.

(c) The Council operates Codes of Conduct for employees and elected members are required to adhere to the nationally prescribed Councillors' Code of Conduct.

(d) The Council approved its Strategic Plan 2017-2022 on 2 November 2017. This established seven cross-cutting priority themes: for Glasgow to have a thriving economy; excellent and inclusive education, and resilient and empowered neighbourhoods and to be a vibrant city; a healthier city; a sustainable and low carbon city, and a well governed city that listens and responds. The Strategic Plan continues to set out the vision and values of the city and reflects the challenges ahead and the need for the Council to remain focussed on budget strategy; transformation of services and their delivery; making best use of workforce and assets, and continuing to explore partnership working and service integration.

(e) The Corporate Performance Management Framework sets out how the Council monitors, manages and reports progress and performance to management, elected members and the public. This includes performance against delivery of the Council Strategic Plan, service performance, equalities, benchmarking and citizens' views on services. In 2019/20, a suite of outcome based indicators, with a baseline reference point of 2017, was introduced.

(f) The ten year Glasgow Community Plan was published in October 2017. This is the Glasgow City Planning Partnership's (GCPP) Local Outcomes Improvement Plan that sets out shared priorities for the city. It identifies inclusive growth as a key objective for the city supported by three focus areas of economic growth, resilient communities and a fairer more equal Glasgow,

as well as two enabling priority areas of childcare and transport. The Plan complements the partnership working taking place in the city and is published along with ten locality plans setting out how issues within specific communities across the city will be addressed. The Plan is supported by the Community Action Plan 2018-2020, containing 20 high level commitments across these priority and focus areas, and the GCPP Performance Management Framework that identifies outcomes, with associated targets and timescales, linked to Community/Locality Plans' priorities and against which annual assessments of progress are made. This governance framework will improve decision making and provide an understanding of the impact and added value of the GCPP by illustrating its contribution and those of individual partners in improving local outcomes and reducing inequalities.

(g) The Council has a defined process for responding to Asset Transfer Requests and Participation Requests, both of which build on existing channels for communities to enter into dialogue regarding service design and delivery. A progress report on Community Asset Transfer was submitted to the Wellbeing, Empowerment, Community and Citizen Engagement City Policy Committee on 15 August 2019. On 30 May 2019, the Committee also noted an annual report on Participation Requests and the associated communication strategy. The annual report on Participation Requests will be presented to Committee in due course.

(h) The Council's approach to risk management is well embedded. The Corporate Risk Management Policy and Framework, and the Pentana risk management system, continue to operate across the Council Family. Following its first full year of operation, the Framework was reviewed and updated in November 2019. The Corporate Risk Register is supplemented by Service and ALEO Risk Registers; a Risk Register specifically recording the risks to the Council which arise by virtue of providing services through subsidiaries and relevant associates, and programme and project Risk Registers. The Council operates a Risk Management Forum which considers risks across the Council Family and regular reports are provided to the Corporate Management Team and the Finance and Audit Scrutiny Committee.

(i) Implemented in July 2017, the Council's Business Continuity Policy and Framework continued to be applied across Council Services as the basis for the review and update of Business Impact Analyses and Business Continuity Plans.

(j) A publicised Whistleblowing Policy is in place and is publicised throughout the Council and community.

(k) An integral part of the stewardship of Council funds, the Financial Regulations, Management and Control: A Code of Practice aims to ensure that the Council's financial transactions are conducted in a manner which demonstrates openness, integrity and transparency. This Code of Practice was updated and approved at the first meeting of the new Council on 18 May 2017. Since 2004, financial management and reporting has been undertaken through the SAP software package which provides ledger, accounts payable, accounts receivable and banking services. In August 2019, a Financial Controls Framework was published for the Council Family, setting out the existing seven key controls and how they are applied operationally to mitigate risk and vulnerability to fraud and error.

(l) The statutory Complaints Handling Procedure, which manages and monitors formal contact with members of the public, and the associated reports to senior management and the Operational Performance and Delivery Scrutiny Committee, continued to operate in 2019/20.

(m) Approved by the City Administration Committee on 14 June 2018, the Corporate Procurement and Improvement Strategy 2018-2022 sets out the vision, objectives and actions that direct and govern procurement activities across the Council Family. The Standing Orders Relating to Contracts are regularly reviewed and define how the Council will conduct the business of procuring works, goods and services.

(n) Structural changes across the Council Family have driven the need to review and align asset governance arrangements. Although yet to be approved, the draft Corporate Asset Management Plan for 2020-2023 creates a consistent reporting model across the seven asset classes (property, information, ICT, infrastructure, open spaces, fleet, and the civic Collections) and key objectives for each, aligned to the Council's seven priority strategic themes, to inform how the Council shapes its assets to deliver outcomes. On 12 September 2019, the City Administration Committee approved the Fleet Strategy 2020-30, which sets out the Council's ambitions to directly support front line staff and associated operations through vehicle and plant assets for all aspects of Council services. The Glasgow Open Space Strategy, which sets out a process identifying how open space can be used to enhance quality of life and environment and identities actions through which these benefits can be delivered, was approved by the City Administration Committee on 6 February 2020.

(o) Information and data security and records management have a high profile within the Council. In 2019/20, the Council continued to operate the Information Security and Integrity Board to oversee the development, maintenance, and operation of the information governance framework. The Board is supported by a series of sub-groups to ensure information security policies, processes and guidance continue to be fit for purpose; that these are communicated and staff receive the required training; that information security and cyber risks are identified and mitigated, and that the required levels of cyber and information security controls and defences are identified, applied and implemented. Through its ICT contract, the Council also has access to additional information security resources and expertise which has resulted in significant improvements in the control environment since 2018/19. In 2019/20, the Council made four reports to the Information Commissioner's Office (ICO) in relation to information security breaches. The ICO has not taken any further action in relation to these reported matters.

Maintaining Public Services Network (PSN) accreditation is key to the Council's effective sharing of information with third party organisations, which in turn underpin a number of core Council services. The Council's PSN compliance was due for renewal in 2017. Technical ICT issues, primarily relating to a legacy call handling system, meant the Council was unable to apply for reaccreditation at that time. Remediation activities continue to progress. The completion of these activities has however been impacted by re-prioritisation of resources to support business continuity initiatives related to Coronavirus. Business planning to progress and implement the planned remediation activities remains a high priority and is scheduled to be re-baselined. The Council continues to engage with the Government Digital Service to discuss the optimal approach to scheduling and carrying out the formal IT Health Check given the current restrictions around the required onsite presence. In 2019/20, the Council secured accreditation to the Cyber Essentials Plus standard.

(p) The Council Family structure is subject to continual review to ensure it remains fit for purpose, delivers best value and takes account of new and emerging matters and requirements, including legislative changes. In recent years, the Council Family Review programme has implemented structural changes. This programme continued throughout 2019/20. The ALEO Governance Framework operates at political, strategic and operational levels to govern and oversee the relationship between the Council and its subsidiaries and relevant associates. Building on the recommendations made in the review of governance and accountability arrangements (see paragraph 5.2), this Framework has been subject to review in 2019/20.

(q) The Council's Transformation Programme 2016-2018 was an integral part of how the Council met the challenges of financial constraints whilst fulfilling key priorities. It delivered significant savings to the Council and allowed it to modernise its workforce, services and processes. On 3 October 2018, a report was presented to the Finance and Audit Scrutiny Committee setting out the financial and non-financial benefits delivered through the Programme. The Council Family's transformation journey is not complete and the approach to a programme of savings, efficiencies and service redesign is outlined in the report.

(r) The Council regularly publishes information about itself and the services it provides and makes the information available in a wide variety of forms and formats. The Council engages with stakeholders, including citizens, in a number of ways, including the annual Household Survey of over 1,000 citizens to establish views on matters ranging from service delivery to the development of strategy. A dedicated web page provides a Consultation Hub to co-ordinate consultation with residents and businesses.

(s) In May 2018, the Council produced its first City Charter, an informal agreement between the Council and citizens that lists shared commitments, aims and standards. Created and developed through consultation with citizens, it sets out citizens' vision for Glasgow, how the Council and citizens can work together and play their part in improving the city and respective roles, responsibilities and rights.

4. Review of effectiveness

4.1 The Council's governance arrangements set out above operated for the majority of the year and were regarded as fit for purpose in accordance with the governance framework. Section 9 sets out the arrangements established in response to the Coronavirus pandemic, which are also considered to be fit for purpose. The governance framework is continually reviewed to reflect best practice, new legislative requirements and the expectations of stakeholders. The effectiveness of the framework, including the system of internal control, is considered at least annually and is informed by:

(a) The work of the members of the Corporate Management Team, including statutory officers, who have responsibility for the development and maintenance of the governance environment.

(b) Oversight by the Director of Governance and Solicitor to the Council, who is the Council's Monitoring Officer.

(c) The Head of Audit and Inspection's annual report and the work of the Internal Audit section, which complies with the Public Sector Internal Audit Standards (PSIAS), with the last five-yearly external peer review being completed in 2016. The Internal Audit section continues to hold BSi

quality accreditation under ISO9001:2005 and Audit Scotland continue to use the work of the section in the execution of their annual audit plan. On 15 January 2020, the Head of Audit and Inspection presented a report to the Finance and Audit Scrutiny Committee on the updated CIPFA Statement on the role of the Head of Internal Audit (HIA) in Public Service Organisations. This included a self-assessment against the five principles that define the core activities and behaviours that should characterise the HIA role as well as the organisational arrangements needed to support the role.

(d) Observations made by external auditors and other review agencies and inspectorates.

(e) The completion of a self-assessment questionnaire by Service Directors and Managing Directors/Chief Executives of subsidiaries and relevant associates. This questionnaire is aligned to the principles contained in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government, and requires assessments to be made of the extent to which arrangements within each Service/organisation comply with these principles. The responses to the questionnaires are confirmed on a sample basis by Internal Audit, as part of a rolling programme of corporate governance reviews.

(f) The completion of signed statements of internal control by all Service Directors and the Managing Directors/Chief Executives of subsidiaries and relevant associates. Such statements were received for 2019/20, declaring that "There are, in my opinion, no significant matters that require to be raised in this Certificate, which is provided to support Glasgow City Council's Statement of Internal Control for the financial year 2019/20, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately".

(g) The exercising, by the two Scrutiny Committees, of respective remits including scrutiny of the performance of Services, subsidiaries and relevant associates, including financial management, statutory and other performance, and outcomes set through the GCPP Community Plan, which are relevant to partnership working and monitoring internal financial control, corporate risk management and corporate governance, and receiving and considering summaries of internal and external audit reports. In accordance with the Council's Standing Orders, in 2019/20, both scrutiny Committees undertook annual assessments of their work and effectiveness. Reports will be presented to the relevant Committee in due course.

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

5. Governance Developments and Future Activity

5.1 Following publication of a Best Value Assurance Report on the Council by Audit Scotland, on behalf of the Accounts Commission, the Council approved its BVAR Action Plan in September 2018. Updates on the BVAR Action Plan were presented to Finance and Audit Scrutiny Committee on 13 March 2019 and 13 September 2019. The final update was presented on 11 March 2020 and noted that the majority of the specific agreed actions were complete with those actions forming part of longer-term ongoing plans, for example, homelessness and Thriving Places, continuing to progress, with oversight by, and reports to, existing governance structures, including the Corporate Management Team and City Administration Committee.

5.2 Since presentation of an interim report on governance and accountability arrangements and the associated action plan to Full Council on 13 September 2018, both have been remitted to the Short Life Working Group to consider amendments. In 2019/20, the Short Working Life Working Group agreed the updated action plan. The Head of Audit and Inspection will provide follow up reports to the Finance and Audit Scrutiny Committee.

5.3 In 2019/20, Internal Audit introduced a revised approach to the reporting of follow up audits which includes presentation to the Finance and Audit Scrutiny Committee of a register of all outstanding audit recommendations.

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

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

6. Update on significant governance issues previously reported

6.1 The 2017/18 Internal Audit Annual Report and the Annual Governance Statement provided an update on the implementation of audit actions relating to a review of asbestos management and control. There was one recommendation outstanding from that review, relating to the provision of specialised asbestos advice on management surveys. This has progressed with City Property (Glasgow) LLP staff providing this advice when required.

6.2 In May 2016, Internal Audit reported findings from an investigation into areas of non-compliance with European funding requirements. The review also included an assessment of the systems and controls for ensuring compliance with European funding within Jobs and Business Glasgow, and also more broadly across the Council. There is evidence that compliance is now much better understood and embedded across the Council Family, with the revised governance arrangements now maturing. The nature of these funding streams is that full compliance is challenging to provide assurance on. Work therefore continues in certain areas and this will be subject to ongoing compliance checks by the second line corporate functions, and also by Internal Audit.

6.3 During 2015/16 an Internal Audit into Disaster Recovery and Business Continuity controls concluded that the control environment was unsatisfactory and identified a number of improvement actions for the Council and its (then) ICT partner ACCESS. All of the original findings from that audit have been fully implemented through the corporate Business Continuity Management Policy and Framework. However, Internal Audit has continued to find elements of non-compliance with this by Services/ALEOs. In 2019/20, the Council defined its ICT business continuity (BC) requirements and an overarching service restoration plan was put in place but there remains an ongoing disconnect between BC plan assumptions for ICT recovery times, and the provisions for Disaster Recovery in DR plans. Work is ongoing by the SIT team and ICT business partners to align BC and application-level DR plans.

6.4 In 2019/20, Internal Audit reported the results of a significant investigation into allegations of wrongdoing and management override of control relating to procurement and contract matters at Cordia LLP. All actions agreed from that investigation have now been completed. However, in order to provide assurance over these important areas on an ongoing basis, Internal Audit has embedded spot check and cultural audits in the current and future years' audit plans.

6.5 In 2019/20 Internal Audit also reported findings from an investigation into a third party organisation that has been in receipt of funding from the Council for a number of years, to the value of around £350k per annum. All actions have been completed and the service re-provisioned.

6.6 The 2019/20 Internal Audit investigation into a potential Paypoint fraud concluded that an employee had stolen monies by circumventing the Paypoint control environment. All agreed audit actions have been implemented.

7. Significant governance issues

7.1 Where the audit opinion arising from an audit states that the control environment has been assessed as unsatisfactory, the concerns highlighted are reported in the Head of Audit and Inspection's annual report and in this Annual Governance Statement. During 2019/20 there were two unsatisfactory opinions issued relating to the Council's assurance.

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

7.2 Internal Audit also concluded an investigation into the use of cash advances by two senior officers in one Council Service. It was concluded that the system of internal control for claiming expenses had been circumvented through management override of control. This resulted in £6,072 of cash advances being unaccounted for. The investigation also found instances of non-compliance with other important corporate governance systems and controls, including a failure to declare gifts and hospitality.

8. Internal Audit Opinion

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

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

8.3 Based on the audit work undertaken, the assurances provided by Service Directors and Managing Directors/Chief Executives of subsidiaries and relevant associates, and excluding the significant issues noted above, it is the Head of Audit and Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which

operated during 2019/20 in the council and its subsidiaries and relevant associates, for the period before the change to service delivery models in March 2020.

9. Impact of Coronavirus

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

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

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

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

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

10. Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance and internal control that operate in Glasgow City Council and its subsidiaries and relevant associates and that the arrangements in place for the whole of 2019/20, both business as usual governance arrangements and those in place in response to Coronavirus, were fit for purpose. The self-assessments, the statements of internal control signed by Service Directors and Managing Directors (of subsidiaries and relevant associates) and the work undertaken by Internal Audit has shown that, with the exception of those matters listed above, the arrangements in place are operating as planned. We propose over the coming year to take steps to address these matters and officers will monitor and report on their implementation.

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

Remuneration report for the year ended 31 March 2020

1. Introduction

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

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

2. Definitions

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

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

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

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

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

3. Remuneration policy

Elected members

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

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

The salary that is to be paid to the Leader of the Council is set out in the regulations. For 2019/20, the maximum salary for the Leader of the Council is £52,414. The regulations permit the council to remunerate one Civic Head and set out the maximum salary that may be paid to that Civic Head. For 2019/20, the maximum salary for the Civic Head is £39,310.

The regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The council is able to exercise local flexibility in the determination of the precise number of senior councillors and their salaries within these maximum limits. The council pays senior councillor supplements to city conveners, deputy city conveners and chairs of committees. In 2019/20 the council had no more than 24 senior councillors at any one time and the total senior councillor salary paid to these councillors did not exceed £681,366. The table at 4.1 shows the total remuneration paid to any councillors that held a senior council post at any point in 2019/20 and also includes the remuneration of the Leader of the Council and the Civic Head.

The regulations also permit the council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme. The Glasgow City Council Members' Allowances Scheme, for those councillors who elect to join the scheme, was agreed at a meeting of the full council on 17 May 2007.

Senior officers

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

Subsidiaries

The council has a number of subsidiary bodies, which are governed via their company documents, service agreements and boards of directors. The council has responsibility for appointing directors and chairpersons to subsidiary boards. Since the introduction of the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2011, on the 1 July 2011, there has been no remuneration paid to councillors on the board of any subsidiary or any other group entity.

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

4. Remuneration

4.1. Remuneration of senior councillors

2018/19 Total remuneration £	**Remuneration of senior councillors (includes the basic councillor salary of £17,470)**	Date from	Date to	**Year ended 31 March 2020 Total remuneration £**
50,838	**Susan Aitken**			**52,216**
	Leader and City Convener for Inclusive Economic Growth	April 2019	March 2020	
28,537	**Philip Braat**			**30,691**
	Deputy Lord Provost	April 2019	January 2020	
	Lord Provost	January 2020	March 2020	
38,053	**David McDonald**			**38,476**
	Deputy Leader and City Convener for Communities	April 2019	May 2019	
	Deputy Leader and City Convener for Culture, Vibrancy and International Cooperation	May 2019	March 2020	
24,367	**Frank McAveety**			**25,027**
	Leader of the Majority Opposition (Labour Group)	April 2019	March 2020	
24,367	**Ken Andrew**			**17,807**
	Deputy City Convener for Health, Care and Wellbeing	April 2019	April 2019	
19,988	**Elaine Ballantyne**			**24,787**
	Deputy City Convener for Democratic Renewal	April 2019	May 2019	
	Chair of General Purposes City Policy Committee	May 2019	March 2020	
24,367	**Richard Bell**			**25,027**
	Deputy City Convener for Education and Skills	April 2019	May 2019	
	Chair of Education, Skills & Early Years City Policy Committee	May 2019	March 2020	
	City Treasurer	March 2020	March 2020	
41,546	**Eva Bolander**			**33,631**
	Lord Provost	April 2019	October 2019	
24,367	**Bill Butler**			**18,675**
	Business Manager for the Opposition	April 2019	May 2019	
-	**Christina Cannon**			**17,404**
	Chair of General Purposes City Policy Committee	March 2020	March 2020	
-	**Allan Casey**			**17,404**
	Chair of Neighbourhoods, Housing & Public Realm City Policy Committee	March 2020	March 2020	
-	**Annette Christie**			**24,624**
	Deputy City Convener for Health, Care and Wellbeing	April 2019	May 2019	
	Chair of Wellbeing, Community & Citizen Engagement City Policy Committee	May 2019	March 2020	
32,490	**Chris Cunningham**			**32,958**
	City Convener for Education, Skills and Early Years	April 2019	March 2020	
24,367	**Glenn Elder**			**25,027**
	Chair of Planning Applications Committee	April 2019	March 2020	
27,780	**Michelle Ferns**			**32,958**
	City Convener for Workforce	April 2019	March 2020	
32,490	**Allan Gow**			**32,958**
	City Treasurer	April 2019	March 2020	
24,367	**Archie Graham**			**18,675**
	Deputy Leader of the Opposition	April 2019	May 2019	
24,367	**Greg Hepburn**			**25,027**
	Deputy City Convener for Liveability	April 2019	May 2019	
	Chair of Neighbourhoods, Housing & Public Realm City Policy Committee	May 2019	March 2020	
	Business Manager and City Convener for Democratic Renewal	March 2020	March 2020	
24,367	**Mhairi Hunter**			**25,027**
	City Convener for Health and Social Care Integration	April 2019	March 2020	

2018/19 Total remuneration £	**Remuneration of senior councillors (includes the basic councillor salary of £17,470)**	Date from	Date to	**Year ended 31 March 2020 Total remuneration £**
22,963	**Ruairi Kelly**			**24,787**
	Deputy City Convener for Governance	April 2019	May 2019	
	Chair of Contracts & Property	May 2019	March 2020	
24,367	**Matt Kerr**			**25,027**
	Chair of Licensing Board	April 2019	March 2020	
-	**Thomas Kerr**			**23,756**
	Leader of the Opposition (Conservative Group)	May 2019	March 2020	
32,490	**Jennifer Layden**			**32,958**
	City Convener for Equalities and Human Rights	April 2019	May 2019	
	City Convener for Community Empowerment, Equalities & Human Rights	May 2019	March 2020	
38,053	**John Letford**			**38,476**
	Business Manager and City Convener for Democratic Renewal	April 2019	March 2020	
32,490	**Kenneth McLean**			**32,958**
	City Convener for Neighbourhoods, Housing and Public Realm	April 2019	March 2020	
-	**David Meikle**			**23,756**
	Chair of Finance & Audit Scrutiny Committee	May 2019	March 2020	
22,963	**Angus Millar**			**24,787**
	Deputy City Convener for Economic Growth	April 2019	May 2019	
	Chair of Environment, Sustainability & Carbon Reduction City Policy Committee	May 2019	March 2020	
-	**Jane Morgan**			**23,756**
	Chair of Operational Delivery & Performance Scrutiny Committee	May 2019	March 2020	
32,490	**Anna Richardson**			**32,958**
	City Convener for Sustainability and Carbon Reduction	April 2019	March 2020	
-	**Rhiannon Spear**			**17,404**
	Chair of Education, Skills & Early Years City Policy Committee	March 2020	March 2020	
-	**Martha Wardrop**			**22,687**
	Leader of the Opposition (Green Group)	May 2019	January 2020	
24,367	**Alex Wilson**			**25,027**
	Chair of Licensing and Regulatory Committee	April 2019	March 2020	
-	**Allan Young**			**18,473**
	Senior Councillor (Green Group)	January 2020	March 2020	
696,841	**Total**			**885,209**

Notes:

1. Payments include salaries and taxable allowances/expenses as appropriate. There were no payments for bonuses or compensation for loss of office. Business expenses are disclosed at note 4.2.

2. Salaries are paid four weekly and this can give rise to small differences in the actual payments made from one financial year to the next.

3. During 2019/20, there were changes to the membership of the council's committees. These changes have been reflected in table 4.1 and throughout this remuneration report. Further information is available in the public minutes of the council and the City Administration Committee.

   www.glasgow.gov.uk/CouncillorsandCommittees

4.2. Remuneration paid to councillors

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

2018/19 £000	**Remuneration**	**2019/20 £000**
1,743	Salaries	1,790
9	Allowances	10
132	Expenses	104
1,884	**Total**	**1,904**

Note:

The annual return of councillors' salaries and expenses for 2019/20 is available for any member of the public to view on the council's website at:

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

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

4.3. Remuneration of senior employees

2018/19 Total Remuneration £	Remuneration of senior employees	Year ended 31 March 2020 Salary, fees and allowances £	Compensation for loss of office £	Election duties £	**Total remuneration £**
186,219	**Annemarie O'Donnell** Chief Executive	184,187	0	43,890	**228,077**
105,872	**Martin Booth** Executive Director of Finance	133,194	0	1,000	**134,194**
114,699	**Carole Forrest** Director of Corporate Governance and Solicitor to the Council	117,938	0	1,000	**118,938**
137,592	**Richard Brown** (note 1) Executive Director of Development and Regeneration Services (to 31 March 2020)	134,426	0	0	**134,426**
138,326	**Maureen McKenna** Executive Director of Education Services	142,246	0	0	**142,246**
131,508	**George Gillespie** Executive Director of Neighbourhoods and Sustainability	139,025	0	0	**139,025**
103,244	**Susanne Millar** Chief Social Work Officer (to 7 July 2019)	32,826 (FYE 106,629)	0	0	**32,826**
-	**Mike Burns** Interim Chief Social Work Officer (from 8 July 2019)	66,318 (FYE 96,434)	0	0	**66,318**
92,210	**Anne Connolly** (note 2) Strategic Adviser to the Chief Executive	94,800	0	0	**94,800**
92,210	**Colin Edgar** (note 2) Head of Communication and Strategic Partnerships	94,800	0	2,000	**96,800**
1,101,880	**Total**	**1,139,760**	**0**	**47,890**	**1,187,650**

Notes:

1. During 2019/20 management of Development and Regeneration Services was undertaken by the Chief Executive at no additional remuneration. The Executive Director of Development and Regeneration Services retired on 31 March 2020.
2. Employee included as post is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4).
3. There were no payments in the form of bonuses, taxable allowances or expenses, or other benefits in kind.

4.4. Remuneration of senior employees of subsidiaries

		Year ended 31 March 2020						
2018/19 Total Remuneration £	**Remuneration of senior employees of subsidiaries**	Salary, fees and allowances £	Bonus £	Taxable allowances and expenses £	Comp. for loss of office £	Benefits in kind other than in cash £	Payment in Lieu of Employer Pension Contributions £	**Total remuneration £**
251,464	**Peter Duthie** (notes 1 & 2) Chief Executive Officer, Scottish Event Campus Ltd	184,861	36,972	19,745	0	0	25,229	**266,807**
191,492	**William McFadyen** (notes 1 & 2) Director of Finance & Development, Scottish Event Campus Ltd	136,357	27,271	16,424	0	0	14,090	**194,142**
154,380	**Mark Laidlaw** (note 2) Director of Operations, Scottish Event Campus Ltd	130,824	26,165	14,258	0	0	0	**171,247**
150,670	**Kathleen Warden** (note 2) Director of Conference Sales, Scottish Event Campus Ltd	128,408	25,682	14,258	0	0	0	**168,348**
163,216	**Daniel Thurlow** (note 2) Director of Exhibition Sales, Scottish Event Campus Ltd	128,408	25,682	14,158	0	0	0	**168,248**
-	**Deborah McWilliams** (note 2) Director of Live Entertainment, Scottish Event Campus Ltd	117,639	23,528	14,708	0	0	0	**155,875**
150,885	**Gayle Shepherd** (note 2) Director of People and Technology, Scottish Event Campus Ltd	117,639	23,528	14,373	0	0	0	**155,540**
145,391	**Dr Graham Paterson** (note 3) Executive Director, City Building (Contracts) LLP	155,799	0	5,005	0	0	0	**160,804**
138,161	**Dr Bridget McConnell** Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	143,812	0	503	0	0	0	**144,315**
75,270	**William Taggart** Managing Director, City Parking (Glasgow) LLP	77,820	0	0	0	0	0	**77,820**
105,287	**Pauline Barclay** Managing Director, City Property (Glasgow) LLP	108,254	0	0	0	0	0	**108,254**
60,309	**Gary Hay** Managing Director, Jobs & Business Glasgow	73,339	0	0	0	0	0	**73,339**
1,586,525	**Total**	**1,503,160**	**188,828**	**113,432**	**0**	**0**	**39,319**	**1,844,739**

Notes:

1. The Scottish Event Campus Ltd provides a cash alternative in lieu of employer pension contributions which was partly exercised by Peter Duthie and William McFadyen during 2019/20. The cash alternative is not taken into consideration for any bonus calculations.

2. The Scottish Event Campus Remuneration Committee approved the bonus award based on the 2019/20 results. The payment of the bonus has been deferred and the payment date will be approved by the Remuneration Committee at an appropriate date.

3. This officer is employed by City Building (Glasgow) LLP but is Executive Director of City Building (Glasgow) LLP and City Building (Contracts) LLP.

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

In accordance with the disclosure requirement of the regulations, the number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in the table below in bands of £5,000. This information includes those senior officers who are subject to the fuller disclosure requirements in table 4.3.

		Remuneration in 2019/20			
Total 2018/19	**£5,000 band**	Teachers	Those receiving compensation for loss of office	Staff (excl teachers)	**Total**
386	50,000 – 54,999	312	0	287	599
190	55,000 – 59,999	207	0	64	271
165	60,000 – 64,999	130	0	124	254
19	65,000 – 69,999	18	0	18	36
19	70,000 – 74,999	7	0	11	18
32	75,000 – 79,999	4	0	35	39
6	80,000 – 84,999	9	0	2	11
8	85,000 – 89,999	3	0	2	5
19	90,000 – 94,999	1	0	17	18
1	95,000 – 99,999	2	0	11	13
6	100,000 – 104,999	0	0	2	2
1	105,000 – 109,999	0	0	3	3
1	110,000 – 114,999	0	0	0	0
1	115,000 – 119,999	0	0	1	1
0	120,000 – 124,999	0	0	1	1
1	130,000 – 134,999	0	0	2	2
2	135,000 – 139,999	0	0	1	1
0	140,000 – 144,999	0	0	1	1
1	185,000 – 189,999	0	0	0	0
0	225,000 – 229,999	0	0	1	1
858	**Total**	**693**	**0**	**583**	**1,276**

4.6. Exit packages

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

2018/19				**Exit packages bands**	**2019/20**			
Number	*Cash value*	*Notional CAY value*	*Total*		**Number**	**Cash value**	**Notional CAY value**	**Total**
	£000	*£000*	*£000*			**£000**	**£000**	**£000**
3	11	0	11	£1 - £20,000	1	14	0	14
0	0	0	0	£20,001 - £40,000	1	20	0	20
0	0	0	0	£40,001 - £60,000	1	47	0	47
0	0	0	0	£60,001 - £80,000	0	0	0	0
1	51	29	80	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
0	0	0	0	£150,001 - £200,000	0	0	0	0
1	131	88	219	£200,001 - £250,000	1	135	91	226
5	**193**	**117**	**310**	**Total**	**4**	**216**	**91**	**307**

5. Pension benefits

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

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

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

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

From 1 April 2009 a five tier contribution system was introduced with contributions from members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Up to 31 March 2015 if a person worked part-time their contribution rate was worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. From 1 April 2015 contribution rates are worked out on actual pay. The tiers and member / Councillor contribution rates for 2018/19 and 2019/20 are as follows:

Whole time pay 2018/19 bandings	Employee contribution rate	Whole time pay 2019/20 bandings
On earnings up to and including £21,300	5.50%	On earnings up to and including £21,800
On earnings above £21,300 and up to £26,100	7.25%	On earnings above £21,800 and up to £26,700
On earnings above £26,100 and up to £35,700	8.50%	On earnings above £26,700 and up to £36,600
On earnings above £35,700 and up to £47,600	9.50%	On earnings above £36,600 and up to £48,800
On earnings above £47,600	12.00%	On earnings above £48,800

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

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

The tables at 5.1 and 5.2, on pages 139 to 141, summarise the in-year employer contributions and the accrued benefits for all senior councillors and senior employees that held post at some point during 2019/20. The tables do not include contributions made by employees or councillors to the pension fund. All councillors that held senior posts at any time are included, where they are members of the scheme.

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

5.1. Pension benefits of senior councillors

	In year pension Contributions		Accrued pension Benefits		
Pension benefits of senior councillors	For year to 31 March 2019 £	For year to 31 March 2020 £		Difference from 31 March 2019 £000	As at 31 March 2020 £000
Susan Aitken	9,812	10,078	Pension	1	6
			Lump Sum	0	0
Philip Braat	5,508	5,923	Pension	1	6
			Lump Sum	0	0
David McDonald	7,344	7,426	Pension	1	7
			Lump Sum	0	1
Frank McAveety	4,703	4,830	Pension	0	5
			Lump Sum	0	0
Ken Andrew	4,703	3,437	Pension	-1	2
			Lump Sum	0	0
Elaine Ballantyne	3,858	4,784	Pension	0	1
			Lump Sum	0	0
Richard Bell	4,703	4,830	Pension	0	1
			Lump Sum	0	0
Eva Bolander	7,359	5,999	Pension	1	3
			Lump Sum	0	0
Christina Cannon	3,270	3,359	Pension	0	1
			Lump Sum	0	0
Allan Casey	3,270	3,359	Pension	0	1
			Lump Sum	0	0
Annette Christie	3,270	4,752	Pension	0	1
			Lump Sum	0	0
Chris Cunningham	6,271	6,361	Pension	1	2
			Lump Sum	0	0
Glenn Elder	4,703	4,830	Pension	0	3
			Lump Sum	0	0
Michelle Ferns	5,361	6,361	Pension	1	2
			Lump Sum	0	0
Allan Gow	6,271	6,361	Pension	1	2
			Lump Sum	0	0
Archie Graham	4,703	3,604	Pension	1	7
			Lump Sum	0	0
Greg Hepburn	4,703	4,830	Pension	0	2
			Lump Sum	0	0
Mhairi Hunter	4,703	4,830	Pension	0	3

Pension benefits of senior councillors	In year pension Contributions		Accrued pension Benefits		
	For year to 31 March 2019 £	For year to 31 March 2020 £		Difference from 31 March 2019 £000	As at 31 March 2020 £000
			Lump Sum	0	0
Ruairi Kelly	4,432	4,784	Pension	0	1
			Lump Sum	0	0
Matt Kerr	4,703	4,830	Pension	0	1
			Lump Sum	0	0
Thomas Kerr	3,270	4,585	Pension	0	1
			Lump Sum	0	0
Jennifer Layden	3,858	4,886	Pension	1	2
			Lump Sum	0	0
John Letford	7,344	7,426	Pension	1	4
			Lump Sum	0	0
Kenneth McLean	6,271	6,361	Pension	1	2
			Lump Sum	0	0
David Meikle	3,270	4,585	Pension	0	4
			Lump Sum	0	1
Angus Millar	4,432	4,784	Pension	1	2
			Lump Sum	0	0
Jane Morgan	3,270	4,585	Pension	0	1
			Lump Sum	0	0
Anna Richardson	6,271	6,361	Pension	1	3
			Lump Sum	0	0
Rhiannon Spear	3,270	3,359	Pension	0	1
			Lump Sum	0	0
Martha Wardrop	3,270	4,379	Pension	0	4
			Lump Sum	0	1
Alex Wilson	4,703	4,830	Pension	0	2
			Lump Sum	0	0
Allan Young	3,270	3,565	Pension	0	1
			Lump Sum	0	0
Total	**156,149**	**165,274**	**Pension**	**12**	**84**
			Lump sum	**0**	**3**

5.2. Pension benefits of senior employees

Pension benefits of senior employees	In year pension contributions		Accrued pension Benefits		
	For year to 31 March 2019 £	For year to 31 March 2020 £		Difference from 31 March 2019 £000	As at 31 March 2020 £000
Annemarie O'Donnell	28,833	35,857	Pension	6	80
			Lump sum	4	124
Martin Booth	22,773	26,047	Pension	9	39
			Lump sum	11	50
Carole Forrest	21,828	23,071	Pension	4	48
			Lump sum	3	71
Richard Brown	26,388	29,028	Pension	2	64
			Lump sum	-3	106
Maureen McKenna	26,388	27,762	Pension	4	81
			Lump sum	6	171
George Gillespie	25,045	27,141	Pension	6	56
			Lump sum	7	86
Susanne Millar	19,617	20,796	Pension	3	39
			Lump sum	2	52
Mike Burns	17,488	18,765	Pension	3	44
			Lump sum	3	75
Anne Connolly	17,488	18,605	Pension	3	47
			Lump sum	3	84
Colin Edgar	17,488	18,605	Pension	2	23
			Lump sum	1	13
Total	**223,336**	**245,677**	**Pension**	**42**	**521**
			Lump sum	**37**	**832**

5.3. Pension benefits of senior employees of subsidiaries

Pension benefits of senior employees of Glasgow City Council subsidiaries	In year pension contributions: For year to 31 March 2019 £	In year pension contributions: For year to 31 March 2020 £	Accrued pension Benefits	Difference from 31 March 2019 £000	As at 31 March 2020 £000
Peter Duthie (note 1) Chief Executive, Scottish Event Campus Ltd	10,000	2,500	Pension	n/a	n/a
			Lump sum	n/a	n/a
William McFadyen (note 1) Director of Finance and Development, Scottish Event Campus Ltd	0	5,000	Pension	n/a	n/a
			Lump sum	n/a	n/a
Mark Laidlaw (note 1) Director of Operations, Scottish Event Campus Ltd	12,904	15,699	Pension	n/a	n/a
			Lump sum	n/a	n/a
Kathleen Warden (note 1) Director of Conference Sales, Scottish Event Campus Ltd	17,132	19,261	Pension	n/a	n/a
			Lump sum	n/a	n/a
Daniel Thurlow (note 1) Director of Exhibition Sales, Scottish Event Campus Ltd	13,713	15,409	Pension	n/a	n/a
			Lump sum	n/a	n/a
Deborah McWilliams (note 1) Director of Live Entertainment, Scottish Event Campus Ltd	8,155	12,940	Pension	n/a	n/a
			Lump sum	n/a	n/a
Gayle Shepherd (note 1) Director of People and Technology, Scottish Event Campus Ltd	13,706	15,293	Pension	n/a	n/a
			Lump sum	n/a	n/a
Dr Graham Paterson Executive Director, City Building (Contracts) LLP	27,094	28,018	Pension	3	78
			Lump sum	1	146
Dr Bridget McConnell Chief Executive, Culture and Sport Glasgow T/A 'Glasgow Life'	23,488	22,928	Pension	6	74
			Lump sum	8	136
William Taggart Managing Director, City Parking (Glasgow) LLP	14,036	15,019	Pension	4	43
			Lump sum	5	81
Pauline Barclay Managing Director, City Property (Glasgow) LLP	20,011	20,893	Pension	4	34
			Lump sum	2	35
Gary Hay	13,749	11,654	Pension	1	10
Managing Director, Jobs and Business Glasgow			Lump sum	0	0
Total	**173,988**	**184,614**	**Pension**	**18**	**239**
			Lump Sum	**16**	**398**

Notes:

1. All senior councillors and senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS), with the exception of Scottish Event Campus (SEC) Ltd employees who are all members of a group stakeholder scheme with SEC Ltd. This is a defined contribution scheme and so accrued pension benefits information is not applicable. The SEC provides a cash alternative in lieu of employer pension contributions which was partly exercised by Peter Duthie and William McFadyen during 2019/20.

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

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

For reporting year 2019/20 239 employees were relevant trade union officials, all of which could have spent a proportion of their working hours on facility time. In terms of facility time as a proportion of their working hours 48 spent 0%, 168 spent 1%-50%, 9 spent 51%-99% and 14 spent 100%. The percentage of the total pay bill spent on facility time was 0.14%. The time spent on paid trade union activities as a percentage of total paid facility hours was 30.7%.