



**Clackmannanshire  
Council**

[www.clacks.gov.uk](http://www.clacks.gov.uk)

Comhairle Siorrachd  
Chlach Mhanann

Kilncraigs, Greenside Street, Alloa, FK10 1EB (Tel.01259-450000)

## **Audit Committee**

**Thursday 3 February 2022 at 9.30 am**

**The meeting will be held by  
Video Conference (MS Teams)**



## **Audit Committee**

The remit of the Audit Committee is:

To ensure that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it.

In relation to the authority's internal audit functions:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit by approving the annual Internal Audit Plan

To consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations

To monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption

To consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control

To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process

To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

**Members of the public are welcome to attend our Council and Committee meetings to see how decisions are made.**

**Details of all of our Council and Committee dates and agenda items are published on our website at [www.clacks.gov.uk](http://www.clacks.gov.uk)**

**If you require further information about Council or Committee meetings, please contact Committee Services by e-mail at [committees@clacks.gov.uk](mailto:committees@clacks.gov.uk) or by telephone on 01259 452006 or 452004.**

**26 January 2022**

**A MEETING of the AUDIT COMMITTEE will be held via VIDEO CONFERENCE (MS TEAMS), on THURSDAY 3 FEBRUARY 2022 at 9.30 am.**

**STUART CRICKMAR  
Strategic Director (Partnership and Performance)**

**B U S I N E S S**

	<b>Page no.</b>
1. Apologies	--
2. Declaration of Interests Members should declare any financial or non-financial interests they have in any item on this agenda, identifying the relevant agenda item and the nature of their interest in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Officer.	--
3. Confirm Minutes of Meeting of the Audit Committee held on 25 November 2021 (Copy herewith)	05
4. Audited Annual Accounts 2020/21 – report by the Chief Finance Officer (Copy herewith)	09
5. Annual Report to those charged with Governance and the Controller of Audit for Financial Year Ended 2020-21 report by Chief Finance Officer (Copy herewith)	185
6. Council Financial Performance 2021/22 – October Outturn – report by the Chief Finance Officer (Copy herewith)	237
7. Exceptions from the Application of Contracts Standing Orders – report by the Strategic Director (Partnership and Performance) (Copy herewith)	263
8. Corporate Risk Register - report by the Strategic Director, Partnership and Performance (Copy herewith)	267
9. Covid 19 Debrief – Lesson Learned to Date - report by Senior Manager Partnership and Transformation (Copy herewith)	281

## **Audit Committee – Committee Members (Membership 8 - Quorum 4)**

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### **Councillors**

### **Wards**

Councillor	Dave Clark (Convenor)	2	Clackmannanshire North	LAB
Councillor	Martha Benny (Vice Convenor)	2	Clackmannanshire North	CONS
Councillor	Tina Murphy	1	Clackmannanshire West	SNP
Councillor	Helen Lewis	2	Clackmannanshire North	SNP
Councillor	Derek Stewart	3	Clackmannanshire Central	LAB
Councillor	Chris Dixon	4	Clackmannanshire South	IND
Councillor	Ellen Forson	4	Clackmannanshire South	SNP
Councillor	Denis Coyne	5	Clackmannanshire East	CON

The Council agreed that the Convenor of the Audit Committee will rotate between the 2 Opposition parties on an annual basis.



**MINUTES OF MEETING of the AUDIT COMMITTEE held Via MS Teams on THURSDAY  
25 NOVEMBER 2021 at 9.30 AM.**

**PRESENT**

Councillor Dave Clark (Convenor) (Chair)  
Councillor Martha Benny (Vice Convenor)  
Councillor Donald Balsillie (S)  
Councillor Denis Coyne  
Councillor Jane McTaggart (S)  
Councillor Derek Stewart

**IN ATTENDANCE**

Stuart Crickmar, Strategic Director (Partnership & Performance) (Clerk to the Committee)  
Pete Leonard, Strategic Director (Place)  
Ursula Lodge, Audit Scotland  
Lindsay Sim, Chief Finance Officer (Partnership & Performance)  
Chris Alliston, Senior Manager, HR and Workforce Development (Partnership & Performance)  
Michael Boyle, Improving Outcomes Business Manager (People)  
Elizabeth Hutcheon, Management Accountancy Team Leader (Partnership & Performance)  
Ali Hair, Organisational Development Adviser (Partnership & Performance)  
Rose Hetman, Strategy and Performance Adviser (Partnership & Performance)  
Judi Richardson, Performance and Information Adviser (Partnership & Performance)  
Isabel Wright, Internal Auditor Manager, Falkirk Council  
Melanie Moore, Committee Services, Legal and Governance (Partnership & Performance)

**AC(21)42      APOLOGIES**

Apologies for absence were received from Councillor Ellen Forson and Councillor Helen Lewis. Councillor Donald Balsillie was in attendance today as substitute for Councillor Lewis and Councillor Jane McTaggart was in attendance today as substitute for Councillor Forson.

**AC(21)43      DECLARATIONS OF INTEREST**

None.

**AC(21)44      CONFIRM MINUTES OF MEETING HELD 30SEPTEMBER 2021**

The minutes of the Meeting of the Audit Committee held on 30 September 2021 were submitted for approval.

**Decision**

The minutes of the Meeting of the Audit Committee held on 30 September 2021 were agreed as a correct record.

## **AC(21)45 COUNCIL FINANCIAL PERFORMANCE 2021/22 – AUGUST OUTTURN**

The report, submitted by the Chief Finance Officer, provided an update on the financial performance for the Council as at August 2021, in respect of the General Fund (GF) revenue and capital spend and the achievement of savings to date, for the current financial year 2021/22 and the Housing Revenue Account (HRA) revenue and capital spend, for the current financial year, 2021/22.

### **Motion**

That Committee agrees the recommendations set out in the report.

Moved by Councillor Donald Balsillie. Seconded by Councillor Martha Benny.

### **Decision**

Having commented on and challenged the report, the Committee agreed to note the report on:

1. General Fund revenue is forecasted overspend of £2.445m for the year to 31 March 2022, prior to allocation of £1.500m Covid19 funding resulting in a net projected overspend of £0.945m;
2. The Clackmannanshire element of the Health and Social Care Partnership (H&SCP) forecasted overspend for the year to 31 March 2021 of £1.535m;
3. The HRA forecasted revenue underspend for the year of £(0.090)m to 31 March 2022;
4. The Housing Revenue Account Capital forecasted underspend of £(0.468)m which will be proposed to carry forward to 2022/23;
5. The General Fund Capital Programme is forecasting an underspend of £(1.316)m as at June 2021 and an update will be provided to the next Committee, and
6. Progress to date in delivering the £2.126m approved savings programme, currently forecast to achieve 87.6%, as at 31 March 2022.

## **AC(21)46 EXCEPTIONS FROM THE APPLICATION OF CONTRACT STANDING ORDERS**

It is a requirement of Contract Standing Orders that exceptions should be reported to the next available Audit Committee. The purpose of the report, submitted by the Strategic Director, Partnership and Performance, provided detail on Exceptions to Contract Standing Order submitted in the previous paper.

### **Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Denis Coyne. Seconded by Councillor Donald Balsillie.

### **Decision**

Having commented on and challenged the report, the Committee agreed to note the report on.

**AC(21)47 CORPORATE RISK REGISTER**

The report, submitted by the Strategic Director, Partnership and Performance, provided the regular update on Clackmannanshire Council's Corporate Risk Log (Appendix A).

**Motion**

That Committee agrees the recommendations set out in the report.

Moved by Councillor Martha Benny. Seconded by Councillor Balsillie.

**Decision**

Having commented and challenged the report, the Committee agreed to note the report.

**AC(21)48 INTERNAL AUDIT UPDATE REPORT**

The report, submitted by the Internal Audit Manager, Falkirk Council provided an update on 2021/22 Internal Audit work.

**Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Denis Coyne. Seconded by Councillor Jane McTaggart.

**Decision**

The Committee agreed to note progress being made with completing the 2021/22 Internal Audit Plan.

**AC(21)49 PROCUREMENT ANNUAL REPORT**

The Procurement Reform (Scotland) Act 2014 Section 18 states that the Council must prepare an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of the financial year. The report, submitted by the Strategic Director, Partnership & Performance updated the committee on key procurement activity and statistical performance during the Financial Year 2020-21 and provided an overview of the resources that are available to deliver effective procurement.

**Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Derek Stewart. Seconded by Councillor Donald Balsillie.

**Decision**

Having commented on and challenged the report, the Committee agreed to note the report.

Ends 10:19 hrs





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**Report to: Audit Committee**

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**Date of Meeting: 3 February 2022**

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**Subject: Audited Annual Accounts 2020/21**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

- 1.1. This report provides the council with the Audited Annual Accounts for the Council for the financial year 2020/21 to 31 March 2021. The report highlights the material changes that have been made to the draft annual accounts during the audit period.

## **2.0 Recommendations**

It is recommended that the Committee:

- 2.1. approve the 2020/21 Audited Annual Accounts;
- 2.2. approve the submission of the Annual Accounts to the Controller of Audit, and
- 2.3. otherwise note the contents of the report.

## **3.0 Considerations**

- 3.1. The accounts have been prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21*. The Financial Statements show the actual figures for 2020/21 and the comparable figures for 2019/20.
- 3.2. Due to additional workload within the finance team supporting the Council in its response to coronavirus, the preparation and the submission of the draft and final annual accounts have been finalised later than usual. This planned extension was in line with the provisions within the Coronavirus (Scotland) Act 2020.

## **4.0 Material Changes to the Financial Statements**

- 4.1 As a result of the audit, there were eight significant findings which are detailed in Exhibit 2 of the Auditors Report (Appendix 2). Two of these findings resulted in a change to the General Fund Reserves as noted below:
- Additional Discretionary Housing Income notified by the Scottish Government after the 2020/21 draft accounts had been prepared. This adjustment resulted in an increase in income by £0.221m resulting in an increase to

uncommitted reserves of the same amount. Debtors were also increased by the same amount, and

- £0.118m relating to income from Developers was initially recorded as a Creditor, however, there was found to be no liability to repay this balance and has been reclassified as income in the year and recorded in the Comprehensive Income and Expenditure Statement. This income has been included within earmarked general fund reserves for specific use in future years and as a result increases the committed reserves and total general fund reserves balance as at 31 March 2021.

4.2 There were no unadjusted errors in the Accounts.

4.3 During the audit process, a number of disclosure enhancements were recommended by the external auditors and these have been made to the accounts. These additional disclosures help to aid the understanding of the reader of the accounts.

## 5.0 Conclusion

5.1 The Annual Accounts have been audited by Audit Scotland and the adjustment noted above have been disclosed and reflected in the audited annual accounts.

5.2 There has been an increase of £0.339m in the level of general fund reserves and a resulting increase of £0.221m in uncommitted reserves as a result of the adjustments.

5.3 It is recommended that the Annual Accounts are approved for submission to the Controller of Audit.

## 6.0 Sustainability Implications

6.1 Not applicable

## 7.0 Resource Implications

### 7.1 *Financial Details*

7.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

7.3 Finance have been consulted and has agreed the financial implications as set out in the report.

Yes

### 7.4 *Staffing*

## 8.0 Exempt Reports

8.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities**

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

**10.0 Equalities Impact**

10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No

**11.0 Legality**

11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**12.0 Appendices**

12.1 Audited Financial Statements 2020/21

**13.0 Background Papers**

13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered) Yes

**Council Draft and Audited Financial statements 2020/21**

**Author(s)**

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Financial Officer	2022

**Approved by**

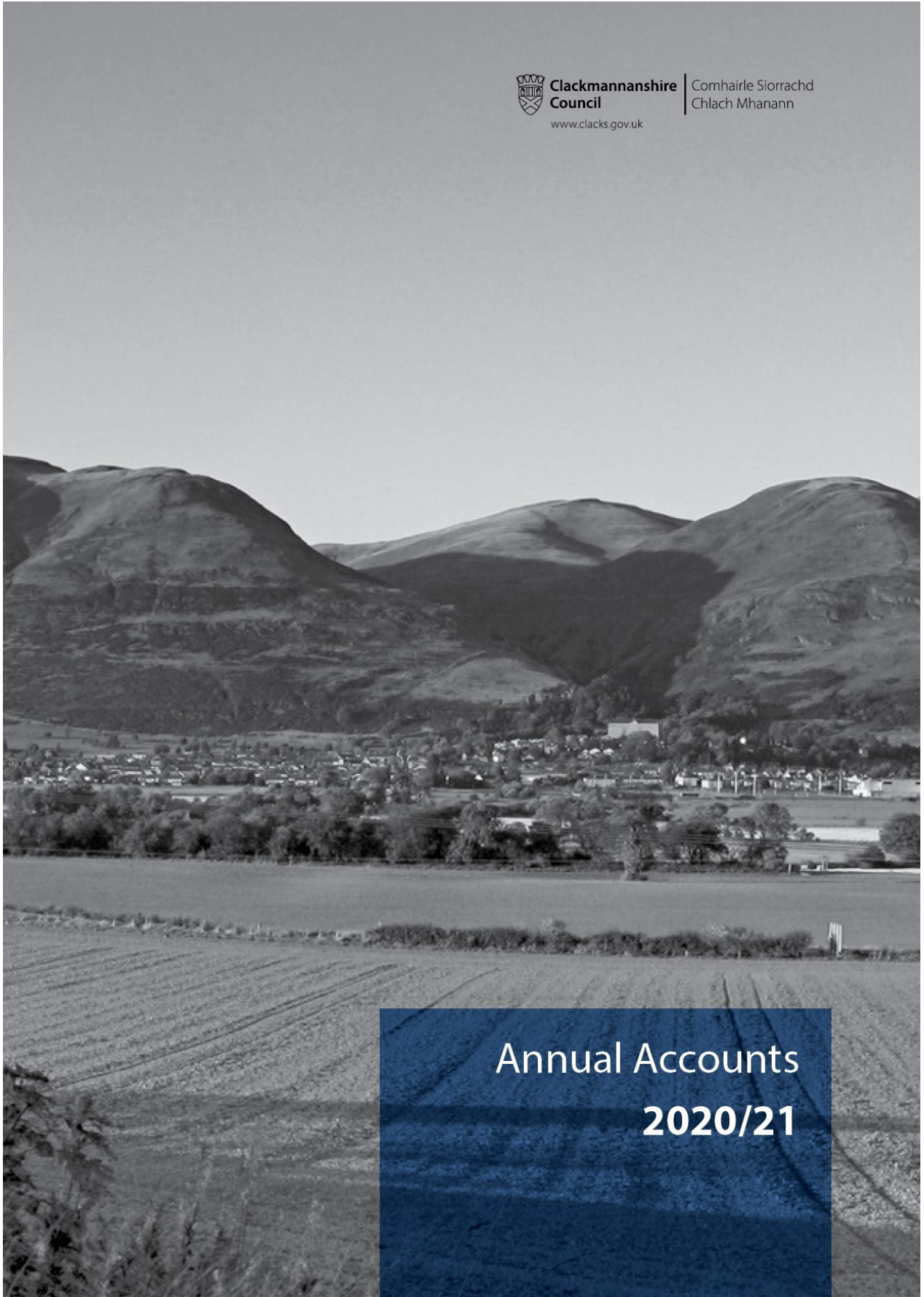
NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Director Partnership and Performance	





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**Annual Accounts  
2020/21**



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**CLACKMANNANSHIRE COUNCIL  
ANNUAL ACCOUNTS 2020/21**

<b>Contents</b>	<b>Page No</b>
Management Commentary	1
Statement of Responsibilities	36
Annual Governance Statement	38
Remuneration Report	58
Independent Auditor's Report	70
 <b>Financial Statements:</b>	
Comprehensive Income and Expenditure Statement	75
Movement in Reserves Statement	76
Balance Sheet	78
Cash Flow Statement	79
Notes to the Financial Statements	80
Housing Revenue Account	154
Council Tax Income Account	157
Non-Domestic Rates Income Account	159
Common Good	161
Group Financial Statements	163



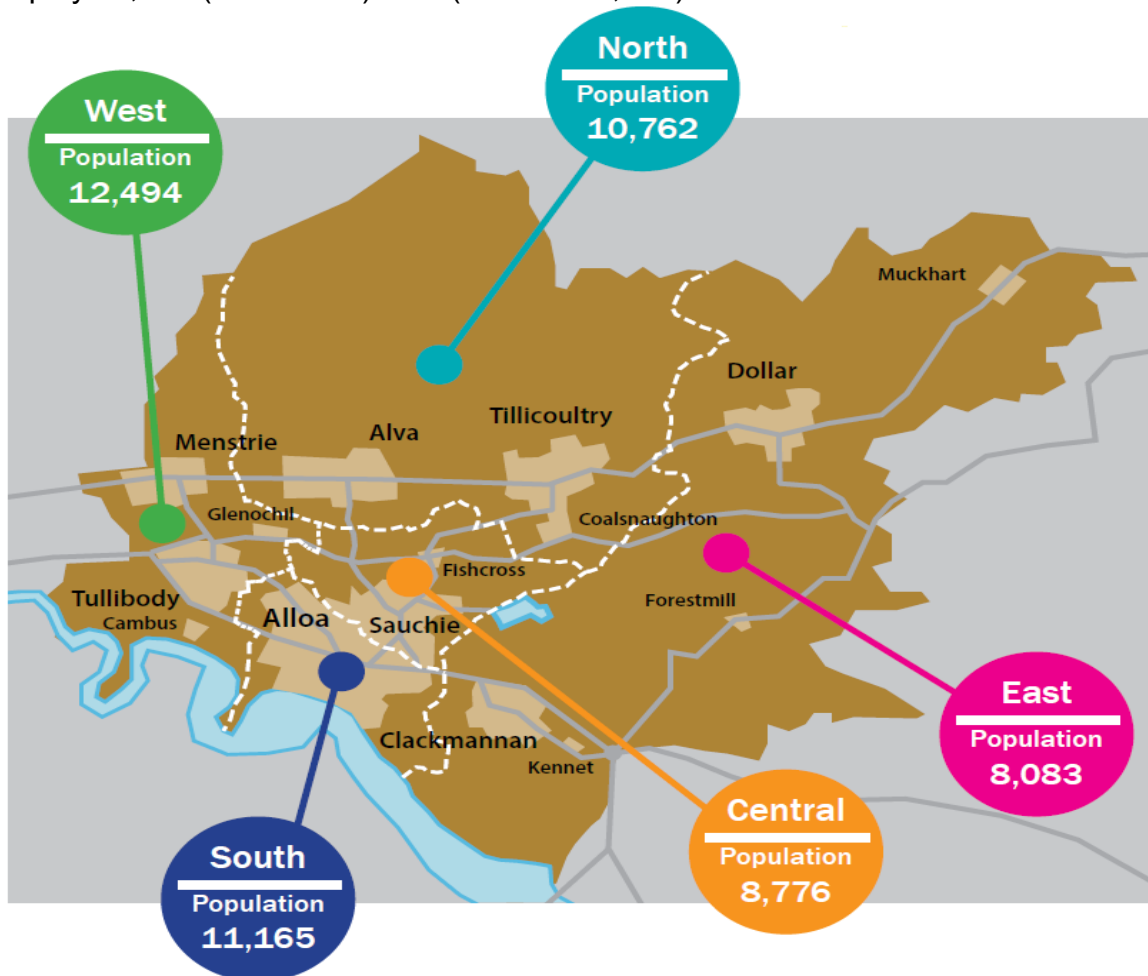
# CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2020/21 Management Commentary

## Introduction

This commentary sets the scene and context for the Financial Statements for Clackmannanshire Council, for the year ended 31 March 2021 and provides specific details in relation to the Council's financial position, its priorities and performance and strategies and plans for achieving these objectives. The commentary is compliant with The Local Authority Accounts (Scotland) Regulations 2014. The Management Commentary is required to present the collective view of those charged with governance and apply relevant sections of the Companies Act 2006 in respect of the preparation of a Strategic Report. The Financial Statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 which sets out the format and content contained within them.

2020/21 has been a challenging year for everyone worldwide due to the Covid-19 pandemic. The Council has played a key role in supporting the residents and businesses within Clackmannanshire, reviewing and reshaping the services that it provides. Further detail of how the pandemic has impacted the Council and its services is provided on P29.

Clackmannanshire is located in Scotland's central belt, sharing administrative borders with Stirling, Perth and Kinross and Fife, and with natural boundaries provided by the Ochils and the River Forth. Clackmannanshire is the smallest mainland Council in Scotland, covering 61 square miles and serving a population of 51,280 (as at 2018). The Council employs 2,680 (headcount) staff (2019/20: 2,639).



# CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2020/21 Management Commentary

## Local Government

Clackmannanshire Council consists of 5 wards, each represented by 3 or 4 elected members. The Council has 18 Councillors whose political make up at the end of 2020/21 was 5 Labour, 8 SNP, 1 Independent and 3 Conservative. There was one vacant seat within the Clackmannanshire East Ward following the resignation of Councillor Mason during the year to which Councillor Coyne was appointed as a result of the by-election held in November 2020. Information on Senior Councillors can be found in the Remuneration Report commencing page 58.

### Clackmannanshire Council Councillors and Wards

**Ward 1 - Clackmannanshire West**

- Darren Lee** **CON**  
☎ 01259 452249  
✉ 07814 173964  
dlee@clacks.gov.uk
- George Matchett Q.P.M.** **LAB**  
☎ 01259 452246  
✉ 07980 007186  
gmatchett@clacks.gov.uk
- Tina Murphy** **SNP**  
☎ 01259 452280  
✉ 07980 012649  
tmurphy@clacks.gov.uk  
*Provost*
- Les Sharp** **SNP**  
☎ 01259 452286  
✉ 07854 370904  
lsharp@clacks.gov.uk

**Ward 2 - Clackmannanshire North**

- Donald Balsillie** **SNP**  
☎ 01259 452255  
✉ 0797 2800632  
dbalsillie@clacks.gov.uk
- Martha Benny** **CON**  
☎ 01259 452284  
✉ 07814 174152  
mbenny@clacks.gov.uk
- Dave Clark** **LAB**  
☎ 01259 452241  
✉ 07725 643201  
daveclark@clacks.gov.uk
- Helen Lewis** **SNP**  
☎ 01259 452267  
✉ 07970 137458  
hlewis@clacks.gov.uk

**Ward 3 - Clackmannanshire Central**

- Jane McTaggart** **SNP**  
☎ 01259 452287  
✉ 07814 174321  
jmctaggart@clacks.gov.uk
- Derek Stewart** **LAB**  
☎ 01259 452248  
✉ 07980 007187  
dstewart2@clacks.gov.uk
- Mike Watson** **CON**  
☎ 01259 452242  
✉ 07814 173931  
mikewatson@clacks.gov.uk

**Ward 4 - Clackmannanshire South**

- Chris Dixon** **IND**  
☎ 01259 452243  
✉ 07814 174245  
cdixon@clacks.gov.uk
- Ellen Forson** **SNP**  
☎ 01259 452281  
✉ 07854 374386  
eforson@clacks.gov.uk  
*Leader of the Council*
- Kenneth Earle** **LAB**  
☎ 01259 452247  
✉ 07980 006501  
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- Craig Holden** **SNP**  
☎ 01259 452283  
✉ 07748 686479  
cholden@clacks.gov.uk

**Ward 5 - Clackmannanshire East**

- Graham Lindsay** **SNP**  
☎ 01259 452282  
✉ 07814 174243  
glindsay@clacks.gov.uk
- Kathleen Martin** **LAB**  
☎ 01259 452250  
✉ 07854 376253  
kmartin@clacks.gov.uk
- Denis Coyne** **CON**  
☎ 01259 452254  
✉ 07814 173958  
dcoyne@clacks.gov.uk

**Map Labels:** 1 Menstrie, 2 Tillicoultry, 3 Fishcross Sauchie, 4 ALLOA, 5 Forestmill, Alva, Coalsnaughton, Dollar, Muckhart, Tullibody, Clackmannan.

For further information, contact: Members' Services, Clackmannanshire Council, Kilncraigs, Alloa, FK10 1EB  
Tel: (01259) 450000 Fax: (01259) 452230 Email: membersservices@clacks.gov.uk



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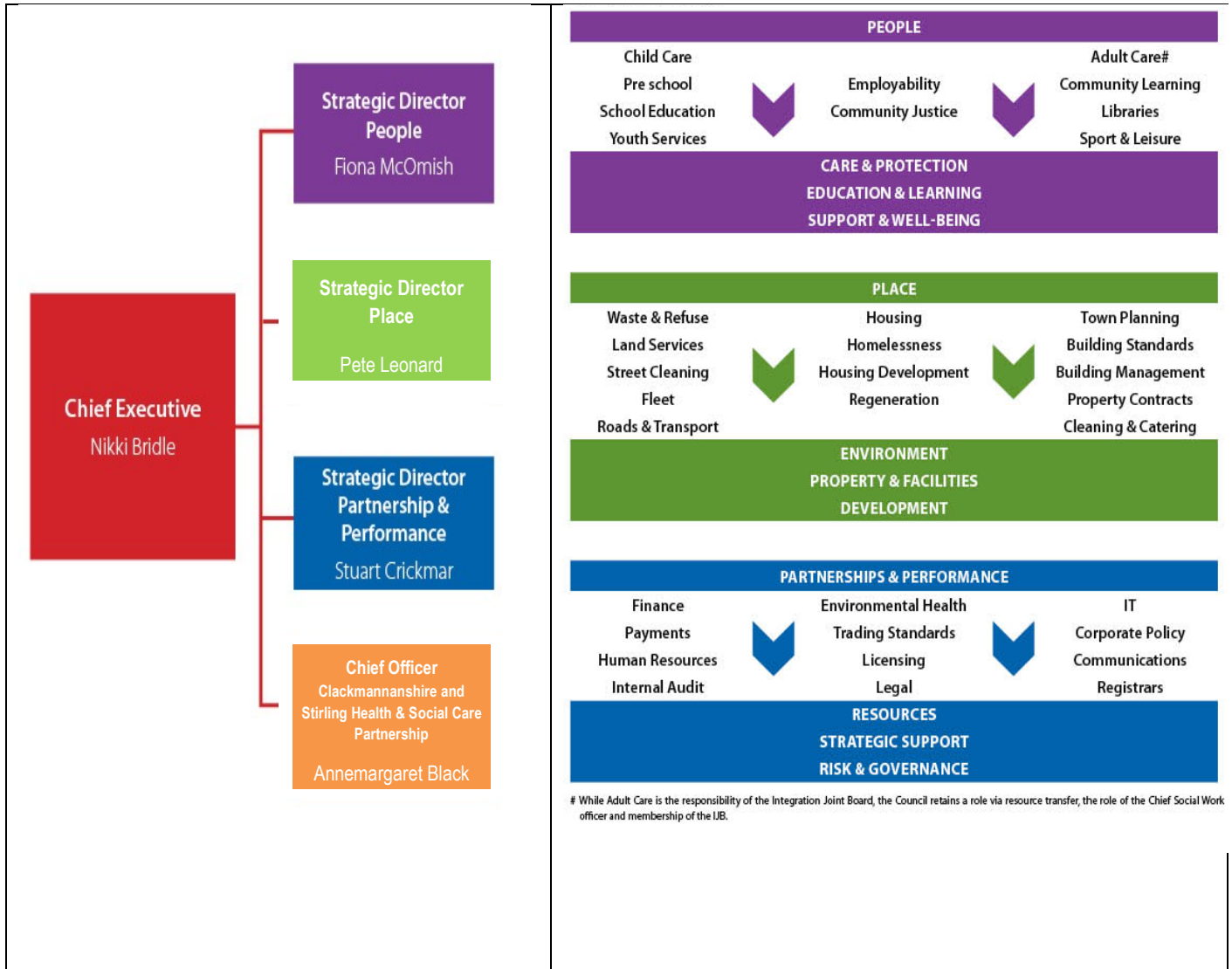
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# CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2020/21 Management Commentary

## Management Structure & Service Areas

The Council's Management Structure and service areas are set out in the diagram below:



The Council continued with its Organisational Redesign programme during 2020/21, concluding the second phase focused at Senior Manager Level.

Throughout 2020/21, Clackmannanshire Council's Chief Executive was Nikki Bridle. The Chief Executive is the Head of Paid Service who leads and takes responsibility for the work of the Council and who runs the local authority on a day to day basis. The Chief Executive provides leadership, vision and strategic direction, and effective management of the Council.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

During 2020/21 a new Transformation Directorate was created to take forward the Councils Transformation activity and to provide greater corporate resilience across response and recovery work. Specifically this area will support the development of specific priority transformation proposals and create additional resilience and cover in respect of deputising arrangements for both the Chief Executive (as nominated deputy) and Strategic Directors.

The post holders at Strategic Management level as well as statutory post holders are shown below with appointment or leaving dates as appropriate:

**Nikki Bridle**



**Chief Executive**  
*(appointed 16 July 2018)*

**Stuart Crickmar**



**Strategic Director of Partnership & Performance**  
*(appointed 27 August 2018)*

**Lorraine Sanda**



**Strategic Director of People (& Chief Education Officer)**  
*(appointed 15 September 2020)*

**Fiona McOmish**



**Strategic Director of People**  
*(appointed 18 February 2019 to 18 September 2020)*

**Chief Education Officer**  
*(appointed 13 January 2020 to 20 December 2020)*

**Acting Chief Education Officer**  
*(appointed 2 December 2019 to 12 January 2020)*

**Pete Leonard**



**Director of Place**  
*(appointed 5 August 2019)*

**Annemargaret Black**



**Clackmannanshire & Stirling Health & Social Care Partnership Chief Officer**  
*(appointed 17 June 2019)*

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Management Commentary*

**Fiona Colligan**

**Director of Transformation**  
(Appointed 1 March 2021)



**Statutory Officers**

The postholders for all statutory posts are shown below:

**Lindsay Thomson**

**Monitoring Officer**  
*(appointed 1 November 2018)*



**Lindsay Sim**

**Chief Finance Officer (S95 Officer)**  
*(appointed 1 February 2019)*



**Catherine Quinn**

**Interim Chief Education Officer**  
*(appointed 21 December 2020)*



**Sharon Robertson**

**Interim Chief Social Work Officer**  
*(appointed 1 April 2021)*



**Fiona Duncan**

**Chief Social Work Officer**  
*(appointed 3 June 2019 to January 2021)*



**Carolyn Wylie**

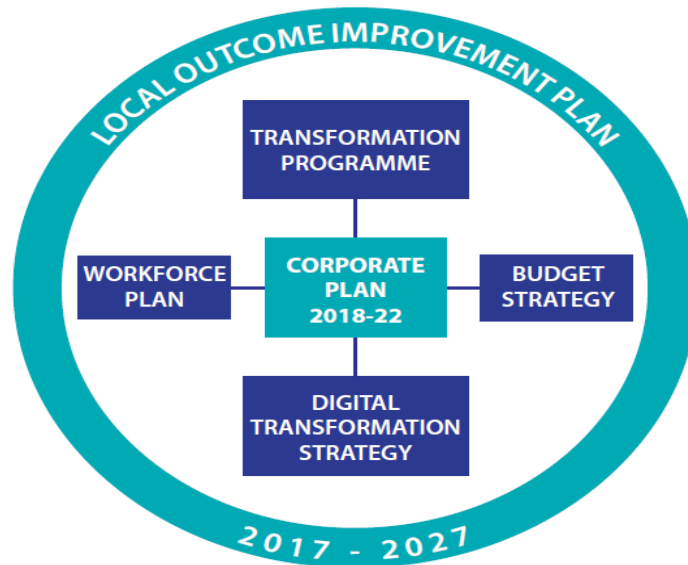
**Head of Community Health and Care for Clackmannanshire & Stirling Health and Social Care Partnership**



**Interim Chief Social Work Officer (Clackmannanshire Council)**  
*(appointed 31 December 2020 to 31 March 2021)*

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Management Commentary*

The “**Local Outcomes Improvement Plan (LOIP) 2017-2027**” sets out the vision of the Clackmannanshire Alliance for the 10 years to 2027 and builds upon the successes of our previous plan the Single Outcome Agreement for Clackmannanshire 2013-2023. A central theme of this Plan is a joint commitment to tackling the inequalities that exists in Clackmannanshire as a result of poverty and socio-economic disadvantage.



The LOIP has been developed by the Clackmannanshire Alliance and sets out the ambitions for change for Clackmannanshire over the next decade. This plan sets out the commitment to reducing inequality and renewed focus to work together to secure better outcomes for Clackmannanshire. In developing the LOIP, the Alliance chose to focus collective efforts on a core set of priorities based on discussions with partners and communities so that the plan is based on a sound understanding of local need and circumstances. The LOIP is supported by four long term strategic outcomes which will drive the direction of the strategic partnership:

**Strategic Outcomes for Clackmannanshire**

- 1** Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all.
- 2** Our families; children and young people will have the best possible start in life
- 3** Women and girls will be confident and aspirational, and achieve their full potential.
- 4** Our communities will be resilient and empowered so that they can thrive and flourish.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

For clarity and consistency the Alliance has chosen to develop these locality plans based on the three priorities that have been identified for Clackmannanshire. Investing the collective resources and efforts on these three areas will enable the partnership to secure the best outcomes for Clackmannanshire over the 10 year plan.

**Locality Priorities for Clackmannanshire**



Each community planning partner in Clackmannanshire is committed to these priorities and will reflect these in their own strategic plans to ensure all efforts drive improved outcomes for Clackmannanshire, particularly in light of the challenges that partners face over the next decade.

More detailed analysis can be found in the full LOIP at:

<https://www.clacks.gov.uk/community/loip/>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Management Commentary*

**The Corporate Plan**

In December 2018 the Council approved its Corporate Plan 2018-22, entitled ‘Be the Future’. This plan sets out the Council’s vision, priorities and values against which all aspects of the Council’s work will be measured and aligned. The vision is focused on collaboration, inclusive growth and innovation.

Over the last three years there has been considerable investment in creating the conditions which allow us to set out ambitious longer term plans to transform the way in which public services are delivered in Clackmannanshire. These ambitions are integrated with the development of our longer term financial planning approach which takes a significant step forward in 2021/22 with the establishment of a 20 year capital budget, organised around the Council’s Be the Future Programme priorities.

‘Be the Future’ sets out a streamlined range of corporate priorities and outcomes fully aligned with the LOIP detailed above. The vision and streamlined priorities aim to provide a much clearer focus for Council investment and delivery.

**‘Be the Future’ – Corporate Values**

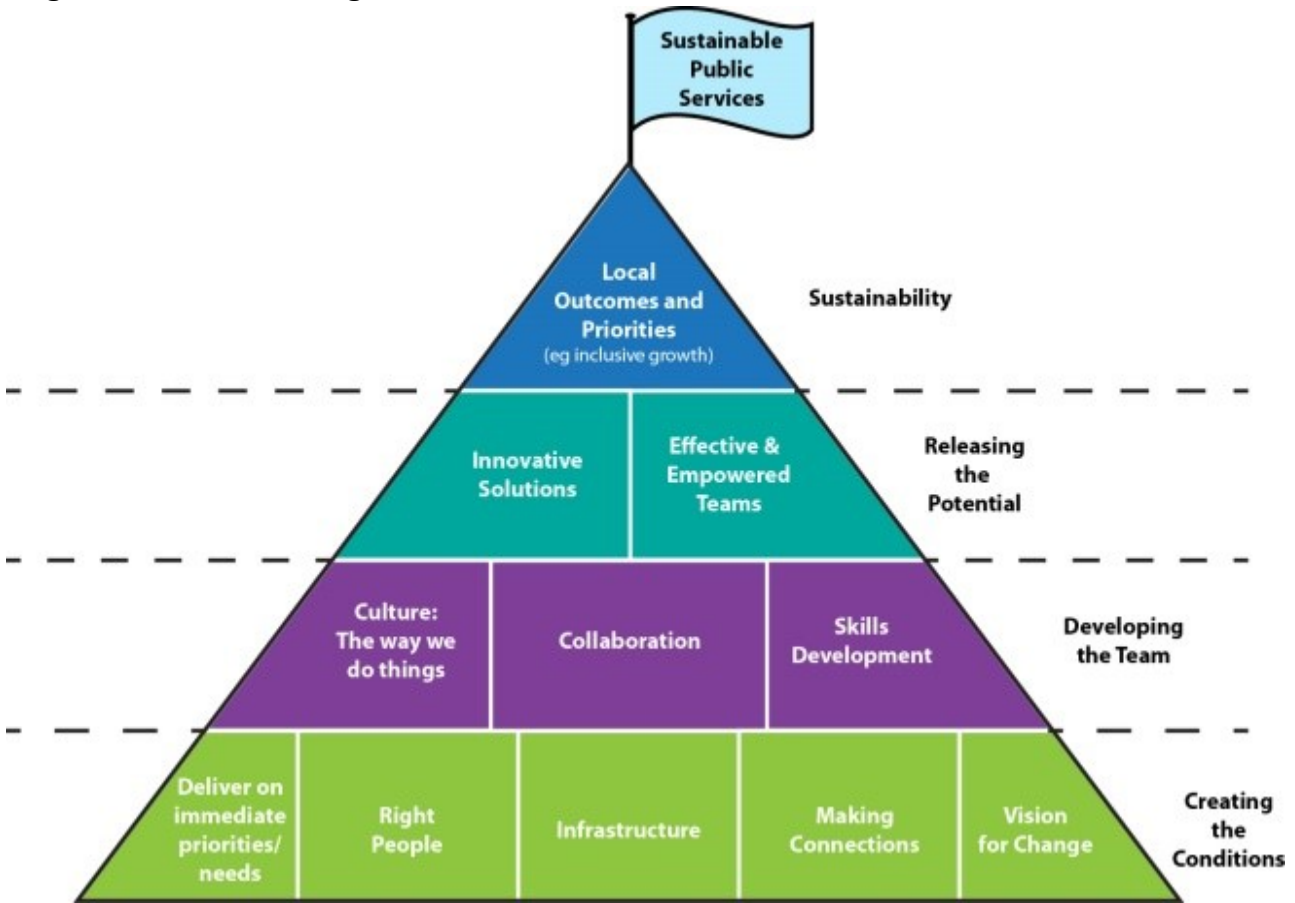
Values	Descriptor
Be the customer	Listen to our customers; communicate honestly and with respect and integrity.
Be the Team	Respect each other and work collectively for the common good.
Be the Leader	Make things happen, focusing always on our vision and outcomes, and deliver high standards of people leadership and corporate governance.
Be the Collaborator	Work collaboratively with our partners and communities to deliver our vision and outcomes.
Be the Innovator	Look outwardly, be proactive about improvement and strive always for innovation and inclusive growth.
Be the Future	Work always towards ensuring that we deliver our vision and live our values, so that we become a valued, responsive Council with a reputation for innovation and creativity.

**Organisational Redesign**

In 2019, Council agreed its approach to Organisational Redesign. This framework and the supporting action plan focus on how we improve and develop our organisation to support sustainable change. This work was commenced at the earliest opportunity to ensure that our Council is developing into an organisation that is able to embrace change as ‘business as usual’. Over the last 12 months, work has been undertaken to further integrate and embed the Organisational Redesign Framework actions including within the Workforce Programme of activity.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

**Organisational Redesign Framework**



The Organisational Redesign Framework provides a clear basis from which Council monitors and evaluates progress and provides the opportunity for the refinement of planned activity based on learning, progress and feedback. The Framework comprises four key phases as can be seen in the diagram above, which need to be progressed to allow the Council to deliver medium to long term service and financial sustainability. The phases are not designed to be sequential but run concurrently.

The framework and activity set out above is complementary to, and aligned with the Council’s Transformation Programme, the Be the Future Programme, which is also fully aligned and integrated with the Council’s other key strategic plans and priorities.

The 10 year Be the Future Programme incorporates the Be the Future Aims and has distilled our planned LOIP outcomes and Corporate Plan priorities into three Be the Future Programmes of activity:

- Sustainable Inclusive Growth;
- Empowering Families and Communities, and
- Health and Well-being.

The Be the Future Aims and Programme themes are set out in the following diagram:

Be the  
**Future**



**Clackmannanshire  
Council**

## Aims and Programme Themes

<b>Aims</b>	<b>We will transform our organisation and approaches</b>
<p><b>to:</b></p> <ul style="list-style-type: none"> <li>● empower people and places to improve their wellbeing, skills and prosperity;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>● ensure that environmental, social and financial needs of our people and places are met and that future generations thrive.</li> </ul>	
<b>Sustainable Inclusive Growth</b>	We will take steps to tackle poverty and inequality. We aim to maximise the opportunities for local people and businesses through our improved economic performance. We will also establish standards, delivery models and strategies which allow Clackmannanshire to play a leading role in meeting the climate challenge and protecting our built and natural environment.
<b>Empowering Families &amp; Communities</b>	We will place people at the heart of service delivery. We aim to prioritise service users, family and community participation and leadership in developing and delivering solutions. We will work in partnership to build individual; family and community skills in support of social and financial independence.
<b>Health &amp; Wellbeing</b>	We aim to improve the environment, quality of life and ease of access to services. Enhanced wellbeing will also provide greater participation opportunities as a consequence of improving economic performance in Clackmannanshire. Delivering increased wellbeing also aims to promote equitable growth.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

In 2020/21 activity in the Programme Management Office (PMO) has focused on operationalising the Programme by creating the critical documentation and business processes needed to progress to the next phase. The Be the Future Framework which incorporates a Toolkit, with key elements already agreed by the Be the Future Board, are being adopted into project practice. This will be extended in the coming year with the aim that by 2022/23 there will be widespread adoption of the Framework in the inception, design and management of Council projects.

The appointment of the Strategic Director (Transformation) has increased leadership capacity and during the next phase of the Be the Future Programme this capacity will be used to align the programme so that it maximises the outcomes achieved from the investment being made. The PMO will also support project staff to articulate benefits, outcomes and financial gains and these will be monitored through a Monitoring and Evaluation Framework that will help inform the governance of the Programme, including reporting to Council.

Addressing capacity challenges and the skills needed to support new ways of working will be key and further work to link the Workforce Programme more closely to the individual priorities and proposals in the Be the Future Programme will be undertaken. As part of this work it will also be important to ensure that the workforce plan and transformation work is integrated within the business planning process.

Additionally, a Strategic Roadmap will be developed that will articulate the common goals, outcomes and milestones for the 'Be the Future' Programme. The roadmap is a key communication tool which explains the strategic thinking for the programme to all stakeholders. The initial horizon for the roadmap is 24 months (2021/22- 2022/23).

To underpin this Strategic Roadmap the PMO is being realigned to drive the transformation activity in a planned and managed way. The PMO will be centrally led and work through a 'matrix' managed approach to deliver:

- Project managers who support the Council's adoption of the Be the Future toolkit and framework and who will work across priority projects in the Programme to manage and support successful delivery;
- Business analysts who inform the design and development of the Programme and projects, who use evidence and data analysis to recommend solutions throughout the project lifecycle and who analyse and measure the impact and outcomes of the Programme so we continue to learn and adapt;
- Communications expertise who will develop our strategic approach to managing internal and external communications that will support adoption of new ways of working, knowledge exchange and shared learning and that engages our people in being the future, and
- Fundraising expertise that ensures that the opportunities to leverage additional investment and capacity throughout the Programme lifetime are realised for the Council and our partners.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

In order to further enhance existing governance arrangements, Council approved as part of its budget setting for 2021/2022, to extend the remit of the Council Leader to include Service Lead for the Transformation Portfolio. The Council Leader is already corporate sponsor of a number of key Transformation initiatives such as Wellbeing Economy and Community Wealth Building, is Chair of the Clackmannanshire Alliance and Chair/ Vice Chair of City Region Deal Joint Committee, therefore it is appropriate that this is also included with the Leader's remit.

**Financial Planning**

Changes in public sector funding have been a key issue facing all Councils for a number of years and this will continue to impact on what Councils do and how they do it. While the financial context is challenging, such challenging times also provide significant opportunities for real improvement. The Council and its partners are working in a more collaborative way by pooling their collective resources to be more efficient. Similarly, legislative changes are making it easier for communities to become more involved in finding solutions and engage more directly in service delivery.

The Council is continually reviewing its processes and procedures and financial planning continues to adapt to the changing economic climate. Regular medium term financial planning information is reported to Council via Budget Strategy Update reports to ensure that its policy, investment and financial decisions are informed by the wider financial context.

The Council's approved Budget Strategy sets out the planning assumptions and indicative savings figures for a rolling four year period. The Strategy focuses on a framework which aims to:

- reduce expenditure;
- maximise income;
- transform service provision, including more joint working, and
- implement other targeted initiatives to deliver high quality services from a sustainable cost base.

The 2021/22 Budget Report approved by Council in March 2021 presented a financial planning scenario which indicated a potential cumulative funding gap of £13.7m by 2024/25. This is clearly a challenging position but one which also provides significant opportunities to look at how services are delivered by the Council and in conjunction with its partners.

As noted above, the Council still faces a significant funding gap of £13.7m over the next few years, with any unachieved savings adding pressure and increasing the gap in future years. Over the last 5 years the Council has approved £30m of savings with a further £2.1m approved for 2021/22. Continually achieving these savings year on year is challenging, however in 2020/21 the Council achieved £3.0m (91%) of the £3.3m planned savings approved in the 2020/21 budget.

## **CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2020/21 Management Commentary**

During 2020/21, Chief Officers worked closely with the members of each political Administration to develop savings proposals which were included in the 2021/22 budget setting process. The budget preparation process considers both the capital and revenue implications of change proposals for financial planning purposes. The resultant proposals are focused on delivering services that are financially sustainable and manage changing profiles of demand and service user expectations.

The budget process was also supported by the Be the Future Board set up to focus on transformation. The Board is made up of members of the Administration and the two opposition groups along with Senior Officers. The Board supports the development and progress of the transformation programme and reviews transformation and savings proposals.

Although the financial position is difficult, the management team believe that the organisational redesign framework and implementation of the approved Be the Future Transformation Programme, will ensure the Council remains financially sustainable. The financial position presented in the Financial Statements provides a platform from which to address the challenging times ahead and support the necessary transition to new, more efficient models of service delivery for the future and achieve the Be the Future aims.

### **Health & Social Care**

The Council is part of the Clackmannanshire and Stirling Health and Social Care Partnership (HSCP) along with Stirling Council and NHS Forth Valley. 2020/21 has been an extremely challenging year for the Partnership as it deals with the pandemic on a frontline basis. Similarly to the Council, funding was made available by the Scottish Government to offset the financial pressures due to COVID-19 during the year.

Further information on the Clackmannanshire and Stirling Health and Social Care Partnership can be found at the following webpage:

<http://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/>.

### **City Region Deal**

The Council is actively delivering ambitious plans in a joint City Region Deal with Stirling Council and Stirling University. Both Westminster and Scottish Governments have been working closely with the city region partners to develop proposals to unlock investment and secure transformational growth in the regional economy. Focus is on key priorities such as socially-inclusive growth; enabling infrastructure (such as roads, social housing and schools); business development opportunities; town centre regeneration; tourism; employability support and renewable energy.

In the case of Clackmannanshire initial priorities were informed by a series of Stakeholder Workshops and refined as part of the joint-working with Stirling Council and both Governments to form a coherent regional bid. Following further stakeholder engagement

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

and approval by both Councils, including formal governance arrangements between the Councils, the 'Heads of Terms' was agreed in June 2018 and full deal sign off was achieved in February 2020.

As reported to Council on 22 October 2020, a revised delivery plan was presented to the Scottish and UK governments which outlined changes on the delivery plan as a result of the COVID-19 pandemic. The revised delivery plan and associated financial profile was formally agreed by the Stirling & Clackmannanshire City Region Deal Joint Committee on 17th December 2020.

### Performance

The context in which the Council operates is ever-changing and as contexts change, it is important that the Council is able to change with them, to make sure it is doing everything it can to improve people's quality of life and to make Clackmannanshire a better place to live and work.

The Council monitors and measures its performance in a number of ways, including:

- review of Local Outcome Improvement Plan (LOIP) performance which is scrutinised by both the Alliance and the Council's Scrutiny Committee;
- review of the Corporate Plan, which is reported to the Council;
- progress of the Council's Be the Future Transformation programme, through update reports to Council and Trade Union Forums;
- annual reporting of the Local Government Benchmarking Framework to the Audit Committee;
- Bi-monthly reporting of service performance and risks to each of the 3 portfolio committee meetings: People, Place and Partnership and Performance, with the Council's overall financial reports being presented to the Audit Committee;
- reporting of corporate risks to the Audit Committee every six months, and
- review of the Statement of Preparedness which covers those Emergency Planning risks set out in the Community Risk register and developed by the Forth Valley Local Resilience Partnership.

A progress report by the Accounts Commission on Best Value Assurance published in June 2019 recognised the positive progress being made by the Council since the previous report in 2018. The report also recognised the ongoing challenges in the ability to deliver financial sustainability and this framework will provide a basis on which the progress acknowledged by Audit Scotland can be evaluated. The report sets out a number of recommendations on which the Council has prepared an action plan to take forward and this work has continued during the 2020/21 financial year. Significantly, the themes and recommendations from the Best Value report have been embedded into the Be The Future Transformation programme and progress has been reported through regular update reports to Council.

To date the review of the Local Outcome Improvement Plan (LOIP) and the Corporate Plan have not been published however this is expected to be reported during 2021/22.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

**Local Government Benchmarking Framework**

The Local Government Benchmarking Framework (LGBF) represents part of Councils' statutory duties for Public Performance Reporting, with the remaining duties fulfilled by other reports throughout the year and information presented on the Council's website. The latest published data relates to 2019/20. The key highlights relating to the Councils performance from this data are:

- i) Performance improved or remained consistent in 54% of indicators, and 51% of our rankings were in the top half of Councils (1st and 2nd quartile). Our overall average ranking improved substantially, from 27th to 16th place out of the 32 Scottish local authorities.
- ii) The Council achieved 1st place rankings in 8 individual indicators (the 4th highest of any authority). These were in: B class road condition, Rent loss due to voids, Early years & Adult care inspections, School exclusions, and costs for Looked After Children (residential), Older people's homecare and Council tax collection.
- iii) The Council performs above average in 5, and in the top quartile in 3 of the new finance measures, with recent improvements in several areas. Performance has improved from the bottom quartile in both invoice payment and local procurement as a result of implementing the procurement strategy and through invoicing process improvements through the finance system. Despite the challenging financial position, the level of useable reserves and committed reserves also remains high showing that the Council is not reducing its reserves significantly to support the budget.
- iv) Education saw our most significant ranking improvement, from the bottom to the top quartile (26th to 3rd place), in school leaver destinations.
- v) Bottom quartile performance in costs for Support Services, Secondary Education and Roads is sustained from previous years. The Council are also consistently in the bottom quartile for the new Emissions indicators, Staff Absence and Self-directed Support spend.

Further detail on these indicators can be found here:




<https://www.clacks.gov.uk/document/meeting/289/1083/7056.pdf>

**Sickness Absence Rates**

Over the last three years the Council has focussed on improving sickness absence rates following a review which showed Clackmannanshire Council to have one of the highest rates of sickness absence within Scottish Local Authorities. Compared to previous financial years there continues to be improved performance in relation to levels of absence. The percentage of days lost significantly reduced in 2020/21 to 3.33% compared to 4.47% in 2019/20 and the average Full Time Equivalent (FTE) days lost per employee has also significantly reduced to 9.3 days compared to 12.5 days in 2019/20. The majority of our absences (73.76%) are long term in nature and these are managed in accordance with agreed Council procedures.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

It is recognised that due to lockdown measures and continued homeworking for a number of staff there have been reductions in the level of short term absence compared to the previous financial year and this has contributed to the overall reduction in absence levels.

	2018/19	2019/20	2020/21	Movement
% Sickness absence (All Council staff)	4.65%	4.47%	3.33%	
Average FTE days lost through sickness absence per employee (Teachers plus all other local government employees)	13.2	12.5	9.3	
Long term absence rate - Council	65.55%	62.73%	73.76%	

The Council continued to offer and deliver, virtually, maximising attendance sessions to managers throughout 2020/21. In addition a new learning resource on maximising attendance was made available through the Council's e-learning platform.

During 2020/21 there has also been an emphasis on supporting the mental wellbeing of staff. Significant resources have been made available to staff through our Keeping Staff Connected pages as well as a number of guides for managers aimed at ensuring ongoing engagement and promoting positive conversations.

Absence continues to be an area of continued scrutiny for the Council' Strategic Leadership Group.

### Public Performance Reports

A wide range of Public Performance Reports are available by following the link to the Council's website ([www.clacks.gov.uk](http://www.clacks.gov.uk)). Regular service performance reports also contain details of both service and financial performance, the most recent reports can be found at: <https://www.clacks.gov.uk/council/performance/>

### Financial Performance 2020/21

The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom with the objective of presenting a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2021. A brief explanation of each statement and its purpose is provided at the beginning of each statement. The main statements appear in the accounts followed by a series of additional statements to give the reader a full analysis of the funding received and how this is spent. The Expenditure and Funding Analysis (Note 6) brings together the net expenditure based on the management reporting structure and compares this against the net expenditure that is reported in the Comprehensive Income and Expenditure Statement in line with the Accounting Framework.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

Within the General Fund, against the background of reducing resources, in 2020/21 the Council has successfully delivered services within budget, which included utilisation of £1.3m of capital receipts. This position, along with consideration of the reserves utilised during the year, results in an increase in General Fund reserves of £8.1m to £20.0m (2019/20: £11.9m). Of this total, £13.5m (2019/20 £5.6m) is earmarked for specific purposes, leaving £6.5m of uncommitted reserves.

The Council has a material interest in a number of bodies and prepares group accounts which include its appropriate share of these entities assets and liabilities. The group accounts can be found at the end of these statements, with details of the entities within the group.

**Key Financial Ratios**

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain financial ratios are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and of the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

Financial Indicator	Notes	2019/20	2020/21
<b>Reserves</b>			
Uncommitted General Fund Reserve proportion of Net Actual Expenditure	1	5.07%	4.89%
Movement in the Uncommitted General Fund Balance	2	29.00%	3.68%
<b>Council Tax</b>			
In-year collection rate	3	95.74%	94.80%
Ratio of Council Tax Income to Overall Level of Funding	4	17.79%	17.16%
Actual Outturn compared to Budgeted Expenditure	5	95.97%	93.15%
Actual contribution to/(from) Unallocated General Fund Balance compared to Budget		1.0%	2.0%
Capital Financing Requirement (CFR) for the current year	6	£144.5m	£143.2m
External Debt Levels for the current year		£140.9m	£139.2m
Ratio of financing costs to net revenue stream		5.47%	4.68%

- 1 *Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy is 3% of net expenditure which is considered appropriate in the context of the Council's financial and ongoing risk profile.*
- 2 *Reflects the extent to which the Council is using its Uncommitted General Fund Reserve. The movement is due to in-year underspend and a release of committed reserves following a review of requirements.*
- 3 *Reflects the Council's effectiveness in collecting Council Tax debt and financial management. This small 0.94% decrease is as a result of restricted recovery action being taken during the COVID-19 pandemic.*

# CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2020/21 Management Commentary

- 4 Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within Local Authority control.
- 5 How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year.
- 6 External debt levels are lower than the CFR. These two indicators complement the assurances of borrowing only being for capital purposes. The ratio of financing costs to net revenue stream provides an indication of the Council's ability to service the borrowing costs.

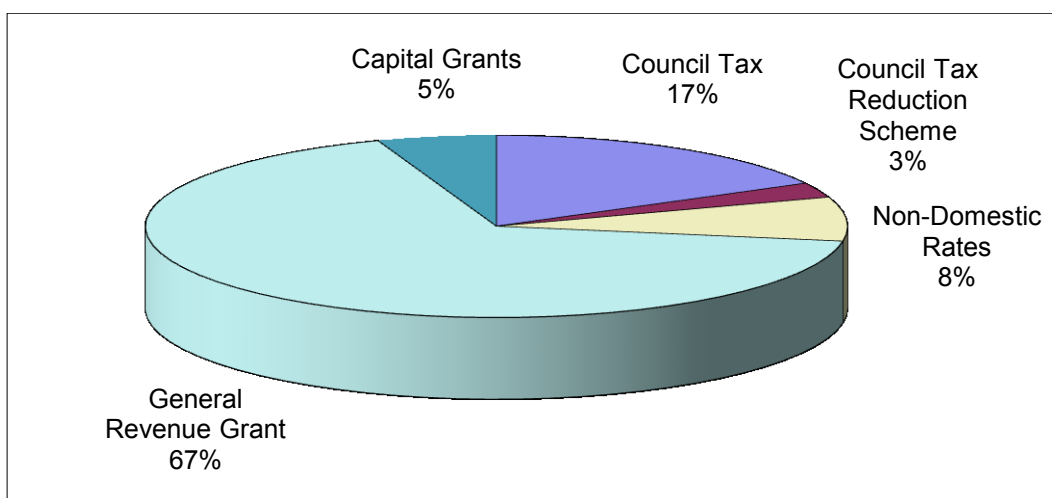
## General Fund Results for the year

The General Fund covers all the areas of the Council's service provision with the exception of the management of its own housing stock which is covered within the Housing Revenue Account (HRA). General Fund services are financed by government grant and local taxation (i.e. council tax).

The largest source of funding the Council receives is the General Revenue Grant received from Scottish Government including Non-Domestic Rates (NDR) which amounted to £102.9m for 2020/21, (2019/20 £91.8m). NDR income is collected by local authorities, and remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to Councils within the General Revenue Grant. (This is described in more detail in the National Non Domestic Rates Income Account on page 159).

Income from Council Tax in 2020/21 was £23.6m (2019/20 £22.8m). Funding was also received from the Scottish Government for the Council Tax Reduction Scheme for which the Council received income of £3.7m (2019/20 £3.5m). In 2020/21 capital grants totalled £7.6m (2019/20 £10m). The proportions of funding received by the Council in each of these categories are shown in the following chart and table:

### Proportion and source of funding received in 2020/21





# CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2020/21 Management Commentary

Sources of Income	2019/20		2020/21	
	£'000	%	£'000	%
Council Tax	22,804	17.8	23,638	17.1
Council Tax Reduction Scheme	3,536	2.8	3,667	2.7
Non-Domestic Rates (plus BRIS)	17,315	13.5	10,757	7.8
General Revenue Grant	74,502	58.1	92,238	66.9
Capital Grants	10,026	7.8	7,558	5.5
	<b>128,183</b>	<b>100.0</b>	<b>137,858</b>	<b>100.0</b>

## Revenue and Capital Expenditure

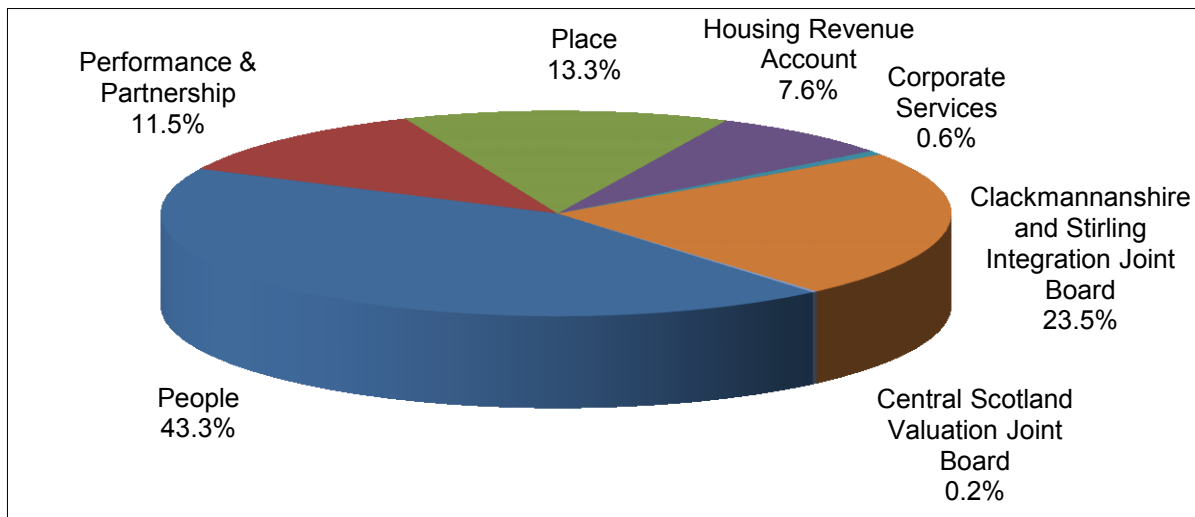
The Council's expenditure is split between the categories of revenue and capital. In broad terms expenditure for revenue purposes are costs associated with the day-to-day operation of services such as employee costs and supplies and services. In contrast, capital expenditure relates to costs incurred on the acquisition or creation of tangible assets needed to provide services, such as houses, schools, vehicles etc.

## Revenue Expenditure

### Proportion of 2020/21 Revenue Expenditure by Service

In 2020/21 the total operating expenses for service delivery was £220m (2019/20 £220m), as detailed in Comprehensive Income and Expenditure statement on page 75. This level of expenditure indicates the significant size and complexity of the organisation.

The chart below shows the expenditure apportioned by portfolio, with the People portfolio having the highest level of spend.



## Outturn Position

At the end of the year, the Council reported an underspend of £9.721m on its management accounts, an increase of £8.718m than previously forecasted as at December 2020 reported to Audit Committee in April 2021. Included within the final underspend is a number

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

of earmarked underspends for areas of ring-fenced spend such as Pupil Equity Funding (PEF), Devolved School Management (DSM) and Early Learning and Childcare (ELC), that are not recognised until the year end. These underspends are then carried forward to be used in the following year. After removal of earmarked reserves, this results in a net underspend of £3.006m compared to budget that contributes to reserves.

At the end of 2020/21, the Clackmannanshire locality of the HSCP reported an underspend of £1.715m. However, the final outturn reflects a nil variance as the Council's full approved budgeted contribution for 2020/21 is paid over to the Partnership which contributes to the overall financial position of the Partnership.

The outturn position per the Management Accounts per portfolio area as reported to Committee is shown below:

Council Summary 2020/21			
	Annual Budget 2020/21 £'000	Actual to Mar-21 £'000	Variance Budget to Actual £'000
People	77,685	78,034	349
Place	17,328	16,712	(616)
Partnership & Performance	19,631	11,655	(7,977)
Health & Social Care Partnership	19,042	19,042	0
Corporate Services	7,324	6,003	(1,321)
Central Scotland Valuation Joint Board	440	440	(0)
	141,450	131,886	(9,564)
Sources of Funding	(138,266)	(138,423)	(156)
	3,184	(6,537)	(9,721)

The Council Summary presents the expenditure of general fund services which are funded by government grant and local taxation. The Comprehensive Income and Expenditure Statement on page 75, which also includes the Housing Revenue Account is prepared in accordance with proper accounting practices and, as such, can lead to differences in presentation of certain items of expenditure.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Management Commentary*

**Council Reserves**

The overall position on Council's Usable Reserves is shown in the table below:

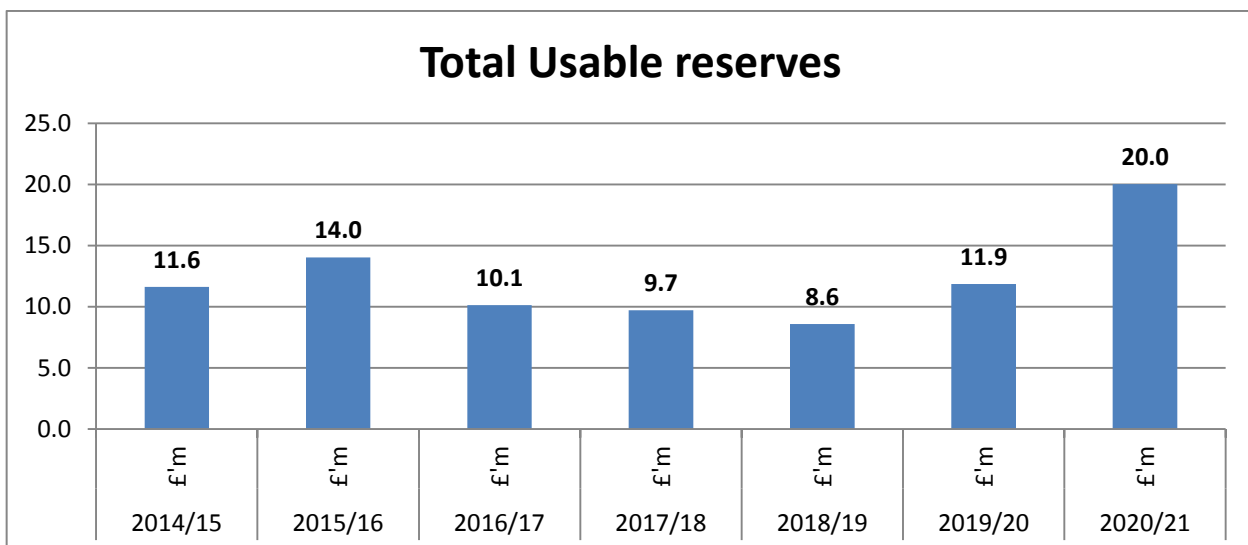
**2020/21 Summary of Council reserves**

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Insurance Fund £'000	Capital Grants & Receipts Unapplied £'000	Total £'000
<b>As at 1 April 2020</b>	(11,858)	(4,504)	(2,074)	(1,280)	(2,694)	(22,410)
Comprehensive Income & Expenditure	5,939	(2,222)	-	-	-	3,717
Adjustments between funding & accounting basis	(12,806)	(884)	(542)	-	(405)	(14,637)
Transfers	(1,300)	-	1,283	4	249	236
<b>As at 31 March 2021</b>	<b>(20,025)</b>	<b>(7,610)</b>	<b>(1,333)</b>	<b>(1,276)</b>	<b>(2,850)</b>	<b>(33,094)</b>

Total usable reserves have increased to £33.0m (2019/20 £22.4m) at 31 March 2021. A comprehensive analysis of the Council's reserves is provided in the Movements in Reserves Statement on page 76 and supporting notes.

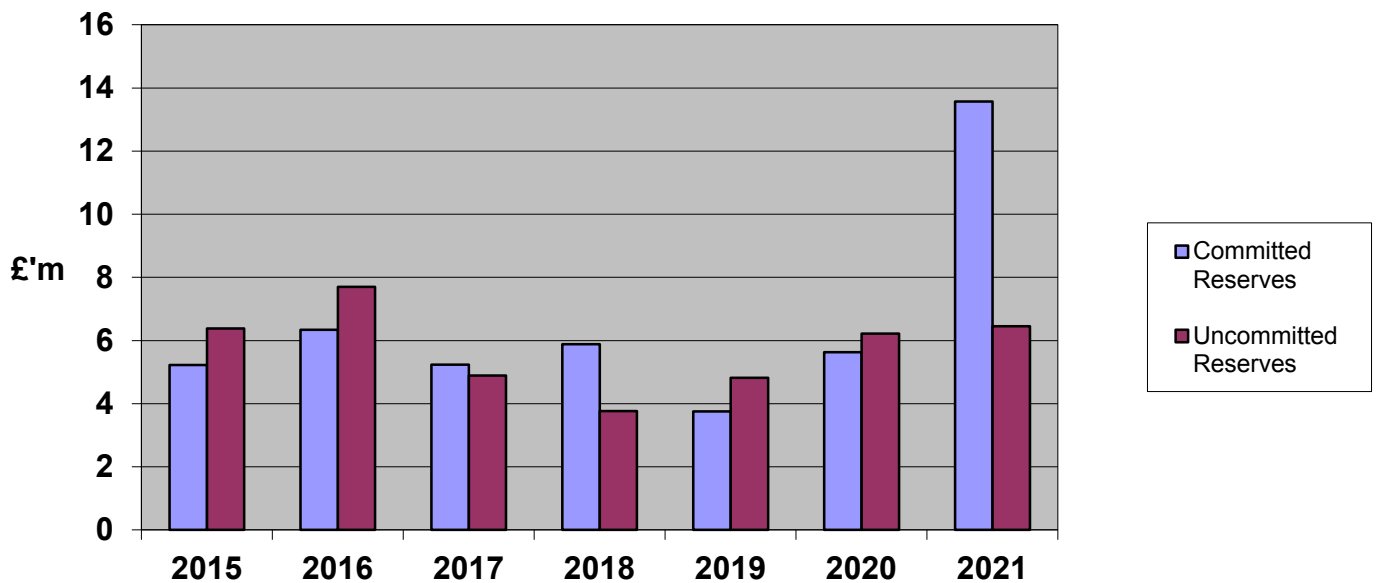
**Total Usable Reserves**

In 2020/21 the General Fund reserve has increased to £20.0m (2019/20: £11.9m). Between March 2015 and March 2021 total usable reserves have increased by £8.4m or 72.50%. The large increase between 2019/20 and 2020/21 is mainly due to additional COVID-19 funding received in 2020/21 that has been carried forward to fund future COVID-19 pressures.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Management Commentary*

**Level of Committed and Uncommitted Reserves 2014/15 to 2020/21**



**Committed (Earmarked) General Reserves**

Of the £20.0m general usable reserves, £13.5m is earmarked for specific purposes, either by individual services or to meet corporate liabilities. The committed balance can be summarised as follows:

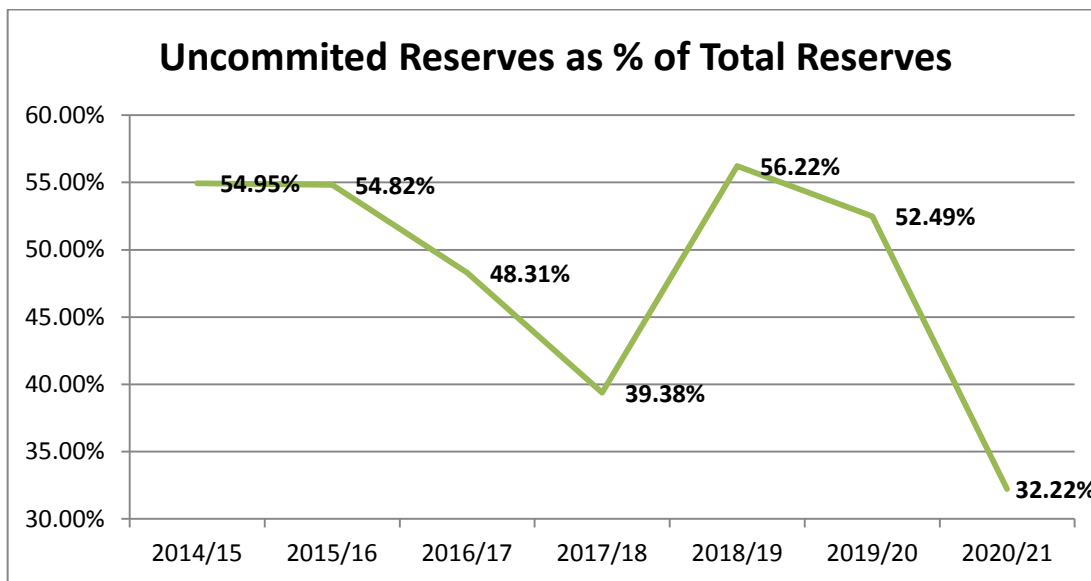
	2019/20	2020/21
	£'m	£'m
Devolved School Management	(0.5)	(0.4)
Organisational Change Fund	(0.2)	(0.3)
Employment Fund	(1.5)	(1.0)
Pupil Equity Funding (PEF)	(0.6)	(0.6)
Early Learning & Childcare (ELCC)	(0.5)	(0.3)
Education COVID recovery	(0.0)	(1.5)
Ring-fenced Housing Grants	(0.6)	(0.8)
Transformation Fund	(1.0)	(1.8)
Other Miscellaneous Commitments	(0.7)	(0.9)
COVID General Funding	(0.0)	(1.3)
COVID Specific Funding	(0.0)	(2.4)
Amount to support 21/22 Revenue Budget	(0.0)	(0.9)
Earmarked for general purpose 21/22 budget	(0.0)	(1.2)
Developer Contributions	(0.0)	(0.1)
<b>Net Committed Reserves</b>	<b>(5.6)</b>	<b>(13.5)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

The uncommitted element of General Fund Reserve at 31 March 2021 which is generally available to support future expenditure, stood at £6.5m (2019/20 £6.2m). The Council's Reserves Strategy stipulates that it should retain uncommitted reserves at a minimum level of 3% of net expenditure. The current reserves represent a level of 4.9% (2019/20: 4.8%) of the 2021/22 net budgeted expenditure.

The movement in the Council's uncommitted reserves position compared to total reserves since March 2015 is shown below:

**Trend in reserves position 2014/15 - 2020/21**



**Capital Expenditure**

The Council invested £17.939m (2019/20 £20.710m) in capital projects during the year, the table below shows some of the main projects:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'m</b>	<b>£'m</b>
IT Investment	0.470	1.204
School Development	4.510	0.478
Tullibody South Campus	4.380	0.572
Park Primary Development	0.074	0.846
Kilncraigs Business Premises Renovation Allowance (BPRA) scheme	-	4.906
Street lighting	0.310	0.257
Clackmannanshire regeneration	0.550	0.038
Roads, foot paths, cycleways etc.	2.510	2.932
Fleet Vehicles	1.190	1.624
Housing – new build and off the shelf purchases	0.877	0.827

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

Housing - replacement of kitchen/heating	1.600	0.535
Housing - replacement of roofs/windows	2.700	2.039
Other Projects	1.539	1.681
	<b>20.710</b>	<b>17.939</b>

The Prudential Code for Capital Finance in Local Authorities governs the level of capital expenditure taking into account affordability, sustainability, the management of assets and the achievement of strategic objectives. Capital spending in 2020/21 on General Fund Services (including operational Common Good properties) was £13.647m (2019/20 £14.160m) and on Housing was £4.292m (2019/20 £6.549m).

<b>Expenditure</b>	<b>£'m</b>	<b>Financed by</b>	<b>£'m</b>
Community Investment Strategy	8.081	Government grant & contributions	7.425
Property Asset Management Strategy	0.302	Capital Receipts	0.001
Roads Asset Management Strategy	2.931	Capital financed from revenue	4.011
Housing Business Plan	4.292	Borrowing	6.501
Lands Assets Management Strategy	0.034		
Fleet Asset Management Strategy	1.624		
IT Asset Management Strategy	0.674		
	<b>17.938</b>		<b>17.938</b>
Capital programme underspend	13.791		
<b>Capital Budget</b>	<b>31.729</b>		

During 2020/21 the Council invested £17.939m in Capital projects, £17.903m of this expenditure was on Council assets and £0.036m was granted to third parties including Common Good. Capital expenditure in the year has been financed by capital receipts (£0.001m), government grants and contributions (£7.426m) and direct revenue funding (£4.011m) leaving a balance of (£6.501m) which was financed from borrowing.

At the end of the year there was an overall underspend of £13.790m on the budgeted programme. £9.417m of this related to the general fund and was mainly due to rephasing of spend on large projects spanning multiple financial years such as: Clackmannan Regeneration, City Region Deal, digital infrastructure project, and delays in the delivery of purchased vehicles. The underspend on the HRA capital programme of £4.373m is mainly due to roof and render upgrade works, window replacement, and electrical systems works that were delayed due to lockdown restrictions. The unspent budget due to rephasing will be carried forward to 2021/22.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

In recent years the total capital budget has not been fully utilised and 2020/21 continues that trend. In 2020/21, the underspend has increased to 43.5% (2019/20 33.6%) of the budgeted spending level, however, projects have been impacted by COVID-19 causing delays due to lock down rules and availability of contractors. Work continues to refine the capital planning process and to develop a capital strategy to ensure delivery of the Council's 20 year Capital programme for 2021/22 onwards in line with the Be the Future transformation programme and service asset plans.

**Capital Receipts, Grants and Contributions**

Receipts held in the capital receipts reserve at 31 March 2021 total £1.333m. £0.729m of these receipts have been earmarked to support delivery of the Council's 2021/22 budget. £0.097m has also been earmarked for the continuation of the Council's organisational redesign programme to fund the statutory element of voluntary severance.

Receipts of £2.850m were held in the Capital Grants & Receipts Unapplied Reserve at 31 March 2021. Of this balance £0.766m is earmarked for the Be the Future Fund which is expected to be fully utilised during 2021/22 when the flexibility to use Capital Receipts for this purpose ends. The remaining balance is to be applied against specific projects in line with the conditions of the grants.

**Housing Revenue Account**

The Housing Revenue Account, which funds the provision of Council housing, incurred a surplus in the year on the management accounts of £7.1m against a budgeted surplus of £5.2m. From this surplus a revenue contribution to capital of £4.0m was made in accordance with the Housing Business Plan to maintain the Scottish Housing Quality Standard and the Enhanced Clackmannanshire Standard.

This has resulted in an increase of £3.1m to reserves at the year end, as shown in the Movement in Reserves Statement. Working balances available to the Housing Revenue Account have therefore increased to £7.6m as at 31 March 2021. This balance will continue to be earmarked to support the delivery of the Housing Business Plan in line with the Council's approved strategy.

A further £4.0m was invested in the housing stock over the year. This builds on previous investment commitments and continues to sustain and consolidate the Council's position in terms of compliance with the Scottish Housing Quality Standard. The government introduced the new Energy Efficiency Standard for Social Housing (ESSH) with compliance required by December 2020. A further milestone has been set for December 2032 which will be formally reviewed in 2025 to assess progress.

Tenant consultation has been curtailed in 2020/21 during the pandemic. The Service still managed to let 334 houses during the year of which 328, 98.2%, expressed themselves as very or fairly satisfied.

The average time taken to complete emergency repairs is now just over three hours. The average time for non-emergency repairs is 4 days with 97% of jobs carried out "right first

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

time". Satisfaction with the repairs service is high. Of the tenants who were asked about their views on the repairs carried out in the year, 99% were satisfied. Overall performance is up on last year with a 2% improvement in "right first time" performance and just over 1% increase in tenant repairs satisfaction.

**Annual Assurance Statement 2020/21 – Scottish Housing Regulator**

The Council submitted the 2020/21 Annual Assurance Statement to The Scottish Housing Regulator as required by the December 2020 deadline.

The Annual Assurance Statement requires that all social landlords in Scotland provide assurance to the regulator that they comply with the relevant regulatory standards and legal requirements, and are able to provide evidence in support of this. One area of non-compliance was identified:

- The Council failed to comply with "Involve tenants, and where relevant other service users, in the scrutiny and preparation of performance information"

A forward plan of improvement actions has been developed and is being implemented to address the under performance within the area of tenant scrutiny. These actions are outlined within the Assurance Statement.

**Debt**

The Council's gross external debt as at March 2021 which supports its investment and development of long-term assets totals £139.2m and consists of:

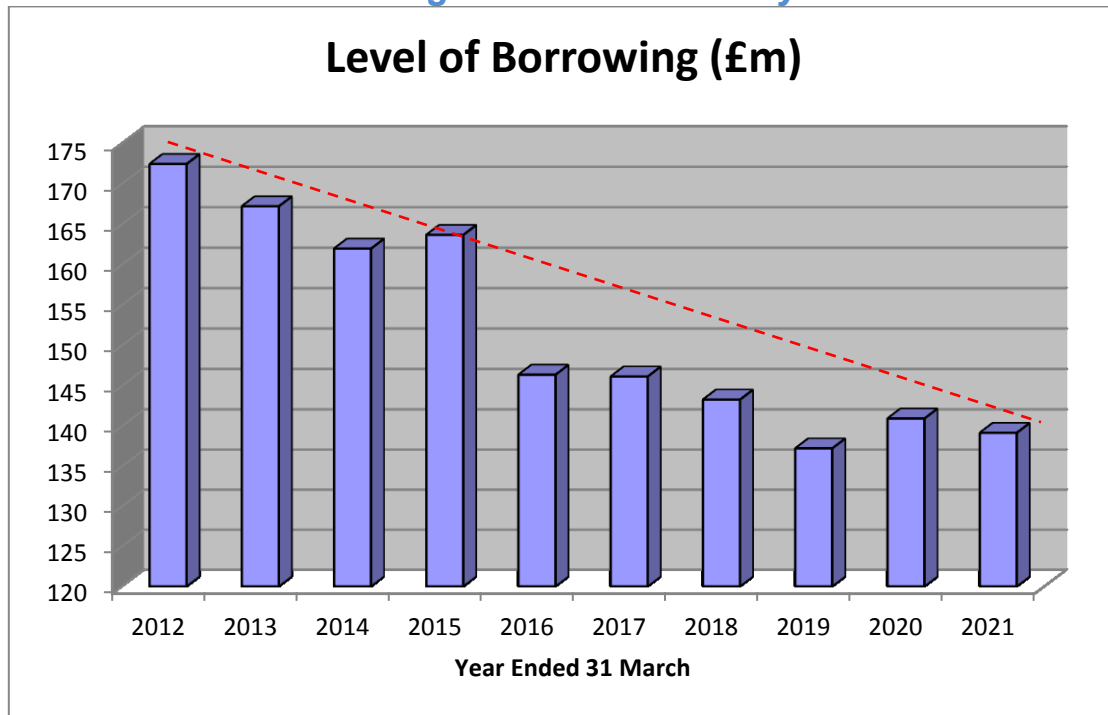
	<b>2020/21</b>	<b>2019/20</b>
	<b>£m</b>	<b>£m</b>
External Borrowing	101.319	101.803
PFI and other finance leases	37.845	39.148
	<b>139.164</b>	<b>140.911</b>

This is a decrease of £1.8m on the previous year's external debt position of £140.9m. This movement is made up of repayments on borrowing of £0.484m and repayments were made to PFI and other Finance leases of £1.302m. The Council continues to work towards reducing overall external debt in line with its policy set out in the Treasury Management Strategy.

In the year, £8.8m (2019/20 £8.9m) external interest and principal repayments of £1.8m were paid in relation to this borrowing.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Management Commentary*



Overall there has been a reduction in cumulative external debt of 19.3% between 2012 and 2021, showing that over the longer term the Council is not increasing its level of debt to finance its capital programme. Repayments towards PFI and finance leases also continue to reduce the Council's overall level of external debt on an annual basis.

In line with the Prudential Code and Treasury Management Strategy any borrowing undertaken is required to be prudent, affordable and sustainable. As at 31 March 2021 the Council was in an under-borrowed position which meant that its level of borrowing was less than its capital expenditure. Further detailed information including performance indicators can be found in the Council's Annual Treasury Management Strategy Statement (TMSS) 2020/21 set by Council on 27th February 2021 and the Annual Treasury Report 2020/21 presented to Council on 19 August 2021.

### **Secondary Schools PFI Scheme**

Following the introduction of revised Financial Reporting arrangements introduced in 2009/10 for PFI projects, the Council's three new secondary schools are recorded within the long-term assets of the Council, along with a liability for the financing provided by the PFI operator. The outstanding finance liability at March 2021 is £37.845m and this sum is included within the Council's overall borrowing position referred to above.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

The unitary charge paid to the operator in 2020/21 was £8.477m (2019/20 £8.307m) and will increase annually by inflation over the 30 year term of the contract. The Scottish Government provides additional funding towards the project of £3.553m per annum. The total cost of the contracted project is set out in Note 34 – Private Finance Initiative and Similar Contracts on page 140.

### **Net Pension Liability**

Pension Fund reporting regulations require an annual valuation by fund actuaries. The calculation at 31 March 2021 disclosed a deficit of £151.7m (2019/20 deficit £97.9m). The calculation is prepared for the purposes of International Accounting Standard 19 (IAS 19) reporting requirements and is not relevant for funding purposes, i.e. does not have a direct impact on council tax or housing rent payers. This is simply a snapshot of the position at that time. The increase in the deficit is due to a combination of a reduction in the net discount rate and the impact of the latest triennial valuation which has seen changes in demographic, financial and other assumptions.

The latest long-term triennial funding valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2020. This valuation has been reviewed and employers' contribution rates have been set in line with actuarial advice and have been kept at the same level for 2021/22 and 2022/23 and increased by 0.5% for 2023/24.

### **Provisions**

Provisions are made where an event has taken place which creates a legal or constructive obligation that more likely than not requires some form of transfer of economic benefits or service and a reliable estimate can be made about the amount of the obligation. As at 31 March 2021, one provision is included in the Financial Statements, see Note 21.

### **Contingent Liabilities and Assets**

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They arise where the Council has a possible obligation but this will only be confirmed or otherwise by uncertain future events not entirely within the control of the Council. They can also arise where a provision might otherwise have been made but it is not probable that resources will transfer, or if the obligation cannot be measured reliably. In 2020/21, three contingent liabilities are disclosed, see Note 37. The Council has no material contingent assets at the Balance Sheet date.

### **Group Accounts**

The Council's group accounts consist of: Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, Coalsnaughton NHT 2012 LLP, Common Good and CSBP Clackmannanshire Investments Ltd.

### **COVID-19**

The recent COVID-19 pandemic has had a significant impact on the Council and its communities towards the end of 2019/20 and through the course of 2020/21. Since March 2020, the Council has put actions in place and reprioritised services to safeguard its communities. Over the past year, focus has been directed on recovery actions including supporting children back to school and with home learning and supporting individuals and

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

local businesses. It is expected that the pandemic will continue to impact on performance going forward into 2021/22 and beyond as the UK continues its route map to recovery and the resulting financial pressures.

Some of the specific areas affected and actions taken by the Council since the start of the pandemic are outlined below.

During the pandemic, there has been increased community engagement and partnership working to support those who are most vulnerable. Additional supports to the community have been put in place including support to those who are shielding and self isolation grants to those facing hardship whilst having to self isolate and payments to families for free school meals whilst schools have been closed. Further details of the support administered by the Council to businesses and individuals on behalf of the Scottish Government are set out in the Agency Arrangements section below. The Council also administered Scottish Government initiatives by way of financial support to businesses through Business Grants and applied reliefs to businesses in the Retail Hospitality and Leisure industry for non-domestic rates.

The Council has had to make changes in how its workforce operates. All staff are now working from home where possible and this has involved the roll out of IT kit to enable home working. Staff have had to adapt to a new virtual way of working and keeping in touch. Meetings are now held virtually through Microsoft Teams, including Council and Committee meetings. Changes have also been made to workplaces to enable staff to work safely and maintain a 2 metres distance.

Various changes in service provision have been made including standing down non-essential services and bringing these back on line in a phased way when able to do so. Risk assessments have been carried out to ensure safe working practices for staff and service users, particularly in face to face services such as Social Care and staff have been redeployed onto priority tasks to help support essential services. Cleaning services have been increased within Schools and Council operated buildings. We have also had to adapt and change the way services are provided. This has been significant within the Education Service where digital devices have been rolled out to the most vulnerable pupils to allow home learning. Teaching staff have also had to adapt to this new way of working supporting online classrooms.

COVID-19 has had a significant impact on financial performance with additional costs incurred during the year as well as loss of income. Due to prioritising essential services and effects of lockdown, there is slippage in the capital programme across both the General Fund and the Housing Revenue Account. Various funding streams have been provided through the Scottish Government to ease pressure on the revenue account which has brought with it additional monitoring and reporting tasks. Prioritising essential services and the additional workload has meant business as usual tasks have been delayed including production of the draft and approval of these final audited accounts.

Despite these challenges the Council has still managed to continue with most business as usual tasks during the year and progress with its Transformation activity which is integral to

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

long term financial and service sustainability. It is expected that the pandemic will have an impact on performance going forward as recovery action will be in place for some time and financial pressures are expected to extend beyond 2020/21.

**Agency Arrangements**

In response to the lockdown arrangements the Scottish Government introduced a number of grants for both businesses and individuals which Councils administered on their behalf. Clackmannanshire Council paid out £12.834m of COVID-19 support funding to businesses and individuals on an agency basis as detailed below:

	<b>To Businesses £000</b>	<b>To Individuals £000</b>	<b>Total £000</b>
<b>Support Grants</b>			
Business Support Grants	7,557		7,557
Strategic Framework and Retail and Hospitality Business Grants	4,130		4,130
Taxi and Private Hire Vehicle Driver Support Fund	134		134
Newly Self Employed Hardship Fund	95		95
Break Restrictions Grants	245		245
Contingency Fund Plus	76		76
Furlough Support	53		53
Small Accommodation Providers paying council tax	18		18
Transitional Support Fund for Childcare Providers	54		54
Temporary Restrictions Fund for Childcare Providers	46		46
Spring and Winter Hardship Payments		351	351
Self Isolation Support Grants		75	75
<b>TOTAL</b>	<b>12,408</b>	<b>426</b>	<b>12,834</b>

In addition to the grants above, the Council also distributed £0.077m of Personal Protective Equipment and Testing Kits to third parties on behalf of the Scottish Government.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Management Commentary*

**Business Environment and Risks**

There are 2 key economic variables that have affected the Council during 2020/21 and which will continue to impact the Council going forward into 2021/22 and likely beyond. The first, being the recent COVID-19 pandemic and its effect on the wider economy and interest rates and its direct impact on Council service provision, priorities, expenditure and funding. The second is the continuing impact of Brexit on the UK economy as the UK navigates through the recently concluded trade deal with the EU.

On the 6<sup>th</sup> May the Bank of England (BoE) released its latest quarterly report on inflation. Interest rates had remained steady through 2020/21 at 0.1% with no changes since the last reduction in March 2020. The most recent forecast indicates interest rates are likely to remain low to continue to support households and businesses as the UK economy looks towards recovery from the pandemic. The target for inflation remained at 2% during 2020/21 and whilst inflation remained below this during the year, most recent figures are now above this rate as lockdown eases and consumer confidence and spending increases.

Increases in inflation have a potential impact on the prices of procured and commissioned goods and services and future wages. After a period of low wage increases for a number of years, particularly in the public sector, the previous 3 year pay deal for 2018/19 to 2020/21 resulted in the public sector pay restraint being lifted and additional pressure being put on local authority budgets over the course of this three year period. As part of its budget setting process for 2021/22, the Scottish Government have a Public Sector Pay Policy. Whilst this does not apply to Local Authorities, current proposals are framed around this offer and discussions are ongoing with trade unions and COSLA at a national level. Any agreed pay award over and above the Public Sector Pay Policy will lead to further pressures for Local Authorities.

As in recent years and even more so as a result of COVID-19, this operating environment presents the key challenge of developing and sustaining medium to longer term financial planning. A key area of uncertainty for the Council remains the future levels of grant from the Scottish Government it will receive on which it relies for a significant proportion of its funding.

It is recognised that the COVID-19 pandemic will have a longer term impact on some services and the Scottish Government continues to review the support in place and funding to Local Authorities, Health Boards and the wider economy to support recovery.

It is hoped that the next Scottish Budget will be a 3 year settlement which should help to inform medium term financial planning and get a clearer sense of the Scottish Government's spending priorities. This however, is dependent on the UK Government's ability to publish a 3 year settlement.

Given this operating context, the preparation of medium to long term financial plans are subject to a number of key risks and uncertainties which will have an impact on budget assumptions. With funding static at best and potential increased costs of service provision due to the COVID-19 pandemic, managing the effects of these increased costs will be a

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

challenge for the public sector. This also places additional pressure on the Council to transform services and reduce its operating costs further to maintain a balanced budget in future years.

Audit Scotland continues to promote the importance of medium to long term financial planning. In Clackmannanshire, the Council continues to promote medium to longer term financial planning over a number of Budget rounds, the key features of the approach being:

- The use of financial scenario planning to provide a range of potential financial outcomes relative to changes in the key financial assumptions made; and
- The Budget setting process provides indicative budgets for future years and identifies specific Business cases and / or new areas for review to be developed. This provides a multi-year view of the programme of activity and how it relates to Budget setting and indicative funding gap forecasts in individual financial years.
- The development of the Be the Future programme identifying areas for Transformation to increase efficiency and reduce costs over a 10 year period.
- A 20 year Capital Investment Plan as approved in the 2021/22 budget, setting out investment priorities over the medium to longer term.

Medium to long term planning assists the Council in managing the financial and service delivery risks associated with the impact of real and potential cash term reductions in public sector funding, balanced against increasing demand for services and new responsibilities.

#### **Principal Risks and Uncertainties**

Along with the challenge of financial resilience, the Council also faces a number of non-financial risks. The Council maintains a Corporate Risk Register which is reported to the Audit Committee on a regular basis throughout the year.

The Council's approach to managing each risk is:

- Treat: we will take action to reduce the risk;
- Tolerate: actions within our control have been completed and plans are in place;
- Transfer: the risk will be passed to another party, such as insurers, and
- Terminate: the activity that is causing the risk will be ceased.

The Council currently has 16 risks, each assigned to an appropriate officer. Each risk is scored out of 25 based on likelihood and impact. A traffic light system is also used to highlight the risk. The top 3 risks with the highest score of 25 are:

#### **1 Insufficient Financial Resilience:-**

**Risk** - the Council does not have a balanced budget to meet essential service demands, customer needs, or external agendas.

**Potential impact** - reputational and legal implications and severe extended loss of service provision. Possibility of Alliance with Health & Social Care and other partners also experiencing budget pressures contributes to potential impact, given the interdependencies.

**Mitigation** - Use the agreed strategic change framework and organisational design principles to implement a whole organisation redesign. Balance the drive for savings

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

with the need for sufficient officer time and skills to support change and consider how to make more use of external assistance to support improvement.

**2 Public Health Emergency:-**

**Risk** – Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic, with spread potentially exacerbated through failure to vaccinate or follow hygiene protocols.

**Potential Impact** - Short- & long-term health implications for public and staff (including absence if ill or caring for others). Disruption to support and frontline services, including to already vulnerable groups. Consideration required of minimal service provision requirements.

**Mitigation** - The COVID-19 pandemic is an ongoing live issue. The Council's Incident Management Plan was implemented on the 9 March, 2020 and Major Emergency Operating Procedures (MEOPs) were agreed and enacted. All Business Continuity plans have been reviewed and we are actively involved in response planning with the Forth Valley Resilience Partnership. Continuity of crucial services has largely been achieved, but the risk remains as the pandemic continues.

**3 Insufficient Pace and Scale of Organisational Transformation:-**

**Risk** - The Council fails to proactively drive the fundamental redesign of services and organisational planning/development with the speed required to address the funding gap due to ineffective change management.

**Potential Impact** - Failure to maintain the required level of provision for statutory services. The corporate business improvement programme does not establish sustainable service delivery and a sustainable cost base for the future.

**Mitigation** - There are still significant risks associated with the ongoing COVID-19 pandemic and the Council's ability to balance the need to continue to provide core service with the ability to resource transformation projects. Significant work has been undertaken during 2020/21 and 2021/22 to review the Transformation Programme, resulting in seven key priorities being identified. Prioritise Transformation projects that sit within each priority. Recruitment to key posts including a Strategic Director (Transformation) and Project Managers and Business Analysts within the Council's PMO will increase the capacity dedicated to the Transformation Programme.

The latest update report was presented to the Audit Committee on 17 June 2021 and can be found here: <https://www.clacks.gov.uk/document/meeting/289/1083/7052.pdf>

**Where to find more Information**

An explanation of the Financial Statements which follow and their purpose are shown at the top of each page. Further information about Clackmannanshire Council can be obtained from the Council's website ([www.clacks.gov.uk](http://www.clacks.gov.uk)) or from Finance Services, Kilncraigs, Greenside Street, Alloa, FK10 1EB.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Management Commentary**

**Conclusion and Acknowledgements**

The continued prudent financial management and medium term financial planning have allowed the Council to successfully manage its financial affairs and the financial objectives prescribed. The Council progressed major strategic initiatives such as the new Tullibody Campus, City Region Deal, Organisational Redesign, the Road Assets Management Plan and the continuing embedding of the Health and Social Care Partnership.

The Council would like to acknowledge the significant effort in producing the Annual Accounts and the Annual Governance Statement and to record thanks to colleagues for their continued hard work and support. The Council greatly appreciate the significant efforts of all who were involved, elected members of the Council and colleagues in every Service, all of whose efforts in managing the resources available have contributed to the financial position disclosed by the 2020/21 Financial Statements.

**Ellen Forson**  
**Leader of the Council**  
**3 February 2022**

**Lindsay Sim**  
**Chief Finance Officer**  
**3 February 2022**

**Nikki Bridle**  
**Chief Executive**  
**3 February 2022**



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Statement of Responsibilities**

**The Council's Responsibilities**

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguards its assets;
- ensure the annual accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and the Coronavirus (Scotland) Act 2020), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the annual accounts for signature.

I confirm that the draft Annual Accounts were approved for signature by Council at its meeting on 19 August 2021.

Signed on behalf of Clackmannanshire Council

**Ellen Forson**  
**Leader of the Council**  
**3 February 2022**

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Statement of Responsibilities**

**The Chief Finance Officer's Responsibilities**

The Chief Finance Officer is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ('the Code').

In preparing the Annual Accounts, the Chief Finance Officer 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 local authority accounting code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- kept proper accounting records which are 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 the Council and its group at the accounting date and the transactions of the Council and its group for the year ended 31 March 2021.

**Lindsay Sim**  
**Chief Finance Officer**  
**3 February 2022**

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

## **Introduction**

The purpose of the Annual Governance Statement (AGS) is to provide assurance to the people of Clackmannanshire, Elected Members, staff, partner agencies and other stakeholders that the Council:

- is well run;
- operates in a lawful, open, inclusive and honest manner;
- manages resources effectively, and
- provides a high standard of service to our customers.

The AGS explains the extent to which the Council has complied with its Local Code of Governance during the past year, the progress it has made on improvements identified in the previous year's AGS, and actions it plans to take to ensure that it continues to improve.

Governance is important - good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately, better outcomes for citizens and service users.

Corporate governance is not directly about strategy, policy, service standards, or performance; it is about the systems that make sure these things are done well and in an open, transparent and accountable way. Good governance enables an authority to pursue its aims effectively, while controlling and managing risk.

## **Local Code of Governance**

Our Local Code of Governance sets out how the Council is directed, controlled, led and held to account, including the culture and values that shape the decision-making and behaviour of councillors and employees. Councils are guided in this by the "Delivering Good Governance in Local Government Framework" (CIPFA, 2016). The framework sets out 7 principles, with supporting sub-principles and illustrations of good practice, that together constitute good governance.

The Local Code of Governance was reviewed during 2018 and a revised code was approved by Council in February 2019. The Code elements and how they relate to the CIPFA good governance principles, is shown overleaf. The Code is underpinned by a framework of systems and processes, based on legislative and regulatory requirements, guidance and good practice principles that guide our day to day activities.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

**Local Code of Governance, linked to CIPFA good governance principles**

		A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B. Ensuring openness and comprehensive stakeholder engagement	C. Defining outcomes in terms of sustainable economic, social and environmental benefits	D. Determining the interventions necessary to optimise the achievement of the intended outcomes	E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	F. Managing risks and performance through robust internal control and strong public financial management	G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Leadership, values & culture	Scheme of Delegation	✓			✓	✓	✓	
	Standing Orders	✓			✓	✓	✓	
Strategy & performance management	Corporate Plan			✓	✓		✓	
	Performance Management Framework				✓		✓	✓
	Corporate Risk Management Guidance	✓	✓		✓	✓		
Working in Partnership	Alliance Governance Framework & Memorandum of Understanding (MOU)			✓	✓			

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

		A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B. Ensuring openness and comprehensive stakeholder engagement	C. Defining outcomes in terms of sustainable economic, social and environmental benefits	D. Determining the interventions necessary to optimise the achievement of the intended outcomes	E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	F. Managing risks and performance through robust internal control and strong public financial management	G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Communication & engagement	Communications Strategy		✓		✓			✓
Sustainable asset management	Environmental Policy				✓		✓	
Financial management	Financial Regulations	✓	✓				✓	✓
	Contract Standing Orders	✓		✓	✓			✓
Information management	Information Management Framework	✓				✓		
Workforce management	Strategic Workforce Plan	✓				✓		

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

**Leadership, values and culture**

This section of our Local Code covers the arrangements we have for ensuring that the Council's leadership – senior managers and elected members – set and communicate a clear direction, are transparent and accountable, and act as role models for the Council's values and ethics.

Local Code approaches in this area are:

- Scheme of Delegation, and
- Council Standing Orders.

The **Scheme of Delegation** sets out the duties and responsibilities of the Council, its committees, sub-committees and officers. It explains the key functions of senior officers, including statutory posts, and explains their roles in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also in providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues.

**Council Standing Orders** set out the framework within which the Council conducts its business, and includes the timing of Council meetings, the order of business, rules of debate and matters of procedure.

**Strategy and performance management**

This covers how we make sure that strategies, policies and supporting processes reflect the Council's responsibilities and ambitions, and that they are communicated, implemented and followed through.

Local Code approaches in this area are:

- Council Corporate Plan:
- Performance Management Framework, and
- Corporate Risk Management Guidance.

The Council's **corporate plan** 'Be the Future' describes its vision, values and strategic direction for the period to 2022, providing a guiding influence for Council decision making, resourcing and actions.

The plan is aligned with Clackmannanshire's Local Outcomes Improvement Plan (LOIP), demonstrating the Council's commitment to shared outcomes agreed by the Clackmannanshire Alliance.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

The Council's **Performance Management Framework** covers the strategies, plans and reports that take direction from the LOIP and corporate plan to make sure that resources are focused on Council priorities. Progress and performance are reported publicly and to regulatory bodies and the Scottish Government.

Corporate **Risk Management Guidance** explains the principles, processes and scrutiny arrangements used by the Council for managing risk.

Senior management identify the key risks to the Council achieving the outcomes set out in the Council Plan. These are assessed together with the controls we have in place to manage the risks, and mitigating actions are agreed to bring the risks within a tolerable range. A similar process is carried out within services. Risk registers are regularly reviewed and challenged by senior management and Members.

**Key Corporate Risks 2020/21**

- |  |  |
|--|--|
| • Insufficient Financial Resilience                            | • Health & Safety Breach                             |
| • Harm to Child(ren)   | • IT System Failure                                  |
| • Insufficient Pace and Scale of Organisational Transformation | • Major Governance Failure                           |
| • Increasing Attainment Gap                                    | • Information Not Managed Effectively                |
| • Impact of Poverty, Inequality & Changing Demographics        | • Failure of Public Utility Supply                   |
| • Failure to Address Serious Organised Crime                   | • Public Health Emergency                            |
| • Unknown Terms of EU Withdrawal                               | • Failure to Prepare for Severe Weather Events       |
| • Inadequate Workforce Planning                                | • Failure to Prevent Extremism and/or Radicalisation |

During the year two risks were removed from the corporate register: Council & Community Impact of Welfare Reform, and Industrial Unrest.

### **Working in Partnership**

This theme covers how we work with partners to achieve mutual benefit, by sharing expertise, resources and knowledge. The Clackmannanshire Alliance, our Community Planning Partnership, brings together the key organisations that can make a difference to people's lives in Clackmannanshire.

Local Code approaches in this area are:

- Alliance Governance Framework & Memorandum of Understanding

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

Key underpinning policies and guidance in this area are:

- Local Outcomes Improvement Plan (LOIP) 2017-2027, and
- Community Planning processes.

### **Communication and engagement**

The Corporate Communications & Marketing Strategy aims to ensure that:

- both internal and external communications and marketing approaches are effective and responsive to the needs of all groups, and
- digital communications develop in line with advancing technology and customer needs.

We use the online survey tool Citizen Space to consult on issues such as service satisfaction, policy proposals and strategies. During 2020/21, 17 surveys were done using this method, which is less than half when compared with 2019/20. The reduction was due to the pandemic.

### **Sustainable asset management**

The Council's **Environmental Policy** is incorporated into the Sustainability & Climate Change Strategy. It sets out Council commitments to continuously improve its environmental performance and take the lead in encouraging others in Clackmannanshire to do the same.

There is also a number of asset management plans covering, for instance, buildings, vehicles and ICT equipment. These generally aim to ensure that all assets are:

- fit for purpose;
- used efficiently, maximising value for money;
- environmentally and energy efficient and contribute to delivering reductions in greenhouse gas emissions, and
- employed flexibly and responsibly.

### **Financial management**

**Financial Regulations** set out roles and responsibilities in relation to financial management, to ensure the highest standard of probity in dealing with public money and to assist and protect staff in such dealings. Underpinning guidelines and instructions ensure robust and effective financial control.



## **CLACKMANNANSHIRE COUNCIL**

### **ANNUAL ACCOUNTS 2020/21**

### **Annual Governance Statement**

The Council is reviewing its financial governance arrangements to ensure it meets its obligations to comply with the good practice arrangements set out in the CIPFA Financial Management Code by 31 March 2022.

#### **Information management**

The aim of the **Information Management Framework** is that the right information is available to the right people, at the right time, to support and inform effective decision making, while ensuring appropriate storage, access and protection of information and data.

Key underpinning policies and guidance in this area are:

- Digital Strategy 2019-25:
- Data Protection Policy, and
- Records Management Plan.

A refreshed Data Protection Policy and CCTV strategy was considered by the Partnership and Performance Committee in January 2022.

#### **People management**

The draft Strategic Workforce Plan sets out the Council's workforce planning priorities, which are to:

- Create a positive and inclusive organisational culture;
- Have a sustainable and resilient workforce;
- Ensure our workforce feels supported, empowered, respected and engaged, and
- Ensure our workforce has the knowledge, skills and behaviours capable of meeting future demands.

The Workforce Plan is underpinned by a range of related policies and processes, covering all aspects of People Management. These are reviewed on a rolling basis to ensure that they provide the best support for the Council.

#### **Statutory roles**

The **Chief Executive** is the most senior Council officer, and is also the Head of Paid Service. They are the senior adviser responsible for the smooth running and co-ordination of Council services.

The **Chief Finance Officer (Section 95 Officer)** is responsible for the proper administration of the Council's financial affairs.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

The **Monitoring Officer** is responsible for ensuring that the Council complies with the requirements of the law and any statutory Codes of Practice. The role of the Senior Manager Legal & Governance includes the role of Monitoring Officer, however, this position has been vacant since August 2021, and temporary cover arrangements have been put in place until a new appointment is made.

The **Chief Social Work Officer** (Interim) provides a strategic and professional leadership role in the delivery of social work services, and is legally responsible for a number of specific functions.

### **Impact of Covid 19**

The Covid 19 pandemic has had, and continues to have, a significant impact on Council business. This has required rapid decision making and flexibility in order to respond to a changing situation and ensure that resources are directed to where they are needed most.

- In response to the announcement of a national lockdown by the Prime Minister on 23 March 2020, Council and committee meetings were suspended and an Emergency Decision Making Forum (EDMF) was established to enable swift and responsive decisions on urgent matters, and to reduce the need for face-to-face meetings during the COVID-19 outbreak. All papers and decisions by the EDMF were published on the Council website. Following the reintroduction of Council and committee meetings in June 2020 it was agreed that the EDMF should be retained as a permanent committee to take decisions in an emergency, likely to meet only in exceptional circumstances.
- Council and committee meetings were reintroduced in June 2020 on a staged basis. Standing Orders were changed to allow meetings to be held virtually. Video recordings of the meetings have been made available on the Council website. A more detailed review of Standing Orders was agreed by Council in September 2020. Remote Council and Committee meetings have continued but will be reviewed during 2021/22.
- Clarification was added to Contract Standing Orders to ensure sufficient governance where immediate action is required during an emergency, allowing the Senior Leadership Group (SLG) to approve greater sums for emergency provision, and for the Council to follow guidance provided by Scottish Procurement.
- Since March 2020 there have been substantial changes to Council operations. Many staff were redeployed to essential roles, including the administration of government funding schemes to support individuals and businesses impacted by Covid 19.
- In order to identify the impact, from a wellbeing perspective, and put in place supports for our staff a pulse survey was undertaken in May 2020 followed by a full staff survey in November 2020. Whilst the majority of staff, at the start of the

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

pandemic, reported their wellbeing as being very good or good there was a noticeable change when the survey was repeated. The Council has focused resources to ensure appropriate supports were and continue to be developed and be available to our staff. Some of the interventions/support put in place include:

- In partnership with Forth Valley College a new management training programme was developed, part of which focuses on adapting to working from home and employee mental health;
- Our Occupational Health provider have clinicians who are trained on post Covid 19 Syndrome;
- Stress Risk Assessments;
- Virtual Wellbeing week;
- Managers guide on managing work related stress, and
- Trained Mental Health First Aiders.

We continue to engage with staff and have recently undertaken a further pulse survey to seek views on new ways of working.

- An Operational Recovery Group was established in May, comprising representatives from across Council services, trade union colleagues and project management support.
- The EDMF agreed in June 2020 to establish a Recovery Co-ordinator post, on a fixed term basis, to co-ordinate the Council's Covid 19 response and recovery activity, and facilitate the work of the Operational Recovery Group.
- During the period of the pandemic to date, a number of other changes were made to Procurement practices:
  - supplier relief arrangement were put in place, for example, advance/interim payment proposals and accelerated payment; and
  - extension of contracts where a potential change in provider could jeopardise the provision and continuity of key service provision, such as Care at Home services and targeted support for education digital learning .
- A small number of exceptions to Contract Standing Orders were approved in response to the pandemic, for example to meet additional cleaning needs that could not be met by internal resources.
- A Covid 19 monitoring dashboard was introduced in April 2020 for briefing elected members on the impact of the pandemic on services and communities locally, supporting the need for transparency and clear accountability.
- Finance staff prioritised their time to process crisis payments and grants to individuals and businesses. This resulted in some financial controls not operating as well as in previous years such as routine financial reconciliations not being completed on a timely basis and access to core systems not being regularly reviewed.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

During 2021/22, the Council continues to review its priorities to respond to the ongoing impact of the pandemic.

### **Audit and assurance**

There is a range of arrangements that seek to provide assurance on the Council's system of internal control.

1. The Council has an **Audit Committee**, the remit of which is to:
  - ensure that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
  - in relation to the authority's internal audit functions:
    - oversee its independence, objectivity, performance and professionalism;
    - support the effectiveness of the internal audit process, and
    - promote the effective use of internal audit by approving the annual Internal Audit Plan.
  - consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations;
  - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption;
  - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control;
  - to support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process, and
  - to review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
  
2. The Council's **Internal Audit** function, overseen by the Internal Audit Manager, is delivered via a joint working arrangement with Falkirk Council. The role of Internal Audit is to provide a balanced and evidence based opinion to Members on the adequacy of the Council's arrangements for risk management, governance, and control. As required by the Public Sector Internal Audit Standards (PSIAS), the Internal Audit annual plan of work is developed taking account of key financial and other risks.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

On an annual basis, Internal Audit provides an Assurance report to the Audit Committee, which gives an overall opinion on the Council's risk management, governance, and control arrangements, based on the work they have carried out over the course of the year.

3. The Council is externally audited by Audit Scotland who conduct an audit in accordance with the Code of Audit Practice approved by the Accounts Commission. Their responsibilities include assessing the Council's system of internal control to gain assurance that the Council:
  - has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements;
  - has systems of internal control which provide an adequate means of preventing and detecting material misstatement, error, fraud or corruption, and
  - complies with established policies, procedures, laws and regulations.
  
4. Many individual services and functions are subject to review by external agencies and inspectorates.

### **Review of effectiveness**

We have a responsibility for reviewing, at least annually, the effectiveness of our governance framework, including the system of internal control. The review is informed by a wide range of evidence, including:

- The work of the members of the Extended Strategic Leadership Group, who have responsibility for the development and maintenance of the governance environment;
- The Internal Audit Annual Assurance Report;
- The Management Report, provided annually by our External Auditor (currently Audit Scotland);
- Reports from other external review bodies, agencies and inspectorates;
- Output from self-assessment undertaken by service managers evaluating the extent to which services comply with the local code, and identifying areas for improvement;
- The completion of signed Certificates of Assurance by Executive Directors confirming their opinion that the identified areas for improvement and associated action plan will address any current issues or risks, and
- A two-stage internal Governance review process involving senior and service managers. Stage one reviews the local code to make sure that it reflects the approaches that are most significant to the achievement of Council priorities and

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

desired outcomes, and that the approaches are fit for purpose. The second stage of the review is to check that the approaches are implemented in all relevant areas.

The annual Governance review identifies areas for improvement. Resulting actions are tracked using the Council's performance management system.

### **Significant Governance Issues**

#### **Audit Committee**

Owing to the impact of the pandemic, Audit Committee meetings scheduled between April and November 2020 were cancelled, and the committee reconvened in December 2020. Audit work continued throughout this period, with much of the work being done remotely.

#### **Internal Audit**

The Annual Assurance Report by Internal Audit to the Audit Committee on 17 June 2021 reported substantial assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2021. During the year Internal Audit completed 89% of their planned main audit programme (target 85%, with 100% of recommendations accepted. Two assignments were not started: Staff wellbeing and support arrangements, which was carried forward into the 2021/22 Internal Audit Plan, and Capital planning and expenditure monitoring, which is to be considered for inclusion in a future plan.

An Internal Audit plan for 2021/22 was approved by the Audit Committee on 29 April 2021 however, owing to the impact of the pandemic and changes in audit personnel, resources available for the plan have been reduced by 32 days. It was recognised also that fluctuations in priorities and capacity, and changes to the Council's risk profile during the year, mean that the audit plan is considered indicative and flexible. Committed assignments during the first half of the year are also to include a focus on Covid 19 recovery arrangements.

During 2020 the Council had to rapidly introduce arrangements for the administration of specific COVID 19 related government funding schemes. Internal Audit investigated arrangements for administration of the Business Support Fund grant and the Newly Self Employed Hardship Fund, and in both cases reported substantial assurance.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

**Progress made on areas for improvement contained in the 2019/20 AGS**

<b>Agreed action</b>	<b>Progress</b>
The Scheme of Delegation will be developed further, to tie in with the management restructure	The scheme of delegation has had consequential updates but the full review is dependent on the restructure of the People directorate which still has not taken place. The People directorate redesign is scheduled for the next meeting of Council (August 2021) and a review of the scheme of delegation will follow thereafter. Some initial work has taken place on a draft.
Standing Orders will be further refined to improve clarity and training will be provided for elected members.	Standing orders were substantially reviewed in order to facilitate remote meetings and electronic approaches. There are still a number of development areas which have been outlined for consideration. It is likely that a comprehensive training programme will now take place as part of next year's local government election induction.
An updated Risk Management Framework will be finalised	Continued to 21/22
Covid Recovery plans will be reviewed to ensure alignment with Be the Future	Ongoing
New Mainstreaming Equalities and Diversity Outcomes for Clackmannanshire will be developed, for publication in April 2021.	Council agreed the Mainstreaming Equality and Diversity Outcomes report in April 2021. The report is published on our webpages in line with legislative requirements.
Action will be taken to ensure that new Hate Crime legislation is reflected in key Council policies.	The new Hate Crime and Public Order (Scotland) Bill became law on the 23 April 2021 after several years at various stages of development. The legislation and any statutory requirements will be reflected in key policies and plans including HR and Workforce Plans; Mainstreaming Equalities and Community Justice.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

<b>Agreed action</b>	<b>Progress</b>
LOIP priorities will be reviewed with Alliance partners	The Clackmannanshire Alliance have agreed the approach to refresh the Local Outcome Improvement Plan in 2021. This will be taken forward as part of the Wellbeing Economy programme supported by Scottish Government. Engagement will take place in early Autumn with a draft LOIP prepared by December 2021. The final LOIP is anticipated to be considered for approval in March 2021.
Alliance performance reporting arrangements will be reviewed and strengthened.	Alliance governance arrangements will be reviewed as part of the LOIP refresh process. The approach has been agreed by Alliance partners.
The Communication and Engagement Strategy will be consulted on and agreed	A draft communications and engagement strategy has been developed. This will be reviewed to ensure alignment with the developing Be the Future Strategic Roadmap. It is currently anticipated that the strategy will be completed in September 2021.
Key documents relating to Communication and Engagement, including the Customer Charter, will be updated.	Communications policies are being reviewed alongside the Strategy. This will include a Communications guidance and protocol and social media policy. The Councils brand guidelines were refreshed in 2020.
The review of the Sustainability and Climate Change Strategy will be completed, followed by engagement with key stakeholders.	Part time member of staff has been with the Council since May 2021. Preliminary work on the strategy has started but competing workloads and the fact that this person only 0.5 FTE mean that this work is behind schedule. Work will continue at a pace commensurate with officer time available. Additional resource is likely to be sought through service redesign.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

<b>Agreed action</b>	<b>Progress</b>
The Capital Plan will be reviewed to reflect revised strategic priorities and to align with the Be the Future programme, the Learning Estate, City Region Deal and Asset strategies.	Complete – a 20 year capital programme was approved by Council in March 2021.
Guidance and training will be rolled out to strengthen Financial Governance	Ad hoc training to Budget Holders undertaken as required. Further training and guidance development postponed due to pandemic. Will be progressed throughout 2021/22.
The Information and Communication Technology (ICT) Strategy and ICT Asset Management Plans will be reviewed.	The ICT Strategy and Asset Management Plan was revised in 2019 however has not been finalised or reviewed. This will be taken forward in 2021.
A Digital Transformation Delivery Plan and Road Map will be developed, informed by the Audit Scotland report and the outcome of the Digital Maturity Assessment.	This work is underway. The Digital Maturity Assessment for Clackmannanshire and Audit Scotland report on Digital Progress were completed in Spring 2021 and engagement with Digital Office and Audit Scotland is ongoing. Review of the existing roadmap is underway. Discussions are taking place on future governance of digital transformation workstream as part of Be the Future overall governance arrangements and the Strategic Roadmap for Clackmannanshire.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

<b>Agreed action</b>	<b>Progress</b>
<p>The Learning and Development Programme for all line managers will continue</p>	<p>During later stages of 2020/21 a prior information exercise was undertaken and a number of 1-2-1 engagements undertake with potential providers and the Team Leader – Workforce Development and Learning. These meetings have informed the preparation of the tender which will be issues during 2021/22.</p> <p>The Corporate L&amp;D calendar is a rolling programme of events updated each year to ensure training opportunities are available to all staff and managers within the organisation.</p> <p>The Flexible Workforce Fund has allowed collaborative engagement with FV College in the delivery of the “Promoting Good Conversations” course aimed at first line managers and supervisors. This is a continuing programme and now in second intake of participants.</p> <p>45 Virtual Course dates are available to staff. For the FV College course 100 placements, so far, have been offered to managers. For this year 9693 logins to Clacks Academy. Since the system was relaunched in 2018, 71,609 resources have been completed with 19,400 hours of learning completed.</p> <p>This will continue on a rolling basis.</p>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

<b>Agreed action</b>	<b>Progress</b>
<p>The Workforce Development Delivery Plan will be reviewed, primarily to ensure that the approaches in relation to leadership development, performance management and employee engagement remain fit for purpose</p>	<p>The Workforce Development Delivery Plan (sitting as an annex to the Strategic Workforce Plan 2019/22) has been subsumed into the Council's Workforce Programme, and as such, will be progressed via the programme approach (which is closely aligned with the ongoing Be the Future Transformation Programme).</p> <p>A number of projects had their due dates amended due to the impacts of the COVID-19 pandemic. Due dates have been amended and noted by P&amp;P Committee. It is anticipated that outstanding actions will be completed in 2021/22.</p>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

**Improvement Plan 2021/22**

<b>Agreed action</b>	<b>Lead</b>
The Governance assurance process will be reviewed, to ensure it is effective and proportionate.	Monitoring Officer
The review of the Scheme of Delegation will be completed after the conclusion of the Council restructure.*	Monitoring Officer
A detailed review of Standing Orders will be undertake, with the aim of consolidating incremental changes that have been made in recent years, improving clarity and ensuring Standing Orders remain fit for purpose. Training will be provided for elected members*	Monitoring Officer
The Audit Scotland survey “Your Reputation @ Risk” will be rolled out and actions agreed in response to findings.	Monitoring Officer
An updated Risk Management Framework will be finalised.*	Monitoring Officer
Covid Recovery plans will be reviewed to ensure alignment with Be the Future*	Strategic Director P&P
Action will be taken to ensure that new Hate Crime legislation is reflected in key Council policies*	P&T Senior Manager
Options for enhancing arrangements for Fraud Risk Management will be investigated as part of the restructure of the Legal & Governance service.	Monitoring Officer
The Local Outcome Improvement Plan will be refreshed and a Wellbeing Local Outcome Improvement Plan will be developed	P&T Senior Manager
Clackmannanshire Alliance operating arrangements and structures, including the Memorandum of Understanding, will be refreshed.	P&T Senior Manager
The development of new Communications Strategy will be completed. The strategy will be supported by a live communications delivery plan, and related policies, toolkits and standards will be refreshed.	P&T Senior Manager

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

<b>Agreed action</b>	<b>Lead</b>
The Council's Customer Charter will be refreshed.*	P&T Senior Manager
A Digital Transformation Delivery Plan and Road Map will be developed, informed by the Audit Scotland report and the outcome of the Digital Maturity Assessment*	P&T Senior Manager
Capacity and responsibility for information and knowledge management will be addressed as part of the Partnership & Performance service restructure considerations.	P&T Senior Manager, Monitoring Officer
Refresh Corporate Plan	P&T Senior Manager
The review of the Sustainability and Climate Change Strategy will be completed, followed by engagement with key stakeholders*	Senior Manager Development
Information on Sustainable Asset Management on the Council website will be improved to make it clearer and more accessible.	Place Senior Managers
Further guidance and training on Financial Governance and financial system processes will be rolled out, including promoting awareness of the management information produced by the finance system to assist decision making *	S95 Officer
The Financial system will be reviewed and aligned to management structures following service redesigns	S95 Officer
Debt recovery processes will be reviewed to ensure Council is recovering debts due.	S95 Officer
Additional support will be secured for Procurement and Community Wealth Building work.	S95 Officer
The Information and Communication Technology (ICT) Strategy and ICT Asset Management Plans will be finalised.*	P&T Senior Manager
Remaining outstanding actions in the Workforce Programme will be completed.	Senior Manager HR & WD

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Annual Governance Statement**

<b>Agreed action</b>	<b>Lead</b>
The feasibility of introducing a structured approach to the publication of policies and strategies will be investigated, to ensure they are accessible and up to date.	Monitoring Officer

\* Indicates actions that have been continued from last year

### **Statement of Assurance**

We are satisfied that Clackmannanshire Council's Governance arrangements remain fit for purpose.

Areas for improvement set out above will be addressed to further improve the effectiveness of our Governance arrangements and will include an update on progress in our 2021 AGS.

**Nikki Bridle**  
**Chief Executive**  
**3 February 2022**

**Ellen Forson**  
**Leader of the Council**  
**3 February 2022**

# CLACKMANNANSHIRE COUNCIL

## ANNUAL ACCOUNTS 2020/21

### Remuneration Report

#### General

Elements of the remuneration report are subject to audit, throughout the report the relevant sections have been noted as audited where applicable. The other sections of the Remuneration Report have been reviewed by Audit Scotland as detailed in the Independent Auditor's Report. The results presented in the tables comprising the Clackmannanshire Council's Remuneration Report for 2020/21 reflect the following contextual factors:

- Pay award of 3% from 1 April 2020 is included in the 2020/21 figures;
- As at 31 March 2021 there were 7 Senior Councillors in post. The maximum allowed for Clackmannanshire Council is 8;
- The corporate management structure is: Chief Executive, Strategic Director Place, Strategic Director People, Strategic Director Partnership & Performance; and
- The committee structure reflects the organisational structure with three committees; People Committee, Place Committee, Partnership and Performance Committee. There is also an Audit Committee aligning with the CIFPA guidance for Audit Committees in Local Authorities.

#### Remuneration Arrangements

##### Councillors

The remuneration of Councillors is regulated by the Local Government (Scotland) Act 2004 (Remuneration) and Regulations 2007 (SSI No. 2007/183), amended by SSI 2019/23). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

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

In line with the Regulations the following maximum salaries attributable are:

- Leader of the Council £29,760 (2019/20: £29,119);
- Civic Head (Provost) £22,320 (2019/20: £21,840) maximum remuneration is 75% of the sum payable to the leader, and
- Senior Councillors £20,087 (2019/20: £19,656).

The Regulations also set out that Clackmannanshire Council (Band A) is eligible to appoint a maximum of 8 Senior Councillors. Total remuneration available for Senior Councillors is based on a calculation detailed in Councillors' Remuneration Guidance. The total annual amount payable by the Council for remuneration to all

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

its Senior Councillors shall not exceed £160,696 (2019/20: £157,237).

The remuneration paid to Senior Councillors in 2020/21 covering the year 1 April 2020 to 31 March 2021 totalled £148,111 (2019/20: £136,629). This includes £3,278 paid to Councillor Holden for serving as Vice Convenor on the Central Scotland Valuation Joint Board (2019/20: £1,984). Also included are payments for serving on the Association of Public Service Excellence (APSE) for Councillor Sharp £5,250 (2019/20: £5,250). This amount is recoverable from this organisation. The net cost to Clackmannanshire Council in relation to Senior Councillors is £139,583 (2019/20: £129,395). This complies with current regulations.

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 members of the pension scheme.

The Scheme which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the full Council on 21 June 2007, and details are available on the Council's website at: [www.clacksweb.org.uk](http://www.clacksweb.org.uk) under 'Elected Members' Remuneration'.

### **Joint Boards**

Two joint boards exist; the Central Scotland Valuation Joint Board, and the Clackmannanshire and Stirling Integration Joint Board.

In addition to the Senior Councillors of the Council the Regulations also set out the remuneration payable to Councillors with the responsibility of a Convenor or a Vice-Convenor of a Joint Board such as a Central Scotland Valuation Joint Board. The regulations require the remuneration to be paid by the Council of which the Convenor or Vice-Convenor (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the Convenor or Vice-Convenor being a member of the Local Government Pension Scheme. In 2020/21 Clackmannanshire Council made payments of £3,278 (2019/20: £1,984). This is recovered from the Central Scotland Valuation Joint Board.

The Council is reimbursed by the Clackmannanshire and Stirling Integration Joint Board for additional remuneration paid to the member from being a Convenor or Vice-Convenor of a Joint Board. There are no additional payments to members of the Clackmannanshire and Stirling Integration Joint Board.

### **Senior Employees**

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/150 sets the amount of salary for the Chief Executive of Clackmannanshire Council for the period 2018/19 to 2020/21. Senior employees do not receive any other benefits.

### **Disclosure of Remuneration for Relevant Persons**



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

The following tables provide details of the remuneration paid to the Council's Senior Councillors and Senior Employees.

**Table 1 (Audited): Remuneration of Senior Councillors and Convenors and Vice Convenors of Joint Boards**

Post holder	Position	Dates	Total Remuneration	
			2019/20 £	2020/21 £
Ellen Forson	Leader of the Council	from 12/4/18	29,119	29,760
Tina Murphy	Provost	from 1/6/17	21,840	22,320
Graham Lindsay	Spokesperson for Education	from 28/6/17	19,655	20,087
Les Sharp	Spokesperson for Health & Social Services	from 12/4/18	24,905	25,337
Craig Holden	Spokesperson for Environment & Housing  Valuation Joint Board - Depute Convener	from 28/6/17 to 1/11/19 & from 25/06/20  from 26/6/17 to 24/06/20	13,449	22,844
Helen Lewis	Spokesperson for Partnership and Third Sector	from 12/4/18	19,655	20,087
Donald Balsillie	Spokesperson for Audit and Finance Chair of Planning Committee Spokesperson for Environment & Housing (Interim)	from 1/2/19 from 1/6/17 from 2/11/19 to 24/06/20	19,655	20,087
Martha Benny	Chair of Audit Committee	from 23/08/20	-	12,203
Dave Clark	Chair of Audit Committee	from 1/6/19 to 22/08/20	16,379	7,379
Kenny Earle	Chair of Licensing Board	from 20/6/17	19,655	20,087
<b>Total Remuneration</b>			<b>184,312</b>	<b>200,191</b>

**Notes**

1. There were no Taxable Expenses or Benefits other than in cash paid to any of the Senior Councillors in 2020/21 or 2019/20.
2. During 2020/21 there were no changes to the political administration of the Council which has been led by the SNP from 9 March 2017 to present.
3. The Chair of the Audit committee is rotated between the opposition Labour and Conservative Parties. Councillor Dave Clark (Labour leader) was Chair of Audit committee from 1 June 2019 to 22 August 2020 and Councillor Martha Benny was Chair of Audit committee from 23 August 2020 to 31 March 2021. Their remuneration is shown pro-rata for their time as the Chair of Audit Committee. The annual equivalent salary for this post is £20,087.
4. Councillor D Balsillie was Interim Spokesperson for Environment & Housing from 2 November

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

2019 to 24 June 2020. Councillor C Holden took over as Spokesperson from 25 June 2020.

5. Councillor Sharp received £8,842 (2019/20: £8,854) remuneration from NHS Forth Valley for serving on the Regional Health Board during 2020/21. This is paid directly by the NHS to each individual and is therefore not included above.

**Remuneration Paid to Councillors**

Clackmannanshire Council currently has 18 Councillors in total who serve under the following structure:

Leader of the Council	1
Provost/Civic Head	1
Senior Councillors	7
Councillors	<u>9</u>
<b>Total Councillors</b>	<b><u>18</u></b>

Councillors are no longer paid allowances; where a Councillor is entitled to a special responsibility payment, for example, for serving as a committee convenor, this is reflected in the salary band applied. The Council paid the following salaries and expenses to all Councillors during the year:

<b>Type of Remuneration (Audited)</b>	<b>2019/20</b>	<b>2020/21</b>
	£	£
Salaries	347,914	348,354
Employer's NIC and Pension	86,602	91,389
Expenses	7,544	3,371
<b>Total</b>	<b><u>442,060</u></b>	<b><u>443,114</u></b>

The annual return of Councillors' salaries and expenses for 2020/21 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's web site [www.clacksweb.org.uk](http://www.clacksweb.org.uk) under 'Remuneration to Elected members'.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

**Table 2 (Audited): Remuneration of Senior Employees of the Council**

Name and Positions held during the year	Total Remuneration 2019/20 £	Salary, fees and allowances 2020/21 £	Total Remuneration 2020/21 £
<b>Nikki Bridle</b> <ul style="list-style-type: none"> <li>• Chief Executive from 16/07/18. (Annual Salary £110,497)</li> </ul>	107,279	110,497	110,497
<b>Stuart Crickmar</b> <ul style="list-style-type: none"> <li>• Strategic Director - Partnership &amp; Performance from 27/08/18. (Annual Salary £95,872)</li> <li>• Acting Chief Executive from 20/04/20 until 29/06/20.</li> </ul>	93,080	98,716	98,716
<b>Fiona McOmish</b> <ul style="list-style-type: none"> <li>• Strategic Director - People from 18/2/19 to 18/9/20 (Annual Salary £95,872)</li> </ul>	93,266	44,474	44,474
<b>Pete Leonard</b> <ul style="list-style-type: none"> <li>• Strategic Director - Place from 05/08/19 (Annual Salary £95,872)</li> </ul>	61,053	95,872	95,872
<b>Fiona Colligan</b> <ul style="list-style-type: none"> <li>• Strategic Director - Transformation from 01/03/21 (Annual Salary £95,872)</li> </ul>	-	7,989	7,989
<b>Lorraine Sanda</b> <ul style="list-style-type: none"> <li>• Chief Education Officer (Acting) 02/12/19 until 12/01/20 Chief Education Officer from 13/01/2020 to 14/09/20.</li> <li>• Strategic Director &amp; Chief Education Officer from 15/09/20 to 20/12/20.</li> <li>• Strategic Director People from 21/12/20 (Annual Salary £95,872)</li> </ul>	26,351	89,343	89,343
<b>Catherine Quinn</b> <ul style="list-style-type: none"> <li>• Chief Education Officer (Interim) from 21/12/20 (Annual Salary £81,540) Move up</li> </ul>	-	22,796	22,796
<b>Fiona Duncan</b> <ul style="list-style-type: none"> <li>• Chief Social Work Officer from 03/06/19 to 10/01/21 (Annual Salary £95,872)</li> </ul>	62,319	60,986	60,986
<b>Carolyn Wylie</b> <ul style="list-style-type: none"> <li>• Interim Chief Social Work Officer from 31/12/20 to 31/03/21</li> </ul>	-	23,371	23,371

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

Name and Positions held during the year	Total Remuneration 2019/20 £	Salary, fees and allowances 2020/21 £	Total Remuneration 2020/21 £
<b>Lindsay Sim</b> <ul style="list-style-type: none"> <li>• Chief Finance Officer from 01/02/19 (Annual Salary £77,544)</li> </ul>	75,285	77,544	77,544
<b>Lindsay Thomson</b> <ul style="list-style-type: none"> <li>• Monitoring Officer from 01/11/18 (Annual Salary £67,088)</li> </ul>	65,134	67,088	67,088
<b>Total</b>	<b>583,767</b>	<b>698,676</b>	<b>698,676</b>

*Notes to Remuneration of Senior Employees of the Council*

1. The senior employees in the table include all those employees who have responsibility for management of the Council to the extent that the person has power to direct or control the major activities of the Council (including activities involving the expenditure of money) during the year to which the Report relates whether solely or collectively with other persons, or who hold a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989.
2. The table includes salaries paid by Scottish Fire and Rescue for the Strategic Director (People) Fiona McOmish, who was on secondment from 18 February 2019 to 18 September 2020.
3. The Interim Chief Social Work Officer (Carolyn Wylie) from 21 December 2020 to 31 March 2021 Was employed by Stirling Council who met the costs of the interim appointment for this period in full.

**General Disclosure by Pay Band (Audited)**

The number of employees, whose remuneration in the year was greater than or equal to £50,000 (grouped in rising bands of £5,000).

Remuneration Band	No of Employees 2019/20	No of Employees 2020/21
£50,000 - £54,999	36	49
£55,000 - £59,999	38	28
£60,000 - £64,999	18	32
£65,000 - £69,999	9	14
£70,000 - £74,999	4	3
£75,000 - £79,999	1	1
£80,000 - £84,999	1	1
£85,000 - £89,999	2	2
£90,000 - £94,999	1	1
£95,000 - £99,999	-	2
£100,000 - £104,999	-	-
£105,000 - £109,999	1	-
£110,000 - £114,999	-	1
	<b>111</b>	<b>134</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

**Pension Benefits**

Pension Benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS).

The LGPS in Scotland changed on 1 April 2015 to a Career Average Revalued Earnings (or CARE) scheme. In a CARE scheme the pensionable pay for each year of membership is used to calculate a pension amount for that particular year. The pension amount is increased (revalued) each year in line with inflation. These individual pension amounts are then added together to arrive at the total pension payable from the scheme. The LGPS is classed as a defined benefit scheme.

From 1 April 2015 Councillors and local government employees have been in the same pension scheme although there are some provisions of the LGPS 2015 that do not apply to Councillors. Councillors' pension benefits built up to 31 March 2015 are protected.

Local Government employee pensions to 31 March 2015 are protected and worked out on final pay when leaving. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme to 31 March 2015. From 1 April 2015 the normal retirement age will be the same as an individual's state pension age with a minimum of age 65.

From 1 April 2015 contribution rates were:

Whole Time Pay 2020/21 (2019/20) For pay between:		Contribution rate 2020/21 (between %)	Contribution rate 2019/20 (between %)
£0	£22,852 (£22,441)	5.5	5.5
£22,853 (£22,442)	£29,683 (£29,193)	5.6 - 6.0	5.6 - 6.0
£29,684 (£29,194)	£37,262 (£36,652)	6.1 - 6.5	6.1 - 6.5
£36,263 (£36,653)	£52,567 (£51,713)	6.6 - 7.5	6.6 - 7.5
£52,568 (£51,714)	£59,221 (£58,259)	7.6 - 8.0	7.6 - 8.0
£59,222 (£58,260)	£79,296 (£78,008)	8.1 - 9.0	8.1 - 9.0
£79,297 (£78,009)	£119,961 (£118,012)	9.1 - 10.0	9.1 - 10.0
£119,962 (£118,013)	And above	10.1 & over	10.1 & over

*\*Source: Scottish Public Pensions Agency, Contributions.*

If a person works part-time their contribution rate is worked out on their actual pensionable pay and matched to the appropriate band in the contribution table.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to a limit set by the Finance Act 2004.

From 1 April 2015 the accrual rate guarantees an annual credit to members' Pension Accounts based on 1/49 of pensionable pay received in that scheme year.

In those cases where members have transferred pension entitlements from previous employments, the pension figures shown relate to the benefits that the person has accrued as a consequence of their total government service, and not just their current appointment.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

The pension entitlements for Senior Councillors who have elected to join the pension scheme for the year ended 31 March 2021 are shown in the table below, together with the contribution made by the Council to each Senior Councillors' pension during the year.

**Table 3 (Audited): Senior Councillors Pension Benefits**

			Pension Contributions		Accrued Pension Benefits			
			2019/20	2020/21	Difference to 2019/20		As at 31 March 21	
Post Holder	Position	Dates	£	£	Pension £'000	Lump Sum £'000	Pension	Lump Sum
Ellen Forsen	Leader of the Council	from 12/4/18	6,406	6,696	1	-	4	-
Tina Murphy	Provost	from 1/6/17	4,805	5,022	1	-	8	2
Graham Lindsay	Spokesperson for Education	from 28/6/17	4,324	4,520	1	-	2	-
Les Sharp	Spokesperson for Health & Social Services	from 12/4/18	4,324	4,520	-	-	9	-
Helen Lewis	Spokesperson for Partnership & Third Sector	from 12/4/18	4,324	4,520	-	-	1	-
Donald Balsillie	Spokesperson for Audit & Finance	from 1/2/19	4,324	4,520	-	-	5	2
	Chair of Planning Committee	from 1/6/17						
	Spokesperson for Environment & Housing (Interim)	from 2/11/19 to 24/6/20						
Martha Benny	Chair of Audit Committee	from 23/8/20	-	4,436	-	-	1	-
Dave Clark	Chair of Audit Committee	from 1/6/19 to 22/8/20	4,199	4,101	1	-	2	-
Kenny Earle	Chair of Licensing Board	from 20/06/17	4,324	4,520	-	-	4	-
<b>Total</b>			<b>37,030</b>	<b>42,855</b>	<b>4</b>	<b>-</b>	<b>36</b>	<b>4</b>

- 1) *The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total government service, and not just their current appointment.*

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

**Senior Employees**

The pension entitlements of Senior Employees for the year to 31 March 2021 are shown in the table below, together with the contribution made by the Council to each Senior Employees' pension during the year.

**Table 4 (Audited): Senior Employees Pension Benefits**

Name and Post Title	Pension Contributions		Accrued Pension Benefits			
	2019/20	2020/21	Increase/(decrease) from 31 March 2020		As at 31 March 2021	
	£	£	£'000	£'000	£'000	£'000
			Pension	Lump Sum	Pension	Lump Sum
Nikki Bridle Chief Executive from 16/07/18.	23,601	24,862	3	2	47	68
Stuart Crickmar Strategic Director - Partnerships & Performance from 27/08/18.	20,478	22,211	4	4	41	62
Fiona McOmish Strategic Director - People from 18/2/19 Scottish Fire & Rescue Service employee until 18/09/2020	18,000	8,583	1	-	17	-
Pete Leonard Strategic Director - Place from 05/08/19	13,432	21,571	2	-	3	-
Fiona Colligan Strategic Director – Transformation from 01/03/21	-	1,798	-	-	-	-
Lorraine Sanda Chief Education Officer (Acting) 02/12/19 until 12/01/20 Chief Education Officer from 13/01/20	15,867	20,102	2	-	7	-
Catherine Quinn Chief Education Officer (Interim) from 21/12/20	-	16,143	1	-	3	-
Fiona Duncan Chief Social Work Officer from 03/06/19 until 01/01/2021	13,710	13,555	2	1	26	33
Carolyn Wylie Interim Chief Social Work Officer from 31/12/20 to 31/03/21 Stirling Council employee	-	5,259	2	-	2	-
Lindsay Sim Chief Finance Officer from 01/02/19	16,563	17,447	2	1	24	25
Lindsay Thomson Monitoring Officer from 01/11/18	14,329	15,095	2	-	5	-

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

Name and Post Title	Pension Contributions		Accrued Pension Benefits			
	2019/20	2020/21	Increase/(decrease) from 31 March 2020		As at 31 March 2021	
	£	£	£'000	£'000	£'000	£'000
			Pension	Lump Sum	Pension	Lump Sum
<b>Total</b>	<b>190,728</b>	<b>156,245</b>	<b>25</b>	<b>12</b>	<b>203</b>	<b>261</b>

**Notes**

1. All Senior Employees employed by Clackmannanshire Council shown in the tables above are members of the Local Government Pension Scheme (LGPS).
2. Where employees have joined the Council and transferred previous employment pension benefits into the Falkirk Pension Fund, the pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service and not just their current employment.

**Termination Benefits (Audited)**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision committing to the termination of employment of the offer to an officer or to a group of officers to encourage voluntary redundancy.

A number of employees left the Council through voluntary redundancy and voluntary severance during 2019/20 and 2020/21. The number of employees and costs of exit packages per pay band is shown in the table below.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

Disclosed costs include, where applicable: redundancy and pension costs in relation to lump sum, strain payments and capitalised added years. Any early terminations which might arise on the grounds of health or dismissal fall outside the regulatory disclosure requirement and would not be disclosed. There were no compulsory redundancies in the current or previous year.

Cost Bands	Total Number of exit packages by Cost band		Total Cost of exit packages by Cost band	
	2019/20	2020/21	2019/20 £	2020/21 £
£0 £20,000	1	1	1,527	8,602
£20,001 £40,000	-	-	-	-
£40,001 £60,000	-	-	-	-
£60,001 £80,000	1	-	60,969	-
£80,001 £100,000	2	-	187,925	-
£100,001 £150,000	2	-	264,812	-
£150,001 £200,000	3	-	507,066	-
<b>Total</b>	<b>9</b>	<b>1</b>	<b>1,022,299</b>	<b>8,602</b>

**Paid Time-off provided to Trade Union Representatives**

The undernoted information is provided in line with the requirements of the trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) introduced by the Trade Union Act 2016.

**Relevant Union Officials**

During the year 10 employees took part in union activities, as relevant union officials, some of whom were part time:

	2020/21	
	Central Function	Education Function
<b>Number of employees</b>	8	2
<b>Full-time Equivalent</b>	5.1	0.8

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Remuneration Report**

**Facility time**

The employees spent the following percentages of their time on facility time:

% of time	Employees 2020/21	
	Central Function	Education Function
0%	-	-
1-50%	7	1
51-99%	1	1
100%	-	-

Of the total pay bill, £84k (0.09%) related to facility time under taken during the year.

	2020/21	
	Central Function £'000	Education Function £'000
Facility time cost	45	39
Total pay bill	90,858	90,858
% of pay bill	0.04%	0.04%

**Paid trade union activities**

The percentage of the total paid facility time that relates to relevant union officials was 2.77%.

**Nikki Bridle**  
**Chief Executive**  
**3 February 2022**

**Ellen Forson**  
**Leader of the Council**  
**3 February 2022**

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Independent Auditor's Report*

**Independent auditor's report to the members of Clackmannanshire Council and the Accounts Commission**

**Reporting on the audit of the financial statements**

**Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Clackmannanshire Council and its group for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, Movement in Housing Revenue Account Statement, Council Tax Income Account, Non Domestic Rates Income Account, Common Good and notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the council and its group as at 31 March 2021 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

**Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10/06/2021. The period of total appointment is one year. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Independent Auditor's Report**

**Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

**Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

**Responsibilities of the Chief Finance Officer and Audit Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit Committee is responsible for overseeing the financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
***Independent Auditor's Report***

- obtaining an understanding of the applicable legal and regulatory framework and how the council is complying with that framework;
- identifying which laws and regulations are significant in the context of the council;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Reporting on other requirements**

#### **Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report**

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

#### **Statutory other information**

The Chief Finance Officer is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Statement of Responsibilities, Annual Governance Statement and the unaudited part of the Remuneration Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Independent Auditor's Report**

misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

**Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement**

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

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

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of the Best Value, are set out in my Annual Audit Report.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
***Independent Auditor's Report***

**Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Carole Grant, CPFA  
Audit Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Comprehensive Income & Expenditure Statement**  
**For the year ended 31 March 2021**

This statement shows the accounting cost in the year of providing services in accordance with proper accounting practices rather than the amount to be funded from taxation. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2019/20			Note	2020/21		
Gross Expenditure	Gross Income	Net Expenditure/(Income)		Gross Expenditure	Gross Income	Net Expenditure/(Income)
£'000	£'000	£'000		£'000	£'000	£'000
87,503	(6,231)	81,272	People	94,791	(5,092)	89,699
27,447	(21,055)	6,392	Partnership and Performance	25,480	(23,237)	2,243
33,811	(9,628)	24,183	Place	29,079	(9,561)	19,518
20,830	(19,715)	1,115	Housing Revenue Account	16,661	(19,911)	(3,250)
1,659	-	1,659	Corporate Services	1,423	-	1,423
47,996	(30,676)	17,320	Clackmannanshire and Stirling Integration Joint Board	52,683	(33,501)	19,182
395	-	395	Central Scotland Valuation Joint Board	440	-	440
<b>219,641</b>	<b>(87,305)</b>	<b>132,336</b>	<b>Cost of Services</b>	<b>220,557</b>	<b>(91,302)</b>	<b>129,255</b>
371	-	371	(Gain)/ loss on sale of Non current assets	1,776	-	1,776
9,007	(1,036)	7,971	Financing and Investment Income and Expenditure	11,029	(485)	10,544
-	(128,183)	(128,183)	Taxation and Non-Specific Grant Income	-	(137,858)	(137,858)
<b>229,019</b>	<b>(216,524)</b>	<b>12,495</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>233,362</b>	<b>(229,645)</b>	<b>3,717</b>
	(58,628)		(Surplus) or Deficit on revaluation of non-current assets	25		(14,182)
	34,990		Impairment (gain)/ loss on non-current asset to the revaluation reserve	25		4,455
	(32,927)		Remeasurement of the net defined benefit liability / (asset)	25		47,433
	<b>(56,565)</b>		<b>Other Comprehensive (Income) and Expenditure</b>			<b>37,706</b>
	<b>(44,070)</b>		<b>Total Comprehensive (Income) and Expenditure</b>			<b>41,423</b>

The Council acted as an agent on behalf of the Scottish Government in the administration of grants to business and individuals during the COVID-19 pandemic. This amounted to £12.834m of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement above.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
***Movement in Reserves Statement***

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. 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 Reserve and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease, before Transfers to Earmarked Reserves line, shows the statutory General Fund Balance and Housing Revenue Account Balance, before any discretionary transfers to/ from earmarked reserves, undertaken by the Council.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Movement in Reserves Statement**  
**For the year ended 31 March 2021**

2020/21	Notes	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Insurance Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
<b>Balance Brought Forward</b>		(11,858)	(4,504)	(2,074)	(1,280)	(2,694)	(22,410)	(139,939)	(162,349)
<b>Movement in Reserves during 2020/21</b>									
Total Comprehensive Income and Expenditure		6,939	(2,222)	-	-	-	3,717	37,706	41,423
Adjustments between accounting basis & funding basis	7	(12,806)	(884)	(542)	-	(405)	(14,637)	14,637	-
<b>Net increase/decrease before transfers to Earmarked Reserves</b>		<b>(6,867)</b>	<b>(3,106)</b>	<b>(542)</b>	<b>-</b>	<b>(405)</b>	<b>(10,920)</b>	<b>52,343</b>	<b>41,423</b>
Transfers to/ (from) Earmarked Reserves	8	(1,300)	-	1,283	4	249	236	(236)	-
<b>(Increase)/Decrease in 2020/21</b>		<b>(8,167)</b>	<b>(3,106)</b>	<b>741</b>	<b>4</b>	<b>(156)</b>	<b>(10,684)</b>	<b>52,107</b>	<b>41,423</b>
<b>Balance carried forward</b>		<b>(20,025)</b>	<b>(7,610)</b>	<b>(1,333)</b>	<b>(1,276)</b>	<b>(2,850)</b>	<b>(33,094)</b>	<b>(87,832)</b>	<b>(120,926)</b>

2019/20	Notes	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Insurance Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
<b>Balance Brought Forward</b>		(8,581)	(3,722)	(3,597)	(1,301)	(2,813)	(20,014)	(98,265)	(118,279)
<b>Movement in Reserves during 2019/20</b>									
Total Comprehensive Income and Expenditure		9,521	2,974	-	-	-	12,495	(56,565)	(44,070)
Adjustments between accounting basis & funding basis	7	(10,774)	(3,896)	(465)	-	244	(14,891)	14,891	-
<b>Net increase/decrease before transfers to Earmarked Reserves</b>		<b>(1,253)</b>	<b>(922)</b>	<b>(465)</b>	<b>-</b>	<b>244</b>	<b>(2,396)</b>	<b>(41,674)</b>	<b>(44,070)</b>
Transfers to/ (from) Earmarked Reserves	8	(2,024)	140	1,988	21	(125)	-	-	-
<b>(Increase)/Decrease in 2019/20</b>		<b>(3,277)</b>	<b>(782)</b>	<b>1,523</b>	<b>21</b>	<b>119</b>	<b>(2,396)</b>	<b>(41,674)</b>	<b>(44,070)</b>
<b>Balance carried forward</b>		<b>(11,858)</b>	<b>(4,504)</b>	<b>(2,074)</b>	<b>(1,280)</b>	<b>(2,694)</b>	<b>(22,410)</b>	<b>(139,939)</b>	<b>(162,349)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*  
**Balance Sheet as at 31 March 2021**

The Balance sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2020 £'000</b>		<b>Note</b>	<b>31 March 2021 £'000</b>
373,009	Property, Plant & Equipment	11	377,915
805	Heritage Assets	12	805
8,330	Investment Properties	13	8,542
514	Intangible Assets	14	411
1,859	Long-Term Investments	15	-
1	Long-Term Debtors		1
<b>384,518</b>	<b>Non-Current Assets</b>		<b>387,674</b>
290	Investment Properties held for Sale	13	376
-	Assets held for Sale	16	-
451	Inventories	17	808
12,951	Short-Term Debtors	18	17,472
9,406	Short-Term Investments	19	19,004
16,814	Cash and Cash Equivalents	19	16,947
<b>39,912</b>	<b>Current Assets</b>		<b>54,607</b>
(21,604)	Short-Term Creditors	20	(28,229)
-	Donated Inventories Accounts	17	(219)
(5)	Provisions	21	-
(2,723)	Short-Term Borrowings	22	(2,635)
<b>(24,332)</b>	<b>Current Liabilities</b>		<b>(31,083)</b>
(44)	Provisions	21	(47)
(101,328)	Long-Term Borrowing	22	(101,257)
(38,465)	Other Long-Term Liabilities	23	(37,292)
(97,912)	Pension Liabilities	36	(151,676)
<b>(237,749)</b>	<b>Long-Term Liabilities</b>		<b>(290,272)</b>
<b>162,349</b>	<b>Net Assets</b>		<b>120,926</b>
(22,410)	Usable Reserves		(33,094)
(139,939)	Unusable Reserves	25	(87,832)
<b>(162,349)</b>	<b>Total Reserves</b>		<b>(120,926)</b>

The unaudited financial statements were issued on 19 August 2021 and the audited financial statements were authorised for issue by Lindsay Sim on 3 February 2022.

**Lindsay Sim, Chief Finance Officer**  
**3 February 2022**

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Council and Group**  
**Cash Flow Statement**  
**For the year ended 31 March 2021**

The Cash Flow Statement shows 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 arising 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 of 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 (i.e. borrowing) to the Council. As the impact of the consolidation on the Councils' Cash Flow Statement is immaterial, this statement covers both Council only and Group disclosure requirements.

<b>2019/20</b>		<b>Notes</b>	<b>2020/21</b>
<b>£'000</b>			<b>£'000</b>
(12,495)	Net (deficit) on the provision of services	CIES	(3,717)
31,065	Adjustments to net deficit on the provision of services for non-cash movements	26b	31,581
(10,508)	Adjustments for items included in the net deficit of the provision of services that are investing & financing activities	26c	(836)
<b>8,062</b>	<b>Net cash flows from Operating Activities</b>		<b>27,028</b>
(6,975)	Investing Activities	27	(25,441)
3,679	Financing Activities	28	(1,454)
<b>4,766</b>	<b>Net increase (decrease) in cash and cash equivalents</b>	19	<b>133</b>
12,048	Cash and Cash equivalents at the beginning of the reporting year	19	16,814
<b>16,814</b>	<b>Cash and Cash equivalents at the end of the reporting year</b>	19	<b>16,947</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The Notes present information about the basis of preparation of the Financial Statements and the specific accounting policies used, along with the disclosure of information required by the Code that is not presented elsewhere in the Financial Statements.

<b>Index of Notes</b>	<b>Page</b>
Note 1 Accounting Policies	81
Note 2 Changes to Accounting Standards	97
Note 3 Critical Judgements in Applying Accounting Policies	97
Note 4 Assumptions Made about the Future and Other Major Sources of Estimation / Uncertainty	97
Note 5 Events after the Reporting Period	100
Note 6 Expenditure & Funding Analysis	100
Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations	107
Note 8 Transfers to/from Earmarked Reserves	111
Note 9 Financing and Investment Income and Expenditure	112
Note 10 Taxation and Non-Specific Grant Income	112
Note 11 Property, Plant & Equipment	114
Note 12 Heritage Assets	118
Note 13 Investment Properties	120
Note 14 Intangible Assets	120
Note 15 Long-Term Investments	122
Note 16 Assets held for Sale	122
Note 17 Inventories	123
Note 18 Short-Term Debtors	123
Note 19 Short-Term Investments and Cash and Cash Equivalents	123
Note 20 Short-Term Creditors	124
Note 21 Provisions	125
Note 22 Borrowings	126
Note 23 Other Long-Term Liabilities	126
Note 24 Financial Instruments	128
Note 25 Unusable Reserves	131
Note 26 Cash Flow Statement – Operating Activities	135
Note 27 Cash Flow Statement – Investing Activities	136
Note 28 Cash Flow Statement – Financing Activities	136
Note 29 Agency Income and Expenditure	136
Note 30 External Audit Costs	137
Note 31 Related Parties	137
Note 32 Capital Expenditure and Capital Financing	138
Note 33 Leases	139
Note 34 Private Finance Initiative and Similar Contracts	140
Note 35 Pensions Schemes Accounted for as Defined Contribution Schemes	142
Note 36 Defined Benefit Pension Schemes	142
Note 37 Contingent Liabilities	149
Note 38 Nature and Extent of Risks Arising from Financial Instruments	149
Note 39 Trust Funds	153

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 1 - Accounting Policies**

**a) General Principles**

The Annual Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which Section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. In line with the code of practice the accounts have been prepared on a going concern basis of accounting.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets. The accounting policies have been applied consistently in the current and prior years.

**b) Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for the provision of services or the sale of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Revenue from Council Tax and Non Domestic Rates is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably. Revenue is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including those rendered by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract, and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**c) Cash and Cash Equivalents**

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

**d) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. 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.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

**e) Charges to Revenue for Non-Current Assets**

Services are debited with the following amounts to record the cost of holding non-current 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 fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to loans fund principal charges. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by loans fund principal charges in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**f) Employee Benefits Payable During Employment**

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

**g) Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy or severance. These benefits are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy or severance.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pensions enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

**Post Employment Benefits**

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme administered by the Scottish Public Pension Agency; and
- The Local Government Pensions Scheme administered by Falkirk Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the Teachers' Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

**The Local Government Pension Scheme**

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

The liabilities of the Falkirk Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate utilised by the actuaries to place a value on the liability.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The assets of the Falkirk Pension Fund attributable to the Council are included in the Balance Sheet at their fair value at current bid prices for securities, estimated fair value for unquoted securities and market price for property.

The change in the net pension's liability is analysed into seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited/credited to Other Comprehensive Income and Expenditure; and
- contributions paid to the Falkirk Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, Scottish Government Regulations require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early voluntary severance. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**h) Events after the Reporting Period**

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 Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Annual accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**i) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity.

**Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, Scottish Government regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial asset measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

The Council does not hold financial assets measured at fair value through profit or loss (FVPL) or financial assets measured fair value through other comprehensive income (FVOCI).

**Financial Assets Measured at Amortised Cost**

Financial assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for Short-Term Debtors held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

**j) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants & Receipts Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants & Receipts Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

**Business Improvement Districts**

Two Business Improvement District (BID) schemes apply in Alloa Town Centre and Business Parks respectively within the Council. The schemes are funded by a BID levy paid by non-domestic ratepayers. The Council operates as an agent on behalf of the BID bodies and as a consequence the income and expenditure is not shown in the Comprehensive Income and Expenditure Statement.

**k) Heritage Assets**

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are maintained principally for their contribution to knowledge and culture.

Wherever possible heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. Heritage assets are complex and difficult to value and obtain in a cost effect manner. In circumstances where values cannot be obtained, either due to the nature of the assets or the prohibitive cost of obtaining a valuation, the regulations under which these accounts are prepared permit the Council not to recognise the assets on the face of the Balance Sheet. The Council is required however to disclose full details of any assets treated in this manner in a note to the Financial Statements. The Council's collections of heritage assets are accounted for as follows:

**Recognised in Balance Sheet at Valuation**

- Art Collections
- Public Art statues
- Civic Regalia
- Museum Collections (including equipment & ephemera)
- Commemorative Room

**Not recognised in Balance Sheet**

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

- War Memorials
- Glassworks & Mosaics
- Listed Building

An impairment review of heritage assets is carried out whenever there is evidence of physical deterioration with the carrying value of the asset and any associated reserve being adjusted as necessary. Heritage assets are not subject to depreciation.

**l) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. 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 are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council 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 cost less amortisation and any provision for impairment. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and any sale proceeds posted to the Capital Receipts Reserve.

**m) Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of associates and jointly controlled entities. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for impairment.

**n) Inventories**

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

**o) Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account with any sale proceeds posted to the Capital Receipts Reserve.

**p) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

***The Council as Lessee***

**Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

***The Council as Lessor***

**Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipts for the disposal of the asset is used to write down the lease debtor.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **q) Property, Plant and Equipment**

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

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### **Measurement**

The Council adopted IFRS13 - Fair Value Measurement, which provides a common definition of fair values, taking into account the characteristics of the assets or liabilities which would be considered by market participants in determining the price of the asset or liability. This standard would apply to all property, plant and equipment assets, however, as the purpose of a local authority acquiring and holding an asset is to deliver services it is the service potential which is the primary concern. On this basis the Code has adapted IAS16 - Property Plant and Equipment and introduced a new definition of current value to require that operational local authority property, plant and equipment assets will continue to be measured for their service potential and not fair value.

Non operational property, plant and equipment (i.e. surplus assets) require to be measured at the lower of cost and net realisable value.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Assets are initially measured at cost, comprising:

- the purchase price; and
- costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not lead to a variation in the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- surplus assets – lower of cost and net realisable value; and
- all other assets – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

The Council undertakes a full revaluation review of all non current assets every five years. The last review was at 1 April 2019. A sample of non-HRA assets are reviewed annually to ensure that their carrying amount is not materially different from their fair value at the year-end. HRA assets are not reviewed between the five yearly valuations. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains, or credited to the Comprehensive Income and Expenditure Statement where they arise as a reversal of a revaluation loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for by:

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

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

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

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

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

**Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (up to 70 years);
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (i.e. up to 15 years);
- infrastructure – straight-line allocation over 60 years; and
- depreciation is not charged in year of purchase, but a full year charge is made in year of sale.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

**Componentisation**

Components of Property, Plant & Equipment (PPE) assets do not always have the same useful lives and may depreciate or wear out at different rates throughout their life. It is therefore appropriate to depreciate each significant component separately over its useful life, in order that the Comprehensive Income and Expenditure Statement is fairly charged with the consumption of economic benefits of those assets.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Significant components are deemed to be those whose cost is 25% or more of the total cost of the individual asset. In accordance with the Council's approved policy, an individual asset is considered to be material if its carrying value is 5% or more of the cumulative carrying value (net book value) of the non-land element of PPE and Investment Properties. Any individual asset below this de-minimis will be disregarded for component accounting on the basis that any adjustment to depreciation charges would not be material.

**Disposals**

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 immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only 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 to be classified as Assets Held for Sale, they are reclassified back to long-term assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or 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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

**r) Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Secondary Schools scheme the liability was written down by an initial capital contribution of £16.35m.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge of 7.59% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

#### **s) Provisions, Contingent Liabilities and Contingent Assets**

##### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation where it is probable that settlement by a transfer of economic benefits or service potential will be required, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Financial Statements.

**Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**t) Reserves**

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement & employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes below.

**u) Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

**v) VAT**

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.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 2 - Changes to Accounting Standards**

**Accounting Standards Adopted in the Year**

- 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, and
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

**Accounting Standards Issued 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 2021/22 Code:

- Definition of a Business: Amendments to IFRS3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS9, IAS39 and IFRS7, and
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16.

The Code requires implementation of these from 1 April 2021, therefore there is no impact on the 2020/21 financial statements.

**Note 3 - Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Financial Statements are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision:
- The Council is deemed to control the services provided under the PFI agreement for the provision of Secondary School establishments. The accounting policies for PFI schemes have been applied and the assets under the PFI contract are included within Property, Plant and Equipment on the Council's Balance Sheet: and
- The Council has considered relevant guidance and determined the accounting treatment, as either principal or agent, to be applied to Covid-19 related income, expenditure and balances.

**Note 4 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Financial Statements contains 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.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual Results Differ from Assumptions</b>
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.</p> <p>Assets included in the balance sheet at fair value are reviewed on a five yearly cycle. An annual review of significant non-HRA assets is also carried out to ensure there is no material difference between the carrying amount from their fair value at year end.</p> <p>The COVID 19 pandemic led to the complete closure of the property market in early 2020 and resulted in an initial level of uncertainty for market valuation. Since the market has reopened, these uncertainties have, in the main, been removed except for retail/hospitality sectors and some localised property sectors. These sectors do not affect the Council, and since it is the Council's intention to continue to provide services from its current building asset base, it is assessed that, at the current time, there is no impact on the property valuations used in the accounts.</p>	<p>If the useful life of assets is reduced depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings and Council houses would increase by £0.757m and £0.269m respectively for every year that useful lives had to be reduced.</p>
Arrears – Council Tax	<p>At 31 March 2021 the Council had Council Tax debt outstanding of £12.241m. A review of outstanding balances suggested that an allowance for doubtful debts of £9.808m was appropriate resulting in coverage of 80% for doubtful debts. However, in the current economic climate such an allowance might not be sufficient.</p>	<p>If collection rates were to deteriorate and the provision had to be increased, for every 5% increase in the provision then a further contribution of £597k would be required.</p>
Pensions Liability	<p>Estimates of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the real discount rate would result in an increase in the pension liability of 9% equating to £49.6m.</p>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual Results Differ from Assumptions</b>
Housing Rent Arrears	At 31 March 2021 the Council had Housing Rent Arrears of £2.056m. A review of outstanding balances suggested that an impairment for irrecoverable rents of £2.056m was appropriate resulting in a coverage of 100% for doubtful debts.	The Council has 100% coverage on all Housing Rent Arrears.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 5 – Events after the Reporting Period**

The Audited Financial Statements were authorised for issue by the Chief Finance Officer (Section 95 Officer) on 3 February 2022. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information. Events taking place after this date are not reflected in the Financial Statements or Notes.

**Note 6 – Expenditure and Funding Analysis**

The Expenditure and Funding Analysis shows how the funding available to the Council for the year, from government grants, council tax and business rates, has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 75. The Adjustments between Funding and Accounting basis is shown more fully in Note 7 on page 107.

The table below shows the analysis for the management structure of the Council:

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 6 - Expenditure & Funding Analysis**  
**2019/20**

2019/20			2020/21			
Net Expenditure chargeable to GF & HRA £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure In the CI&ES £'000		Net Expenditure chargeable to GF & HRA £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&ES £'000
65,681	15,592	81,273	People	73,560	16,139	89,699
8,190	(1,798)	6,392	Partnership & Performance	5,266	(3,023)	2,243
16,573	7,608	24,181	Place	16,457	3,061	19,518
(2,122)	3,238	1,116	HRA - Place	(4,232)	982	(3,250)
1,659	-	1,659	Corporate Services	1,423	-	1,423
17,646	(326)	17,320	Clackmannanshire and Stirling Integration Joint Board	19,040	142	19,182
395	-	395	Central Scotland Valuation Joint Board	440	-	440
<b>108,022</b>	<b>24,314</b>	<b>132,336</b>	<b>Cost of Services</b>	<b>111,954</b>	<b>17,301</b>	<b>129,255</b>
<b>(110,197)</b>	<b>(9,644)</b>	<b>(119,841)</b>	<b>Other Income and Expenditure</b>	<b>(121,927)</b>	<b>(3,611)</b>	<b>(125,538)</b>
<b>(2,175)</b>	<b>14,670</b>	<b>12,495</b>	<b>(Surplus)/Deficit</b>	<b>(9,973)</b>	<b>13,690</b>	<b>3,717</b>
		<b>£'000</b>				<b>£'000</b>
		12,303	<b>Opening GF &amp; HRA Balance</b>			16,362
		2,175	Surplus/ (Deficit) in the year			9,973
		1,884	Transfer (to)/from other statutory reserves			1,300
		<b>16,362</b>	<b>Closing GF and HRA Balance</b>			<b>27,635</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 6 - Expenditure & Funding Analysis**

The table below shows the adjustments between the net expenditure based on the management reporting structure and the net expenditure that is reported in the Comprehensive Income and Expenditure Statement.

<b>2020/21</b>	<b>Net Change for</b>			
	<b>Adjustments for Capital Purposes</b>	<b>Pension Adjustments</b>	<b>Other Adjustments</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
People	13,860	1,920	359	16,139
Partnership & Performance	(3,596)	703	(130)	(3,023)
Place	2,012	856	193	3,061
HRA - Place	324	554	104	982
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	142	-	-	142
Central Scotland Valuation Joint Board	-	-	-	-
<b>Cost of Services</b>	<b>12,742</b>	<b>4,033</b>	<b>526</b>	<b>17,301</b>
<b>Other Income and Expenditure</b>	<b>(5,908)</b>	<b>2,297</b>	<b>-</b>	<b>(3,611)</b>
<b>(Surplus)/Deficit</b>	<b>6,834</b>	<b>6,330</b>	<b>526</b>	<b>13,690</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 6 - Expenditure & Funding Analysis**

2019/20	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000
People	12,991	2,747	(146)	15,592
Partnership & Performance	(3,476)	1,838	(160)	(1,798)
Place	6,289	1,282	37	7,608
HRA - Place	2,216	963	59	3,238
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	(326)	-	-	(326)
Central Scotland Valuation Joint Board	-	-	-	-
<b>Cost of Services</b>	<b>17,694</b>	<b>6,830</b>	<b>(210)</b>	<b>24,314</b>
<b>Other Income and Expenditure</b>	<b>(12,630)</b>	<b>2,986</b>	<b>-</b>	<b>(9,644)</b>
<b>(Surplus)/Deficit</b>	<b>5,064</b>	<b>9,816</b>	<b>(210)</b>	<b>14,670</b>

Adjustments for capital purposes include the replacement of depreciation and revaluation losses with repayment of borrowing to the Loans Fund and direct revenue funding of capital expenditure.

Net changes for pensions adjustments relate to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other adjustments include the reversal of the value of entitlement to accrued leave and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 6 - Expenditure & Funding Analysis**

The table below shows the analysis by the type of expenditure:

2019/20				2020/21		
Net Expenditure chargeable to GF & HRA balances £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&E statement £'000		Net Expenditure chargeable to GF & HRA balances £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&E statement £'000
85,935	6,833	92,768	Employee costs	91,117	4,771	95,888
23,308	-	23,308	Other Operating Costs	24,102	0	24,102
57,245	-	57,245	Third Party & Transfer Payments	62,870	0	62,870
-	28,500	28,500	Depreciation	0	20,335	20,335
11,019	(11,019)	-	Capital Financing Costs	7,805	(7,805)	0
(69,485)	-	(69,485)	Income	(73,940)	0	(73,940)
<b>108,022</b>	<b>24,314</b>	<b>132,336</b>	<b>Cost of Services</b>	<b>111,954</b>	<b>17,301</b>	<b>129,255</b>
<b>(110,197)</b>	<b>(9,644)</b>	<b>(119,841)</b>	<b>Other Income and Expenditure</b>	<b>(121,927)</b>	<b>(3,611)</b>	<b>(125,538)</b>
<b>(2,175)</b>	<b>14,670</b>	<b>12,495</b>	<b>(Surplus)/Deficit</b>	<b>(9,973)</b>	<b>13,690</b>	<b>3,717</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 6 - Expenditure & Funding Analysis**

The table below shows the analysis by the management structure of the Council and the type of expenditure:

**2020/21**

	Partnership & People	Performance	Place	HRA - Place	Corporate Services	Clackmannanshire and Stirling Integration Joint Board	Central Scotland Valuation Joint Board	Net Expenditure chargeable to GF & HRA balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee costs	56,128	8,056	10,993	7,205	1,026	7,709	-	91,117
Other Operating Costs	8,083	791	9,981	4,226	505	516	-	24,102
Third Party & Transfer Payments	14,441	16,479	5,045	1,298	(108)	25,275	440	62,870
Capital Financing Costs	-	3,176	-	4,629	-	-	-	7,805
Income								
Government Grants and Other Contributions	(4,143)	(22,590)	(925)	-	-	(14,459)	-	(42,117)
Fees, charges and other service income	(694)	(430)	(4,422)	(20,004)	-	(1)	-	(25,551)
Income from recharges for services	(255)	(216)	(4,215)	(1,586)	-	-	-	(6,272)
<b>Cost of Services</b>	<b>73,560</b>	<b>5,266</b>	<b>16,457</b>	<b>(4,232)</b>	<b>1,423</b>	<b>19,040</b>	<b>440</b>	<b>111,954</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 6 - Expenditure & Funding Analysis**

**2019/20**

	People	Partnership & Performance	Place	HRA - Place	Corporate Services	Clackmannanshire and Stirling Integration Joint Board	Central Scotland Valuation Joint Board	Net Expenditure chargeable to GF & HRA balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee costs	51,664	7,899	10,589	6,932	1,844	7,007	-	85,935
Other Operating Costs	7,523	649	10,169	2,623	(77)	629	-	21,516
Third Party & Transfer Payments	12,188	16,423	5,334	1,217	(108)	21,796	395	57,245
Capital Financing Costs	-	4,197	-	6,822	-	-	-	11,019
Income								
Government Grants and Other Contributions	(3,920)	(20,279)	(1,375)	-	-	(11,782)	-	(37,356)
Fees, charges and other service income	(1,480)	(633)	(4,746)	(19,706)	-	(4)	-	(26,569)
Income from recharges for services	(294)	(66)	(3,398)	(10)	-	-	-	(3,768)
<b>Cost of Services</b>	<b>65,681</b>	<b>8,190</b>	<b>16,573</b>	<b>(2,122)</b>	<b>1,659</b>	<b>17,646</b>	<b>395</b>	<b>108,022</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

**General Fund Balance**

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. The balance is not available to be applied to funding HRA services.

**Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision. It contains the balance of income and expenditure that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

**Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or certain types of revenue expenditure including: to finance historical capital expenditure, or fund severance costs. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

**Capital Grants & Receipts Unapplied Account**

The Capital Grants & Receipts Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place. It also holds Capital Receipts which have been earmarked to fund Council transformation projects in line with the statutory provision of Local Government Finance Circular 4/2019.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
***Notes to the Financial Statements***

**Insurance Fund**

The purpose of the Insurance Fund is to provide an element of self-insurance and protect the Council against future claims. Council services contribute to the fund, which meets the cost of fire damage, public liability, employee liability, vehicle fleet and various other claims. The Council holds insurance cover to meet any large claims, the premium for which is charged to the Insurance Fund.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2020/21**

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Usable Reserves Capital Grants & Receipts Unapplied	Insurance Fund	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment account:</b>						
<b>Reversal of items debited or credited to the CIES</b>						
Charges for depreciation and impairment of non-current assets	(10,973)	(4,928)	-	-	-	15,901
Revaluation losses on property, plant and equipment	(4,308)	-	-	-	-	4,308
Movements in the fair value of investment assets	126	-	-	-	-	(126)
Amortisation of intangible assets	(121)	(4)	-	-	-	125
Capital grants and contributions applied	6,873	280	-	-	-	(7,153)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal To the Comprehensive Income and Expenditure Statement	(2,319)	-	-	-	-	2,319
<b>Insertion of items not debited or credited to the CIES</b>						
Statutory provision for the financing of capital investment	2,986	596	-	-	-	(3,582)
Capital expenditure charged against the General Fund and HRA Balances	-	4,011	-	-	-	(4,011)
<b>Adjustments primarily involving the Capital Grants &amp; Receipts Unapplied account</b>						
Capital Grants and contribution unapplied credited to the CIES	335	70	-	(405)	-	-
Application of Grants to Capital Financing	-	-	-	-	-	-
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds as part of the Gain/ (loss) on disposal to the CIES	542	1	(543)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1	-	-	(1)
<b>Adjustments primarily involving the Financial Instruments Adjustments Account</b>						
difference between finance costs charged to the CIES & statutory requirements	212	-	-	-	-	(212)
<b>Adjustments involving Pension Reserve</b>						
Reversal of items relating to post employment benefits debited or credited to the Provision of Services in the CIES (see Note 42)	(14,733)	(1,817)	-	-	-	16,550
Employer's pensions contributions and direct payments to pensioner in year	9,209	1,010	-	-	-	(10,219)
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>						
Difference between officer remuneration charges to the CIES & statutory requirements	(635)	(103)	-	-	-	738
<b>Total Adjustments</b>	<b>(12,806)</b>	<b>(884)</b>	<b>(542)</b>	<b>(405)</b>	<b>-</b>	<b>14,637</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20**

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Usable Reserves Capital Grants & Receipts Unapplied	Insurance Fund	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment account:</b>						
<b>Reversal of items debited or credited to the CIES</b>						
Charges for depreciation and impairment of non-current assets	(10,070)	(4,563)	-	-	-	14,633
Revaluation losses on property, plant and equipment	(9,239)	(4,439)	-	-	-	13,678
Movements in the fair value of investment assets	3,022	(48)	-	-	-	(2,974)
Amortisation of intangible assets	(189)	-	-	-	-	189
Capital grants and contributions applied	8,938	356	-	-	-	(9,294)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal To the Comprehensive Income and Expenditure Statement	(222)	(631)	-	-	-	853
<b>Insertion of items not debited or credited to the CIES</b>						
Statutory provision for the financing of capital investment	4,021	610	-	-	-	(4,631)
Capital expenditure charged against the General Fund and HRA Balances	-	6,176	-	-	-	(6,176)
<b>Adjustments primarily involving the Capital Grants &amp; Receipts Unapplied account</b>						
Capital Grants and contribution unapplied credited to the CIES	732	-	-	(732)	-	-
Application of Grants to Capital Financing	-	-	-	976	-	(976)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds as part of the Gain/ (loss) on disposal to the CIES	465	16	(481)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	16	-	-	(16)
<b>Adjustments primarily involving the Financial Instruments Adjustments Account</b>						
difference between finance costs charged to the CIES & statutory requirements	212	-	-	-	-	(212)
<b>Adjustments involving Pension Reserve</b>						
Reversal of items relating to post employment benefits debited or credited to the Provision of Services in the CIES (see Note 42)	(17,779)	(2,285)	-	-	-	20,064
Employer's pensions contributions and direct payments to pensioner in year	9,277	971	-	-	-	(10,248)
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>						
Difference between officer remuneration charges to the CIES & statutory requirements	58	(59)	-	-	-	1
<b>Total Adjustments</b>	<b>(10,774)</b>	<b>(3,896)</b>	<b>(465)</b>	<b>244</b>	<b>-</b>	<b>14,891</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 8 – Transfers to/from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for the future expenditure plans and the amounts posted back from these reserves to meet General Fund expenditure during the year.

<b>General Fund Balance</b>	<b>Balance as at 1 April 2019 £'000</b>	<b>Transfers in 2019/20 £'000</b>	<b>Transfers out 2019/20 £'000</b>	<b>Balance as at 31 March 2020 £'000</b>	<b>Transfers in 2020/21 £'000</b>	<b>Transfers out 2020/21 £'000</b>	<b>Balance as at 31 March 2021 £'000</b>
Devolved School Management	(362)	(499)	362	(499)	(374)	499	(374)
Organisational Change Fund	(333)	0	103	(230)	(200)	124	(306)
Employment Fund	(1,149)	(825)	446	(1,528)	0	528	(1,000)
City Deal	(75)	0	75	0			
Pupil Equity Funding (PEF)	(680)	(554)	680	(554)	(636)	554	(636)
Early Learning & Childcare (ELCC)	(95)	(368)	0	(463)	(30)	158	(335)
Education COVID recovery	0	0	0	0	(1,477)	0	(1,477)
Ring-fenced Housing Grants	(612)	(175)	161	(626)	(220)	28	(818)
Transformation Fund	0	(1,000)	0	(1,000)	(841)	0	(1,841)
Other Miscellaneous Commitments	(451)	(398)	114	(735)	(1,065)	867	(933)
COVID General Funding	0	0	0	0	(1,304)	0	(1,304)
COVID Specific Funding	0	0	0	0	(2,346)	0	(2,346)
Amount to support 21/22 Revenue Budget	0	0	0	0	(885)	0	(885)
Earmarked for general purpose 21/22 budget	0	0	0	0	(1,200)	0	(1,200)
Developer Contributions	0	0	0	0	(118)	0	(118)
Uncommitted Reserve	(4,824)	(1,399)	0	(6,223)	(229)	0	(6,452)
<b>Total</b>	<b>(8,581)</b>	<b>(5,218)</b>	<b>1,941</b>	<b>(11,858)</b>	<b>(10,925)</b>	<b>2,758</b>	<b>(20,025)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 9 – Financing and Investment Income and Expenditure**

This note provides detail regarding the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

	<b>Notes</b>	<b>2019/20</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
Interest payable and similar charges		8,940	8,755
Net Interest on the Net Defined Benefit Liability		2,986	2,297
Interest receivable and similar income		(851)	(315)
Changes in the carrying value Market loans		(7)	(8)
Revaluation of Investment Property	7	(2,974)	(126)
Rental Income from Investments		(123)	(59)
<b>Total</b>		<b>7,971</b>	<b>10,544</b>

**Note 10 – Taxation and Non-Specific Grant Income**

This note provides detail regarding the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement.

	<b>2019/20</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
<b>Credited to Taxation and Non Specific Grant Income:</b>		
Council Tax	22,804	23,638
Grant allocation for Council Tax Reduction Scheme	3,536	3,667
Non-Domestic Rate Income distributed by pool	17,315	10,757
Non-ring fenced government grants*	74,502	92,238
Capital grants and contributions	10,026	7,558
<b>Total</b>	<b>128,183</b>	<b>137,858</b>

\* Included Non-ring fenced government grants is £9.862m of Covid-19 grants.

**Net Cost of Services within the Comprehensive Income and expenditure Account**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21.

	<b>2019/20</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
<b>Credited to Services</b>		
DWP grant for Benefits	14,017	13,158
Criminal Justice	1,285	1,350
Other revenue grants (including Early Learning and Childcare and Scottish Attainment Challenge)	4,294	6,128
Covid-19 grants	-	973
<b>Total</b>	<b>19,596</b>	<b>21,609</b>

The table below reconciles the Non-ring fenced government grants to the Local Government Funding Settlement for 2020/21 from Scottish Government as shown in the Local Government Finance (Scotland) Order 2020 (as amended).

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**£'000**

Non-ring fenced government grants	92,238
Add Grant allocation for Council Tax Reduction Scheme	3,667
Add Grants not included in CIES (Council acted as Agent)	351
Total General Revenue Funding	<hr/> 96,256
Non-Domestic Rate Income distributed by pool	10,757
Ring fenced Grants shown with in Cost of Services	6,765
Total Settlement	<hr/> <b>113,778</b> <hr/>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 11 – Property, Plant & Equipment (PPE)**

**Valuations**

Assets at valuation are included in the Balance Sheet at their current asset value as at 1 April 2019 as amended by annual revaluation at the year end (where applicable) and subsequent additions and disposals. The Council appointed J&E Shepherd Chartered Surveyors to conduct its five-yearly valuation of assets during 2019/20 and also to carry out a Desk Valuation Impairment Review of a sample of Education and non-operational properties for the 2020/21 financial statements. The determination of fair value is carried out by Ian Hannon, MRICS, Managing Partner. The basis for valuation is set out in the Statement of Accounting Policies.

<b>Movements in 2020/21</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant &amp; Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Assets under Construction £'000</b>	<b>Surplus Assets £'000</b>	<b>Total Property, Plant &amp; Equip £'000</b>	<b>Concession Assets Included in PPE £'000</b>
<b>Cost or Valuation</b>								
At 1 April 2020	129,334	195,696	21,585	64,701	1,453	361	413,130	82,681
Additions	4,212	6,968	2,955	3,443	114	-	17,692	28
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(8,847)	-	-	-	-	(8,847)	1,645
De-recognition – Disposals	-	(2,450)	(752)	-	-	(38)	(3,240)	-
Assets reclassified (to)/from Investment Assets	-	(23)	-	-	-	(93)	(116)	-
Other Movements in Cost or Valuation	-	23	-	-	152	(102)	73	-
<b>At 31 March 2021</b>	<b>133,546</b>	<b>191,367</b>	<b>23,788</b>	<b>68,144</b>	<b>1,719</b>	<b>128</b>	<b>418,692</b>	<b>84,354</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 11 – Property, Plant & Equipment (PPE)**

<b>Depreciation charge</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant &amp; Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Assets under Construction £'000</b>	<b>Surplus Assets £'000</b>	<b>Total Property, Plant &amp; Equip £'000</b>	<b>Concession Assets included in PPE £'000</b>
At 1 April 2020	4,762	8,818	15,819	10,721	-	1	40,121	2,908
Depreciation charge	4,718	8,824	1,257	1,095	-	1	15,895	2,908
Depreciation written out on revaluations recognised in the Revaluation Reserve	-	(14,266)	-	-	-	-	(14,266)	(5,816)
De-recognition – Disposals	-	(240)	(733)	-	-	-	(973)	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>9,480</b>	<b>3,136</b>	<b>16,343</b>	<b>11,816</b>	<b>-</b>	<b>2</b>	<b>40,777</b>	<b>0</b>
Net Book Value: <b>At 31 March 2021</b>	<b>124,066</b>	<b>188,231</b>	<b>7,445</b>	<b>56,328</b>	<b>1,719</b>	<b>126</b>	<b>377,915</b>	<b>84,354</b>



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

<b>Movements in 2019/20</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant &amp; Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Assets under Construction £'000</b>	<b>Surplus Assets £'000</b>	<b>Total Property, Plant &amp; Equip £'000</b>	<b>Concession Assets Included in PPE £'000</b>
<b>Cost or Valuation</b>								
At 1 April 2019	154,614	187,365	20,991	61,413	12,641	1,240	438,264	94,621
Additions	6,489	4,706	1,679	3,289	4,454	30	20,647	31
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(31,030)	(12,056)	-	(1)	-	(553)	(43,640)	
De-recognition – Disposals	(679)	(55)	(1,085)	-	-	(4)	(1,823)	(11,971)
Assets reclassified (to)/from Investment Assets	-	(106)	-	-	-	(13)	(119)	-
Other Movements in Cost or Valuation	(60)	15,842	-	-	(15,642)	(339)	(199)	-
<b>At 31 March 2020</b>	<b>129,334</b>	<b>195,696</b>	<b>21,585</b>	<b>64,701</b>	<b>1,453</b>	<b>361</b>	<b>413,130</b>	<b>82,681</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

<b>Depreciation charge</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant &amp; Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Assets under Construction £'000</b>	<b>Surplus Assets £'000</b>	<b>Total Property, Plant &amp; Equip £'000</b>	<b>Concession Assets included in PPE £'000</b>
At 1 April 2019	33,281	21,597	15,568	9,682	-	126	80,254	9,743
Depreciation charge	4,499	7,761	1,329	1,039	-	-	14,628	2,907
Depreciation written out on revaluations recognised in the Revaluation Reserve	(32,969)	(20,537)	-	-	-	(85)	(53,591)	(9,742)
De-recognition – Disposals	(49)	-	(1,078)	-	-	-	(1,127)	-
Other movements in depreciation and impairment	-	(3)	-	-	-	(40)	(43)	-
<b>At 31 March 2020</b>	<b>4,762</b>	<b>8,818</b>	<b>15,819</b>	<b>10,721</b>	<b>-</b>	<b>1</b>	<b>40,121</b>	<b>2,908</b>
Net Book Value: <b>At 31 March 2020</b>	<b>124,572</b>	<b>186,878</b>	<b>5,766</b>	<b>53,980</b>	<b>1,453</b>	<b>360</b>	<b>373,009</b>	<b>79,773</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Capital Commitments**

At 31 March 2021 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £15m. These commitments are not included in the financial statements. Similar commitments at 31 March 2020 were £25.7m.

The major commitments are as follows:

	<b>£'000</b>
• HRA Council Housing Window Replacement	2,031
• HRA Council Housing Roof & Render	1,001
• HRA Council Housing Safe Electrical Testing	1,969
• HRA Council Fences and Gates	664
• HRA Smaller projects	487
• Park Primary School	2,366
• Village and Small Town Alva – Regeneration	1,304
• Roads & Transportation	1,626
• Alloa Town Centre – Regeneration	584
• Bowmar Community Centre	508
• Tullibody South Campus	490
• Council Office Kilncraigs – Roof	300
	<b>13,330</b>

**Note 12 Heritage Assets**

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	<b>Art Collection £'000</b>	<b>Public Art, Statues, Glasswork &amp; Mosaics £'000</b>	<b>Industrial Equipment &amp; Other Items £'000</b>	<b>Total Assets £'000</b>
<b>Cost or Valuation</b>				
At 1 April 2020	115	510	180	805
Revaluation	-	-	-	-
<b>31 March 2021</b>	<b>115</b>	<b>510</b>	<b>180</b>	<b>805</b>
<b>Cost or Valuation</b>				
At 1 April 2019	115	500	180	795
Revaluation		10	-	10
<b>31 March 2020</b>	<b>115</b>	<b>510</b>	<b>180</b>	<b>805</b>

**Art Collection**

The Council has obtained valuations for the collection of paintings by means of their insurance valuations. These insurance valuations are based on a current estimation of market value and are reviewed annually to ensure the adequacy of insurance provision and current valuation.

The collection of paintings is reported in the Balance Sheet at insured value.

The collection is relatively static and acquisitions and donations are rare. When they do occur acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the Museum & Heritage Officer.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

### **Public Art – Statues**

The Council owns several statues most of which were commissioned as part of ‘Imagine Alloa’ a programme targeting the regeneration of town and village centres across the county. Collectively these statues constitute the ‘Public Art Trail’. The Council has obtained valuations for the collection of statues by means of their insurance valuations. These insurance valuations are reviewed annually to ensure adequacy of insurance provision. The collection of statues is reported in the Balance Sheet at Insured value

### **Public Art - Glassworks and Mosaics**

The Council commissioned several glass and mosaic pieces for installation at several key buildings in the county and has obtained valuations for these by means of their insurance valuations. These insurance valuations are reviewed annually to ensure adequacy of insurance provision. The commissions of glassworks/mosaics are reported in the Balance Sheet at Insured Value.

### **Industrial Equipment and Ephemera**

The Council owns several collections of artefacts relating to the mining, brewing, distilling, pottery, glassmaking and textile industries, all of which have been historically significant within the County. The larger pieces for which the Council has obtained an insurance valuation are reported on the Balance Sheet at valuation.

Items/collections within this category for which a valuation has previously been obtained are:

- Harviestoun Silver Soup Tureen
- Robert Millar Long Case Clock
- Paton & Baldwins Model
- Alloa Pottery Collection
- Arnsbrae Candelabra
- Collection of Civil Regalia

### **Revaluation of Heritage Assets**

As part of the five yearly valuation of assets, as mentioned in Note 11, the Commemoration Room within the residential development at Menstrie Castle has been written on the Balance Sheet and is now included within the carrying value of Heritage Assets held by the Council.

### **Assets excluded from Heritage Assets**

The Council has a number of assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet since the Council considered 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. Within this category the Council owns and maintains 12 War Memorials throughout the County, Glassworks and mosaic pieces installed at buildings in the County. The Council also owns the Tolbooth in Clackmannan which is a listed building and classed as a heritage asset but is not within the carrying value of Heritage Assets held on the Balance Sheet.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 13 – Investment Properties**

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

**Investment Properties (Non Current Assets)**

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Balance 1 April	5,026	8,330
Additions	-	125
Net gains/(losses) from fair value adjustments	3,191	151
Disposals	-	(49)
Transfers to/from:		-
PPE	116	115
Assets held for sale	-	(124)
Depreciation	(3)	(6)
<b>Balance 31 March</b>	<b>8,330</b>	<b>8,542</b>

**Investment Properties Held for Sale (Current Assets)**

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Balance 1 April	506	290
Additions	-	-
Disposals	-	(13)
Net Gains/(losses) from fair value adjustments	(216)	(25)
Transfers from Investment Properties	-	124
<b>Balance 31 March</b>	<b>290</b>	<b>376</b>

**Total Investment Properties**

<b>8,620</b>	<b>8,918</b>
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There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement. The only direct operating expenses for the period relates to professional fees incurred in marketing Greenfield House.

The items of income and expense, in respect of Investment Property leased out as operating leases, have been accounted for in the Comprehensive Income and Expenditure Statement.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from investment property	(178)	(162)
Direct operating expenses arising from investment property	55	103
	<b>(123)</b>	<b>(59)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 14 – Intangible Assets**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are all five years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £126k charged to revenue in 2020/21 was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services within the Comprehensive Income and Expenditure Statement. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement in Intangible Asset balances during the year is as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Carrying Value</b>		
1 April	1,074	1,095
Additions	21	22
Disposals Gross Cost	-	-
	<b>1,095</b>	<b>1,117</b>
<b>Amortisation</b>		
1 April	(393)	(581)
Disposal accumulated amortisation	-	-
Amortisation for the year	(188)	(125)
	<b>(581)</b>	<b>(706)</b>
<b>Carrying Value 31 March</b>	<b>514</b>	<b>411</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 15 – Long-Term Investments**

This note provides detail of the Long-Term Investments held on the Balance Sheet. Further information on Coalsnaughton NHT 2012 LLP can be found in the Group Financial Statements on page 163.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Coalsnaughton NHT 2012 LLP	1,859	-
	<b>1,859</b>	<b>-</b>

**Note 16 – Assets Held for Sale**

This note provides detail of the Assets Held for Sale on the Balance Sheet. An asset is required to fulfil certain criteria in order to be classified in this category. These criteria are detailed in the Accounting Policies.

	<b>Notes</b>	<b>2019/20</b>	<b>2020/21</b>
		<b>£'000</b>	<b>£'000</b>
<b>Balance outstanding at start of year</b>		-	-
Impairment Losses		-	-
Assets reclassified (to)/from Other Land & Buildings	11	-	2,450
Assets reclassified (to)/from Surplus Assets	11	197	38
Assets reclassified (to)/from Investment Properties	13	-	62
Assets sold		(197)	(2550)
Derecognition - Disposals		(40)	(240)
Other movements in depreciation and impairment		40	240
Depreciation on reclassification		-	-
Additions		-	-
<b>Balance outstanding at year-end</b>		<b>-</b>	<b>-</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 17 – Inventories**

This note provides detail of the major inventories that are held by the Council Departments in order for them to carry out their responsibilities.

	Building Works		Roads		Vehicle Maintenance		Other*		Total	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
<b>1 April</b>	<b>165</b>	<b>170</b>	<b>79</b>	<b>116</b>	<b>64</b>	<b>53</b>	<b>132</b>	<b>112</b>	<b>440</b>	<b>451</b>
Purchased	825	643	180	234	438	353	1,093	1,255	2,536	2,485
Expenses in the year	(820)	(640)	(143)	(241)	(449)	(347)	(1,113)	(900)	(2,525)	(2,128)
<b>31 March</b>	<b>170</b>	<b>173</b>	<b>116</b>	<b>109</b>	<b>53</b>	<b>59</b>	<b>112</b>	<b>467</b>	<b>451</b>	<b>808</b>

\* Included in Other is a balance of £219k in relation to personal protective equipment and test kits which was supplied free of charge to the Council by National Services Scotland (NSS) during 2020/21. A corresponding Donated Inventory Account is included in Current Liabilities within the Balance Sheet.

**Note 18 – Short-Term Debtors**

This note provides detail of the Short-Term Debtors line in the Balance Sheet. A Short-Term Debtor represents money that is owed to the Council which is expected to be received in less than a year.

The Debtors balance at the year end is made up as follows:	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Central Government Bodies	4,827	8,801
Other Local Authorities	591	896
NHS Bodies	786	1,169
Other Corporations & Trading funds	-	4
Other entities and individuals	6,747	6,602
<b>Total</b>	<b>12,951</b>	<b>17,472</b>



**CLACKMANNANSHIRE COUNCIL  
ANNUAL ACCOUNTS 2020/21**

**Notes to the Financial Statements**

**Note 19 – Short-Term Investments and Cash and Cash Equivalents**

This note provides detail of the Short Term Investments and Cash and Cash Equivalents in the Balance Sheet on page 78.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Short-Term Investments</b>		
Coalsnaughton NHT 2012 LLP	2,499	-
CSBP Clackmannanshire Investments Ltd (at cost)	1	1
Clackmannanshire Regeneration LLP	4,906	-
Cash deposit with banks	2,000	19,003
	<b>9,406</b>	<b>19,004</b>
<b>Cash and Cash Equivalents</b>		
Cash held by the Council	32	32
Bank current accounts	16,782	16,915
<b>Total Cash and Cash Equivalents</b>	<b>16,814</b>	<b>16,947</b>
<b>TOTAL</b>	<b>26,220</b>	<b>35,951</b>

In December 2011 the Council agreed to lend £4.906m to Clackmannanshire Regeneration LLP, a company established to develop the new Council offices in Kilncraigs under the Business Premises Renovation Allowance (BPRA) scheme. This sum has been invested in the company for eight years in accordance with the development agreement and earns interest at the prevailing Public Works Loan Board rate. The investment was repaid during 2020/21.

The investment CSBP Clackmannanshire Investments Ltd was transferred from Long Term investments in 2019/20 as it was anticipated that it would be repaid during 2020/21. It is expected to be repaid in 2021/22.

**Note 20 – Short-Term Creditors**

This note provides detail of the Short-Term Creditors line in the Balance Sheet. A Short-Term Creditor represents money that is owed by the Council and which is expected to be paid in less than a year.

The Creditors balance at the year end is made up as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Central government bodies	2,617	3,528
Other local authorities	2,323	2,602
NHS bodies	1,502	6,242
Public corporations and trading funds	282	303
Other entities and individuals	14,880	15,554
<b>Total</b>	<b>21,604</b>	<b>28,229</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Note 21 – Provisions**

<b>2020/21</b>	<b>Opening Balance At 1 April £'000</b>	<b>Additional provision made in 2020/21 £'000</b>	<b>Reduction In Provision £'000</b>	<b>Amounts used in 2020/21 £'000</b>	<b>Balance At 31 March 2021 £'000</b>
<b>Short Term Provisions</b>					
Municipal Mutual	(5)	(2)	-	7	-
<b>Total Short Term Provisions</b>	<b>(5)</b>	<b>(2)</b>	<b>-</b>	<b>7</b>	<b>-</b>
Municipal Mutual	(44)	(3)	-	-	(47)
<b>Total Long Term Provisions</b>	<b>(44)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>(47)</b>
<b>Total Provisions</b>	<b>(49)</b>	<b>(5)</b>	<b>-</b>	<b>7</b>	<b>(47)</b>

<b>2019/20</b>	<b>Opening Balance At 1 April £'000</b>	<b>Additional provision made in 2019/20 £'000</b>	<b>Reduction In Provision £'000</b>	<b>Amounts used in 2019/20 £'000</b>	<b>Balance At 31 March 2020 £'000</b>
<b>Short Term Provisions</b>					
Equal Pay	(4)	(8)	-	12	-
Municipal Mutual	(5)	(2)	-	2	(5)
Legal Case – Ordinarily Resident	(826)	-	826	-	-
<b>Total Short Term Provisions</b>	<b>(835)</b>	<b>(10)</b>	<b>826</b>	<b>14</b>	<b>(5)</b>
Municipal Mutual	(21)	(23)	-	-	(44)
<b>Total Long Term Provisions</b>	<b>(21)</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>(44)</b>
<b>Total Provisions</b>	<b>(856)</b>	<b>(33)</b>	<b>826</b>	<b>14</b>	<b>(49)</b>

**Equal Pay**

This provision has now been removed. The provision was fully utilised in 2019/20 and no further costs are known.

**Municipal Mutual Insurance**

Prior to Local Government reorganisation in 1996, Central Regional Council and Clackmannan District Council entered into a solvent run-off arrangement with their insurer, MMI, with the aim of having sufficient assets to meet outstanding insurance claims. However, the outcome of previous

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

litigation has triggered the Scheme of Arrangement and created a financial liability for Clackmannanshire Council as successor Council. The Council had originally made provision to cover a levy of up to 30% amounting to £153k and payments of £141k had been made against this provision. During the year a further £7.2k was paid out fully utilising the short term provision. As at 31 March 2021, no material payments falling due in 2021/22 have been notified. The long term provision has been increased by £3k based on estimates of the outstanding liability as at 31 March 2021 resulting in a total provision balance of £47k to meet future claims.

**Legal Cases – Ordinarily Resident**

A dispute had previously arisen around the Ordinarily Resident status of five individuals with Falkirk Council. The matter was concluded in 2019/20 with no cost to the Council and the provision has been removed.

**Note 22 - Borrowings**

This note provides details of the short and long term borrowings undertaken by the Council and shown on the Balance Sheet. These values are reflected at amortised cost:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Source of Loan</b>		
<b>Repayable within 12 months</b>		
Public Works Loan Board	412	-
Market Loans	63	63
<b>Revenue Advances:</b>		
Common Good & Trust Funds	357	357
Central Scotland Valuation Joint Board	655	979
Accrued Interest on borrowing	1,236	1,236
	<b>2,723</b>	<b>2,635</b>
<b>Repayable after 12 months</b>		
Public Works Loan Board	77,099	77,098
Lender Option, Borrowing Option (LOBO) Loans	5,000	5,000
Market Loans	19,229	19,159
	<b>101,328</b>	<b>101,257</b>

**Note 23 – Other Long Term Liabilities**

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
PFI & Finance Liabilities (see note (a) below)	37,845	36,672
Other Long-term Liabilities (see note (b) below)	619	620
	<b>38,464</b>	<b>37,292</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

(a) PFI & Finance Lease

This sum relates to the finance lease creditor associated with the financing of the three new secondary schools under the PFI scheme and the Street Lighting. Note 33 Leases on page 139 and Note 34 Private Finance Initiative and Similar Contracts page 140 in the Accounts provides more detail in respect of the future payments that are due under the terms of the contract. The movements in the balance sheet values are detailed below:

	<b>PFI Scheme 2019/20 £'000</b>	<b>Street Lighting 2019/20 £'000</b>	<b>Total 2019/20 £'000</b>	<b>PFI Scheme 2020/21 £'000</b>	<b>Street Lighting 2020/21 £'000</b>	<b>Total 2020/21 £'000</b>
<b>Balance at 1 April</b>	40,207	167	<b>40,374</b>	39,061	87	<b>39,148</b>
Finance Lease Creditor						
Repaid in year	(1,146)	(80)	<b>(1,226)</b>	(1,216)	(87)	<b>(1,303)</b>
Balance 31 March	<b>39,061</b>	<b>87</b>	<b>39,148</b>	<b>37,845</b>	<b>-</b>	<b>37,845</b>
<b>Ageing:</b>						
Liabilities due over more than one year	37,845	-	<b>37,845</b>	36,672	-	<b>36,672</b>
Liabilities due within one year	1,216	87	<b>1,303</b>	1,173	-	<b>1,173</b>
	<b>39,061</b>	<b>87</b>	<b>39,148</b>	<b>37,845</b>	<b>-</b>	<b>37,845</b>

(b) Other Long-term Liabilities

These sums relate to contributions received from developers to be utilised at future dates for infrastructure etc. within both private housing schemes and town centre re-development. The reinstatement bond will additionally contribute to the planned restoration of the former open cast coal site.

	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Developer Contributions	6	5
Reinstatement Bond	614	615
	<b>620</b>	<b>620</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 24 – Financial Instruments**

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability of another entity. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities, such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

**Financial Instrument Balances**

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

**Financial Assets**

	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2020	2021	2020	2021	2020	2021	2020	2021	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost Principal	1,859	-	1	1	7,406	1	2,502	4,194	4,196
Cash & Cash Equivalents	-	-	-	-	18,814	35,950	-	-	35,950
<b>Total Financial Assets</b>	<b>1,859</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>26,220</b>	<b>35,951</b>	<b>2,502</b>	<b>4,194</b>	<b>40,146</b>

**Financial Liabilities**

	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2020	2021	2020	2021	2020	2021	2020	2021	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost Principal	101,328	101,257	-	-	1,487	1,399	4,610	5,061	107,717
Accrued Interest	-	-	-	-	1,236	1,236	-	-	1,236
PFI and Finance Lease facilities	37,845	36,672	-	-	1,303	1,173	-	-	37,845
<b>Total Financial Liabilities</b>	<b>139,173</b>	<b>137,929</b>	<b>-</b>	<b>-</b>	<b>4,026</b>	<b>3,808</b>	<b>4,610</b>	<b>5,061</b>	<b>146,798</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Items of income, expense, gains or losses**

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	<b>2019/20</b>		<b>2020/21</b>	
	<b>Surplus or Deficit on the Provision of Services £'000</b>	<b>Other Comprehensive Income and Expenditure £'000</b>	<b>Surplus or Deficit on the Provision of Services £'000</b>	<b>Other Comprehensive Income and Expenditure £'000</b>
Interest Income				
financial assets				
measured at amortised	521	-	289	-
cost				
<b>Total interest revenue</b>	<b>521</b>	<b>-</b>	<b>289</b>	<b>-</b>
<b>Interest expense</b>	<b>8,794</b>	<b>-</b>	<b>8,651</b>	<b>-</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

**Fair Value of Assets and Liabilities Carried at Amortised Costs**

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is described below.

**Methods and Assumptions in valuation technique**

Financial assets and financial liabilities represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the net present value of the cash flows that take place over the remaining life of the instruments (Level 2: inputs rather than quoted prices that are observable for the financial asset/liability), using the following assumptions:

- For PWLB loans, fair values have been calculated using both redemption and new borrowing (certainty rate) discount rates;
- Interpolation techniques have been used between available rates where the exact maturity period was not available;
- For non-PWLB loans, fair values have been calculated using both PWLB redemption and new PWLB Certainty Rate loan discount rates;
- No early repayment or impairment is recognised;
- Fair values have been calculated for all instruments in the portfolio, but only those which are materially different from the carrying value are disclosed;
- Where an instrument has a maturity less than 12 months or is a trade or other receivable the fair value is taken to be the invoiced or billed amount; and
- The fair value PFI and Finance Lease Liabilities are calculated based on the interest rates applicable to the contracts.

**Fair Values of Assets and Liabilities**

The Fair values are calculated as follows:-

	<b>2019/20</b>		<b>2020/21</b>	
	<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>	<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>
PWLB – Maturity	78,675	124,316	78,263	131,225
PWLB – Annuity	32	48	30	46
LOBOs	5,041	7,546	5,041	8,442
Market Loans	19,292	28,421	19,221	28,778
Other Loans	-	-	-	-
<b>Total Debt/Financial Liabilities</b>	<b>103,040</b>	<b>160,331</b>	<b>102,555</b>	<b>168,491</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Fair value 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 commitment to pay interest at above the current market rates increases the amount the Council would have to pay if the lender agreed to the early repayment of the loans.

The fair value of Public Works Loan Board (PWLB) loans of £131.225m (2019/20 £124.316m) measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB borrowing interest rates, termed the PWLB certainty rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to repay at redemption rates published by the PWLB rather than from the markets. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the redemption rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £78.3m would be valued at £154.2m. But if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption. The exit price for the PWLB loans including the penalty charge would be £154.2m, comprising the principal of £77.1m, accrued interest of £1.2m and a premium of £75.9m.

**Note 25 – Unusable Reserves**

		<b>2019/20</b>	<b>2020/21</b>
	Note	<b>£'000</b>	<b>£'000</b>
Revaluation Reserve	a)	(101,011)	(104,498)
Capital Adjustment Account	b)	(141,736)	(140,432)
Financial Instruments Investment Account	c)	2,113	1,901
Pensions Reserve	d)	97,912	151,676
Accumulating Compensated Absences Adjustment Account	e)	2,783	3,521
<b>Total Unusable Reserves</b>		<b>(139,939)</b>	<b>(87,832)</b>

**a) Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment or Heritage Assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(81,699)</b>	<b>(101,011)</b>
Upward revaluation of non-current assets	(58,628)	(14,182)
Downward revaluation of non-current assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	34,990	4,455
<b>Surplus/deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>(23,638)</b>	<b>(9,727)</b>
Difference between fair value depreciation and historical cost depreciation	4,277	4,140
Accumulated (losses) on assets sold or scrapped	49	2,100
<b>Amount written off to the Capital Adjustment Account</b>	<b>4,326</b>	<b>6,240</b>
<b>Balance at 31 March</b>	<b>(101,011)</b>	<b>(104,498)</b>

**b) Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charges to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>(142,696)</b>	<b>(141,736)</b>
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
Charges for depreciation and impairment of non-current assets	14,633	15,901
Revaluation losses on property, plant and equipment	13,678	4,308
Amortisation of intangible assets	189	125
Amounts of non current assets written off on disposal / sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	853	2,319
Amounts written out of the Revaluation Reserve on assets sold or scrapped	(49)	(2,100)
	<b>29,304</b>	<b>20,553</b>
<u>Capital financing applied in the year:</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(16)	(1)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(9,294)	(7,351)
Application of grants to capital financing from the Capital Grants & Receipts Unapplied Account	(976)	(38)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(4,631)	(3,581)
Capital expenditure charged against the General Fund and HRA balances	(6,176)	(4,012)
Depreciation on Revaluation Reserve	(4,277)	(4,140)
Movement in the market value of Investment Properties Debited or credited to CIES	(2,974)	(126)
	<b>(28,344)</b>	<b>(19,249)</b>
<b>Balance at 31 March</b>	<b>(141,736)</b>	<b>(140,432)</b>

**c) Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement of Reserves Statement.

Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

As a result, the balance on the Account at 31 March 2021 will be charged to the General Fund over the next 34 years.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	2,325	2,113
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(204)	(204)
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(8)	(8)
<b>Balance at 31 March</b>	<b>2,113</b>	<b>1,901</b>

**d) Pensions Reserve**

The Pensions 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 Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the cost. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The Statutory arrangements will ensure that funding will have been set aside by the time the benefits come.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	121,023	97,912
Return on Pension Assets	29,975	(62,033)
Actuarial Gains or Losses on Pension Assets and Liabilities	(62,902)	109,466
Reversal of items debited or credited to CIES	20,064	16,550
Employer's Pension contributions and direct payments to pensioners in the year	(10,248)	(10,219)
<b>Balance at 31 March</b>	<b>97,912</b>	<b>(151,676)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**e) Accumulating Compensated Absences Adjustment Account**

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year.

Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	2,782	2,783
Settlement or cancellation of accrual made at the end of the preceding year	(2,782)	(2,783)
Amounts accrued at the end of the current year	2,783	3,521
 Movement in the year	1	738
 <b>Balance at 31 March</b>	<b>2,783</b>	<b>3,521</b>

**Note 26 – Cash Flow Statement – Operating Activities**

a) The cash flows for operating activities include the following items:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Interest Received	(701)	(315)
Interest Paid	11,925	11,052
(Surplus) or deficit on the provision of services (CIES)	12,495	3,717

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

	<b>Notes</b>	<b>2019/20</b>	<b>2020/21</b>
		<b>£'000</b>	<b>£'000</b>
Depreciation	11 & 13	14,633	15,901
Downward valuations	7	10,703	4,182
Amortisation	14	188	125
Increase in Interest Creditors		3	-
Increase/ (decrease) in Creditors	20	(3,628)	7,179
(Increase)/ decrease in Debtors	18	(677)	(4,308)
(Increase)/Decrease in Inventories	17	(11)	(138)
Pension Liability	36	9,816	6,331
Contributions to/(from) Provisions	21	(808)	(2)
Carrying amount of non-current assets sold	7	853	2,319
Adjustments for effective interest rates		(7)	(8)
 <b>Other non-cash items</b>		<b>31,065</b>	<b>31,581</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

c) Adjustments for items included in the net deficit of provision of services that are investing & financing activities:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Capital grants credited to surplus or deficit on the provision of services	(10,027)	(7,558)
Proceeds from the sale of short and long term investments	-	7,264
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(481)	(542)
	<b>(10,508)</b>	<b>(836)</b>

**Note 27 – Cash Flow Statement – Investing Activities**

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of property, plant and equipment, investment property and intangible assets	(20,471)	(18,325)
Purchase of short and long term investments	(2,000)	(17,003)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	481	542
Proceeds from short-term and long-term investments	5,000	2,000
Other receipts from investing activities	10,015	7,345
<b>Net cash flows from investing activities</b>	<b>(6,975)</b>	<b>(25,441)</b>

**Note 28 – Cash Flow Statement – Financing Activities**

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Cash receipts of short and long-term borrowing	5,000	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,226)	(1,302)
Repayments of short and long-term borrowing	(98)	(476)
Other Receipts from Financing Activities	3	324
<b>Net cash from financing activities</b>	<b>3,679</b>	<b>(1,454)</b>

**Note 29 - Agency Income and Expenditure**

The Council has an agency agreement with Scottish Water for the billing and collection of water and sewerage charges on its behalf. The income received from the Water Authority towards the Council's local tax collection costs was £0.177m (2019/20: £0.177m). This charge has been fixed by the Scottish Government for a 3 year period to 31 March 2023. This income is included in the Comprehensive Income and Expenditure Statement.

The Council acted as an agent on behalf of the Scottish Government in the administration of grants to business and individuals during the Covid-19 pandemic. This amounted £12.834m of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement.

The Council acted as an agent on behalf of the Scottish Government in the distribution of Personal

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Protective Equipment and Testing Kits supplied free of charge by the National Services Scotland (NSS) and issued to third parties during 2020/21. This amounted to £77k and is not shown within the Comprehensive Income and Expenditure Statement.

**Note 30 – External Audit Costs**

Fees payable to Audit Scotland within the year for external audit services carried out by the appointed auditor amounted to £0.215m (2019/20: £0.202m). These costs are shown within the Resources and Governance line in the Comprehensive Income and Expenditure Statement.

**Note 31 – Related Parties**

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

- Central Government;
- Other Local Authorities and Joint Boards;
- NHS Bodies;
- Subsidiary and Associated Companies;
- Joint Ventures and Joint Venture Partners; and
- Elected Members and Chief Officers.

The following related party transactions in 2020/21 are disclosed elsewhere within the Financial Statements:

- a) Receipts from Central Government (Revenue Support Grant, NNDR Contribution from Pool, Government Grants etc.) are shown in Note 10 (Grant Income);
- b) Payments to the Falkirk Council Pension Fund and Scottish Government (Teachers' Pensions) are shown in Notes 35 and 36 (Pension Schemes);
- c) Requisitions paid to Joint Boards are shown on the Comprehensive Income and Expenditure Statement;
- d) Payments to Elected Members and Chief Officers are shown in the Remuneration Report;
- e) Lease payments and receipts from Clackmannanshire Regeneration LLP are shown in Note 33;
- f) Short-Term Debtors balances in respect of Central Government, other Local Authorities and NHS Bodies are shown in Note 18; and
- g) Short-Term Creditors balances in respect of Central Government, other Local Authorities and NHS Bodies are shown in Note 20

The following table shows significant payments and receipts between Clackmannanshire Council and its associated entities

		<b>2019/20</b>	<b>2020/21</b>
		<b>£'000</b>	<b>£'000</b>
Expenditure	NHS Forth Valley	1,572	2,146
Income	NHS Forth Valley	(7,371)	(10,455)

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

	2019/20 £'000	2020/21 £'000
Contribution payment made to Clackmannanshire and Stirling Integration Joint Board*	17,323	19,041
Commissioning income received from Clackmannanshire and Stirling Integration Joint Board*	(17,323)	(19,041)

*\*In 2020/21 the commissioning income received from Clackmannanshire and Stirling Integration Joint Board underspent by £1.714m. This funding has been accrued by the Council and is retained on behalf of the IJB.*

*In 2019/20 there was a total risk sharing year end adjustment of £0.957m (25% Clackmannanshire Council) Agreed Budget Contribution £17.084m plus additional contribution of £0.239m = £17.323m*

### Note 32 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts) together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR) a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2019/20 £'000	2020/21 £'000
<b>Opening Capital Financing Requirement</b>	144,980	144,555
<b>Capital Investment</b>		
Property Plant & Equipment	20,647	17,902
Intangible Assets	21	-
Investment Properties	-	-
Asset Held for Sale	-	-
Revenue Expenditure Funded from Capital Under Statute	40	36
<b>Sources of finance</b>		
Capital receipts	(16)	(1)
Government grants and other contributions	(10,310)	(7,425)
Sums set aside from revenue:		
Direct revenue contributions	(6,176)	(4,011)
Repayment of Finance Lease Capital Debt	(1,226)	(1,302)
Loans Fund Principal	(3,405)	(2,279)
Other movements affecting the CFR	-	(4,358)
<b>Closing Capital Financing Requirement</b>	<b>144,555</b>	<b>143,117</b>
Increase/(decrease) in CFR (unsupported by government financial assistance)	(425)	(1,438)

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 33 Leases**

**Council as Lessee**  
**Finance Leases**

The Council has acquired some of its street lighting Infrastructure under finance lease. This lease ended during 2020/21. These assets are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Infrastructure Assets	<b>93</b>	<b>-</b>

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Finance lease liabilities (net present value of minimum lease payments):		
Current	87	-
Non-current	-	-
Finance costs payable in future years	6	-
<b>Minimum lease payments</b>	<b>93</b>	<b>-</b>

The minimum lease payments will be payable over the following periods:

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
No later than one year	6	-	87	-
Later than one year not later than five years	-	-	-	-
	<b>6</b>	<b>-</b>	<b>87</b>	<b>-</b>

**Operating Leases**

The Council has entered into a sub-lease with Clackmannanshire Regeneration LLP under the terms of the Business Premises Renovation Allowance (BPRA) scheme for the development of its new Council Offices. The lease is in place throughout the construction phase and a further period of 7 years. The lease ends when the refurbished building is handed back to the Council from the LLP under the landlord tenant relationship. This lease ended during 2020/21.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The future minimum lease payments due are:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	92	-
Later than one year and not later than five years	-	-
	<b>92</b>	<b>-</b>

The expenditure charged to the respective service lines in the Comprehensive Income and Expenditure Statement during the year was:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Minimum lease payments	<b>184</b>	<b>105</b>

**Council as Lessor**

**Operating Leases**

The development of the Council's new offices using the Business Premises Renovation Scheme (BPRA) required the establishment of a Limited Liability Partnership (Clackmannanshire Regeneration LLP). The LLP is a tax transparent entity consisting of the Council and Investors which allows the Council to benefit from tax allowances. To allow the LLP to undertake the construction and reclaim tax allowances, the Council has leased the premises to Clackmannanshire Regeneration LLP for the duration of the construction period plus a further 7 years. As noted above, the Council has then sub-leased the offices back from the LLP for the same period, after which the refurbished building reverts to the Council.

The lease reflects a rent of £1 per annum. This lease ended during 2020/21.

**Note 34 – Private Finance Initiative and Similar Contracts**

**Secondary Schools PFI Scheme**

2020/21 was the 13th year of a 30 year PFI contract for the construction, operation and maintenance of our three secondary schools in Clackmannanshire, namely Alloa, Alva and Lornhill Academies. The contract specifies the number of days and times that the schools are open. This includes an element of leisure provision in the evenings and weekends.

The contract specifies minimum standards for the provision of the serviced accommodation to be provided by the contractor, with reductions from the fee payable being made if the schools, or rooms, are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant needed to operate the schools.

At the end of the contract the schools will be transferred to the Council for nil consideration.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Property, Plant and Equipment**

The schools are recognised on the Council's Balance Sheet.

Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 11.

**Payments**

The Council makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2021, excluding any estimate of availability/performance deductions are as follows:

	<b>Payment For Services £'000</b>	<b>Reimbursement of Capital Expenditure £'000</b>	<b>Interest £'000</b>	<b>Total £'000</b>
Payable within 1 year	4,051	1,173	3,218	8,442
Payable within 2 to 5 years	16,675	6,005	12,719	35,399
Payable within 6 to 10 years	25,833	8,409	13,987	48,229
Payable within 11 to 15 years	26,229	13,864	13,101	53,194
Payable within 16 to 20 years	20,988	8,394	4,247	33,629
<b>Total</b>	<b>93,776</b>	<b>37,845</b>	<b>47,272</b>	<b>178,893</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for:

- the fair value of services they provide, and
- the capital expenditure incurred and interest payable, until the capital cost is reimbursed.

The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Balance outstanding at start of year	<b>40,207</b>	<b>39,061</b>
Payments during the year	<b>(1,146)</b>	<b>(1,216)</b>
<b>Balance outstanding at year-end</b>	<b>39,061</b>	<b>37,845</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 35 - Pensions Schemes Accounted for as Defined Contribution Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of these Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme.

The employer contribution rate from 1 April 2019 was 17.2% of pensionable pay. This increased to 23.00% from September 2019. Prior to this change the rate had remained the same since 1 September 2015. In total for the year 2020/21 the Council paid £5.586m to Teacher's Pensions in respect of teachers' retirement benefits. The comparative amount paid in 2019/20 was £4.800m which equates to 20.30% of pensionable pay.

As a proportion of the total contributions into the Teacher's Pension Scheme during the year ended 31 March 2021, the Council's own contribution equated to approximately 0.858% (0.801% in 2019/20).

**Note 36 Defined Benefit Pension Schemes**

**Pension Costs**

The Council participates in two formal pension schemes: the Local Government Pension Scheme (LGPS) administered by Falkirk Council and the Teachers' Scheme administered by the Scottish Government. Both schemes provide defined benefits to members. However, the liabilities for the Teachers' Scheme cannot be identified specifically to the Council; therefore the scheme is accounted for as if it were a defined contributions scheme. The Council does not recognise assets or liabilities related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Government.

**Local Government Pension Scheme (LGPS)**

In accordance with International Accounting Standard 19 (IAS19) the Council is required to account for retirement benefits when it is committed to giving them, even if the giving will be many years into the future. This involves the recognition in the Balance Sheet of Clackmannanshire Council's share of the net pension asset or liability in the LGPS together with a pension reserve. The Comprehensive Income and Expenditure Statement (CIES) also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable to the LGPS and payments to pensioners in the year.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of voluntary severance. Any liabilities estimated to arise as a result of an award to any member of staff (including Teachers) are accrued in the year of the decision to make the award, and accounted for using the same policies as applied to the LGPS.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The following elements of pension costs are charged to the CIES:

- Current Service Cost - the increase in the present value of liabilities expected to arise from employee service in the current period;
- Past Service Costs - the increase in liabilities arising from decisions to improve retirement benefits in the current period but which are related to employee service in prior periods;
- Settlements - events that change the pension liabilities but are not covered by the actuarial assumptions;
- Interest Expense - the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement, and
- Expected Return on Assets (including interest income) - a measure of the expected average rate of return on the investment assets held by the scheme in the year.

The following transactions have been made in the Financial Statements in accordance with IAS19:

	<b>Local Government Pension Scheme</b>	
	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
<b>Cost of Services:</b>		
· Current service cost	16,476	14,237
· Past service costs	602	16
<b>Financing and Investment Income and Expenditure:</b>		
· Interest expense – defined benefit obligation	10,909	9,406
· Interest income on scheme assets	(7,923)	(7,109)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>20,064</b>	<b>16,550</b>
<b>Other Post Employment Benefit Charged to the CIES</b>		
Re-measurement of the net defined benefit liability comprising:		
· Return on pension fund assets (excluding interest income above)	29,975	(62,033)
· Actuarial (gains)/losses arising on changes in demographic assumptions	(15,465)	(4,332)
· Actuarial (gains)/losses arising on changes in financial assumptions	(43,905)	104,722
· Other experience (gains)/losses	(3,532)	9,076
<b>(Gain)/ loss recognised in the CIES</b>	<b>(32,927)</b>	<b>47,433</b>
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>(12,863)</b>	<b>63,983</b>
<b>Movement in Reserves Statement (MIRS)</b>		
Reversal of net charge made to the surplus or deficit on the provision of Services	(20,064)	(16,550)
<b>Employer's Contributions Payable to Falkirk Pension Fund</b>	10,248	10,219
<b>Pensions Assets and Liabilities Recognised in the Balance Sheet</b>	<b>(9,816)</b>	<b>(6,331)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Pension Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the balance sheet arising from the local authority's obligation in respect of its defined benefit plan is as follows:

<b>Movement in Reserves Statement (MIRS)</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Present value of the Pension Fund Liabilities (1)	(406,985)	(522,011)
Fair value of pension fund assets	309,073	370,335
<b>Net Liability arising from Defined Benefit Obligation</b>	<b>(97,912)</b>	<b>(151,676)</b>
(1) Unfunded liabilities included in the figure for Present value of liabilities is:	<b>16,121</b>	<b>17,071</b>

A reconciliation of Clackmannanshire Council's share of the present value of Falkirk Pension Fund's defined benefit obligation (liabilities) is as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance at 1 April</b>	<b>(450,159)</b>	<b>(406,985)</b>
Current service cost	(16,476)	(14,237)
Interest cost	(10,909)	(9,406)
Contributions by Pension Fund participants	(2,289)	(2,456)
<b>Re-measurement gains/(losses)</b>		
Actuarial gains/losses from change in demographic assumptions	15,465	4,332
Actuarial gains/(losses) from change in financial assumptions	43,905	(104,722)
Actuarial gains/(losses) from other experiences	3,532	(722)
Past service costs	(602)	(16)
Benefits paid	10,548	12,201
<b>Closing value at 31 March</b>	<b>(406,985)</b>	<b>(522,011)</b>

A reconciliation of Clackmannanshire Council's share of the fair value of Falkirk Pension Fund's Assets is as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of pension fund assets</b>	<b>329,136</b>	<b>309,073</b>
Interest income	7,923	7,109
Return on pension assets (excluding amounts included in net interest)	(29,975)	62,033
Contributions from employers	10,248	10,219
Contributions by employees in the scheme	2,289	2,456
Benefits paid	(10,548)	(12,201)
Re-measurements – actuarial gains/losses from other experience	-	(8,354)
<b>Closing fair value of pension fund assets</b>	<b>309,073</b>	<b>370,335</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

A reconciliation of the movements in Clackmannanshire Council's share of the fair value of Falkirk Pension Fund's assets is as follows:

	2019/20 £'000	2020/21 £'000
<b>Equity instruments (by industry type)</b>		
- Consumer	20,077	27,654
- Manufacturing	18,329	19,904
- Energy & Utilities	12,252	13,115
- Financial institutions	22,948	30,766
- Health & Care	10,778	10,175
- Information & Technology	24,754	33,966
- Other	1,099	1,954
Sub Total Equity	<b>110,237</b>	<b>137,534</b>
<b>Debt Securities</b>		
- Corporate Bond (investment grade)	4,917	5,205
<b>Property (by type)</b>		
- UK	18,974	20,498
- Overseas	78	32
Sub Total Property	<b>19,052</b>	<b>20,530</b>
<b>Private Equity</b>		
- UK	6,916	5,399
Sub Total Private Equity	<b>6,916</b>	<b>5,399</b>
<b>Other Investment funds</b>		
- Equities	62,912	91,277
- Bonds	16,164	23,226
- Infrastructure	35,201	36,150
- Other	35,412	42,430
Sub Total Other Investment Funds	<b>149,689</b>	<b>193,083</b>
<b>Cash and cash equivalents</b>	18,262	8,584
<b>Total Assets</b>	<b>309,073</b>	<b>370,335</b>

**Basis for Estimating Assets and Liabilities**

The Council's share of the net obligations of the Falkirk Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the "projected unit method", that estimates that the pensions will be payable in future years dependant upon assumptions about mortality rates, salary levels and employee turnover rates.

The fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the fund at 31 March 2021. The significant assumptions used by the actuary are shown in the table below. The note includes a sensitivity analysis for the pension obligation based on reasonably possible changes in these assumptions occurring at the reporting date.

	2019/20	2020/21
<b>Long-term expected rate of return on assets in the fund</b>		
Equity investments	2.3%	2.0%
Bonds	2.3%	2.0%
Property	2.3%	2.0%
Cash	2.3%	2.0%

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Notes to the Financial Statements*

<b>Mortality assumptions</b>	<b>2019/20 Years</b>	<b>2020/21 Years</b>
Longevity at 65 for current pensioners (years):		
Men	20.5	20.5
Women	22.8	23.2
Longevity at 65 for future pensioners (years):		
Men	21.7	21.9
Women	24.3	25.2

<b>Inflation assumptions</b>	<b>2019/20</b>	<b>2020/21</b>
Rate of inflation	1.9%	2.9%
Rate of increase in salaries	2.3%	3.5%
Rate of increase in pensions	1.9%	2.9%
Rate for discounting Fund liabilities	2.3%	2.0%

LGPS liabilities are sensitive to the actuarial assumptions set out in the table below. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The method and types of assumption used in preparing the sensitivity analysis below did not change from this used in the previous period.

### Changes in assumptions

	<b>Increase to Employer %</b>	<b>Monetary Amount £'000's</b>
0.5% Decrease in Real Discount Rate	9%	49,566
0.5% increase in the Salary Increase Rate	1%	5,281
0.5% increase in the Pension Increase Rate	8%	43,205

### McCloud Ruling

When the LGPS benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court, but in June 2019 the Supreme Court ruled that the Government has no grounds for appeal and the earlier ruling by the Court of Appeal was upheld.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The clear expectation from this ruling is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Falkirk Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates with a high level estimate of the impact on the pension fund liability having been built into the pension disclosures. These numbers are high level estimates based on scheme level calculations and depend on several key assumptions. The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place.

#### **Guaranteed Minimum Pension (GMP)**

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Clackmannanshire Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Impact on the Authority's Cash Flow**

The objectives of the LGPS are to keep employers' contributions at a constant rate where possible. The triennial valuation at 31 March 2017 set the Employers contribution rates at 22.5% for 2020/21. As a result of the triennial valuation at 31 March 2020, the rate remains at 22.5% for 2021/22 and 2022/23 but increases in 2023/24 to 23%. The next triennial valuation as at 31 March 2023 is currently underway, and the results are expected to be available towards the end of 2023, where the future contribution rates will be set.

The Employer Contribution rates per the latest triennial valuation on the fund at 31 March 2020 are shown in the table below:

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Employer Contribution rates	22.5%	22.5%	23%

The total contributions expected to be made by Clackmannanshire Council to Falkirk Pension Fund in the year to 31 March 2022 is £9.153m.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 37 – Contingent Liabilities**

**Equal Pay**

The Council has received claims of historic pay inequality from specific groups of staff, particularly in catering, cleaning and homecare, supervisory assistants and classroom assistants. Note 21 included details of the provision previously held in respect of those groups of employees with the provision fully utilised in 2019/20. However, the Council has received further claims with the amount and timing not yet known and these are presented by this contingent liability.

**Insurance**

Prior to local government reorganisation in 1996, Central Regional Council and Clackmannan District Council, entered into a solvent run-off arrangements with their insurer, MMI, with the aim of having sufficient assets to meet outstanding insurance claims. The outcome of recent litigation has triggered the Scheme of Arrangement and created a financial liability for Clackmannanshire Council as successor Council. The Council has made a provision, as detailed in Note 21, which is deemed sufficient based on the latest estimate of any future claims. However, should additional claims arise over and above the remaining provision, there remains potential for an increase in provision. At the time of preparing these accounts the timing and amount of any further liability in relation to MMI claims is unknown.

**Historic Sexual Abuse Cases**

The Council has received claims in relation to historic sexual abuse cases which have been passed to its insurers. It is anticipated that there may be more claims received in the future, particularly in light of the important work of the National Scottish Child Abuse Inquiry and media coverage of other claims. These claims cannot be predicted or quantified at this time, but remain a potential risk as a future liability. The Council is part of the Forth Valley working group coordinated by SOLACE which is assessing the National Redress Scheme for the impact and consequences for the Council. This work is at an early stage.

**Note 38 – Nature and Extent of Risks Arising from Financial Instruments**

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

**1. Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor Credit Ratings Services. The

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied. Details of the Investment Strategy can be found on the Council's website. The Treasury Management Strategy Statement for 2020/21 and Prudential Indicators for 2019/20 to 2023/24 were approved by Full Council on 6 March 2019 and are available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk, in relation to its investments in banks and financial institutions of £35.9m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

#### **Debtors**

The Council generally allows credit of 14 days for customers, such that £4.106m, (2019/20 £2.756m) is past its due date for payment. The past due amount can be analysed by age as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Less than three months	819	1,402
Three to six months	153	282
Six months to one year	328	464
More than one year	1,456	1,958
<b>Total</b>	<b>2,756</b>	<b>4,106</b>

During the year, debts of £582k were written off against the provision and a contribution of £0.505m was charged to the Comprehensive Income and Expenditure statement. As at 31 March 2021 the provision against current debts amounted to £1.429m.

#### **2. Liquidity Risk**

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 25% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

<b>Loans Outstanding</b>	<b>2019/20</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
Public Works Loans Board	77,511	77,098
LOBO Loan	5,000	5,000
Market Debt	19,292	19,222
<b>Total</b>	<b>101,803</b>	<b>101,320</b>

<b>Maturity Structure</b>	<b>2019/20</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
Less than 1 year	475	63
Between 1 and 2 years	63	3,008
Between 2 and 5 years	3,957	3,256
Between 5 and 10 years	5,321	3,013
More than 10 years	91,987	91,980
<b>Total</b>	<b>101,803</b>	<b>101,320</b>

In the more than 10 years category there are £18.5m of market loans which have a fixed rate of interest and £5m of LOBO loans which the lender has the option to alter the rate of interest at predetermined dates. If this occurs the Council has the option to repay the principal and accrued interest.

### **3. Market Risk**

#### **Interest rate risk**

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/ received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement;
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement;
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact the Balance Sheet as assets are held at amortised cost, but will impact the disclosure note for fair value; and
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities are held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is reduced by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. However this is difficult to quantify as loan charge support is calculated on weighted average interest rates for all local authorities in Scotland.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

As the Council now only have fixed rate borrowing, there will be no impact on the Comprehensive Income and Expenditure Statement due to fluctuations in interest rates.

**Price Risk**

The Council has no investments held as available for sale and thus has no exposure to loss arising from price movements.

**Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies and therefore no exposure to loss arising from movements in exchange rates.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Notes to the Financial Statements**

**Note 39 – Trust Funds**

The Council administers a number of Trust Funds listed below, some of which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). The Sundry Trusts Funds are accounted for separately from the Council's funds and are reported in a separate set of accounts, a copy of which can be obtained on request from Clackmannanshire Council.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>The Council administers the funds for 61 (2019/20: 61) Trusts:</b>		
Value of other Charitable Trusts and Endowments	357	363
<b>Total value of all Trusts and Endowments</b>	<b>357</b>	<b>363</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**

**HOUSING REVENUE ACCOUNT (HRA)**  
**Income and Expenditure Statement for the year ended 31 March 2021**

The HRA Income and Expenditure Statement shows the economic cost in the year providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting costs.

The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
	<b>Expenditure</b>	
6,337	Repairs and maintenance	6,696
4,553	Supervision and management	4,161
9,002	Depreciation and impairment of non-current assets	4,932
515	Impairment of debtors	356
378	Other Expenditure	516
<b>20,785</b>	<b>Total Expenditure</b>	<b>16,661</b>
	<b>Income</b>	
(19,598)	Dwelling Rents	(19,839)
(72)	Non-dwelling rents	(72)
<b>(19,670)</b>	<b>Total income</b>	<b>(19,911)</b>
<b>1,115</b>	<b>Net Cost of HRA Services</b>	<b>(3,250)</b>
614	(Gain)/Loss on sale of HRA non-current assets	-
1,257	Interest payable and similar charges	1,134
(55)	Interest and investment income	(8)
350	Pensions interest cost and expected return on pension assets	252
48	Charge to CIES for Movement in Investment Property on revaluation	-
(356)	Capital grants and contributions receivable	(350)
<b>1,858</b>		<b>1,028</b>
<b>2,973</b>	<b>Deficit/(Surplus) for the year on HRA Services</b>	<b>(2,222)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**HOUSING REVENUE ACCOUNT (HRA)**  
**Movement in Housing Revenue Account Statement**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
<b>(3,722)</b>	<b>Balance on the HRA at the end of the previous year</b>	<b>(4,504)</b>
2,973	Deficit/(Surplus) for the year on the HRA Income and Expenditure Statement	(2,222)
(3,894)	Adjustments between accounting basis and funding basis under regulations (Note HRA 1)	(884)
140	Transfers to/from Reserves	-
(781)	(Increase)/Decrease in the year on HRA	(3,106)
<b>(4,503)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(7,610)</b>

**HRA 1. Adjustment between Accounting Basis and Funding Basis under Statute**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(614)	Gain/(Loss) on sale and disposal of HRA non-current assets	-
6,176	Capital expenditure funded by the HRA (CFCR)	4,011
356	Capital Grants contributions that have been applied to capital financing	350
(9,002)	Transfer to/from the Capital Adjustment Account:	(4,932)
(48)	- Depreciation and Impairment	-
610	- Movements in the Fair Value of Investment Assets	596
(1,313)	- Repayment of Debt	(806)
(59)	HRA share of contributions to/from the Pension Reserve	(103)
<b>(3,894)</b>	Amount by which officer remuneration charged to the HRA Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>884</b>

**HRA 2. Housing Stock**

The Council's housing stock at 31 March 2021 was 4,969 (31 March 2020 4,965) in the following categories:

<b>2019/20</b>		<b>2020/21</b>
<b>Number</b>		<b>Number</b>
30	One apartment	30
1,362	Two apartment	1,359
2,208	Three apartment	2,210
1,221	Four apartment	1,224
140	Five apartment	142
4	Six apartment	4
<b>4,965</b>		<b>4,969</b>



**CLACKMANNANSHIRE COUNCIL  
ANNUAL ACCOUNTS 2020/21**

**HOUSING REVENUE ACCOUNT (HRA)**

**HRA 3. Rent Arrears**

Rent Arrears decreased during the year by £0.018m to a total of £2.056m (2019/20: £2.074m). As a percentage of gross rental income, the arrears represent 10.4% (2019/20: 10.7%) which is equivalent to £414 (2019/20: £418) per house.

**HRA 4. Impairment of Debtors**

In 2020/21 an impairment of £2.056m (2019/20 £1.938m) has been provided in the Balance Sheet for irrecoverable rents, an increase of £0.118m on the provision in 2019/20.

**HRA 5. Rent Lost Due To Empty Properties**

Rent lost due to empty properties during the year was £0.435m (2019/20: £0.350m) this is included within the other expenditure figures in the Income and Expenditure Statement.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Council Tax Income Account for the year ended 31 March 2021*

The Council Tax Income Account shows the gross income raised from Council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(30,458)	<b>Gross Council Tax levied and contributions in lieu</b>	(31,597)
	<b>Deduct</b>	
3,665	Other discounts and reductions	3,809
468	Write-off of uncollectable debts and allowance for impairment	151
19	Adjustments to previous years Council Tax	77
3,502	Council Tax Reduction Scheme	3,922
<b>(22,804)</b>	<b>Net Council Tax Income transferred to General Fund</b>	<b>(23,638)</b>

**CTI 1. Council Tax Properties and Council Tax Changes**

Occupiers of domestic properties are liable to pay Council Tax. This is a tax levied by local authorities on domestic properties within their area.

Dwellings fall within a valuation band which is determined by the Assessor employed by the Central Scotland Valuation Board. In setting its budget the Council determines the Council Tax level each year. Charges for other bands are proportionate to the Band 'D' figure, which for 2020/21 was £1,304.63 (2019/20 £1,276.25). This was a 2.22% increase from the previous year.

<b>Valuation Band</b>	<b>Council Tax Charge</b>
	<b>£</b>
A	869.75
B	1,014.71
C	1,159.67
D	1,304.63
E	1,714.14
F	2,120.02
G	2,554.90
H	3,196.34

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Council Tax Income Account for the year ended 31 March 2021**

**CTI.2 Calculation of the Council Tax Charge Base 2020/21**

*number of dwellings (properties)*

	<b>A</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
	<b>(Disabled)</b>									
	<b>Relief)</b>									
Total number of dwellings	-	6,308	7,329	2,137	2,725	3,366	2,014	905	54	<b>24,838</b>
Less exempt dwellings	-	(263)	(209)	(70)	(63)	(53)	(22)	(11)	(7)	<b>(698)</b>
Dwellings subject to disabled reduction	-	(23)	(34)	(21)	(19)	(47)	(16)	(6)	(1)	<b>(167)</b>
Dwellings subject to tax at this band due to disabled relief	23	34	21	19	47	16	6	1	-	<b>167</b>
Less adjustments for single discounts	(2)	(920)	(806)	(228)	(212)	(197)	(74)	(34)	(1)	<b>(2,474)</b>
Less adjustments for double discounts	-	(40)	(35)	(18)	(9)	(9)	(4)	(4)	(1)	<b>(120)</b>
Less adjustments for disregarded adults	-	(2)	(2)	-	(1)	-	-	-	-	<b>(5)</b>
	<b>21</b>	<b>5,094</b>	<b>6,264</b>	<b>1,819</b>	<b>2,468</b>	<b>3,076</b>	<b>1,904</b>	<b>851</b>	<b>44</b>	<b>21,541</b>
Effective number of dwellings after discounts, exemptions and reliefs										
Band D equivalent factor (ratio)	5/9	6/9	7/9	8/9	9/9	(473/360)	(585/360)	(705/360)	(882/360)	
Band D equivalent properties Number of Dwellings	12	3,396	4,872	1,617	2,468	4,041	3,094	1,666	108	<b>21,274</b>
Less provision for non-collection @ 2.5%										<b>(532)</b>
<b>Council Tax Base 2020/21</b>										<b>20,742</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**

*Non Domestic Rates Income Account for the year ended 31 March 2021*

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The Statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
<b>(21,539)</b>	<b>Gross rates levied and contributions in lieu</b>	<b>(21,893)</b>
4,538	Reliefs and other deductions	9,282
786	Allowance for impairment of debts and appeals	632
<b>(16,215)</b>	<b>Net Non-Domestic Rate Income</b>	<b>(11,979)</b>
599	Adjustment to previous years' national non-domestic rates	428
(45)	Discretionary Reliefs charged to the General Fund	(37)
<b>(15,661)</b>	<b>Total Non-Domestic Rates Income/Income for Contribution to Non-Domestic Rate Pool</b>	<b>(11,588)</b>

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
15,661	Contribution to National Non-Domestic Rate Pool	11,588
<b>(17,315)</b>	<b>Distribution from National Non-Domestic Rate Pool</b>	<b>(10,757)</b>
(1,654)	(Gain)/Loss from National Pool	831
<b>(17,315)</b>	<b>Net NNDR Income per the Comprehensive Income and Expenditure Statement (Note 10)</b>	<b>(10,757)</b>

No income was retained by the Council in respect of the Business Rates Incentivisation Scheme, Tax Incremental Financing or similar schemes.

**NDR 1. Net Rateable Value Calculation**

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per pound of £0.498 which is determined each year by the Scottish Government.

**NDR 2. Rate Poundages Levied**

	<b>2019/20</b>	<b>2020/21</b>
National Non-Domestic Rate	49.0p	49.8p
Intermediate Property Supplement – properties valued > £51,000	2.6p	1.3p
Large Property Supplement – properties valued > £95,000	2.6p	2.6p

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**

*Non Domestic Rates Income Account for the year ended 31 March 2021*

**NDR 3. Analysis of Rateable Values as at 1 April 2020**

	<b>Number of Premises</b>	<b>Rateable Value £'000</b>
Type of Subject		
Commercial	924	15,486
Industrial	296	16,787
Miscellaneous	462	10,690
<b>Total</b>	<b>1,682</b>	<b>42,963</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**

*Common Good*

**Summary**

Common Good Funds are the assets and income of the former burghs of Scotland and stand separate from other accounts and funds of the Council. The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. The assets incorporated within the Common Good Account comprise the Speirs Centre, Alloa Town Hall and West End Park all within the former burgh of Alloa. There are also currently £9k principal funds held within the Common Good Accounts.

*Common Good Comprehensive Income and Expenditure Statement*  
*For the year ended 31 March 2021*

<b>2019/20</b>		<b>2020/21</b>	<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
	<b>Income</b>		
(264)	Charges for use of premises	(226)	
<b>(264)</b>			<b>(226)</b>
	<b>Expenditure</b>		
28	Property Maintenance	17	
71	Utilities	49	
99	Rates	99	
46	Cleaning, land services and refuse collection	47	
20	Insurance	14	
-	Furniture	-	
(384)	Depreciation, Impairment and Revaluations	187	
<b>(120)</b>			<b>413</b>
<b>(384)</b>	<b>Cost of Services</b>		<b>187</b>
-	Taxation and Non-Specific Grant Income		-
<b>(384)</b>	<b>(Surplus)/Deficit on Provision of Services</b>		<b>187</b>
(1,290)	Surplus on revaluation of non-current assets charged to the revaluation reserve		-
<b>(1,674)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>187</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**

*Common Good Balance Sheet*  
*As at 31 March 2021*

2019/20 £'000		2020/21 £'000
	<b>Long-Term Assets</b>	
5,539	Property, Plant and Equipment	5,352
	<b>Current Assets</b>	
9	Short-Term Investments	9
<b>5,548</b>	<b>Net Assets</b>	<b>5,361</b>
(9)	Usable Reserves	(9)
(1,701)	Revaluation Reserve	(1,701)
(3,838)	Funds tied up in Fixed Assets	(3,651)
<b>(5,548)</b>	<b>Total Reserves</b>	<b>(5,361)</b>

*Common Good Movement on Reserves Statement*  
*As at 31 March 2021*

	Notes	Usable Reserves £'000	Unusable reserves £'000	Total reserves £'000
<b>2020/21</b>				
<b>Balance at 1 April 2020</b>		<b>(3,847)</b>	<b>(1,701)</b>	<b>(5,548)</b>
Movement in reserves during 2020/21				
Total comprehensive income and expenditure		187	-	187
Increase or (decrease) in 2020/21		187	-	187
<b>Balance at 31 March 2021</b>		<b>(3,660)</b>	<b>(1,701)</b>	<b>(5,361)</b>
<b>2019/20</b>				
<b>Balance at 1 April 2019</b>		<b>(3,626)</b>	<b>(248)</b>	<b>(3,874)</b>
Movement in reserves during 2019/20				
Total comprehensive income and expenditure		(221)	(1,453)	(1,674)
Increase or (decrease) in 2019/20		(221)	(1,453)	(1,674)
<b>Balance at 31 March 2020</b>		<b>(3,847)</b>	<b>(1,701)</b>	<b>(5,548)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Group Financial Statements**

The Council has interests in its subsidiary, associates and joint ventures. It participates in these companies by means of Board membership and the provision of funding and management support. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared in addition to single entity financial statements.

The following entities have been consolidated into the Group Financial Statements:

**Subsidiary:**

- Common Good

**Joint Ventures:**

- Clackmannanshire and Stirling Integration Joint Board

**Associates:**

- Central Scotland Valuation Joint Board
- Coalsnaughton NHT 2012 LLP

Information on how the Council participates in these companies is given in Note 6 to the Group's Financial Statements.



**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Group Financial Statements**

**Group Comprehensive Income & Expenditure Statement**

This statement combines the Comprehensive Income and Expenditure of the Council with the share of its subsidiary, associates and joint ventures income and expenditure to show the group position.

<b>2019/20</b>				<b>2020/21</b>		
<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net Expenditure /(Income)</b>		<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net Expenditure /(Income)</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
87,503	(6,231)	81,272	People	94,791	(5,092)	89,699
27,447	(21,055)	6,392	Partnership & Performance	25,480	(23,237)	2,243
33,811	(9,582)	24,229	Place	28,853	(9,514)	19,339
20,830	(19,715)	1,115	Housing Revenue Account	16,661	(19,911)	(3,250)
1,659	-	1,659	Corporate Services	1,423	-	1,423
47,996	(30,676)	17,320	Clackmannanshire & Stirling IJB	52,683	(33,501)	19,182
395	-	395	Central Scotland Valuation Joint Board	440	-	440
(166)	(264)	(430)	Common Good	366	-	366
<b>219,475</b>	<b>(87,523)</b>	<b>131,952</b>	<b>Group Cost of Services</b>	<b>220,697</b>	<b>(91,255)</b>	<b>129,442</b>
371	-	371	Other Operating Expenditure	1,776	-	1,776
9,007	(1,036)	7,971	Financing & Investment Income & Tax Expenditure	11,029	(485)	10,544
-	(128,183)	(128,183)	Taxation & Non-Specific Grant Income	-	(137,858)	(137,858)
<b>228,853</b>	<b>(216,742)</b>	<b>12,111</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>233,502</b>	<b>(229,598)</b>	<b>3,904</b>
		141	Share of (surplus) or deficit on provision of services by associates & joint ventures			(3,016)
		<b>12,252</b>	<b>Group (Surplus)/Deficit</b>			<b>888</b>
		<b>(59,918)</b>	(Surplus) or deficit on revaluation of non-current assets including share of subsidiary			<b>(14,182)</b>
		<b>34,990</b>	Impairment (gain)/ loss on non-current asset to the revaluation reserve			<b>4,455</b>
		<b>(32,927)</b>	Remeasurement of the net defined benefit liability / (asset)			<b>47,433</b>
		<b>(247)</b>	Share of other comprehensive (income) & expenditure of associates & joint ventures			<b>424</b>
		<b>(58102)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>38,130</b>
		<b>(45,851)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>39,018</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Group Financial Statements**  
**Group Movement in Reserves Statement**  
**For the Year Ended 31 March 2021**

This statement shows the movement in the year on the different reserves held by the Council alongside the reserves of the subsidiary, associates and joint ventures that the Council has an interest in giving a total reserves position for the Group.

	Usable Reserves			Unusable Reserves			Total Group Reserves
	Council	Council's share of subsidiary, associates & joint ventures	Group Total	Council	Council's share of subsidiary, associates & joint ventures	Group Total	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>2020/21</b>							
<b>Balance at 1 April 2020</b>	<b>(22,410)</b>	<b>(4,708)</b>	<b>(27,118)</b>	<b>(139,939)</b>	<b>(830)</b>	<b>(140,769)</b>	<b>(167,887)</b>
Movement in Reserves during 2019/20							
Total comprehensive income & expenditure	3,717	(2,829)	888	37,706	421	38,127	39,015
Adjustments between accounting basis & funding basis under statutory provisions	(14,637)	(44)	(14,681)	14,637	44	14,681	-
<b>Net increase/ decrease before transfers</b>	<b>(10,920)</b>	<b>(2,873)</b>	<b>(13,793)</b>	<b>52,343</b>	<b>465</b>	<b>52,808</b>	<b>39,015</b>
Transfers to/from Earmarked Reserves	236	276	512	(236)	-	(236)	276
<b>(Increase)/decrease in 2020/21</b>	<b>(10,684)</b>	<b>(2,597)</b>	<b>(13,281)</b>	<b>52,107</b>	<b>465</b>	<b>52,572</b>	<b>39,291</b>
<b>Balance at 31 March 2021</b>	<b>(33,094)</b>	<b>(7,305)</b>	<b>(40,399)</b>	<b>(87,832)</b>	<b>(365)</b>	<b>(88,197)</b>	<b>(128,596)</b>
<b>2019/20</b>							
<b>Balance at 1 April 2019</b>	<b>(20,014)</b>	<b>(4,569)</b>	<b>(24,583)</b>	<b>(98,265)</b>	<b>811</b>	<b>(97,454)</b>	<b>(122,037)</b>
Movement in Reserves during 2019/20							
Total comprehensive income & expenditure	12,495	(243)	12,252	(56,565)	(1,537)	(58,102)	(45,850)
Adjustments between accounting basis & funding under statutory provisions	(14,891)	(59)	(14,950)	14,891	59	14,950	-
<b>Net increase/ decrease before transfers</b>	<b>(2,396)</b>	<b>(302)</b>	<b>(2,698)</b>	<b>(41,674)</b>	<b>(1,478)</b>	<b>(43,152)</b>	<b>(45,850)</b>
Transfers to/from Earmarked Reserves	-	163	163	-	(163)	(163)	-
<b>(Increase)/Decrease in 2019/20</b>	<b>(2,396)</b>	<b>(139)</b>	<b>(2,535)</b>	<b>(41,674)</b>	<b>(1,641)</b>	<b>(43,312)</b>	<b>(45,850)</b>
<b>Balance at 31 March 2020</b>	<b>(22,410)</b>	<b>(4,708)</b>	<b>(27,118)</b>	<b>(139,939)</b>	<b>(830)</b>	<b>(140,769)</b>	<b>(167,887)</b>

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Group Financial Statements**  
**Group Balance Sheet as at 31 March 2021**

The Group Balance sheet shows the value of the Group combining Clackmannanshire Council's assets and liabilities with its share of the assets and liabilities of those entities in which it has a financial interest.

<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£'000</b>		<b>£'000</b>
378,548	Property, Plant & Equipment	383,267
805	Heritage Assets	805
8,330	Investment Properties	8,542
514	Intangible Assets	411
1,859	Long-Term Investments	-
800	Investments in Associates and Joint Ventures	3,565
1	Long-Term Debtors	1
<b>390,857</b>	<b>Non-Current Assets</b>	<b>396,591</b>
290	Investment Properties held for Sale	376
-	Assets held for Sale	-
451	Inventories	808
12,951	Short-Term Debtors	17,472
9,415	Short-Term Investments	19,013
16,814	Cash and Cash Equivalents	16,947
<b>39,921</b>	<b>Current Assets</b>	<b>54,616</b>
(21,604)	Short-Term Creditors	(28,229)
-	Donate Inventories Account	(219)
(5)	Provisions	-
(2,723)	Short-Term Borrowings	(2,635)
<b>(24,332)</b>	<b>Current Liabilities</b>	<b>(31,083)</b>
(44)	Provisions	(47)
(101,328)	Long-Term Borrowing	(101,257)
(136,377)	Other Long-Term Liabilities	(188,968)
(810)	VJB Liabilities	(1,256)
<b>(238,559)</b>	<b>Long-Term Liabilities</b>	<b>(291,528)</b>
<b>167,887</b>	<b>Net Assets</b>	<b>128,596</b>
(27,119)	Usable Reserves	(40,399)
(140,769)	Unusable Reserves	(88,197)
<b>(167,887)</b>	<b>Total Reserves</b>	<b>(128,596)</b>

The unaudited financial statements were issued on 19 August 2021 and the audited financial statements were authorised for issue by Lindsay Sim on 3 February 2022.

**Lindsay Sim**  
**Chief Finance Officer**  
**3 February 2022**

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Group Financial Statements**

**Notes to the Group Financial Statements**

**Note 1 Group Accounting Policies**

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared in addition to single entity financial statements. The Financial Statements for the Group have been prepared in accordance with the Accounting Policies specified for the Council's Financial Statements and are set out in Note 1 of this document.

**Note 2 Disclosure of Interest in Other Entities**

The Council has adopted the recommendations of the Code, which requires local authorities to consider their interests in all types of entity to incorporate into Group Financial Statements. Group accounts have been prepared using the following basis:

- subsidiaries – consolidated on a line by line basis; and
- associates and joint ventures – using the equity method of accounting.

A full set of Group Financial Statements with the exception of a Cash Flow Statement, has been prepared which incorporates material balances from identified associates. A Group Cash Flow is not provided as it is not materially different to the single entity Cash Flow Statement.

**Note 3 Group Entities**

The accounting period end for the entities below, except for Coalsnaughton NHT 2012 LLP, is for the year end 31 March. Financial information up to 31 March was obtained and accounted for in the Group accounts. The dates of these accounts are included below.

The Group Accounts consolidate the results of other entities:

- The Common Good Fund has been consolidated in full as a subsidiary (31/03/21).

The Associates which have been incorporated and shares of total requisitions are:

- Central Scotland Valuation Joint Board – 15.4% (31/03/21); and
- Coalsnaughton NHT 2012 LLP – 25% (31/09/20).

The Joint Ventures which have been incorporated and percentage of total shareholdings are:

- Clackmannanshire & Stirling Integration Joint Board – 25% (31/03/21).

The Council also has interest in CSBP Clackmannanshire Investments Limited as a joint venture however on assessment of the financial information the total net assets of the company are below materiality level and the financial information is not consolidated into the Group Financial Statements.

The individual accounts relating to these entities are published separately, and are available from Companies House or the Chief Finance Officer and Section 95 Officer, Kilncraigs, Alloa, FK10 1EB.

With regard to the Joint Boards, the Council's interest reflects the requisition share paid by the Council. As no consideration was paid for such interests, there is no requirement to account for goodwill.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Group Financial Statements**

**Notes to the Group Financial Statements (continued)**

The Council holds no shares in the bodies governed by these Boards.

The Joint Boards have a wide range of functions to discharge, and members of each Board are elected Councillors and are appointed by the Council in proportions specified in the legislation.

Under accounting standards guidance, the Council can be seen to have significant influence over these statutory bodies, through nominated Council Member involvement in the bodies' governing Boards. The Boards are included within the Group Accounts even when our interest in these bodies is less than the 20% that is normally presumed to represent significant influence.

The Council has accounted for its interest in both Joint Ventures using the equity method of accounting. In each instance, the consideration paid by the Council equalled the fair value of assets and liabilities acquired, and therefore no goodwill arose on acquisition.

**Note 4 Non-Material Interest in Other Entities**

The Council recognises CSBP Clackmannanshire Investments Limited as a joint venture. The council has two elected members of the Council who sit on the board of directors (50%). The Council received an interim dividend of £0.150m in 2019/20 for the sale of land. The Council made no contribution to the Joint Venture in the 2020/21 or 2019/20 financial years and the financial information from this Joint Venture is not consolidated into the Group Financial Statements as it is considered immaterial to the understanding of the accounts.

The Council also has an interest in SEEMIS Group LLP, Scotland Excel and Clackmannanshire Regeneration LLP. The financial results of the organisations have not been consolidated into the Council's Group Accounts as they are considered immaterial to the understanding of the accounts.

**Note 5 Financial Impact of Group Consolidation**

The effect of inclusion of the Subsidiary (Common Good), Associate, Joint Ventures and entities on the Group Balance Sheet is to increase both the Reserves and Net Assets by £7.670m (2019/20: £5.538m) representing the Council's net asset in the consolidating entities.

**Note 6 Financial Results of Associates and Joint Ventures**

The Council has interests in its subsidiary, associates and joint ventures. It participates in these companies by means of Board membership and the provision of funding and management support.

**Subsidiary:**

- **Common Good – the Common Good is administered and fully controlled by Clackmannanshire Council.**

Common Good is treated as a subsidiary within the Council's Group accounts with assets, liabilities, reserves, income and expenditure being consolidated line by line.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
**Group Financial Statements**

**Notes to the Group Financial Statements (continued)**

Please see previous section of these accounts for income and charges made in the year by the Council for services provided.

**Joint Ventures:**

- **Clackmannanshire and Stirling Integration Joint Board**

The Clackmannanshire and Stirling Integration Joint Board (IJB) is a statutory body established to integrate health and social care services between Clackmannanshire Council, Stirling Council and NHS Forth Valley. The contribution provided by Clackmannanshire Council to the IJB in 2020/21 was £19.2m (2019/20: £17.3m). The IJB Board comprises twelve voting members with three elected members of Clackmannanshire Council (25% voting share).

**Associates:**

- **Central Scotland Valuation Joint Board**

The Central Scotland Valuation Joint Board (VJB) is the statutory body responsible for maintaining the electoral, council tax and non-domestic rate register for Clackmannanshire, Stirling and Falkirk Councils. The contribution made by Clackmannanshire Council to the board for 2020/21 was £0.440m (2019/20: £0.395m). The VJB board comprises fifteen voting members with three elected members of Clackmannanshire Council (20% voting share) the accounts are consolidated based on the payment share of 15.4%.

- **Coalsnaughton NHT 2012 LLP**

Under the NHT initiative, the Scottish Futures Trust, Hadden Construction and Clackmannanshire Council (25%) entered into a Limited Liability Partnership (LLP) venture to purchase newly-built homes so they can be made available for rent at 'mid market' rates, for a period of up to 10 years. The Council has provided finance to the LLP in the form of a loan. This loan is secured against the individual units and is further backed by means of a Guarantee from the Scottish Government. The loan accrues interest at 4% per annum and £161,886 was charged for the year to 31 March 2021. During 2020/21 the loan was discharged in full.

**CLACKMANNANSHIRE COUNCIL**  
**ANNUAL ACCOUNTS 2020/21**  
*Group Financial Statements*

The following table represents the Group's share of key financial information extracted from the accounts of the above entities for 2020/21:

	Central Scotland VJB		Clackmannanshire and Stirling IJB		Coalsnaughton NHT 2012 LLP		Common Good	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Gross Income	(436)	(495)	(2,534)	(1,797)	(33)	(60)	(264)	(226)
Gross Expenditure	481	498	52,513	57,663	8	16	(120)	413
Financing & Investment Income & Expenditure	25	20	(49,909)	(58,911)	25	50	-	-
(Surplus)/ Deficit on Provision of Services	70	23	70	(3,045)	-	6	(384)	187
Other Comprehensive Income/ Expenditure	(247)	424	-	-	-	-	(1,290)	-
Non-current assets	6	10	-	-	1,530	53	5,539	5,352
Current assets	110	171	424	3,469	26	51	9	9
Current liabilities	(52)	(97)	-	-	(1,180)	(8)	-	-
Pension liabilities	(874)	(1,340)	-	-	-	-	-	-





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**Report to: Audit Committee**

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**Date of Meeting: 3 February 2022**

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**Subject: Annual report to those charged with Governance and the  
Controller of Audit for Financial Year Ended 2020/21**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

- 1.1. This report and appendices set out the findings arising from the work carried out by the External Auditors on the Audit of the 2020/21 Financial Statements.

## **2.0 Recommendations**

It is recommended that the Committee:

- 2.1. note the content of the Independent Auditor's Report (Appendix 1);
- 2.2. approve the content of the Letter of Representation (ISA 580), (Appendix 1) and
- 2.3. note the content of the Annual Audit Report, the recommendations for improvement and the follow up on prior year recommendations (Appendix 2).

## **3.0 Considerations**

- 3.1 International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 3.2 Appendix 1 of this report contains a covering letter from the Auditor and the Independent Auditors Report. This sets out the basis of the audit work and the Audit opinion.
- 3.3 Also contained within Appendix 1 is the draft Letter of Representation (ISA 580) to the Auditor which the Council is required to prepare confirming the representations that have been made in connection with the audit of the Councils annual accounts for the year ended 31 March 2021. On approval, this letter will be signed by the Council's Chief Finance Officer.
- 3.4 The 2020/21 Annual Audit Report is included at Appendix 2 and sets out the significant findings from the 2020/21 audit of the Councils Annual Accounts (Exhibit 2). The report covers the scope of the audit as set out in the Annual Audit Plan presented to the Audit Committee in June 2021, considering the four audit

dimensions that frame the wider scope of public audit set out in the Code of Audit Practice 2016 covering:

- Financial Sustainability;
- Financial Management;
- Governance & Transparency; and
- Value for Money.

3.5 The report also sets out recommendations and provides an action plan which has been agreed with Senior Officers, set out at Appendix 1. Contained within the action plan is an update on progress on recommendations brought forward from 2019/20.

#### 4.0 Conclusion

4.1 The Committee is asked to approve the Letter of Representation and note the content of the Independent Auditor's Report and the 2020/21 Annual Audit Report.

#### 5.0 Sustainability Implications

5.1 Not applicable

#### 6.0 Resource Implications

##### 6.1 *Financial Details*

6.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

6.3 Finance have been consulted and has agreed the financial implications as set out in the report. Yes

#### 7.0 Exempt Reports

7.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

#### 8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced

- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

**(2) Council Policies** (Please detail)

**9.0 Equalities Impact**

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No

**10.0 Legality**

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**11.0 Appendices**

11.1 Appendix 1 - Independent Auditor's Report and Letter of Representation (ISA 580)

11.2 Appendix 2 - Clackmannanshire Council 2020/21 Annual Audit Report

**12.0 Background Papers**

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

**Council Draft and Audited Financial Statements 2020/21**

**Author(s)**

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Financial Officer	2022

**Approved by**

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Director of Partnership & Performance	



## Audit Committee

3 February 2022

### Clackmannanshire Council Audit of 2020/21 annual accounts

#### Independent auditor's report

1. Our audit work on the 2020/21 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 3 February 2022 (the proposed report is attached at [Appendix A](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit Committee's consideration our draft 2020/21 annual audit report. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

#### Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

#### Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

## **Representations from the Chief Finance Officer**

8. As part of the completion of our audit, we are seeking written representations from the Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Chief Finance Officer with the signed annual accounts prior to the independent auditor's report being certified.

## APPENDIX A: Proposed Independent Auditor's Report

### Independent auditor's report to the members of Clackmannanshire Council and the Accounts Commission

#### Reporting on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clackmannanshire Council and its group for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, Movement in Housing Revenue Account Statement, Council Tax Income Account, Non Domestic Rates Income Account, Common Good and notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the council and its group as at 31 March 2021 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10/06/2021. The period of total appointment is one year. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

## **Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Chief Finance Officer and Audit Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit Committee is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council is complying with that framework;
- identifying which laws and regulations are significant in the context of the council;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and



- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Reporting on other requirements**

#### **Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report**

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

#### **Statutory other information**

The Chief Finance Officer is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Statement of Responsibilities, Annual Governance Statement and the unaudited part of the Remuneration Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

#### **Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement**

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

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

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of the Best Value, are set out in my Annual Audit Report.

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Carole Grant, CPFA

Audit Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

*Date will be inserted automatically on date of signing*

## APPENDIX B Letter of Representation (ISA 580)

Carole Grant, Audit Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

3 February 2022

Dear Carole

### Clackmannanshire Council

#### Annual accounts 2020/21

1. This representation letter is provided about your audit of the annual accounts of Clackmannanshire Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Senior Leadership Group, the following representations given to you in connection with your audit of Clackmannanshire Council's annual accounts for the year ended 31 March 2021.

#### General

3. Clackmannanshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Clackmannanshire Council have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

#### Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (2020/21 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Clackmannanshire Council and its group at 31 March 2021 and the transactions for 2020/21.

## **Accounting Policies & Estimates**

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2020/21 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Clackmannanshire Council's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

## **Going Concern Basis of Accounting**

9. I have assessed Clackmannanshire Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Clackmannanshire Council's ability to continue as a going concern.

## **Assets**

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2021 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

11. I carried out an assessment at 31 March 2021 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2021.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

15. There are a number of assets that may be regarded as Heritage Assets that have not been included on the Balance Sheet. It has not been possible to obtain reliable cost or valuation information due to the diverse nature of these assets.

## **Liabilities**

16. All liabilities at 31 March 2021 of which I am aware have been recognised in the annual accounts.

17. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2021 of which I am aware where the conditions specified in the 2020/21 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2021.

Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

18. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2021 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

19. The accrual recognised in the financial statements for holiday untaken by 31 March 2021 has been estimated on a reasonable basis.

20. The pension assumptions made by the actuary in the IAS 19 report for Clackmannanshire Council have been considered and I confirm that they are consistent with management's own view.

21. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

### **Contingent liabilities**

22. There are no significant contingent liabilities, other than those disclosed in Note 37 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and IAS 37.

23. With specific reference to equal pay claims I can confirm that it is not possible to quantify the contingent liability.

### **Fraud**

24. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

### **Laws and Regulations**

25. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

### **Related Party Transactions**

26. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2020/21 accounting code. I have made available to you the identity of all the Clackmannanshire Council's related parties and all the related party relationships and transactions of which I am aware.

## **Remuneration Report**

27. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

## **Management commentary**

28. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

## **Corporate Governance**

29. I confirm that the Clackmannanshire Council has undertaken a review of the system of internal control during 2020/21 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

30. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2021, which require to be reflected.

## **Group Accounts**

31. I have identified all the other entities in which Clackmannanshire Council has a material interest and have classified and accounted for them in accordance with the 2020/21 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

## **Events Subsequent to the Date of the Balance Sheet**

32. All events subsequent to 31 March 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Chief Finance Officer

# Clackmannanshire Council

2020/21 Annual Audit Report – DRAFT



 AUDIT SCOTLAND

Prepared for the Members of Clackmannanshire Council and the Controller of Audit  
February 2022

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# Contents

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Key messages	3
Introduction	4
1. Audit of 2020/21 annual accounts	7
2. Financial management	13
3. Financial sustainability	19
4. Governance and transparency	23
5. Best Value	25
Appendix 1	29
Appendix 2	33
Appendix 3	37



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# Key messages

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## 2020/21 annual accounts

- 1 Our audit opinions on the annual accounts of the council and its group are unmodified.
- 2 The impact of Covid-19 created additional challenges for council staff which led to agreeing an extension to the agreed audit timetable for the 2020/21 financial statements.

## Financial management and sustainability

- 3 The Covid-19 pandemic had a significant impact on the 2020/21 budget, however processes were appropriate and the council achieved 91 per cent of planned efficiency savings.
- 4 Covid-19 has had a significant impact on staff capacity and the control environment. The council recognise this issue and are working to address it.
- 5 Action is needed to strengthen awareness of the council's anti-fraud arrangements and ensure all staff know their responsibilities.
- 6 The Covid-19 pandemic is impacting on the short-term finances of Clackmannanshire Council with the Social Services Childcare budget seeing pressure due to the demand to support vulnerable people.
- 7 The 'Be the Future' transformation programme has continued to progress and support change across the council.

## Governance and transparency

- 8 The governance arrangements introduced in response to the pandemic were appropriate and operated effectively.
- 9 The council demonstrates its commitment to conducting its business in an open and transparent manner through the recording of committee meetings and availability of information through the council website.

## Best Value

- 10 Clackmannanshire Council has continued to make progress on the Best Value recommendations.
- 11 Performance reporting during 2020/21 was appropriate and the LGBF data demonstrates improvement across a number of areas.

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# Introduction

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**1.** This report summarises the findings arising from the 2020/21 audit of Clackmannanshire Council and its group. The scope of the audit was set out in our 2020/21 Annual Audit Plan presented to the April 2021 meeting of the Audit Committee. This report comprises the findings from our audit of the annual accounts and consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#).

**2.** The main elements of our audit work in 2020/21 have been:

- an audit of the annual accounts of Clackmannanshire Council and its group and the issue of an independent auditor's report setting out our opinions,
- a review of the council's key financial systems,
- reviewing the council's progress in addressing the matters arising from previous Best Value reports, and
- consideration of the four audit dimensions of financial management, financial sustainability, governance and transparency and value for money.

**3.** The global coronavirus pandemic has had a considerable impact on Clackmannanshire Council during 2020/21. This has had significant implications for the services it delivers, the work priorities for staff, and delays in capital expenditure projects. Risks related to the pandemic were included in our Annual Audit Plan and we report on how we have addressed them in [Appendix 2](#).

## Adding value through the audit

**4.** We add value to Clackmannanshire Council by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Responsibilities and reporting

**5.** Clackmannanshire Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

**6.** Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

**7.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the council's performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability and,
- Best Value arrangements.

**8.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

**9.** Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

**10.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the progress that has been made in implementing them.

## Auditor Independence

**11.** Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

**12.** We can confirm that we comply with the Financial Reporting Council's Ethical Standards and we have not undertaken any non-audit related services. We are not aware of any relationships that could compromise our objectivity and independence.

**13.** We completed additional substantive testing in response to control weaknesses identified during our interim testing. Details of these additional audit procedures were set out in our Management Report presented to the Audit Committee in September 2021. We have charged an additional fee for this work of £7,000. This increased the 2020/21 audit fee to £214,720.

**14.** This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

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# 1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of resources and performance

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## Main judgements

Our audit opinions on the annual accounts of the council and its group are unmodified.

The impact of Covid-19 created additional challenges for staff resulting in an extension to the agreed audit timetable for the 2020/21 financial statements.

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## Our audit opinions on the annual accounts are unmodified

**15.** The accounts for the council and its group for the year ended 31 March 2021 were approved by the Audit Committee on 3 February 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance

## The Covid 19 pandemic impacted on the audit process and the annual accounts were signed off later than planned

**16.** The unaudited annual accounts were received in line with our agreed audit timetable on 31 August 2021. The council has operated in challenging circumstances while supporting the response to the Covid-19 pandemic. The introduction of remote working, significant additional duties and regular reprioritisation of tasks impacted on capacity across the council.

**17.** To support the Covid-19 response some key finance staff had to be redeployed and this impacted on the time available to engage with the audit process. Particular pressures were noted during our work on staff costs and non-current assets with delays in providing the requested supporting audit information. This was compounded by vacancies which required a core member of the finance team to respond to audit across a number of areas. Further information is included in [Exhibit 2](#).

## There were no objections raised to the annual accounts

**18.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the annual accounts. This must remain on the website throughout the inspection period. The council complied with the regulations and there were no objections from the public to the 2020/21 annual accounts.

## Overall materiality was revised on receipt of the unaudited annual accounts to £2.3 million

**19.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatement on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values.

**20.** The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

**21.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. On receipt of the unaudited annual accounts we reviewed our planning materiality calculations. The revised materiality levels summarised in [Exhibit 1](#) were not significantly different from planning materiality levels, however our audit approach was revised to ensure sufficient assurance was obtained following the control weaknesses identified.

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### Exhibit 1 Materiality values

Materiality level	Planning	Revised
Overall materiality	£2.6 million	£2.3 million
Performance materiality	£1.3 million	£1.2 million
Reporting threshold	£50,000	£50,000

Source: Audit Scotland

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## Appendix 2 identifies the main risks of material misstatement and our audit work performed to address these

**22.** [Appendix 2](#) provides our assessment of the risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

## We have significant findings to report on the annual accounts

**23.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have reported a number of issues from the work done on the identified risks of material misstatement. The significant findings are summarised in [Exhibit 2](#).

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### Exhibit 2

#### Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. Discretionary Housing Payment funding adjustment</b></p> <p>The council received late notification from the Scottish Government of the final Discretionary Housing Payment resulting in an additional funding accrual of £0.2 million.</p> <p>This will result in a reduction in the deficit on the provision of services contained within the Comprehensive Income and Expenditure Statement (CIES) with an equal increase in the current assets in the Balance Sheet.</p>	<p>This has been adjusted in the audited financial statements.</p>
<p><b>2. Gross income and expenditure adjustments in the CIES</b></p> <p>In preparing the Local Financial Return officers identified the inaccurate classification of income and expenditure transactions within the CIES. These changes have no impact on the Net Deficit on the Provision of Services however the increase gross expenditure by £0.9 million with an equal movement in gross income.</p>	<p>The CIES has been adjusted in the audited financial statements.</p>

Issue	Resolution
<p><b>3. Assets held for sale</b></p> <p>The Capital Operation Group meets regularly and receives notification of any assets sold or proposed for sale / change of use. In addition the Valuer and senior officers regularly review the assets list to identify possible surplus assets.</p> <p>Audit inquiry indicates that assets with a value of £0.1 million have been sold since the year end and were being marketed for sale prior to the 31 March 2021.</p>	<p>The balance sheet has been adjusted in the audited financial statements.</p> <p>The process for identifying assets held for sale should be strengthened to ensure they can be accurately captured in the financial statements.</p> <p><b>Recommendation 1</b></p>
<p><b>4. Accounting for developer income</b></p> <p>Audit testing identified a £0.1 million balance within short term creditors for income from developers arising from an agreement under Section 75 of the Town and Country Planning (Scotland) Act 1997.</p> <p>As there is no requirement for this to be repaid it should not be included within the creditors balance and should be recognised as income in the CIES.</p>	<p>This has been adjusted in the audited financial statements.</p> <p>A further £1 million short term creditors balance remains within the Balance Sheet for items that appear to be similar in nature and should be reviewed to ensure they are correctly accounted for in future.</p> <p><b>Recommendation 2</b></p>
<p><b>5. Common Good accounting</b></p> <p>Statutory adjustments are made in local government accounting to ensure that the accounting treatment for non-current assets does not impact the General Fund. These statutory adjustments are not permitted for Common Good funds.</p> <p>Statutory adjustments had been made in the Clackmannanshire Common Good Fund accounts for a number of years.</p>	<p>The disclosure of 'Adjustment between accounting basis and funding' has now been removed from the financial statements.</p> <p>The Capital Adjustment Account has been replaced with a 'Funds Tied up in Fixed Assets' reserve.</p>
<p><b>6. Group accounting</b></p> <p>The consolidated financial information in the unaudited accounts for Coalsnaughton NHT 2012 LLP was based on the prior year financial statements. Accounting standards require the information to be within 3 months of the year end of the group financial statements.</p> <p>Audit testing also identified that £0.2 million common good income was an intra-group transaction with the council that had not been eliminated on consolidation.</p>	<p>The council received updated management information for Coalsnaughton NHT 2012 LLP and made the necessary adjustments in the group financial statements.</p> <p>The common good income and council expenditure of £0.2 million have now been adjusted in the group financial statements.</p>



Issue	Resolution
<p><b>7. Reserve disclosure note</b></p> <p>The reserves disclosures (Note 8) in the unaudited accounts did not show the amounts earmarked within the reserves and the transfers during the year as required by the accounting code.</p>	<p>The disclosure note has been amended.</p>
<p><b>8. Finance team capacity</b></p> <p>There were delays in receiving audit information due to workload pressures on this small team. In particular we note reliance on one officer to cover additional significant areas, such as non-current assets, due to the vacancy in the key capital accountant role.</p> <p>We recognise that the job market is challenging and that the council is continuing to work to recruit to key finance posts.</p>	<p>The necessary audit information was provided to support the conclusion of the audit.</p> <p>We will work with the council to clarify our requirements to support the delivery of a full package of working papers alongside the unaudited accounts.</p> <p><b>Recommendation 3</b></p>

Source: Audit Scotland

## Identified misstatements were above performance materiality but our audit approach did not need to be revised

**24.** The cumulative total of misstatements identified was £1.6 million. These mainly consist of the adjustments highlighted in [Exhibit 2](#) for the late notification of Discretionary Housing Payment funding and adjustments to correct inaccurate classifications of income and expenditure. The net impact of these adjustments is a decrease in the deficit on the provision of services within the CIES of £0.3 million and an increase in net assets and total reserves in the Balance Sheet by £0.3 million.

**25.** In addition to the adjustments detailed in [Exhibit 2](#) a further two minor issues were identified for personal protective equipment (£0.06 million) and an incorrect re-classification of funding (£0.09 million). These had no net impact on the financial statements.

**26.** It is our responsibility to request that all misstatements, other than those below the reporting threshold are corrected, although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality.

## **The Management Commentary has been changed to ensure compliance with key requirements**

**27.** The Management Commentary that accompanies the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

**28.** The reduced reporting requirements for 2019/20 annual accounts did not apply to the 2020/21 annual accounts and full performance reporting was required in the Management Commentary. The disclosures have been amended to ensure full compliance with requirements. Further improvement areas have been identified, including a clear reconciliation between the budget and the financial statements, and we will continue to work with management to improve the overall clarity of the Management Commentary.

## **Progress has been made on prior year recommendations**

**29.** The council has made some progress in implementing our prior year audit recommendations. Workload pressures and capacity issues have delayed progress of several agreed improvement actions as detailed in [Appendix 1](#).

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## 2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

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### Main judgements

The Covid-19 pandemic had a significant impact on the 2020/21 budget, however processes were appropriate and the council achieved 91 per cent of planned efficiency savings.

Underspending against the capital budget continued in 2020/21. As part of the 2021/22 budget setting process the council approved a 20-year capital programme and is now developing a capital strategy.

Covid-19 has had a significant impact on staff capacity and the control environment. The council recognise this issue and are working to address it.

We concluded that the council had appropriate arrangements in place for the distribution of Covid-19 support grants on behalf of the Scottish Government with a value of £12.8 million.

Action is needed to strengthen awareness of the council's anti-fraud arrangements and ensure all staff know their responsibilities.

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### The Covid-19 pandemic had a significant impact on the 2020/21 budget, resulting in revisions during the year

**30.** The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

**31.** Clackmannanshire Council approved its 2020/21 general revenue budget in February 2020. The budget was set at £128.3 million and included the application of unapplied capital receipts of £1.2 million and a contribution from earmarked reserves of £0.7 million. The budget also required the achievement of £1.1 million of efficiency savings in addition to the £2.3 million previously approved during the budget process. The 2020/21 budget was revised during the year due to the impact of the Covid-19 pandemic with a final budget of £141.5 million and a total general fund underspend of £9.7 million.

**32.** Lockdown restrictions impacted on the level of income the council was able to generate. In 2020/21 this resulted in an income reduction of £2.1 million. However, the council received an additional £9.9 million funding to support the response to the Covid-19 pandemic, with £3.9 million discretionary enabling the council to allocate the funding based on need. The remaining £6 million was allocated for specific funding priorities.

**33.** The more significant under and overspends are summarised in [Exhibit 3](#). A significant proportion of the underspend was attributable to unspent Covid-19 funding received later in the year from the Scottish Government which has been ring-fenced and carried forward to 2021/22.

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### Exhibit 3

#### Summary of significant under/overspends against budget

Area	£ million	Reason for variance
<b>Underspends</b>		
Incident management	£4.8	Covid-19 funding carried forward for use in 2021/22.
Education service	£3.2	Underspends due to additional Covid-19 funding and staffing turnover. This includes £1.3 million in primary non devolved and £0.5 million in early years.
Development and environment	£2.7	Underspends due to reduced costs and additional Covid-19 funding. Main areas include catering (£0.7 million), building operations (£0.4 million) and waste management (£0.3 million).
<b>Overspends</b>		
Social services	£2.1	Overspend in other residential placements (£1.2 million) and corporate parenting (£0.8 million). Action is underway to fully understand the key overspend areas recognising their demand-led nature.

Source: Clackmannanshire Council

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**34.** Clackmannanshire Council also paid out £12.8 million of Covid-19 support grants on an agency basis on behalf of the Scottish Government. This does not impact on the financial statements of the council and is instead disclosed in the management commentary. We considered the arrangements in place for the Covid-19 grants, including the work completed by internal audit, and concluded that the council had appropriate arrangements in place.

### **Budget processes were appropriate and the council achieved 91 per cent of planned efficiency savings**

**35.** We observed that senior management and members receive regular and accurate financial information on the council's performance against budgets. We concluded that the council has appropriate budget setting and monitoring arrangements.

**36.** In prior years we have reported that the council did not prepare a year end outturn report for councillors setting out details of the overall financial performance of the council. This report provides an important opportunity to scrutinise the financial performance of individual services and investigate the reasons for significant revenue and capital over and underspends. We are pleased to report that the council presented a 2020/21 year-end outturn report to the Audit Committee in September 2021.

**37.** The 2020/21 budget included planned savings and contributions from reserves to address the identified funding gap. We note that the council achieved savings of £3 million which is 91 per cent of the target for the year. The achievement of savings has been significantly impacted by the Covid-19 pandemic with the majority of the unachieved savings balance being identified as due to the pandemic.

### **There has been a significant increase in the level of usable reserves held by Clackmannanshire Council**

**38.** One of the key measures of the financial health and sustainability of a body is the level of usable reserves held. For Clackmannanshire Council usable reserves have increased by £10.4 million during 2020/21 to a balance of £32.8 million at the year end.

**39.** The council's general fund, which provides a contingency to meet unexpected expenditure and manage the impact of uneven cash flows, makes up the majority of this balance with £19.7 million held as at 31 March 2021. The housing revenue account reserve has also increased by £3.1 million with a closing balance of £7.6 million.

**40.** It is worth noting that within this increase in usable reserves there is an increase in the amount that is already earmarked for future purposes. Clackmannanshire Council is reporting an increase in the level of earmarked usable reserves from £5.6 million in 2019/20 to £13.4 million in 2020/21 with £5.2 million directly due to Covid-19 funding.

## The housing revenue account operated within budget

**41.** The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

**42.** The council made a surplus of £7.1 million in 2020/21 which was higher than the budgeted surplus of £5.2 million. This increase was mainly due to lower-than-expected staff costs and reduced expenditure on repairs as the Covid-19 restrictions impacted on the council's ability to complete this work.

## Underspending against the capital budget continued in 2020/21 largely due to the Covid-19 pandemic

**43.** Total capital expenditure in 2020/21 was £17.6 million of which £13.6 million related to general services and £4 million to the housing revenue account. This represents an overall underspend of £14.1 million.

**44.** The capital programme for 2020/21 has been adversely impacted by the Covid-19 pandemic. Many projects faced delays at the start of the financial year due to restrictions and reprioritisation of council resources. The underspend was mainly due to delays in Community Investment Strategy projects, including Village and Small-Town Alva project, Tullibody South Campus and Clackmannanshire Regeneration. The housing revenue account underspend was due to lockdown restrictions limiting access to homes and contractors being unable to progress work due to furloughing staff.

**45.** We have previously highlighted recurring capital underspends and recommended that the council presses on with work to improve the management of its capital programme. The council has been planning for several years to produce a capital strategy setting out its priorities for the next five to ten years and to better align capital planning and spending. As part of the 2021/22 general fund budget, the council produced a 20-year capital investment programme that sets the foundation for the capital strategy, which is due to be submitted to council during 2021/22.

## Covid-19 has had a significant impact on the council's control environment

**46.** There is increasing demand on the council's resources. The response to the Covid-19 pandemic has brought significant, additional pressures to the council and its staff. The finance team has had vacancies in key roles during 2020/21 and are experiencing issues recruiting to these roles on a permanent basis due to the external market conditions.

**47.** The risk profile of public bodies during 2020/21 has been affected by the Covid-19 pandemic. The risk of fraud and error has increased as control environments and internal controls have had to change to allow for services to operate effectively and respond to issues in a timely manner.

**48.** Our management letter presented to the Audit Committee in September 2021 concluded that the introduction of remote working, additional duties and reprioritisation of tasks had a significant impact on capacity to undertake routine tasks on a regular basis. This impacted on the control environment with a number of control weaknesses identified that required us to revise our audit approach and increase our substantive testing to enable us to obtain the required audit assurances.

**49.** We received the year end bank reconciliation during our audit of the financial statements and noted that many of the items highlighted as unmatched at 31 March 2021 remained outstanding when we were completing our audit work in December 2021. Finance staff have commenced further investigations to understand and address these items.

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## Recommendation 4

The council must reintroduce key controls to ensure the overall control environment is robust and appropriate.

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### The Your Reputation @ Risk Survey indicates that the arrangements for preventing fraud and corruption need to be strengthened

**50.** Clackmannanshire Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

**51.** YR@R is a web-based survey that helps bodies assess the business conduct and behaviours of staff. It provides a snapshot of whether staff have a good awareness of the key governance policies, including codes of conduct and anti-fraud and whistleblowing, and are aware of their responsibilities and the correct course of action to take in response to specific scenarios.

**52.** During October and November 2021, over 4 weeks, staff within the council (approximately 2,080 individuals) were invited to participate in the web-based survey. A total of 51 staff completed the survey – a response rate of only 2.5 per cent. The council has full details of the survey results to enable further analysis of the data, but the limited engagement suggests this is an area that the council should focus on moving forward.

**53.** The responses identified a generally high awareness of key policies, however many of the respondents indicated that they did not understand the key policies or had not even read them.

**54.** The survey asks the respondents to select the factors which would stop them reporting a concern at work. The majority of respondents identified at least one reason why they would not report a concern at work with only 9.8 per cent stating that nothing would stop them. 52.9 per cent of respondents stated they

would not report a concern at work due to the belief it would not be acted on appropriately and 45.1 per cent believe managers are already aware but have been turning a blind eye.

**55.** While 84.3 per cent of respondents were aware of the council's fraud policy, only 49 per cent were aware of the procedure to report fraud, bribery, corruption, suspicious activity and unacceptable business practices. Also 37.3 per cent of respondents had never received training on whistleblowing and counter-fraud and corruption. The availability of training is a key aspect of the prevention and detection of fraud and the understanding of key policies. The council should ensure this is provided to all staff with a system of regularly refreshing and updating the material.

**56.** In addition to this, only 33.3 per cent of respondents felt that there was a strong counter-fraud culture which is driven by management with 49 per cent stating they don't know and 17.6 per cent disagreeing. It is important that anti-corruption messages come from management as this is where many people will look for guidance on their actions and behaviour.

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## Recommendation 5

Clackmannanshire Council should focus on improving the communication of key corporate policies and implement training for staff on whistleblowing and preventing and detecting fraud and corruption.

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### National Fraud Initiative activity needs to increase

**57.** The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud through data matching. Computerised techniques are used to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

**58.** We have reported in previous years that the NFI activity needs to increase, and the council should review its approach to investigating high risk matches.

**59.** The current exercise has identified 1,478 matches, of which 166 are deemed to be high risk and are therefore recommended for investigation. High risk matches are those most likely to indicate possible fraud or irregularity. To date the council has investigated 104 matches of varying risk levels, covering only 30 per cent of the high-risk matches. We view the pace of this progress as slow and it is an area that requires additional focus.



## 3. Financial sustainability

Financial sustainability looks forward to the medium and long term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered

### Main judgements

The Covid-19 pandemic is having a significant impact on the short-term finances of Clackmannanshire council. The Social Services Childcare budget is seeing particular pressure due to the demand to support vulnerable people. Plans are in place to make improvements but it will be some time before the impact will be realised.

Medium term financial plans have been updated to reflect the impact of the pandemic, but the longer-term impact is not yet known.

The 'Be the Future' transformation programme has continued to progress and support change across the council.

### The financial impact of the COVID-19 pandemic on Clackmannanshire Council will be significant

**60.** Clackmannanshire Council approved its 2021/22 general revenue budget in March 2021. The budget was set at £131.9 million and included the application of unapplied capital receipts of £0.7 million and a contribution from earmarked reserves of £0.9 million. The budget also required the achievement of £2.1 million of efficiency savings. The latest forecast outturn for 2021/22 indicates a projected overspend for the council of £2.5 million, of which £2.2 million is directly related to the impact of the Covid-19 pandemic.

**61.** The majority of the projected overspend sits within the People Directorate with £1.5 million attributable to Social Services Childcare. This mainly relates to Residential placements (£1.1 million) and Corporate Parenting (£0.4 million). The council is putting plans in place through its 'Be the Future' transformation programme to make improvements however it will likely be some time before the impact will be seen. For example, it has recently prepared a new Children's Services plan 2021-24 and the improvement and risk management plan for children's services includes a number of improvement actions. The council is also planning to procure a new Social Work System jointly with Stirling Council, with the business case currently under development.

**62.** The council has received £1.5 million of discretionary funding to mitigate the financial impact of the Covid-19 pandemic. Applying this earmarked reserve would reduce the projected general fund overspend to £0.9 million.

## Medium to longer term financial plans are in place but will have to be updated to continue to reflect the impact of the pandemic

**63.** The financial impact of the Covid-19 pandemic on the council is likely to extend across several years. It may include a reduction in income from business rates and council tax non-payments as well as a reduction in fees and charges from, for example, leisure, public transport and parking. Bodies may also face increased costs such as higher staff costs to cover the delivery of services.

**64.** Clackmannanshire Council has longer term financial plans in place that include low, medium and high scenarios for a rolling four-year period. These scenarios, which it regularly reviews, are based on different sets of assumptions for variables such as the level of Scottish Government funding, demand pressures and pay awards. Councillors regularly reviewed budget strategy reports during 2020/21.

**65.** The council updated its indicative funding gap for 2022/23 to 2024/25 as part of the 2021/22 budget setting process. This resulted in indicative funding gaps of £6 million, £4.2 million and £3.5 million. This is a cumulative gap of £13.7 million which is an improvement from the three-year funding gap of £21.2 million highlighted in our 2019/20 Annual Audit Report. The council are considering the options available to bridge these gaps.

**66.** The council's longer-term financial plans have been developed with the establishment of a 20-year capital budget, organised around the council's 'Be the Future' transformation programme priorities. The council's medium to longer term financial plans must continue to be updated to reflect the future financial impact of the Covid-19 pandemic.

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## Recommendation 6

Long-term planning arrangements, including a range of scenarios, should continue to be updated to support the council in recovering from the Covid-19 pandemic.

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## Transformational planning has continued during 2020/21 with key plans realigned and work underway to assess the future workforce requirements

**67.** In December 2018 the council approved its new Corporate Plan '[Be the Future](#)'. The plan sets out the vision, priorities and values against which all aspects of the council's work will be measured and aligned. It also includes a streamlined range of corporate priorities and outcomes aligned with the Local Outcomes Improvement Plan.

**68.** Last year we reported that the council had agreed new management structures for the place and partnership and performance portfolios and a transitional structure for the people portfolio. The council has now agreed the management structure for the people portfolio which includes the introduction of the permanent roles of Chief Education Officer and Chief Social Work Officer.

**69.** The council appointed a Strategic Director of Transformation in March 2021 to help align the transformation programme and maximise the outcomes achieved from the investment being made.

**70.** The council is using its 'Be the Future' transformation programme as the basis for building financial and service sustainability. Programme activity continued throughout 2020/21 despite the additional pressures of the Covid-19 pandemic. In fact the council took the opportunity to review and realign a number of key areas including Organisational Redesign and the Recovery Plan to ensure consistency of priorities and focus.

**71.** The Organisational Redesign Framework provides a basis to monitor and evaluate progress and support the ongoing learning process. The Framework comprises the following four key phases to support the delivery of medium to long term sustainability:

- Creating the conditions - alongside delivering business as usual the council must invest for the future.
- Developing the team - a positive and empowering culture is needed to support the vision for change.
- Releasing the potential – establishing empowered teams, confident in delivering both services and innovative approaches.
- Sustainability – delivery of the agreed outcomes and priorities.

**72.** The council's Recovery Plan is based on Scottish Government guidance, however it's alignment with the 'Be the Future' programme supports transformation alongside the necessary pandemic recovery. The key strategic themes identified are:

- New ways of working – considering areas such as new models of education provision, the role of partnership working, digital solutions, including remote / home working and virtual democracy and governance.
- Supporting economic recovery – developing a Regional Economic Strategy within Forth Valley, progressing the City Region Deal and promoting community wealth building.
- Financial sustainability – supporting income maximisation for vulnerable communities and securing longer term financial balance for the council.
- Workforce and elected members – ongoing focus on health, safety and wellbeing, including revisions to employment policies to reflect the new and evolving environment.

**73.** The council is working at pace to review and clarify how all proposed projects fit into the 'Be the Future' plan and to convert key aspects of the plan into actions. An important element of this will be the workforce analysis to ensure sufficient resources and skills are in place to support delivery alongside considering the impact of digital transformation.

**74.** Capacity issues have been recognised across the council and these have been exacerbated by the additional work required to respond to the Covid-19 pandemic. As part of the response the council has developed a workforce programme in consultation with staff and trade union representatives. This brings together the pandemic recovery, support and transformation activity set out in the council's strategic workforce plan, its organisational redesign plan and its Covid-19 recovery plan. A council wide workforce analysis will also be undertaken to identify training, skills gaps and behavioural competencies.

**75.** The council is working at pace to review and clarify how all proposed projects fit into the 'Be the Future' plan and to convert key aspects of the plan into actions. There is regular reporting to ensure committee members are aware of progress and the direction of travel. This is a 10-year programme that will deliver significant outcomes. Additional detail on the 'Be the Future' Strategic Roadmap for 2021/23 which was agreed by the council in June 2021 is contained in [Section 5](#) of this report.

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# 4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

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## Main Judgements

The governance arrangements introduced in response to the pandemic were appropriate and operated effectively. Governance changes due to Covid-19 restrictions were disclosed in the Annual Governance Statement.

The council demonstrates its commitment to conducting its business in an open and transparent manner through the recording of committee meetings and availability of information through the council website.

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## Governance and transparency arrangements were appropriate

**76.** Our previously reported conclusions on governance arrangements remain valid, that the council has appropriate and effective governance arrangements in place.

**77.** The governance and transparency arrangements we consider include:

- council and committee structure and conduct
- openness of council and committees
- reporting of performance and whether this is fair, balanced and understandable.

## Governance arrangements operating throughout the Covid-19 pandemic have been appropriate and operated effectively

**78.** The council made significant changes to its governance arrangements in response to the pandemic. These have been set out in the Annual Governance Statement in the annual report and included cancelling all scheduled council and committee meetings from 25 March to 28 May 2020 and setting up an emergency decision making forum (EDMF), which met remotely to deal with council business.

**79.** Regular council meetings resumed from 25 June 2020 with the remaining council committees meeting again from the beginning of October 2020. All meetings continue to be held remotely and are well attended by councillors. The council records its main council and committee meetings, and these are available on the council's website alongside the agenda papers and minutes of each meeting.

**80.** We have concluded that Clackmannanshire Council has appropriate governance arrangements in place which support effective scrutiny, challenge and decision making.

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# 5. Best Value

Using resources effectively and continually improving services.

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## Main judgements

Clackmannanshire Council has continued to make progress on the Best Value recommendations with a clear focus on the 'Be the Future' transformation programme.

Performance reporting during 2020/21 was appropriate and the LGBF data demonstrates improvement across a number of areas.

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## The council has continued to make progress to address the Best Value recommendations

**81.** Best value is assessed over the audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this period. The BVAR report for Clackmannanshire Council was published in January 2018 with a BVAR progress report published in June 2019.

**82.** Our 2020/21 audit work focused on the council's progress against the recommendations of the BVAR progress report, which were:

- Councillors and officers should build on recent progress and work collaboratively to agree initiatives which secure transformational change, long-term savings, and service and financial sustainability.
- The council should work urgently to finalise its new management structure and proceed with organisational change and ensure the initiatives that are in train provide the necessary capacity to support and embed change.
- The council should further develop its working relationships with local councils and others and use these to secure efficiencies in services.

**83.** The Stirling and Clackmannanshire City Region Deal was signed in February 2020. In response to the Covid-19 pandemic a revised delivery plan was formally agreed in December 2020 to ensure that all programmes supported recovery from the pandemic. Year 1 of the Deal (2020/21) was focused on ensuring the governance structures and overall plans were appropriate. As the council moves through year 2 there has been a move to delivery activity with business cases approved for the Skills and Inclusion Programme and the Regional Energy Masterplan.

**84.** Regular 'Be the Future' transformation programme updates are presented to councillors and include in-depth detail of programme activity and plans. There is evidence that councillors and officers are working collaboratively and have agreed a number of key transformation initiatives including the wellbeing economy and community wealth building.

**85.** In June 2021 the council agreed the 'Be the Future' Strategic Roadmap for 2021-2023. This sets out the council's transformation portfolio over the next two years as well as the governance arrangements for delivering across four strategic priority workstreams of:

- Multi-agency collaboration for whole system change: it will scale-up the Safeguarding through Rapid Intervention (STRIVE) project into a sustainable service. The STRIVE project focused on a multi-agency public sector team delivering for the most vulnerable residents through a whole-systems approach. It was piloted during the pandemic and has resulted in the integration of police services into the council buildings. Co-location leads to benefits in terms of asset utilisation, clearer community engagement routes and closer working relationships.
- Well-being economy - Alloa Transformation Zone: bringing together the activity and investment including the Well-being campus, learning estate and City Region Deal projects to develop a masterplan. This will embed the work of the Social Innovation Partnership.
- Community wealth building – Alloa Transformation Zone: focusing on community wealth building opportunities to develop sustainable approaches to tackling food and fuel poverty. Following the approval of the 20-year capital budget the council is using this longer-term planning to focus and target levelling up proposals and secure additional resources from the Scottish Futures Trust to invest in this area.
- Preparing our young people for life, work and the future: bringing together the work on The Family well-being partnership, secondary curriculum transformation, skills and inclusion programme with the City Region Deal and our strategic partnership with the University of Stirling and Forth Valley College.

**86.** We will continue to monitor the council's progress against the improvement actions and report this in next year's annual audit report.

### **Performance reporting during 2020/21 was appropriate**

**87.** Our 2019/20 Annual Audit Report noted some issues with the year-end performance reporting. As noted earlier in the report we are pleased that a final outturn report for 2020/21 was presented to the Audit Committee in September 2021.

**88.** Year-end performance data was included in the forward-looking business plans for all three service areas presented to Committee. Due to services' response to the Covid-19 pandemic there was a delay in reporting this information, however all have now been presented to the relevant committee.



**89.** The council participates in the [Local Government Benchmarking Framework](#) (LGBF). The framework aims to bring together a wide range of information about how all Scottish councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them.

**90.** The council presented the results from the 2019/20 LGBF to the June 2021 Audit Committee. Alongside providing the analysis of past performance the council recognises the important of learning from past experience, and from the performance of others, to help inform future improvement and areas of focus. An immediate focus for the council is developing a clearer understanding of how the community need has changed due to the pandemic and what this means for the transformation of public services.

**91.** Overall for Clackmannanshire Council the 2019/20 LGBF data shows that the overall average ranking improved from 27<sup>th</sup> to 16<sup>th</sup> place out of the 32 Scottish local authorities. Performance data can be analysed in a number of different ways and [Exhibit 6](#) presents the overall performance based on the LGBF rankings within the relevant quartiles. The more detailed analysis can be found in the [committee report](#).

## Exhibit 4

### Service performance for LGBF indicators in 2019/20

Service Area	Number of LGBF indicators	Performance in upper 2 quartile		Performance in bottom 2 quartile	
		Number	(%)	Number	(%)
Place (environment, development, property and housing)	34	22	64.7%	12	35.3%
People (education and children's social work)	36	12	33.3%	24	66.7%
Health & Social Care (adult social work and older people's care)	11	8	72.7%	3	27.3%
Partnership & Performance (finance & revenues, legal & governance and workforce)	15*	7	46.7%	7	46.7%
<i>* Note that 1 indicator has not been ranked</i>					
<b>All LGBF indicators</b>	<b>96</b>	<b>49</b>	<b>51.0%</b>	<b>46</b>	<b>47.9%</b>

Source: 2019/20 Local Government Benchmarking Framework report to Audit Committee (June 2021)

## The council complies with the Accounts Commissions' Statutory Performance Information Direction

**92.** The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

**93.** The Accounts Commission issued a revised Statutory Performance Information Direction in December 2018 which requires a council to report:

- its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

**94.** We have evaluated the council's arrangements for fulfilling the above requirements and concluded that the council complies with the direction.

## National performance audit reports

**95.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21, Audit Scotland published a number of reports were issued which may be of interest to the council. These are outlined in [Appendix 3](#).

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Assets held for sale</b></p> <p>Audit testing identified assets that were being actively marketed at the year-end but were not identified as assets held for sale in the financial statements.</p> <p>Risk – The financial statements do not accurately capture the asset position or correct accounting treatment.</p>	<p>The process for identifying assets held for sale should be strengthened to ensure they can be accurately captured in the financial statements.</p>	<p>The 2021/22 year end Lead Schedule/working papers have been updated with a process note to ensure this is checked and details of the reporting requirements.</p> <p>Responsible officer - Team Leader Corporate Accountancy</p> <p>Agreed date 30<sup>th</sup> June 2022</p>
<p><b>2. Developer income</b></p> <p>Audit testing identified balances within short term creditors that relate to income from developers.</p> <p>Risk – The financial statements do not accurately capture this income stream.</p>	<p>The council should review the remaining short term creditors balances to ensure the correct accounting treatment for any that relate to developer income.</p>	<p>A review of the developers income balance within short term creditors will be undertaken for the 2021-22 Annual Accounts.</p> <p>Responsible officer – Team Leader Management Accountancy</p> <p>Agreed date 30<sup>th</sup> May 2022</p>
<p><b>3. Finance team capacity</b></p> <p>There were delays in receiving audit information, due to key staff vacancy, which impacted on our ability to progress the audit.</p> <p>Risk – Staff wellbeing and delivery of audit evidence is adversely affected.</p>	<p>The council should continue to work to recruit to key finance posts and develop a plan to address any capacity and skills issues identified by the workforce analysis.</p>	<p>Finance management continue to review team capacity and undertake recruitment of permanent staff to vacant posts. The finance team capacity has been strengthened during 2021/22 by the use of agency staff and permanent appointments to all Finance vacancies is now complete.</p> <p>Responsible officer - Chief Finance Officer</p> <p>Agreed date - ongoing</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>4. Control environment</b></p> <p>The introduction of remote working, additional duties and reprioritisation of tasks has weakened the control environment within the council.</p> <p>Risk – The control environment is not robust enough to prevent fraud and error.</p>	<p>The council must reintroduce key controls to ensure the overall control environment is robust and appropriate.</p>	<p>The council continues to respond to, and recover from, the Covid-19 pandemic. Controls are being reviewed and being re-introduced during 2021/22 as appropriate alongside other priorities and management continue to monitor the control environment and the associated level of risk.</p> <p>Responsible officer - Chief Finance Officer</p> <p>Agreed date – ongoing</p>
<p><b>5. Whistleblowing and fraud and corruption awareness and training</b></p> <p>The YR@R survey indicates issues with the awareness of key council policies and individual responsibilities.</p> <p>Risk – Staff are not aware of their responsibilities and the steps they should take in response to issues identified.</p>	<p>Clackmannanshire Council should focus on improving the communication of key corporate policies and implement training for staff on whistleblowing and preventing and detecting fraud and corruption.</p>	<p>An annual fraud and corruption training plan will be developed for all staff and the profile of the whistleblowing policy raised through a programme of internal communication.</p> <p>Responsible officer Senior Manager, Legal &amp; Governance</p> <p>Agreed date December 2022</p>
<p><b>6. Long-term planning</b></p> <p>The impact of the Covid-19 pandemic will impact on the council over the medium and longer term and this will require the regular review and update on key plans and strategies.</p> <p>Risk – Longer term planning does not reflect the changed environment.</p>	<p>Long-term planning arrangements, including a range of scenarios, should continue to be developed to support the council in recovering from the Covid-19 pandemic and in transforming services.</p>	<p>The council is reviewing its long term plan through its Be the Future (BtF) programme including plans for transforming services and adapting to the changed environment Regular updates continue to be provided to Council on the BtF programme.</p> <p>Responsible officer – Chief Executive &amp; Director of Transformation</p> <p>Agreed date - ongoing</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<b>PY 1. Finance team capacity</b>	The council should continue to ensure the finance team has the resources needed to prepare its annual accounts and respond to additional priorities and new ways of working due to Covid-19.	See <a href="#">Recommendation 3</a>
<b>PY 2. Management commentary</b>	The council should make improvements to the management commentary to ensure it provides users of the annual report and accounts with a more comprehensive analysis of its performance.	<b>In Progress</b> The management commentary contains the necessary requirements and we will continue to work with management to identify further improvements.
<b>PY 3. Capital programme</b>	The council should implement a capital strategy which clearly sets out how it will manage and deliver its programme of capital expenditure in the medium and longer-term.	<b>Complete</b> 20-year capital investment programme now developed.
<b>PY 4. Internal controls</b>	The council should progress actions agreed to resolve the control weaknesses relating to changes in supplier bank details, bank access rights and housing rent reconciliations, and update its schemes of delegation.	See <a href="#">Recommendation 4</a>
<b>PY 5. Arrangements for preventing procurement fraud</b>	The council should review its arrangements for preventing procurement fraud to ensure they are effective.	See <a href="#">Recommendation 5</a>
<b>PY 6. National Fraud Initiative (NFI)</b>	The council should review its approach to investigating high risk matches.	<b>In Progress</b> We note that 30 per cent of the high-risk matches have now been investigated, but that the pace of progress has been slow.

Issue/risk	Recommendation	Agreed management action/timing
<b>PY 7. Transformation programme</b>	The council should keep its transformation programme projects under review to ensure they support financial and service sustainability.	See <a href="#">Recommendation 6</a>
<b>PY 8. Register of senior leadership team interests</b>	The council should ensure it maintains an up-to-date record of senior leadership team interests.	<b>Complete</b> Up-to-date register is now in place.
<b>PY 9. Budget scrutiny</b>	The council should ensure it has clear year-end budgeting review arrangements in place.	<b>Complete</b> Outturn reporting in place for 2020/21.
<b>PY 10. Fraud arrangements</b>	The council should review and update its fraud arrangements and policies and ensure these are clearly communicated to staff.	See <a href="#">Recommendation 5</a>
<b>PY 11. Best Value</b>	The council should address the recommendations of the BVAR Progress report in its work to implement and embed the changes required for service and financial sustainability.	See <a href="#">Recommendation 6</a>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to management override of controls</b></p> <p>International Auditing Standards (ISAs) require that audits are planned to consider the risk of material misstatement in the financial statement caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of management override of controls to change the financial statements disclosures.</p>	<ul style="list-style-type: none"> <li>• Detailed testing of journal entries.</li> <li>• Assessment of the appropriateness of accounting estimates.</li> <li>• Focused testing of accruals and prepayments.</li> <li>• Cut-off testing to confirm expenditure and income is accounted for in the correct financial year.</li> <li>• Identification and evaluation of significant transactions that are outside the normal course of business.</li> </ul>	<p><b>Results:</b> We did not identify any significant issues within our work on journals and accounting estimates were appropriate.</p> <p>Our testing of accruals and prepayments did not identify any error and there were no significant transactions outside the normal course of business.</p> <p><b>Conclusion:</b> Audit work found no evidence of management override of controls due to fraud.</p>
<p><b>2. Risk of error in the areas of estimation and judgement</b></p> <p>There is significant subjectivity in the council's measurement and valuation of the material account areas of non-current assets and pensions.</p> <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> <li>• Assessment of the scope, independence and competence of the professionals engaged in providing estimates for non-current assets and pensions.</li> <li>• Testing of non-current asset balances focusing on the areas of judgement.</li> <li>• Assessment of the appropriateness of the actuarial assumptions.</li> <li>• Review the actual experience of significant estimates made in the prior year.</li> </ul>	<p><b>Results:</b> No issues were identified with the competence and independence of experts providing valuations for non-current assets and pensions.</p> <p>Audit testing of non-current assets identified only minor adjustments.</p> <p>No issues were identified in our review of actuarial assumptions or with the experience of prior year estimates.</p> <p>Our work confirmed the completeness and accuracy</p>

Audit risk	Assurance procedure	Results and conclusions
	<ul style="list-style-type: none"> <li>Assessment of the completeness and accuracy of information submitted by the council to the Falkirk Pension Fund to support the triennial valuation exercise.</li> </ul>	<p>of the submitted pension information.</p> <p><b>Conclusion:</b> Audit work found no issues with the areas of estimation and judgement in the financial statements.</p>
<p><b>3. Risk of misstatement due to Covid-19 disclosure requirements</b></p> <p>COSLA analysis indicates that over £1.3 billion additional support to business has been routed through councils as part of the response to the Covid-19 pandemic. As a result, the council administered significant Covid-19 support grants on behalf of the Scottish Government during 2020/21.</p> <p>There is a risk of disclosure misstatement for this new area of agency expenditure. This will need to be separated from the Covid-19 funding the council has received to support its own budget.</p>	<ul style="list-style-type: none"> <li>Assessment of the extent of the Covid-19 support grants administered and controlled by the council.</li> <li>Review of Covid-19 disclosures in the annual accounts for accuracy and completeness/</li> </ul>	<p><b>Results:</b> The disclosures within the accounts correctly distinguished between agency and principal arrangements.</p> <p><b>Conclusion:</b> Disclosures were in line with LASAAC guidance.</p>

### Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p><b>4. Financial sustainability</b></p> <p>The Covid-19 pandemic has had a significant impact on the council's financial position through increased expenditure and reduced income. The council is forecasting an indicative funding gap of £13.7 million</p>	<ul style="list-style-type: none"> <li>Assessment of the effectiveness of financial planning in identifying the risks to financial sustainability in the short, medium and long terms.</li> <li>Examine the arrangements in place to address identified funding gaps,</li> </ul>	<p><b>Results:</b> The council continues to invest in long term planning with the approval of the 20-year capital programme. We have made a recommendation in relation to the revision of long-term plans to capture the impact of the pandemic.</p>



Audit risk	Assurance procedure	Results and conclusions
<p>over the next three years.</p> <p>There is a risk that the council will find it increasingly difficult to maintain financial sustainability and deliver priority services.</p>	<p>including the identification of efficiency savings and history of delivery.</p>	<p>Despite the pandemic the council successfully delivered 90 per cent of planned efficiencies.</p> <p><b>Conclusion:</b> Long-term planning remains an important area which will need to be updated to capture the impact of the pandemic but overall arrangements are appropriate.</p>
<p><b>5. Financial management and performance reporting</b></p> <p>Our 2019/20 Annual Audit Report noted that officers did not prepare a final outturn report for 2019/20 and that there was a delay in the council presenting its year-end performance reports for two service areas. This was due to committee meeting cancellations in response to the Covid-19 pandemic.</p> <p>There is a risk that, due to the ongoing pressures of the pandemic and capacity within the finance team, the budget monitoring and financial reporting arrangements do not support effective scrutiny of the council's finances. In addition, without performance reports, it is difficult to obtain a complete a complete picture of the council's performance.</p>	<ul style="list-style-type: none"> <li>• Assessment of the quality and timeliness of financial information provided to councillors.</li> <li>• Review outturn reports provided to committee meetings during the year and compare these with the year-end results in the financial statements.</li> <li>• Review the performance management arrangements.</li> <li>• Assessment of whether management commentary tells a clear story and has been compiled in accordance with the appropriate guidance.</li> </ul>	<p><b>Results:</b> The council regularly reviews its financial position and reports this to committee. Outturn reports were also presented alongside performance reporting.</p> <p>The management commentary has been enhanced following the audit process to ensure full compliance with guidance.</p> <p><b>Conclusion:</b> Financial management and performance reporting has been appropriate.</p>
<p><b>6. Governance and controls over Covid-19 grant schemes</b></p> <p>The council has had a key role in supporting local businesses through distribution of grant support funding. Decision-making in a</p>	<ul style="list-style-type: none"> <li>• For the most significant grants (by value) we will consider the governance and control arrangements in place including the steps taken to minimise fraud and error.</li> <li>• Consider the findings of</li> </ul>	<p><b>Results:</b> We reviewed the highest value Covid-19 support grants and completed walkthroughs of the application and approval process to ensure key controls were in place and operation effectively.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>fast-moving environment presents a challenge for the council and other public bodies. These include maintaining good governance and controls while making decisions quickly, adapting performance measures and ensuring that anti-fraud arrangements remain robust at a time when the likelihood of fraud is increased.</p> <p>Due to the pace of establishing some of these schemes there is a risk that the governance and accountability arrangements and key financial controls were not effective.</p>	<p>internal audit work on the Covid-19 grants.</p>	<p>Internal audit reviewed business support fund grants and newly self employed hardship funds and concluded that substantial assurance could be taken from the arrangements in place.</p> <p><b>Conclusion:</b> Appropriate governance arrangements had been put in place by the council and the controls operated effectively during 2020/21.</p>
<p><b>7. Anti-fraud arrangement</b></p> <p>Our 2019/20 Annual Audit Report highlighted weaknesses in the council's anti-fraud arrangements including the effectiveness of the controls and policies in preventing procurement fraud, lack of progress with investigating high risk matches in the National Fraud Initiative (NFI) and out-of-date anti-fraud policies. In addition, the council doesn't have a dedicated anti-fraud team to focus on addressing these issues.</p> <p>There is a risk that the council's arrangements for the prevention and detection of fraud and corruption are not effective and that staff are not aware of the processes for reporting concerns.</p>	<ul style="list-style-type: none"> <li>• Review the appropriateness and effectiveness of arrangements for the prevention and detection of fraud and corruption.</li> <li>• Review the council's approach to investigating NFI high risk matches, and the matches for Covid-19 grants.</li> <li>• Invite council staff to participate in the 'Your Reputation @ Risk' web-based survey to assess awareness of the council's key governance policies including anti-fraud and whistleblowing.</li> </ul>	<p><b>Results:</b> The Your Reputation @ Risk survey highlighted the need for further strengthening of the council's arrangements which is captured in our recommendation.</p> <p>Due to capacity issues the council has made slow progress on reviewing NFI matches, but action is being taken.</p> <p><b>Conclusion:</b> Anti-fraud arrangements are recognised as an area that requires strengthening as captured in our recommendation.</p>

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# Appendix 3

## Summary of national performance reports 2020/21

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### April

[Affordable housing](#)

### June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

### July

[The National Fraud Initiative in Scotland 2018/19](#)

### January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

### February

[NHS in Scotland 2020](#)

### March

[Improving outcomes for young people through school education](#)

# Clackmannanshire Council

## Draft 2020/21 Annual Audit Report

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**Report to: Audit Committee**

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**Date of Meeting: 3 February 2022**

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**Subject: Council Financial Performance 2021/22 – October Outturn**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

1.1 This paper provides an update on the financial performance for the Council, as at October 2021, in respect of the:

- General Fund (GF) revenue and capital spend and the achievement of savings to date, for the current financial year, 2021/22;
- Housing Revenue Account (HRA) revenue and capital spend, for the current financial year, 2021/22; and
- The Clackmannanshire & Stirling Health & Social Care Partnership (H&SCP) for the current financial year, 2021/22.

## **2.0 Recommendations**

2.1 Committee is asked to note the report, commenting and challenging as appropriate on:

2.1.1 GF revenue forecasted overspend of £0.018m for the year to 31 March 2022, following the allocation of earmarked Covid19 funding;

2.1.2 the allocation of Covid19 hardship funding to offset the projected overspend on the Scottish Welfare Fund (SWF) (para 4.6);

2.1.3 the Clackmannanshire element of the Health and Social Care Partnership (H&SCP) forecasted overspend of £1.509m for the year to 31 March 2022;

2.1.4 the HRA forecasted revenue underspend for the year of £(0.501)m to 31 March 2022;

2.1.5 the HRA Capital forecasted underspend of £(2.682)m which will be proposed to carry forward to 2022/23;

2.1.6 the GF Capital programme forecasted underspend of £(3.171)m as at October 2021, and

- 2.1.7 progress to date in delivering the £2.126m approved savings programme, currently forecast to achieve 84.3%, as at 31 March 2022.

### 3.0 Background

- 3.1 This report summarises the forecasted financial position of the Council for the financial year ended 31 March 2022. This report consolidates all of the detailed financial data to provide a summary position. The report also provides details of individual Directorate positions.

### 4.0 General Fund Revenue

- 4.1 As at 31 October 2021 the General Fund is forecasting an overspend of £1.518m and the Clackmannanshire element of the H&SCP is forecasting an overspend of £1.509m, which brings the Council's overall position to an overspend of £3.027m for the year to March 2022 before allocation of earmarked Covid19 funding.
- 4.2 **Appendix 1** provides the breakdown by each Directorate and centrally held Corporate Service areas along with the position for Partnerships and Sources of Funding. Detailed variance analysis has been provided to each portfolio Committee.
- 4.3 Covid19 continues to impact the delivery of Services as we move through the Recovery phase of the pandemic. Elements of the variances attributable to Covid19 are shown within **Appendix 1** totalling £1.526m across the Directorates. The majority of this sits within the People Directorate with £0.959m attributable to Social Services Childcare. This mainly relates to Residential placements (£0.524m) and Corporate Parenting (£0.435m).
- 4.4 Loss of income continues to impact as chargeable services have slowly started to reopen during the year. This is also reflected in the variances attributable to Covid19 within **Appendix 1**.
- 4.5 The Council received funding during 2020/21 and 2021/22 to mitigate the financial impact of Covid19. £1.500m of this is held within earmarked reserves which when applied to the projected general fund overspend due to Covid19 of £1.526m, reduces this to £0.026m. This would then reduce the total projected general fund overspend of £1.518m to £0.018m. The financial impact of Covid19 will continue to be monitored and reported along with any additional funding received.
- 4.6 Within the overall GF forecasted overspend is a projected overspend on the Scottish Welfare Fund (SWF) of £0.086m. The SWF administers both Crisis Grants and Community Care Grants to individuals facing financial hardship and applications to the fund have seen an increase during the pandemic. In order to allow awards to continue to be made to the end of the financial year, the projected overspend will be offset through allocation of earmarked financial hardship funding that the Council received in 2020/21.

## 5.0 Clackmannanshire & Stirling Health and Social Care Partnership (H&SCP)

- 5.1 The Clackmannanshire element of the Health and Social Care Partnership is forecasting an overspend of £1.509m for the financial year. This is a favourable movement of £(0.025)m since the August outturn. Forecasts are based on financial performance for quarter 2 and care commitments recorded in the social care management information service (CCIS) forecast for the remainder of the year.
- 5.2 Detail of the forecast variances that make up this overspend are shown in **Appendix 3** which has been reported to the Integration Joint Board Finance and Performance Committee as part of their consolidated financial report.
- 5.3 This forecasted overspend should be viewed alongside the overall projected Integrated Joint Board (IJB) overspend on Adult Social Care of £2.477m, with the total integrated budget of the IJB Partnership forecast to overspend by £2.946m. This forecast includes an estimated £2.549m of Covid19 related expenditure being claimed in the Quarter 2 return to Scottish Government. If these costs are fully met this would reduce the IJB overspend to £0.396m.
- 5.4 This position was set out in the Financial Report to the IJB at its meeting on 24 November 2021 which stated that given the relatively modest overspend, it is assumed that the financial risk could be managed through a number of actions as detailed in the report.

## 6.0 General Fund Capital

- 6.1 General Fund capital is forecasting an underspend of £(3.171)m to March 2022 as at October 2021.
- 6.2 A summary of the projected outturn position for each of the Asset plans with main variances are shown in the table below.

**Table 1 – General Fund Capital Budget Variances**

Asset Management Strategy	Budget	Projected to 31 March 2022	Over / (under) Spend	Main Variances
	£m	£m	£m	
<b>Corporate</b>	7.888	6.589	(1.299)	£(241)k Wellbeing complex due to delay in demolition. £(100)k City Deal. Park Primary phasing £152k. Clackmannan Regeneration £(690)k. Proposed carryforward of underspends.
<b>Property</b>	2.655	2.438	(0.217)	£(0.040)m CRB system unlikely to be completed 2021/22, £(0.117)m Clackmannan Town Hall roof construction phase to continue into 2022/23 – proposed carry forward of underspends.
<b>Roads</b>	6.033	5.359	(0.674)	£(0.141)m flooding prevention

Asset Management Strategy	Budget	Projected to 31 March 2022	Over / (under) Spend	Main Variances
	£m	£m	£m	
				project, £(0.090)m Cycle routes, £(0.107)m Bridge improvements. Underspend proposed to be carried forward.
Land	0.337	0.151	(0.186)	£(0.179)m relates to Alva Cemetery, expected to be carried forward.
Fleet	1.124	1.000	(0.124)	Slippage in supplier delivery dates – proposed to be carried forward.
IT	2.842	2.171	(0.671)	£(0.700)m underspend on Social Services IT - proposed carry forward.
<b>Gross Capital Expenditure</b>	<b>20.879</b>	<b>17.708</b>	<b>(3.171)</b>	

## 7.0 Progress on 2021/22 Approved Savings

7.1 At its budget meeting in March 2021, Council approved savings of £2.126m to be made in 2021/22. The table below shows the split of these savings across Directorates and indicates the forecasted achievement of those savings by 31 March 2022.

**Table 2: General Services Revenue Budget 2021/22 distribution of planned savings by Directorate and forecasted achievement.**

Directorate	Achieved		Unlikely to be achieved	Unlikely to be achieved	Unlikely to be achieved due to Covid
	Approved Savings 2021/22	/Likely to be achieved			
	£'000	£'000	At Risk £'000	£'000	£'000
People	682	582	0	100	
Place	776	686	25	65	65
Performance & Partnerships	668	524	144	0	
<b>Total approved savings</b>	<b>2,126</b>	<b>1,792</b>	<b>169</b>	<b>165</b>	<b>65</b>
		84.3%	7.9%	7.8%	3.1%

7.2 The above table indicates that 84.3% of savings have been or are likely to be achieved, with a further 15.7% at risk or unlikely to be achieved in 2021/22, these comprise of;

- PEMGT11 (£0.100m) - Review of high cost placements. There is currently an ongoing review of Commissioned Services within People and this



saving will not be met in 2021/22, it is anticipated this will be met in 2022/23.

- PLPOL10 (£0.025m) – Targeted reduction in council generated waste. This is under review by the service but not expected to be met in 2021/22, the service have made a compensatory saving.
- P&PMGT15 (£0.065m) – Staff continue to support corporate recovery
- P&PMGT5 (£0.129m) – Homelessness income cash saving. Based on current figures this saving is not expected to be met in full but this saving is demand driven and the position may change as actual figures become available.

Other than the Homelessness income cash saving the non-achievement of these savings are not thought to be as a direct result of Covid19.

7.3 Further detail of progress on individual savings within each directorate is provided in **Appendix 2**.

## 8.0 Financial Risks

The forecasts provided above are based on information currently available. The Covid19 pandemic has had a significant impact on the Councils financial position through increased and additional costs, loss of income and the ability to achieve savings. This may be partly offset by some small savings from Services that are not being fully delivered or reprioritised.

Fluctuations in forecasts are to be expected throughout the year as the current situation continues and further updates will be brought to Committees as required.

## 9.0 Housing Revenue Account (HRA)

### 9.1 Revenue

The HRA Revenue account is forecasting a surplus of £(6.145)m which is £(0.501)m more than the budgeted surplus which is a favourable movement of £(0.411)m since the last forecast in August. **Appendix 4** provides details of the forecasted spend to 31<sup>st</sup> March 2022 with details of variances in **Appendix 5**.

### 9.2 Capital

9.3 The current net HRA Capital Budget is £8.992m. This is inclusive of carry forward of £2.501m from 2020/21 which was mainly due to slippage in planned work due to lockdown restrictions which will now be carried out in 2021/22.

9.4 At this time the HRA Capital Programme is forecast to underspend on its budget by £(2.682)m. The programme has previously been impacted with the recent Covid19 restrictions that were in place. The expectation is however that

the majority of the programme will be delivered this year along with the uncompleted projects brought forward from 2020/21. Where slippage is identified, it is intended that this will be carried forward into 2022/23 for completion. This will continue to be monitored till the end of the year and any variances will be reported to committee through these reports.

- 9.5 **Appendix 6** provides details of the HRA capital programme for the current year, with individual projects listed within the various asset management plans. This has previously been reported to Place Committee.

## **10.0 Conclusions**

- 10.1 General Fund revenue spend is forecasting an overspend of £0.018m for the year to 31 March 2022 after allocation of Covid19 funding;
- 10.2 Covid19 hardship funding will be allocated to offset the projected overspend on the Scottish Welfare Fund (SWF);
- 10.3 The Clackmannanshire element of the H&SCP is forecasting an overspend of £1.509m for the year to 31 March 2022;
- 10.4 The HRA revenue is forecasting an underspend for the year of £(0.501)m to 31 March 2022;
- 10.5 The HRA Capital is forecasted to underspend by £(2.682)m which will be proposed to carry forward to 2022/23;
- 10.6 The GF Capital programme is forecasting an underspend of £(3.302)m as at October 2021, and
- 10.7 Of the £2.126m approved savings programme, 84.3% are forecast to be achieved.

## **11.0 Sustainability Implications**

- 11.1 There are no direct environmental sustainability implications arising from this report.

## **12.0 Resource Implications**

### *12.1 Financial Details*

- 12.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

- 12.3 Finance has been consulted and has agreed the financial implications as set out in the report. Yes

### *12.4 Staffing*

12.5 There are no direct staffing implications arising from this report.

### 13.0 Exempt Reports

13.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

### 14.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

### 15.0 Equalities Impact

15.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes  No

### 16.0 Legality

16.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

### 17.0 Appendices

17.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – Council Summary at October 2021

Appendix 2 – Summary Savings by Directorate at October 2021

Appendix 3 – HSCP Variances at October 2021

Appendix 4 – HRA Revenue Outturn at October 2021

Appendix 5 – HRA Variances at October 2021

Appendix 6 – HRA Capital Outturn at October 2021

Appendix 7 – General Fund Capital Outturn at October 2021

## 18.0 Background Papers

18.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Elizabeth Hutcheon	Management Accountancy Team Leader	6214

### Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Director of Partnership & Performance	

**Council Summary 2021/22  
At October 2021**

**Appendix 1**

	<i>Annual Budget</i>	<i>Forecast to March 2022</i>	<i>Variance Forecast to Budget</i>	<i>Variance due to Covid</i>	<i>Variance due to Non-Covid</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Resource & Governance	6,442	5,948	(494)	0	(494)
Strategy & Customer Services	3,346	3,379	33	100	(67)
Executive Team	735	702	(33)	0	(33)
Development & Environmental	15,660	15,515	(145)	84	(229)
Education Service	62,211	62,236	25	111	(86)
Housing & Community Safety	6,614	7,078	464	272	192
Social Services	15,489	16,624	1,135	959	176
Health & Social Care Partnership	19,875	21,385	1,509	0	1,509
Corporate Services	(653)	(191)	462	0	462
Misc Services - Non Distributed Costs	1,100	1,100	(0)	0	(0)
	<b>130,820</b>	<b>133,776</b>	<b>2,956</b>	<b>1,526</b>	<b>1,430</b>
<b>less allocated to non general fund</b>	<b>(1,305)</b>	<b>(1,305)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Services Expenditure</b>	<b>129,515</b>	<b>132,471</b>	<b>2,956</b>	<b>1,526</b>	<b>1,430</b>
<b>Add Requisitions from Joint Boards</b>					
Central Scotland Valuation	459	459	0	0	0
	<b>129,974</b>	<b>132,930</b>	<b>2,956</b>	<b>1,526</b>	<b>1,430</b>
<b>Add/Deduct</b>					
Interest on Revenue Balances	(91)	(20)	71	0	71
Loans Fund Contribution	4,770	4,770	0	0	0
Contribution to Bad Debt Provision	200	200	0	0	0
	<b>134,853</b>	<b>137,880</b>	<b>3,027</b>	<b>1,526</b>	<b>1,501</b>
<b>Sources of Funding</b>					
General Revenue Funding/Non-Domestic	(108,281)	(108,281)	0	0	0
Council Tax	(23,716)	(23,716)	0	0	0
Council Tax Reduction Scheme	0	0	0	0	0
Contribution from Reserves	0	0	0	0	0
Capital Stimulus Fund	0	0	0	0	0
Application of unapplied Capital receipt	(729)	(729)	0	0	0
Contribution from Earmarked Reserves	(1,759)	(1,759)	0	0	0
Contribution from Uncommitted Reserves	(368)	(368)	0	0	0
	<b>(134,853)</b>	<b>(134,853)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Projected (Surplus)/Shortfall</b>	<b>(0)</b>	<b>3,027</b>	<b>3,027</b>	<b>1,526</b>	<b>1,501</b>
<b>Summarised by Division</b>					
People	79,866	81,053	1,188	1,162	26
Place	19,384	19,384	0	61	(61)
Partnership & Performance	11,248	11,045	(203)	303	(506)
Health & Social Care Partnership	19,875	21,385	1,509	0	1,509
Corporate Services	4,021	4,554	533	0	533
Central Scotland Valuation	459	459	0	0	0
	<b>134,853</b>	<b>137,880</b>	<b>3,027</b>	<b>1,526</b>	<b>1,501</b>

Detailed Schedule of Savings - People  
Management Efficiencies

Service Reference	Division	Description of Saving	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service Updates
PEMGT2	People	External recharges to Regional Improvement Collaborative - CASH	79,830	79,830				Saving achieved Education & Executive Team
PEMGT3	People	Devolved school management savings	40,009	40,009				Saving achieved
PEMGT5	People	Saving on subscription- Community L&D	3,600	3,600				Saving achieved
PEMGT6	People	Saving on Book Fund	5,000	5,000				Saving achieved
PEMGT7	People	PPP insurance rebate	7,000	7,000				Saving likely to achieve
PEMGT8	People	Speech & Language therapy	37,000	37,000				Saving achieved
PEMGT9	People	Devolved underspend- CASH	100,000	100,000				Saving achieved
PEMGT10	People	Educational Psychology post into mental health	30,000	30,000				Saving likely to achieve
PEMGT11	People	Care cubed- Review of high cost placements	100,000			100,000		There is currently a review of Commissioned Services for Children underway and this saving will not be achieved in 21/22 but will move to 22/23
<b>Total</b>		<b>Management Efficiencies</b>	<b>402,439</b>	<b>302,439</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	

## Transformation

Service Reference	Division	Description of Saving	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service Updates
PEMGT1	People	Transforming secondary curriculum	247,275	247,275				Saving achieved
	People	Transforming Early Years Curriculum	32,000	32,000				Saving achieved
			<b>279,275</b>	<b>279,275</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Summary By Type	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £
Management Efficiencies	402,439	302,439	0	100,000	0
Transformation	279,275	279,275	0	0	0
<b>Total Division</b>	<b>681,714</b>	<b>581,714</b>	<b>0</b>	<b>100,000</b>	<b>0</b>

check

85.3%

0.0%

14.7%

0.0%

Management Efficiencies

Service Reference	Division	Description of Saving	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service updates
PLMGT1	Place	Modern Apprenticeship Scheme	21,550	21,550				Saving is achieved
PLMGT2	Place	Trading Standards SLA - CASH	30,000	30,000				Saving is achieved
PLMGT3	Place	Corporate Energy Budget Savings	2,917	2,917				Saving is achieved
PLMGT6	Place	Homelessness Income	300,000	300,000				Saving is achieved
PLMGT7	Place	Homelessness Income - CASH	100,000	100,000				Saving is achieved
PLMGT8	Place	Office moves	20,000	20,000				Saving is achieved
PLMGT9	Place	Mail room	2,500	2,500				Saving is achieved
PLMGT12	Place	Cash saving - Budget realignment within Economic Development - CASH	60,000	60,000				Saving is achieved
PLMGT14	Place	GF Housing realignment	20,000	20,000				Saving is achieved
PLMGT15	Place	GF Housing realignment- CASH	80,000	15,000		65,000	65,000	Staffing continue to support Corporate recovery
PLMGT16	Place	Garden waste	50,000	50,000				Saving is achieved
PLMGT17	Place	Decrease in Non Domestic Rates due to Rate poundage	44,000	44,000				Saving is achieved
<b>Total</b>		<b>Management Efficiencies</b>	<b>730,967</b>	<b>665,967</b>	<b>0</b>	<b>65,000</b>	<b>65,000</b>	

Policy

Service Reference	Division	Description of Saving	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service updates
PLPOL01	Place	Generate income through corporate sponsorship of Council Assets: Roundabouts, Parks, Open Spaces, Roads, Cycle Paths	10,000	10,000				Service has advised this will be fully achieved
PLPOL10	Place	Targeted reduction in council generated waste	25,000		25,000			Saving is achieved
<b>Total</b>		<b>Policy</b>	<b>35,000</b>	<b>10,000</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	

Transformation

Service Reference	Division	Description of Saving	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service updates
PLMGT17	Place	Community Participation in the Provision of Annual Bedding Schemes	10,000	10,000				Saving is achieved
<b>Total</b>		<b>Transformation</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Summary By Type	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £
Management Efficiencies	730,967	665,967	0	65,000	65,000
Policy	35,000	10,000	25,000	0	0
Transformation	10,000	10,000	0	0	0
<b>Total Division</b>	<b>775,967</b>	<b>685,967</b>	<b>25,000</b>	<b>65,000</b>	<b>65,000</b>

check

88.4% 3.2% 8.4% 8.4%

Management Efficiencies

Service Reference	Division	Description of Saving	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service Updates
P&PMGT1	P&P	Reduction in Corporate Training Budget	12,000	12,000				Saving is achieved
P&PMGT2	P&P	To consolidate various approaches around cash handling	15,000		15,000			Work is progressing, however, unlikely to be achieved this financial year.
P&PMGT3	P&P	Reduction in Various Budget Lines	1,200	1,200				Saving is achieved
P&PMGT4	P&P	Budget realignment in Strategy and Performance (across mileage, supplies and subscriptions).	3,000	3,000				Saving is achieved
P&PMGT5	P&P	Homeless Income - CASH	150,000	21,000	129,000			Early indications are that the grant percentage received last year will not be sufficient to cover the full saving.
P&PMGT6	P&P	Vacancy management based on turnover levels	290,000	290,000				This is outturned within the services and is expected to be achieved
P&PMGT9	P&P	Triennial valuations of pensions	162,000	162,000				
P&PMGT11	P&P	Budget Realignment - postages & stationery	2,000	2,000				Saving is achieved
P&PMGT12	P&P	Mileage - CASH	30,000	30,000				This is outturned within the services, and is expected to be achieved
<b>Total</b>		<b>Management Efficiencies</b>	<b>665,200</b>	<b>521,200</b>	<b>144,000</b>	<b>0</b>	<b>0</b>	

Policy

Service Reference	Division	Description of Saving	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £	Service Updates
P&PPOL3	P&P	To remove the residual budget remaining to conduct a citizens survey previously titled Clacks 1000.	3,000	3,000				Saving achieved.
			<b>3,000</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Summary By Type	2021/22 £	Achieved/ Likely to be achieved £	Amber £	Red £	Unachieved due to Covid £
<b>Management Efficiencies</b>	665,200	521,200	144,000	0	0
<b>Policy</b>	3,000	3,000	0	0	0
<b>Total Division</b>	<b>668,200</b>	<b>524,200</b>	<b>144,000</b>	<b>0</b>	<b>0</b>

check

78.4% 21.6% 0.0% 0.0%



## Variances at 31 October 2021

	Annual Budget 2021/22	Forecast to October 2021	Variance Forecast to Budget at October	Variance due to Covid	Variance due to Non Covid	Variance Forecast to Budget at August	Movement in variance August to October	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Employees</b>								Underspend across a range of services including: Integrated Mental Health £(424k); Disability Day Care £(180k); Assessment & Care Management including Hospital Discharge £(108k) Intermediate Care £(52)k and Reablement £(58)k. There is an overspend at Menstrie House of £220k and Ludgate Respite £68k (Excludes Covid related costs to be charged to NHS Mobilisation Fund) The reduced underspend is the result of recruitment within Reablement and MECS.
	8,716	8,003	(714)	0	(714)	(726)	12	
<b>Long Term Care</b>								
<b>Nursing Homes</b>								Nursing Home places fell by 55 at the start of the year and now sit at around 210 as homes have re-opened to admissions. This forecast is potentially subject to significant volatility depending on the future course of the pandemic. The movement reflects the increase in placements since August.
	7,626	8,720	1,094	0	1,094	1,023	71	
<b>Residential Homes</b>								Overall numbers remain stable at around 60. The movement is due to a realignment of budgets following the allocation of growth funds.
	3,169	3,139	(30)	0	(30)	2	(33)	
<b>Community Based Care</b>								
<b>Care at Home</b>								The forecast reflects the impact of Covid on the delivery of Care at Home. Weekly hours currently stand at around 11,000 compared to pre covid levels of 10,000. Forecast is subject to volatility given uncertainty in both demand and availability of care. The full impact of Covid on service delivery levels is being reviewed to identify potential to charge to the NHS Mobilisation Fund. The positive movement reflects current service commitments.
	8,728	9,441	714	0	714	936	(222)	
<b>Day Care</b>								Day Care for approximately 42 service users of which 19 have complex needs.
	230	244	14	0	14	21	(7)	
<b>Direct Payments</b>								Numbers have increased from 70 to 73 service users receiving a direct payment. The forecast has been revised to reflect actual pattern of payments to date. The movement since August reflects increased number of payments and increased rates.
	953	1,233	280	0	280	219	61	
<b>Housing Aids and Adaptations</b>								Adaptations within private sector homes. The number of adaptations carried out had been significantly impacted by Covid, but are now progressing.
	159	160	1	0	1	1	0	
<b>Housing with Care</b>								This budget is for Supported Accommodation provided by external organisations. Expenditure is less than budget as some care costs have transferred to Care at Home.
	163	111	(53)	0	(53)	(54)	1	
<b>Respite</b>								Costs for respite continue to increase as Respite plans for the year are confirmed.
	129	98	(31)	0	(31)	(40)	9	
<b>Misc. Third Party Payments</b>								This heading covers various payments to other agencies including other local authorities, registration fees and payments to voluntary organisations. The overspend is on payments for complex care and third sector organisations.
	1,080	1,381	301	0	301	241	60	
<b>Premises Expenditure</b>								The budget covers cleaning materials within operational buildings and includes Covid related costs for cleaning materials.
	11	97	86	0	86	23	63	
<b>Supplies and Services</b>								Includes equipment, house adaptations, food and insurance, postage, printing and administration. Movement reflects an updated forecast for insurance (+£10k) and equipment (£+45k)
	403	431	28	0	28	(26)	55	
<b>Transport Expenditure</b>								Travel costs underspent as a result of Covid
	48	43	(5)	0	(5)	(13)	9	
<b>Income</b>								
<b>Income</b>								This income is largely contributions towards the cost of care. Movement since August reflects increased income for Residential Care and Home Care as services re-open.
	(4,269)	(4,502)	(232)	0	(232)	(129)	(104)	
<b>Resource Transfer (Health)</b>								Includes Income from NHS, integration funding and contributions for complex care as well as forecast contributions from the NHS Mobilisation fund for Covid.
	(7,271)	(7,215)	56	0	56	56	0	
<b>Total</b>	<b>19,875</b>	<b>21,385</b>	<b>1,509</b>	<b>0</b>	<b>1,509</b>	<b>1,534</b>	<b>(25)</b>	

# Service Summary - Housing Revenue Account

Appendix 4

As at October 2021

<i>Description</i>	<i>Annual Budget for 2021-22</i>	<i>Forecast to March 2022</i>	<i>Variance October Forecast to Budget</i>
Chief Officers Gross Salaries	23,968	23,968	0
Chief Officers Employers Superann	5,393	5,393	0
Chief Officers Employers NIC	529	529	(0)
Single Status Gross Salaries	6,046,802	5,308,960	(737,843)
Single Status Employers Superann	1,331,458	1,175,436	(156,021)
Single Status Employers NIC	568,261	508,517	(59,744)
Single Status Overtime	260,000	411,416	151,416
Single Status Absence Pay	0	76,997	76,997
Trainee Allowances Gross Salaries	16,262	13,171	(3,091)
Long Service Awards	2,350	2,350	0
Salary Related Admin Costs	2,160	60	(2,100)
Employee Management Costs	3,000	1,680	(1,320)
Conference Expenses And Subsistence	(0)	0	0
Staff Training	88,000	49,000	(39,000)
Vacancy Management	(430,233)	0	430,233
	<b>7,917,950</b>	<b>7,577,477</b>	<b>(340,473)</b>
Corporate Building Repairs	0	18,163	18,163
Annual Maintenance External Providers	300,000	245,000	(55,000)
Grounds Maintenance	0	0	0
Cleaning & Hygiene Materials	1,500	4,100	2,600
Gas	6,000	6,000	(0)
Electricity	20,000	20,000	(0)
Void Rent Loss	450,000	436,650	(13,350)
Rates	3,000	17,000	14,000
Council Tax	10,000	22,000	12,000
Property Insurance	203,000	210,056	7,056
Bad Debt Provision	400,000	400,000	(0)
Building Costs - Recharges Internal	103,000	103,000	(0)
Land Services - Internal Recharges	50,000	35,000	(15,000)
	<b>1,546,500</b>	<b>1,516,969</b>	<b>(29,531)</b>
Short Term Vehicle Hire	4,000	6,000	2,000
Staff Travel Mileage Expenses	23,500	8,149	(15,351)
Vehicles - Maintenance Recharges	345,000	393,000	48,000
	<b>372,500</b>	<b>407,149</b>	<b>34,649</b>
Purchase Of Equipment	23,070	52,000	28,930
Purchase Of Furniture	(8,000)	0	8,000
Storage & Removal Charges	2,000	0	(2,000)
Materials (issued from Stock)	700,000	798,000	98,000
Materials - Direct purchases from suppliers	450,000	550,000	100,000
General Consumables (small items)	35,500	45,500	10,000
Equipment Maintenance	10,000	20,000	10,000
Equipment Rental/Leasing	20,000	20,000	0
Scaffold Hire	50,000	50,000	0
Medical Supplies	1,100	100	(1,000)
Hospitality	100	(0)	(100)
Uniforms & Clothing	6,280	2,500	(3,780)
Office Equipment - Purchases	3,650	3,650	0

# Service Summary - Housing Revenue Account

Appendix 4

As at October 2021

<i>Description</i>	<i>Annual Budget for 2021-22</i>	<i>Forecast to March 2022</i>	<i>Variance October Forecast to Budget</i>
Printing & Photocopying	7,800	3,000	(4,800)
Stationery	6,260	5,250	(1,010)
Publications	500	700	200
Insurance	32,120	44,169	12,049
Professional Fees	60,650	43,650	(17,000)
Performing Rights	300	300	(0)
Postages	8,000	4,500	(3,500)
Legal Expenses	32,000	20,055	(11,945)
Subscriptions	20,600	13,100	(7,500)
Telephones	150	0	(150)
Mobile Telephones	33,810	32,550	(1,260)
Computer Hardware Purchase	20,000	20,000	0
Computer Software Purchase	163,500	350	(163,150)
Computer Software Maint.	83,300	113,300	30,000
	<b>1,762,690</b>	<b>1,842,674</b>	<b>79,984</b>
Other Council Accounts	552,620	552,220	(400)
Voluntary Organisations Payment	67,730	29,400	(38,330)
Payments To Contractors	98,200	98,450	250
Payment To Subcontractor	500,000	500,000	0
Payments To Individuals	0	3,060	3,060
	<b>1,218,550</b>	<b>1,183,130</b>	<b>(35,420)</b>
Support Services	1,204,000	1,204,000	0
	<b>1,204,000</b>	<b>1,204,000</b>	<b>0</b>
Loans Fund Interest	1,154,700	1,312,185	157,485
Debt Management Expenses	23,370	20,400	(2,970)
Principal Repayments	304,000	304,185	185
	<b>1,482,070</b>	<b>1,636,770</b>	<b>154,700</b>
<b>Total Expenditure</b>	<b>15,504,260</b>	<b>15,368,170</b>	<b>(136,090)</b>
Charges for Services Standard VAT	(61,400)	(10,000)	51,400
Sponsorship Income	0	(0)	(0)
Other Income	(5,740)	(13,912)	(8,172)
Housing Rents	(19,850,150)	(19,891,501)	(41,351)
General Rents	(62,350)	(80,950)	(18,600)
Interest(Revenue Balance)	(10,000)	(10,000)	0
Internal Trading Contract	(1,160,000)	(1,507,900)	(347,900)
<b>Total Income</b>	<b>(21,149,640)</b>	<b>(21,514,263)</b>	<b>(364,623)</b>
<b>Net Surplus</b>	<b>(5,645,380)</b>	<b>(6,146,094)</b>	<b>(500,714)</b>

Place Directorate  
HRA Variances at 31 October 2021

Appendix 5

Housing Revenue Account	Annual Budget 2021/22	Forecast to March 2022	Variance Forecast to Budget at October	Variance due to Covid	Variance due to Non Covid	Variance Forecast to Budget at August	Movement in variance August to October	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000		
Employee expenditure	7,918	7,577	(341)	0	(341)	(223)	(118)	Employee expenditure is forecast to underspend by £(0.341)m, an increase of £(0.118)m. The work associated with the filling of vacancies and arranging staff training has not been possible as other priorities have taken precedence. This has resulted in a reduction in forecast of £(0.098)m specifically within the Trades service. Recent leavers and reduced training in other areas has also resulted in a reduced forecast of £(0.020)m.
Premises expenditure	1,547	1,517	(30)	0	(30)	(25)	(5)	Small reduction in Void expenditure from August.
Transport expenditure	373	407	35	0	35	29	6	Increased staff travel costs including apprentices travel to college.
Supplies and Services	1,763	1,843	80	219	(139)	219	(139)	The Service is now starting to feel the impact of increased costs in stock and materials arising from Brexit & Covid of £0.219m. This has been offset as progress is not expected to be made on the replacement IT system this financial year. This has been influenced by competing priorities and the availability of staff resources to implement a successful transition.
Third Party Payments	1,219	1,183	(36)	0	(36)	0	(36)	The planned improvement work with the Residents & tenants federation has had to be delayed as resources not available to take this forward.
Support services	1,204	1,204	0	0	0	0	0	No variance
Capital financing costs	1,482	1,637	155	0	155	155	(0)	No variance on the increased interest payable.
<b>Total Gross Expenditure</b>	<b>15,504</b>	<b>15,368</b>	<b>(136)</b>	<b>219</b>	<b>(355)</b>	<b>155</b>	<b>(292)</b>	
Income	(21,150)	(21,514)	(364)	0	(364)	(245)	(119)	Income is forecast to overachieve by £(0.364)m, an increase of £(0.119)m. This can be attributed to an additional £(0.100)m of repairs work on General Fund Properties and an expected increase in Shop Rents of £(0.019)m.
<b>Total Net Expenditure</b>	<b>(5,645)</b>	<b>(6,146)</b>	<b>(501)</b>	<b>219</b>	<b>(720)</b>	<b>(90)</b>	<b>(411)</b>	

Housing Capital Programme 2021-22 Period to October 2021	Project Code	21-22 Net Budget	Net Expenditure to 31/10/21	Forecast as at 31/10/21	Forecast to Budget Variance	Comment	C/F to 2022-23
<b>SCOTTISH HOUSING QUALITY STANDARD</b>							
<b>TACKLING SERIOUS DISREPAIR PRIMARY BUILDING ELEMENTS</b>							
<b>Structural Works</b>							
Structural Upgrades	10192	400,000	3,315	400,000	0	Major work undertaken at High Street Alloa now valued £200k+ - Budget will spend out	
Asbestos Testing for Council Houses	10071	20,000	2,369	20,000	0		
Asbestos Removal Works for Council Houses	10072	50,000	15,426	50,000	0		
<b>Structural Works</b>		<b>470,000</b>	<b>21,110</b>	<b>470,000</b>	<b>0</b>		
<b>SECONDARY BUILDING ELEMENTS</b>							
<b>Damp/Rot</b>							
Damp & Rot Works	10195	100,000	66,302	100,000	0	Statutory work on Tolerable standard - Work Progressing . Will Spend out Budget	
<b>Damp/Rot</b>		<b>100,000</b>	<b>66,302</b>	<b>100,000</b>	<b>0</b>		
<b>Roofs / Rainwater / External Walls</b>							
Roof & Render Upgrading Works	10196	1,000,000	505,647	1,000,000	0	Programme on site extra costs but will remain within budget.	
<b>Roofs / Rainwater / External Walls</b>		<b>1,000,000</b>	<b>505,647</b>	<b>1,000,000</b>	<b>0</b>		
<b>Windows</b>							
Window Replacement	10197	1,768,000	566,742	1,200,000	(568,000)	Contractor on site and Extra Resource on to catch up on programme - Forecast Underspend Uncertainty around the carry forward as new contract to be procured which might lead to delays in starting.	568,000
<b>Windows</b>		<b>1,768,000</b>	<b>566,742</b>	<b>1,200,000</b>	<b>(568,000)</b>		
		<b>2,868,000</b>	<b>1,138,691</b>	<b>2,300,000</b>	<b>(568,000)</b>		
<b>ENERGY EFFICIENCY</b>							
Central Heating - Design and Installation 2019-22	10193	112,000	69,462	112,000	0	Contractor working on Emergency Failures and Void Only - Budget will outturn Potential Grant Income of £310k to supplement the Programme through BEIS . One house to complete. Three pilot houses identified for Air Source heating, Budget will spend Programme due to commence December 2021. Budget will spend out	
Weir Multicon Upgrade 2018-2020	10178	750,000	586,091	500,000	(250,000)		
Renewable Central Heating Systems	10232	60,000	0	60,000	0		
Energy Performance Certificates Programme	10233	10,000	0	10,000	0		
<b>Full/Efficient Central Heating</b>		<b>932,000</b>	<b>655,553</b>	<b>682,000</b>	<b>(250,000)</b>		
<b>MODERN FACILITIES &amp; SERVICES</b>							
<b>Kitchen Renewal</b>							
Kitchen Replacement 2017-20	10158	200,000	132,446	200,000	0	Internal team working on this . Voids and Emergency Failure Only . £195k + identified up to December. Up to £70k potential for rest of year if underspend elsewhere in programme.	
<b>Kitchen Renewal</b>		<b>200,000</b>	<b>132,446</b>	<b>200,000</b>	<b>0</b>		
<b>Bathrooms</b>							
2016-20 Bathroom Replacements PCU Team	10141	50,000	24,901	50,000	0	Internal team working on this- Voids and Emergency Failures	
<b>Bathrooms</b>		<b>50,000</b>	<b>24,901</b>	<b>50,000</b>	<b>0</b>		
		<b>250,000</b>	<b>157,347</b>	<b>250,000</b>	<b>0</b>		
<b>HEALTHY, SAFE &amp; SECURE</b>							
Safe Electrical systems 2018-22	10171	1,100,000	149,577	942,500	(157,500)	Full Programme of works to meet the changes to the Tolerable Standard including internal trades on Smoke alarm upgrades.	157,500
<b>Safe Electrical Systems</b>		<b>1,100,000</b>	<b>149,577</b>	<b>942,500</b>	<b>(157,500)</b>		
<b>Communal Areas (Environmentals)</b>							
External Works : Fencing, Gates, Paths	10090	315,000	0	315,000	0	Programme on Site Alva South- Budget will outturn New Contractor has been Appointed - Programme being worked on	
Secure Door Entry Upgrade 2021-25	10160	130,000	0	130,000	0		
<b>Communal Areas (Environmentals)</b>		<b>445,000</b>	<b>0</b>	<b>445,000</b>	<b>0</b>		

Housing Capital Programme 2021-22 Period to October 2021	Project Code	21-22 Net Budget	Net Expenditure to 31/10/21	Forecast as at 31/10/21	Forecast to Budget Variance	Comment	C/F to 2022-23
		<b>1,545,000</b>	<b>149,577</b>	<b>1,387,500</b>	<b>(157,500)</b>		
<b>NON-SHS ELEMENTS PARTICULAR NEEDS HOUSING (CITC)</b>							
<b>Conversions &amp; Upgradings</b> Conversions & Upgradings	10092	75,000	1,055	65,000	(10,000)	Working with Social Services.	
<b>Conversions &amp; Upgradings</b>		<b>75,000</b>	<b>1,055</b>	<b>65,000</b>	<b>(10,000)</b>		
<b>Disabled Adaptations</b>							
Aids & Adaptations Disabled Adaptations	10161	50,000	64	50,000	0	The budget will outturn	
		<b>50,000</b>	<b>64</b>	<b>50,000</b>	<b>0</b>		
<b>Environmental Improvements</b>							
HRA Roads & Footpaths Improvements	10099	100,000	0	100,000	0	Works Committed Through Roads Team	
MCB Tenant Community Improvement Fund Environmental Improvements	10100	402,000	9,696	402,000	0	Major project being carried out in alloa/sauchie by land services.	
		<b>502,000</b>	<b>9,696</b>	<b>502,000</b>	<b>0</b>		
		<b>627,000</b>	<b>10,815</b>	<b>617,000</b>	<b>(10,000)</b>		
<b>Council New Build Housing</b>							
Off The Shelf Purchase	10105	1,353,000	155,491	253,000	(1,100,000)	At present the housing market is bouyant and Service does not want to flame this by increasing bids. This may require a reassessment of the strategy on this project. Unlikely to be any significant expenditure soon.	1,100,000
Estate Management Redesign Council New Build Housing	10234	50,000	0	0	(50,000)	Progress on this delayed.	
		<b>1,403,000</b>	<b>155,491</b>	<b>253,000</b>	<b>(1,150,000)</b>		
		<b>1,403,000</b>	<b>155,491</b>	<b>253,000</b>	<b>(1,150,000)</b>		
<b>OTHER</b>							
<b>Other Costs / HBMS</b>							
Construction Design Management	10143	30,000	0	0	(30,000)	New tender in place implementation delayed. Purchase and implementation of this will require significant internal investment from the current staff to ensure maximum benefit. Progress delayed	
Computer Equipment - New (HBMS)	10111	260,000	0	0	(260,000)		260,000
Lock Up Strategy	10185	200,000	0	91,000	(109,000)	Four sites identified for this year.	109,000
Westthugh Travelling Site - Alva IT Infrastructure - Clacks IT	10186 10188	239,000 21,000	21,157 1,575	239,000 21,000	0 0	Funding bid submitted in August 21 and Outcome will be known soon.	
Demolitions Other Costs / HBMS	10200	147,000	0	0	(147,000)	Progress on this delayed.	
		<b>897,000</b>	<b>22,732</b>	<b>351,000</b>	<b>(546,000)</b>		
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>8,992,000</b>	<b>2,311,316</b>	<b>6,310,500</b>	<b>(2,681,500)</b>		
<b>Sale of Council Property</b> Sale of Council Land Sale of Council Property	10148	0 0	0 0	0 0	0 0		
<b>NET EXPENDITURE</b>		<b>8,992,000</b>	<b>2,311,316</b>	<b>6,310,500</b>	<b>(2,681,500)</b>		<b>2,194,500</b>

Capital Projects Outturn  
actuals to 30th November 21

Appendix 7

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget	Expenditure	Income	Projected Outturn at October 2021	Forecasted Outturn at June 2021	Outturn Movement	Projected (Under)/Overspend	Notes
					£	£	£	£	£	£	£	
<b>Community Investment Strategy</b>												
<b>All Clackmannanshire Areas</b>												
10042	A43	L.BALLIE	Community Investment Grants	All Clackmannanshire Areas	80,000	38,111	0	70,000	40,000	30,000	-10,000	Applications received less than budget
10156	A67	PLEONARD	City Deal (Land)	All Clackmannanshire Areas	50,000	0	0	0	50,000	-50,000	-50,000	Not expected to be used 2021/22 - proposed carry forward
10174		T DOCHERTY	Fitness Suite Replacement	All Clackmannanshire Areas	12,000	-2,937	0	12,000	12,000	0	0	forecast to spend to budget
10209		PLEONARD	City Deal RPMO	All Clackmannanshire Areas	100,000	-12,295	0	100,000	100,000	0	0	Spending in line with budget
10226	NEW	I.SANDA	Wellbeing Complex	All Clackmannanshire Areas	400,000	0		159,000	50,000	109,000	-241,000	Demolition of Alloa leisure bowl commenced 2022 & wellbeing hub posts - proposed carry forward underspend
10086	NEW	IMCDONALD	Renewable Energy Projects	All Clackmannanshire Areas	50,000	0		50,000	50,000	0	0	forecast to spend to budget
10213		PLEONARD	Innovation Hub Delivery	All Clackmannanshire Areas	350,000	0	0	250,000	250,000	0	-100,000	Expected to start 2022 with proposed carry forward of underspend
										0		
<b>Total All Clackmannanshire Areas</b>					<b>1,042,000</b>	<b>22,879</b>	<b>0</b>	<b>641,000</b>	<b>552,000</b>	<b>89,000</b>	<b>-401,000</b>	
<b>Alloa Cluster</b>												
10000	A1	JALLAN	Schools ICT Replacement - Alloa	Alloa Cluster	55,433	19,229	0	49,974	36,378	13,596	-5,459	Planned: 4 laptop trollys £5.6K, Laptops £10K, PC Upgrades £6.5K, Windows 10 to Enterprise upgrade £6.5K Committed 20 x laptops £6.6K & Currently reviewing with Head Teachers what equipment to procure to support return of pupils.
10005		IMCDONALD	Park, Play Area & Open Space Improvements - Alloa	Alloa Cluster	49,011	21,165	0	49,000	37,000	12,000	-11	Park Masterplan exercise identifying priorities and laising with communities, on track.
10006	A3	MHILARION	Park Primary School - School Development	Alloa Cluster	2,240,170	1,740,566	0	2,392,215	1,246,422	1,145,793	152,045	Retention for 2022-23 of £48,068. Heating Upgrade required in Existing Nursery and this currently being scoped out. Project Coming in under agreed total budget- Overall Budget of <b>£3.733,570</b> agreed at Council in September 2020.
10007		JALLAN	School Interactive Display Replacement - Alloa	Alloa Cluster	42,087	34,041	0	40,028	39,647	381	-2,059	Invoiced: 42 screens across 3 academy clusters. £36.5K per cluster. Planned: Expected circ 4.7K for decoration charges and fees to EIS.
10008		MHILARION	Heritage Improvement	Alloa Cluster	47,590	4,000	0	24,000	24,000	0	-23,590	Survey Completed by Conservation Architect and Upgrades Being Scoped out - September 2021

Capital Projects Outturn  
actuals to 30th November 21

Appendix 7

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget	Expenditure	Income	Projected Outturn at October 2021	Forecasted Outturn at June 2021	Outturn Movement	Projected (Under)/Overspend	Notes
10009		K.INGLIS	Sunnyside Cemetery Extension	Alloa Cluster	60,000	0	0	60,000	60,000	0	0	Project expected to be completed 21-22
10183		IMCDONALD	Forthbank Recycling Centre Improvements	Alloa Cluster	23,356	27,397	0	33,734	27,397	6,337	10,378	Improvements complete
<b>Total Alloa Cluster</b>					<b>2,517,647</b>	<b>1,846,399</b>	<b>0</b>	<b>2,648,951</b>	<b>1,470,844</b>	<b>1,178,107</b>	<b>131,304</b>	
<b>Hillfoots Cluster</b>												
10029	A31	IMCDONALD	Street Lighting Improvements - Tillicoultry & Alva	Hillfoots Cluster	0	0	0	0	294	-294	0	Coding of Commitment to be checked
10031	A32	JALLAN	Schools ICT Replacement - Alva Academy	Hillfoots Cluster	45,115	274	0	44,962	44,777	185	-153	Currently reviewing with Head Teachers what equipment to procure to support pupils. Committed: 78 x laptops £30K Planned: 2 x servers £4K, Network PF Sense Netgate £2K, Windows 10 to Enterprise upgrade £4.3K
10032	A33	MHILARION	Alva Community Campus/Locality Hub/Primary School	Hillfoots Cluster		0	0	0	0	0	0	Commitment to be confirmed
10034	A28	IMCDONALD	Hillfoots Glen - Upgrading - Alva Regeneration	Hillfoots Cluster		0	0	1,330	0	1,330	1,330	
10035		JALLAN	School Interactive Display Replacement - Alva	Hillfoots Cluster	41,087	34,041	0	41,061	41,480	-419	-26	Invoiced : 42 screens across 3 academy clusters. £36.5K per cluster. Planned : Expected circ 4.7K for decoration charges and fees to EIS
10039	A40	IMCDONALD	Village and Small Town - Dollar	Hillfoots Cluster	51,617	0	0	26,000	26,000	0	-25,617	Funds for Dollar Football / Shared Toilet Facility, being driven and led by Dollar Trust
fleet Asset	A38	MHILARION	Menstrie Primary School - School Development	Hillfoots Cluster	32,000	0	0	28,000	28,000	0	-4,000	Outstanding Retentions from Menstrie Nursery Upgrade Project - Awaiting Conclusion of Defects With Hubco - September 21 . Reviewed monthly at the Learning Estate Catch Up meetings
10124		MHILARION	Tillicoultry Primary School - School Development	Hillfoots Cluster		2,495	0	2,495	0	2,495	2,495	Works Completed - Heating Upgrades
10030	NEW	IMCDONALD	Village and Small Town - Tillicoultry	Hillfoots Cluster	100,000	0	0	0	100,000	-100,000	-100,000	Expected spend for Design fees for Tillicoultry, may need to be carried forward due to Alva delay - to be confirmed
10118	NEW	O.MUNRO	Coalsnaughton Primary School	Hillfoots Cluster	210,000	0	0	104,000	200,000	-96,000	-106,000	Heating & Urgent Works Instructed in Learning Estate - Multi School - Alva Nursery and Coalsnaughton Primary Completed
10140		IMCDONALD	Village and Small Town - Alva	Hillfoots Cluster	1,432,000	534,247	0	1,432,000	1,432,000	0	0	Expected to spend on budget
<b>Total Hillfoots Cluster</b>					<b>1,911,819</b>	<b>571,057</b>	<b>0</b>	<b>1,679,848</b>	<b>1,872,551</b>	<b>-192,703</b>	<b>-231,971</b>	
<b>Lornshill Cluster</b>												



Capital Projects Outturn  
actuals to 30th November 21

Appendix 7

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget	Expenditure	Income	Projected Outturn at October 2021	Forecasted Outturn at June 2021	Outturn Movement	Projected (Under)/Overspend	Notes
10011	A12	JALLAN	Schools ICT Replacement - Lornshill	Lornshill Cluster	48,103	35,801	0	49,068	45,113	3,955	965	Currently reviewing with Head Teachers what equipment to procure to support pupils. Expected spend includes; 10 x desktops £3.5K, Windows 10 to Enterprise upgrade £6.5K 2 x higher spec PC design and technical £1.5K 15 x laptops £6.5K 4 x visualisers ohp (with camera) £2.5K 2 x servers (equivalent to blades) £7K 2 X STORAGE SERVERS £12K
10014	A15	MHILARION	Craigbank Primary School Refurbishment	Lornshill Cluster	9,669	280	0	16,000	0	16,000	6,331	Final Retention of £16,000 to be paid in 2021-22
10015		AMURRAY	Safer Routes to School	Lornshill Cluster	44,273	1,193	0	44,273	45,000	-727	0	Grants funded
10017	A18	MHILARION	School Estate - Tullibody South Campus	Lornshill Cluster	1,267,646	282,018	0	1,267,646	1,005,000	262,646	0	Retention Monies, Works to upgrade defective Walls, Barrier mat system added , External Furniture previously removed from contract . These costs do not include Roads Upgrades which is managed by Roads Team. Includes internal fees
10020		JALLAN	School Interactive Display Replacement - Lornshill	Lornshill Cluster	42,098	432	0	37,206	41,733	-4,527	-4,892	Invoiced: 42 screens across 3 academy clusters. £36.5K per cluster. Planned: Expected circ 4.7K for decoration charges and fees to EIS
10024	A25	MHILARION	Clackmannan Primary School Refurbishment/Locality Hub	Lornshill Cluster	0	0	0	0	0	0	0	Job Complete
10043	A44	MHILARION	Lochies Primary School - School Development	Lornshill Cluster	0	0	0	0	0	0	0	Works Being Covered through DDA Upgrades
10125	A61	MHILARION	Banchory Primary School - School Development	Lornshill Cluster	21,387	5,308	0	5,308	0	5,308	-16,079	Heating Replacement - Job Complete
10149	A57	K.FLEMING	Clackmannan Regeneration	Lornshill Cluster	890,000	0	0	200,000	890,000	-690,000	-690,000	Delay in starting, currently going through procurement
10164	A60	CJARVIE	Clackmannan CAP	Lornshill Cluster	93,000	0	0	0	0	0	-93,000	No spend expected 2021/22 - proposed carry forward
<b>Total Lornshill Cluster</b>					<b>2,416,176</b>	<b>325,032</b>	<b>0</b>	<b>1,619,501</b>	<b>2,026,846</b>	<b>-407,345</b>	<b>-796,675</b>	
<b>Total Community Investment Strategy</b>					<b>7,887,642</b>	<b>2,765,367</b>	<b>0</b>	<b>6,589,301</b>	<b>5,922,241</b>	<b>667,060</b>	<b>-1,298,341</b>	
<b>Fleet Asset Management Strategy</b>												
10062	E1	kphilliben	Vehicle Replacement	Fleet Asset Management Strategy	1,124,000	466,811	0	1,000,000	1,124,000	-124,000	-124,000	Vehicles on order but may not be received by 31 March 2022 due to supplier delivery times. Update in January 2022. Any underspend to be carried forward.
<b>Total Fleet Asset Management Strategy</b>					<b>1,124,000</b>	<b>466,811</b>	<b>0</b>	<b>1,000,000</b>	<b>1,124,000</b>	<b>-124,000</b>	<b>-124,000</b>	

Capital Projects Outturn  
actuals to 30th November 21

Appendix 7

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget	Expenditure	Income	Projected Outturn at October 2021	Forecasted Outturn at June 2021	Outturn Movement	Projected (Under)/Overspend	Notes
				<b>Total Fleet Asset Management Strategy</b>	<b>1,124,000</b>	<b>466,811</b>	<b>0</b>	<b>1,000,000</b>	<b>1,124,000</b>	<b>-124,000</b>	<b>-124,000</b>	
<b>IT Asset Management Strategy</b>												
<b>All Clackmannanshire Areas</b>												
10041	A42	JALLAN	Schools ICT Replacement - All Primaries	All Clackmannanshire Areas	156,390	19,387	0	155,839	116,304	39,535	-551	Invoiced: 3 x Storage Servers £19.1K, Laptop Cabinet Craigbank Primary £1.5K Planned: Class in a box set up £30K, Currently reviewing with Head Teachers what equipment to procure to support pupils. 180 Laptops £69K
				<b>Total All Clackmannanshire Areas</b>	<b>156,390</b>	<b>19,387</b>	<b>0</b>	<b>155,839</b>	<b>116,304</b>	<b>39,535</b>	<b>-551</b>	
<b>IT Asset Management Strategy</b>												
10064	F1	JALLAN	IT Infrastructure	IT Asset Management Strategy	162,678	58,158	0	157,036	115,986	41,050	-5,642	Upgrades & repairs to wireless networking £3.1K Income £7,800 from Digital Office to improve Cyber 19/20 fin year - now received. Planned : Goss Training to facilitate booking e.g. returning staff to the office. £6K, Mobile handsets to replace, Phase 1 42x iPhones £14K, Planned: Procurement of Always on VPN infrastructure £35K
10065	F2	LBARKER	Social services adaptations	IT Asset Management Strategy	75,000	0	0	75,000	75,000	0	0	Expected to spend on budget - spend transferred at year end.
10066	F3	FCOLLIGAN	Social Services IT System	IT Asset Management Strategy	700,000	0	0	0	0	0	-700,000	Business Case currently in development - update Jan 22
10067	F4	JALLAN	Digital Transformation	IT Asset Management Strategy	10,445	41,656	0	62,559	56,833	5,726	52,114	Actual: Clearswift Border controls for hosted web and email filtering £20,709 & GOSS training / support £400. Committed: M365 Project Meeting Rooms £21,363. Planned: Goss £4,600.
10187		JALLAN	Digital Infrastructure	IT Asset Management Strategy	468,000	12,173	0	468,000	468,000	0	0	Committed: Muckhart WAN Extension £14.6K Planning - Fibre Rollout Phase 1. Tullibody South - Lornshill, connecting Banchory Primary and St Serfs - Est. Cost £150K Fibre Phase 2. Alva, Sauchie Hall, Craigbank, Fishcross £175K Contingency £50K, Phase 3 includes Strathdevon which will progress if funding available.
10202		MBOYLE	Education Digital Devices - Chromebooks	IT Asset Management Strategy	432,411	416,170	0	426,000	426,000	0	-6,411	Spend : 1948 x Chrombooks & 131 iPADS ordered value £409,759.47 for three academies.
10207		F.COLLIGAN	Digital Foundations : M365	IT Asset Management Strategy	129,295	85,462	0	129,295	157,295	-28,000	0	Expected to spend on budget

Capital Projects Outturn  
actuals to 30th November 21

Appendix 7

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget	Expenditure	Income	Projected Outturn at October 2021	Forecasted Outturn at June 2021	Outturn Movement	Projected (Under)/Overspend	Notes
10210		JALLAN	Homeworking	IT Asset Management Strategy	58,227	18,924	0	47,848	50,346	-2,498	-10,379	On Order : 65 Elitebooks, docks, bags and cables for delivery 21/22, Replace all Windows 7 and Stratodesk units with a Windows 10 PC / Laptop by 31/3/23 with additional cover for devices to meet immediate needs that cannot be satisfied with Strotest with MS Teams units. Invoiced - 25 refurbished laptops to meet immediate shortfall.
10225		JALLAN	Upgraded Telephony System	IT Asset Management Strategy	350,000	1,069	0	350,000	350,000	0	0	Invoiced: 4 x Agent Licences for the Contact Centre purchased to help with new ways of working. Planned: Procurment of replacement telephone system.
10242		JALLAN	VM Ware	IT Asset Management Strategy	300,000	299,536	0	299,536	299,536	0	-464	Vmware special licence vehicle consolidating Education and Corporate licences into special purpose licence pack.
<b>Total IT Asset Management Strategy</b>					<b>2,686,056</b>	<b>933,147</b>	<b>0</b>	<b>2,015,274</b>	<b>1,998,996</b>	<b>16,278</b>	<b>-670,782</b>	
<b>Total IT Asset Management Strategy</b>					<b>2,842,446</b>	<b>952,534</b>	<b>0</b>	<b>2,171,113</b>	<b>2,115,300</b>	<b>55,813</b>	<b>-671,333</b>	
<b>Land Asset Management Strategy</b>												
<b>Land Asset Management Strategy</b>												
10061	D1	IMCDONALD	Wheeled Bins	Land Asset Management Strategy	30,000	18,050	0	30,000	30,000	0	0	Expected to spend to budget
10096	NEW	E.FYVIE	Gartmorn Dam Country Park	Land Asset Management Strategy	7,000	0	0	0	7,000	-7,000	-7,000	Works not expected to be completed in 2021/22 - proposed Carry forward to 22/23
10221	NEW	O.MUNRO	Cemetary Walls	Land Asset Management Strategy	300,000	0	0	121,097	300,000	-178,903	-178,903	Works Started at Alva Cemetary Addressing Immediate Safety Issues. Immediate Risk areas being actioned first. Full procurment of a separate contract for this programme being taken forward by the Property Team. Proposed carry forward of underspend.
<b>Total Land Asset Management Strategy</b>					<b>337,000</b>	<b>18,050</b>	<b>0</b>	<b>151,097</b>	<b>337,000</b>	<b>-185,903</b>	<b>-185,903</b>	
<b>Total Land Asset Management Strategy</b>					<b>337,000</b>	<b>18,050</b>	<b>0</b>	<b>151,097</b>	<b>337,000</b>	<b>-185,903</b>	<b>-185,903</b>	
<b>Property Asset Management Strategy</b>												
<b>Alloa Cluster</b>												
10191		E.FYVIE	Town Centre Regeneration Fund	Alloa Cluster	1,173,795	423,845	0	1,173,795	849,000	324,795	0	Projects underway - expected to spend to budget

Capital Projects Outturn  
actuals to 30th November 21

Appendix 7

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget	Expenditure	Income	Projected Outturn at October 2021	Forecasted Outturn at June 2021	Outturn Movement	Projected (Under)/Overspend	Notes
10208		MHILARION	Bowmar Community Hub	Alloa Cluster	601,028	544,621	0	589,696	620,000	-30,304	-11,332	Property and IT Upgrade Costs, expected completion 2021/22
10214		MHILARION	Kilncraigs - Roof	Alloa Cluster	300,000	10,814	0	310,000	300,000	10,000	10,000	Works expected to be completed December 2021. Cfwd retention
<b>Total Alloa Cluster</b>					<b>2,074,823</b>	<b>979,279</b>	<b>0</b>	<b>2,073,491</b>	<b>1,769,000</b>	<b>304,491</b>	<b>-1,332</b>	
<b>Property Asset Management Strategy</b>												
10045	B1	MHILARION	Statutory Compliance DDA Schools	Property Asset Management Strategy	17,000	9,447	0	15,000	17,096	-2,096	-2,000	Works Identified in Lochies - September 2021
10046	B2	MHILARION	Compliance - Asbestos Removal (Schools)	Property Asset Management Strategy	28,000	15,995	0	16,000	28,000	-12,000	-12,000	
10231	NEW	MHILARION	Building Energy Management System	Property Asset Management Strategy	70,000	0		50,000	70,000	-20,000	-20,000	Contract currently being procured - Anticipated carry over of £20,000 required for 2022/23
10227	NEW	A, BUCHANAN	CRB System (School)	Property Asset Management Strategy	40,000			0	0	0	-40,000	Resource to be assigned to undertake the Suitability Assessment and Scoping works and procure supporting technology - proposed carryforward to 2022/23.
10224	NEW	MHILARION	Cleaning Equipment Upgrade	Property Asset Management Strategy	23,000			23,000	23,000	0	0	Items & requirement currently being scoped out - demonstrations underway - Projected expected to spend tp budget in 2021/22.
10219	NEW	O. MUNRO	Learning Estate Condition Surveys	Property Asset Management Strategy	75,000			75,000	75,000	0	0	Total Budget of £225,000 including revenue, split between three areas - Forecasting a spend of £192,000 for the survey work to date, spend will be allocated at end of the year.
10220	NEW	O. MUNRO	Clackmannan Town Hall Roof and Wall	Property Asset Management Strategy	200,000	0		82,478	200,000	-117,522	-117,522	Initial Conservation Architect has been appointed to scope out and spec upgrade works - Detailed surveys and drone surveys have been completed - Proposed carry over required into 2022-23 when Construction Phase will commence.
10168	NEW	IMCDONALD	Forthbank Road Operational Facilities	Property Asset Management Strategy	20,000			0	20,000	-20,000	-20,000	Options appraisal for Roads Dept Buildings to be taken forward by the new Team Leader, Proposed cfwd 22/23.
10212		PLEONARD	Car park works	Property Asset Management Strategy	106,782	9,363	0	103,000	103,000	0	-3,782	Expected to spend on budget
<b>Total Property Asset Management Strategy</b>					<b>579,782</b>	<b>34,805</b>	<b>0</b>	<b>364,478</b>	<b>536,096</b>	<b>-171,618</b>	<b>-215,304</b>	
<b>Total Property Asset Management Strategy</b>					<b>2,654,605</b>	<b>1,014,085</b>	<b>0</b>	<b>2,437,969</b>	<b>2,305,096</b>	<b>132,873</b>	<b>-216,636</b>	

Capital Projects Outturn  
actuals to 30th November 21

Appendix 7

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget	Expenditure	Income	Projected Outturn at October 2021	Forecasted Outturn at June 2021	Outturn Movement	Projected (Under)/Overspend	Notes
<b>Roads Asset Management Strategy</b>												
<b>All Clackmannanshire Areas</b>												
10176		AMURRAY	Electric Vehicle Charge Points	All Clackmannanshire Areas	75,000	28,397	0	75,000	0	75,000	0	Grant funded
<b>Total All Clackmannanshire Areas</b>					<b>75,000</b>	<b>28,397</b>	<b>0</b>	<b>75,000</b>	<b>0</b>	<b>75,000</b>	<b>0</b>	
<b>Road Asset Management Strategy</b>												
10049	C2	AMURRAY	Flood Prevention	Road Asset Management Strategy	206,000	47,037	0	65,316	206,000	-140,684	-140,684	Programme not expected to complete 2021/22 as linked to Scottish Govt Scheme for Tillicoultry - proposed cfwd of underspend.
10050	C3	AMURRAY	Cycle Routes	Road Asset Management Strategy	300,000	99,509	0	210,000	187,000	23,000	-90,000	Project progressing, proposed carry fwd underspend
10051	C4	IMCDONALD	Carriageways	Road Asset Management Strategy	1,951,966	1,301,053	0	1,951,966	1,904,000	47,966	0	Programme on track and expected to spend to budget.
10054	C7	AMURRAY	Bridge Improvements	Road Asset Management Strategy	137,000	6,588	0	30,000	137,000	-107,000	-107,000	Proposed carry forward of underspend.
10055	C8	AMURRAY	Road Safety	Road Asset Management Strategy	40,000	40,425	0	40,425	0	40,425	425	This project is funded by CWSR income from Scot Govt / Transport Scotland.
10056	C9	IMCDONALD	Lighting Replacement	Road Asset Management Strategy	250,000	98,539	0	250,000	250,000	0	0	Programme on track for 2021/22 and expected to spend on budget.
10222	NEW	AMURRAY	Active Travel Route	Road Asset Management Strategy	30,000	0	0	30,000	30,000	0	0	
10093	NEW	AMURRAY	Active Travel Route Railway Station	Road Asset Management Strategy	25,000	0	0	25,000	25,000	0	0	Project not eexpected to be completed 2021/22 due to reprioritisation, proposed carry forward to 2022/23.
10218		AMURRAY	Bus Priority Rapid Development Fund	Road Asset Management Strategy	39,117	7,323	0	39,117	54,000	-14,883	0	Grant Funded
<b>Total Road Asset Management Strategy</b>					<b>2,979,083</b>	<b>1,600,474</b>	<b>0</b>	<b>2,641,824</b>	<b>2,793,000</b>	<b>-151,176</b>	<b>-337,259</b>	
<b>Total Roads Asset Management Strategy</b>					<b>6,033,166</b>	<b>3,229,346</b>	<b>0</b>	<b>5,358,647</b>	<b>5,586,000</b>	<b>-227,353</b>	<b>-674,519</b>	
<b>Total Capital Programme</b>					<b>20,878,859</b>	<b>8,446,193</b>	<b>0</b>	<b>17,708,127</b>	<b>17,389,637</b>	<b>318,490</b>	<b>-3,170,732</b>	

Capital Project Income

Descriptic	Income
Income G	#####
Income C	367,030

**Capital Projects Outturn**  
actuals to 30th November 21

<i>Project ID</i>	<i>Management Code</i>	<i>Project Manager</i>	<i>Project ID Description</i>	<i>Cluster Description</i>	<i>Amended Budget</i>	<i>Expenditure</i>	<i>Income</i>	<i>Projected Outturn at October 2021</i>	<i>Forecasted Outturn at June 2021</i>	<i>Outturn Movement</i>	<i>Projected (Under)/Overspend</i>	<i>Notes</i>
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**Report to: Audit Committee**

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**Date of Meeting 3<sup>rd</sup> February 2022**

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**Subject: Exceptions from the Application of Contract Standing Orders**

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**Report by Strategic Director Partnership & Performance**

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**1.0 Purpose**

- 1.1 It is a requirement of Contract Standing Orders that exceptions should be reported to the next available Audit Committee. The purpose of this paper therefore is to provide detail on Exceptions to Contract Standing Orders submitted in the previous quarter.

**2.0 Recommendations**

- 2.1 The Committee is asked to note the report, commenting and challenging as appropriate

**3.0 Considerations**

- 3.1 Contract Standing Orders (CSO's) apply to all contracts entered into by Council officers. In some circumstances however, exceptions may be granted.
- 3.2 The appropriate senior manager must record their reasons in writing in the form of an exception report for a decision, which must be submitted to the Strategic Director, Partnership and Performance, for consideration.

The Strategic Director is required to consult with the Chief Finance Officer (S95) and Procurement Manager before taking any action that binds the Council. It is a requirement that any such exception shall be reported retrospectively in full to the next Audit Committee, including the reasons that fully justify the exception. A summary of CSO exemptions will also be provided as part of the Annual Procurement report to the Audit Committee.

- 3.3 Two exceptions were considered since the last report in November 2021

- 3.3.1 to permit the appointment of MHR to Supply iTrent (HR and Payroll System) over a 4 Year and 4 month period to the value of £496,762.51. This comprises £386,776.01 for the iTrent System plus £109,986.50\* for payroll processing service referenced 2/6/1901

### **Granted**

The recommendation was to approve the request for an exception to Council to allow the Council to maintain continuity of supply on the basis that:

- Engagement of MHR iTrent over 4 year period provides better value for money when compared against G Cloud pricing;
- Continuation with MHR iTrent ensures existing skills and knowledge as well as system enhancements are maintained
- MHR iTrent delivers a market recognised, accurate and legislatively compliant HR/Payroll solution.
- The Payroll Processing Service would build resilience and capacity into the Council's payroll function
- Maintaining the system ensure consistency in payroll and HR operational delivery.

The MHR solution ensures Business Continuity if Council premises were unavailable or critical systems failed. MHR have dual power/dual internet provision as well as robust security at their premises

### **Conditions**

A completed and authorised Procurement form 2 required  
A purchase order for the full value issued  
Public Contract Scotland Award notice, issued

- 3.3.2 to permit the appointment of Volunteering Matters to Supply a Project to support improvement in services for care experienced young people over a 4 month period up to 31st March 2022 to the value of £14, 251. Referenced 2/6/1907

### **Granted**

The recommendation is to approve the request for an exception to Council to allow the Council to engage the services of Volunteering Matters to carry out a programme to support improvement in services for care experienced young people locally.

There is no other organisation capable of undertaking the programme and none of the LEP partners has the capacity or expertise to carry out this piece of work which is also a collaboration with Scottish Borders and Dumfries & Galloway Councils to individually and collectively:

- Augment the voice of young people aged 16 – 25 who are care experienced
- Provide an independent and improvement-oriented framework to self-assess services, involving care experienced young people



- To review referral pathways and both internal and external handover processes and protocols
- Support in re-orientating existing structures, services, commissioning frameworks and pathways to enable improvement – based on the Scottish Approach to Service Design supporting the No One Left Behind principles to delivering on the Young Person’s Guarantee for Care Experienced young people

## Conditions

A completed and authorised Procurement form 2 required  
 A purchase order for the full value issued  
 Public Contract Scotland Award notice, issued

## 4.0 Sustainability Implications

- 4.1 There are no direct sustainability implications arising from the recommendations in this report.

## 5.0 Resource Implications

- 5.1 Financial Details - there are no direct implications for the Council's budget arising from this report
- 5.2 Staffing - there are no direct implications for the Council's establishment arising from this report

## 6.0 Exempt Reports

- 6.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive & flourish

- (2) **Council Policies (Please detail)**

Contract Standing Orders

Financial Regulations

## 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

N/A

## 9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## 10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

none

## 11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

No  (please list the documents below)

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Derek Barr	Procurement Manager	2017

### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership & Performance	

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**Report to**                    **Audit Committee**

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**Date of Meeting:**    **3<sup>rd</sup> February 2022**

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**Subject:**                    **Corporate Risk Register**

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**Report by:**                **Strategic Director – Partnership & Performance**

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## **1.0 Purpose**

- 1.1. This report provides Audit Committee with the regular update on Clackmannanshire Council's Corporate Risk Log (Appendix A). The updates shown were presented to the 25<sup>th</sup> Nov Audit Committee and are repeated now for information and continued scrutiny.

## **2.0 Recommendations**

- 2.1. That Committee notes the report, commenting and challenging as appropriate.

## **3.0 Considerations**

### **3.1. Purpose of Risk Management**

- 3.1.1. The Council has several key goals regarding how it will achieve the priorities set out in the Local Outcomes Improvement Plan (LOIP) and how it will transform the Council under the Be the Future programme. In order to effectively plan how we will achieve these goals, we must also consider the internal and external challenges with the potential to prevent or hinder their achievement. An effective risk management approach ensures that the Council is aware of such factors and, where appropriate, takes action to reduce or remove risks to ensure the success of its initiatives.
- 3.1.2. The purpose of risk management is not to prevent activities from taking place, but to ensure that all relevant factors are taken into account in their planning and execution so that the best possible outcomes are realised. In recent years it has been well-recognised that Council officers and services deal, on a daily basis, with a wide variety of operational risks to individuals, communities and internal management processes. However, the corporate risk management approach must take a wider, more strategic view and consider short-, medium- and long-term implications, as well as (often complex) inter-dependencies.
- 3.1.3. The impact of the pandemic on Council services and the local community has been significant, and this approach remains critical in light of the Council's ongoing response and recovery planning. The hierarchy of risk logs from teams, services, directorates and partnerships up to the corporate log should ensure that each level has holistic oversight of the most significant issues which must be monitored and managed. In addition, consideration of risk at a Civil Contingencies and Incident Management level has been critical as has the risk assessment process which has formed a significant part of the Council's ability to respond and manage service provision safely.

## **3.2. Corporate Risk Management Process**

- 3.2.1. The corporate risk log is owned by the Strategic Leadership Group, and the Strategic Director – Partnership & Performance is responsible for the corporate Risk Management approach. The Council follows a systematic risk process, reporting corporate and service risks to Committee on a regular basis. The process is assessed via internal and external governance and audit mechanisms, and peer-reviewed by other local authorities.
- 3.2.2. Each corporate risk review involves gathering information from internal and external sources (environmental scanning) and review of the log by a range of different individuals and groups. Meetings are held with risk owners and/or delegated officers to:
- Review changes and developments in existing corporate and service risks;
  - Investigate emerging externally-identified risks for local relevance;
  - Evaluate emerging internally-identified risks (Internal Audit/self-assessment); and
  - Consider significant risks, or those with implications across multiple services, for escalation to the corporate log, where they are managed until their severity reduces.
- 3.2.3. It would be impossible to remove all risk from our operations as most of our functions have inherent risks, as do most changes. Moreover, we cannot choose not to make changes, as this would involve exposure to other risks, such as failing to fulfil statutory duties, comply with new legislation or take advantage of new opportunities/technologies. The aim, therefore, is not to be 'risk averse' but 'risk aware'.
- 3.2.4. We identify our approach to managing each risk as:
- |            |  |
|------------|--|
| Treat:     | we will take action to reduce the risk;                                |
| Tolerate:  | actions within our control have been completed and plans are in place; |
| Transfer:  | the risk will be passed to another party, such as insurers;            |
| Terminate: | the activity that is causing the risk will be ceased.                  |

## **3.3. Current Risk Profile & Development Activity**

- 3.3.1. As can be seen from Appendix A, the positive impact of our mitigation actions is being mirrored in a number of areas by worsening external factors, resulting in little direct change in risk scores. While progress in the Be the Future Transformation programme, and the implementation of Health & Safety actions have reduced these risks, the pandemic and EU withdrawal have increased Workforce Planning concerns.
- 3.3.2. It has been agreed that the broad Governance risk will be removed, as any specific governance concerns are detailed explicitly and, similarly, EU Withdrawal is replaced by the new Supply/Labour risk on immediately materialising impacts. While Attainment remains a key focus, it is more appropriate for this to be managed via the People Directorate Risk Log, with scrutiny via Business Plan reports to People Committee. This will, however, still be reflected on the corporate log, as it is itself one impact of wider Poverty and socio-economic factors noted elsewhere. The other change is the re-escalation of Industrial Unrest due to national balloting regarding pay awards, though this remains amber locally.
- 3.3.3. Council risk management remains focussed on pandemic response, with the log capturing many anticipated challenges which will continue developing throughout response and recovery. The Corporate Risk & Integrity Forum meets quarterly at the Extended Strategic Leadership Group, ensuring visibility, ownership and input at a senior level, and enabling timely action to minimise negative impacts. Senior managers achieved risk accreditation in 2020 through a 2-day course from Gallagher Bassett, who offer regular training opportunities, reviews and guidance materials. Work also continues on supporting teams and directorates, implementing internal audit recommendations, and partnership work, such as a current review of the Health & Social Care Partnership joint risk strategy.

#### 4.0 Sustainability Implications

4.1. There are no direct sustainability implications arising from this report.

#### 5.0 Resource Implications

5.1. *Financial Details – There are no direct financial implications arising from this report.*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ✓

5.3. Finance have been consulted and have agreed the financial implications as set out. Yes ✓

5.4. *Staffing – There are no direct staffing implications arising from this report.*

#### 6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No ✓

#### 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ✓

Our families; children and young people will have the best possible start in life ✓

Women and girls will be confident and aspirational, and achieve their full potential ✓

Our communities will be resilient and empowered so that they can thrive and flourish ✓

(2) **Council Policies** (Please detail)

#### 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? Yes No ✓

#### 9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ✓

#### 10.0 Appendices

10.1 Please list any appendices attached. If there are no appendices, please state "none".

##### Appendix A – Corporate Risk Log

#### 11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered) Yes (please list the documents below) No ✓

##### Author(s)

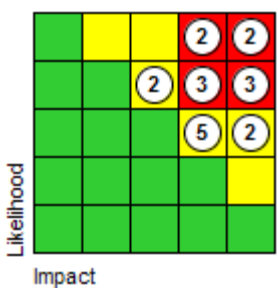
NAME	DESIGNATION	TEL NO / EXTENSION
Judi Richardson	Performance & Information Adviser	2105

##### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director – Partnerships & Performance	



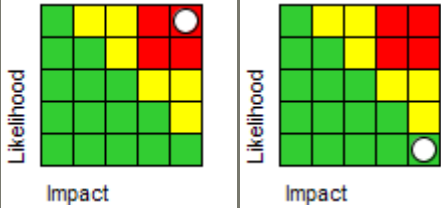
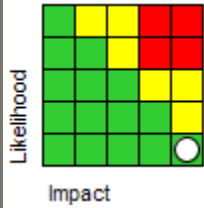


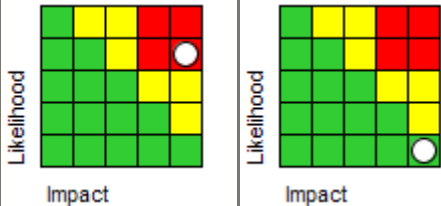
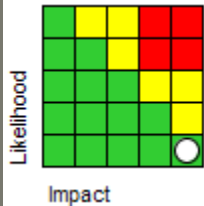


# Appendix A - Corporate Risk Log



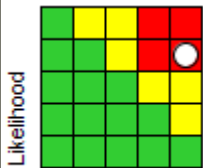
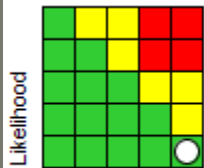
Summary of Changes	Distribution of Scores
<p>At the 2021/22 half year stage (out of a total of 19 risks):</p> <p><b>Status</b></p> <p>9 risks are red            10 risks are amber (one less than previous).            No risks are green (same as previous, though reasonable as the corporate log aims to highlight only the most significant issues).</p> <p><b>Approach</b></p> <p>14 risks are being <b>Treated</b> (same as previous).            5 risks must be <b>Tolerated</b> (increase of 2 newly added).</p> <p><b>Change in Scores Since Last Review</b></p> <p>1 risk has increased, 3 have reduced, and 10 remain the same.            2 risks have been newly added to this log (Industrial Unrest re-escalated and EU Withdrawal refocussed on the materialising impacts of Supply/Labour).            3 risks will be removed from the log following this report (EU Withdrawal, Governance &amp; Attainment – these remain key areas of focus but this merely reflects changes in how they are articulated and managed – see main report &amp; risk details).</p>	


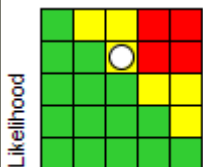
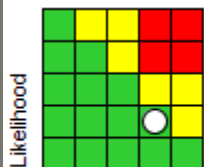
Code	Title	Score	Status	Approach	Change
COU CRR 022	Public Health Emergency	25		Tolerate	
COU CRR 008	Insufficient Financial Resilience	25		Treat	
COU CRR 005	Impact of Poverty, Inequality & Changing Demographics	20		Treat	
COU CRR 034	Insufficient Pace and Scale of Organisational Transformation	20		Treat	
COU CRR 045	Unknown Terms of EU Withdrawal	20		Treat	
COU CRR 050	Supply Chain & Labour Market Disruption	20		Tolerate	
COU CRR 012	Health & Safety Breach	16		Treat	
COU CRR 047	Inadequate Workforce Planning	16		Treat	
COU CRR 033	Major Governance Failure	16		Treat	
COU CRR 049	Continued Contribution to Climate Change	15		Treat	
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	15		Treat	
COU CRR 046	IT System Failure	12		Treat	
COU CRR 011	Harm to Child(ren)	12		Treat	
COU CRR 009	Information Not Managed Effectively	12		Treat	
COU CRR 023	Industrial Unrest	12		Tolerate	
COU CRR 048	Increasing Attainment Gap	12		Treat	
COU CRR 037	Failure to Address Serious Organised Crime	12		Treat	
COU CRR 040	Failure of Public Utility Supply	12		Tolerate	
COU CRR 031	Failure to Prepare for Severe Weather Events	12		Tolerate	


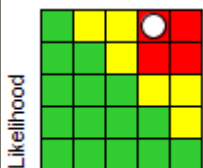
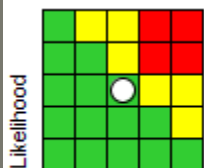
## Approach Treat



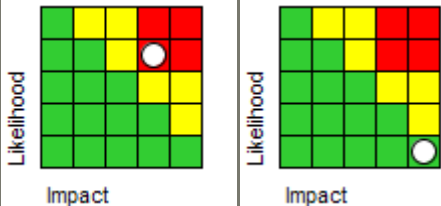
  <b>Insufficient Financial Resilience</b>		Senior Manager Finance & Revenues	Current Score	25	Target Score	5
Risk	The Council does not have a balanced budget to meet essential service demands, customer needs, or external agendas.					
Potential Impact	Reputational and legal implications and severe, extended loss of service provision. Possibility of Alliance, Health & Social Care and other partners also experiencing budget pressures contributes to potential impact, given the interdependencies.					
Note	The cumulative funding gap to 2023 has been reduced from £20.5m to £14.5m as reported to Council in December 2020. Although this has reduced, there is a continuing need for service redesign to ensure service delivery. Given the significant savings already achieved, as well as impacts and costs relating to Covid, and challenges around national budget uncertainty, it is extremely challenging to identify new proposals. Significant priority is being given to progressing the Council's organisational redesign and transformational change.					
Related Actions	Audit of 2020/21 Accounts by Audit Scotland	COU EXA 201	Existing Controls	Budget Strategy & Monitoring		
	Use the agreed strategic change framework and organisational design principles to implement a whole organisation redesign	EXA BVA 1A0		Contract Standing Orders		
	Balance the drive for savings with the need for sufficient officer time and skills to support change and consider how to make more use of external assistance to support improvement	EXA BVA 4F0		Financial Regulations		
  <b>Impact of Poverty, Inequality &amp; Changing Demographics</b>		Chief Executive	Current Score	20	Target Score	5
Risk	Services are not appropriately redesigned based on changing needs in relation to the ageing population, health, complexity of care or socio-economic factors, specifically poor outcomes associated with welfare reform, poverty and/or inequality.					
Potential Impact	Inappropriate allocation of resources & assets, misalignment of corporate objectives to need, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to unplanned situations.					
Note	The LOIP and Health & Care Strategic Plan set out partnership outcomes to strengthen community & place-based services. Key priorities are to reduce children living in poverty, develop inclusive growth and empower families & communities. Relevant actions include City Region Deal, Community Wellbeing & Community Wealth Building, as well as data analysis to inform decision-making and Poverty Impact Assessments. The risk score takes into account EU withdrawal, pandemic impacts and recent Child Poverty statistics.					
Related Actions	Clackmannanshire Alliance Local Outcome Improvement Plan 2017-27	CPP LOI	Existing Controls	Customer Consultation & Engagement		
	Implement Health & Care Partnership Strategic Delivery Plan	CRR HSC SDP		Budget Strategy & Monitoring		



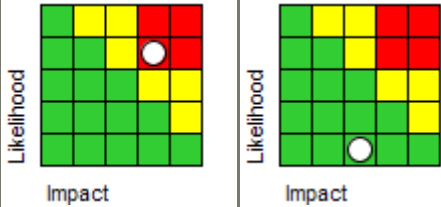


 	<b>Insufficient Pace and Scale of Organisational Transformation</b>	Chief Executive	Current Score	20	Target Score	5
Risk	The Council fails to proactively drive the fundamental redesign of services and organisational planning/development with the speed required to address the funding gap due to ineffective change management.		 Likelihood Impact		 Likelihood Impact	
Potential Impact	Failure to maintain the required level of provision for statutory services. The corporate business improvement programme does not establish sustainable service delivery and a sustainable cost base for the future.					
Note	The new Strategic Director and Senior Manager (Transformation) are now in post and the Programme Management Office has been established. The Be the Future Transformation Portfolio has been reviewed and short-, medium- and long-term plans developed. Significant progress is being made on a number of key priority workstreams including City Region Deal; Wellbeing Hub/Leisure Review, and Wellbeing Economy/Community Well being.					
Actions	Be the Future Transformation Programme	COU BTF	Controls	Be the Future Board		

 	<b>Harm to Child(ren)</b>	Strategic Director - People	Current Score	12	Target Score	8
Risk	A lack of capacity or stability in key roles reduces the Council's ability to fulfil statutory requirements and intervene to prevent the serious harm of a child/children.		 Likelihood Impact		 Likelihood Impact	
Potential Impact	Effects of injury or death on individual, family, friends & staff members, reputational & legal implications, with associated costs, as well as impact of reputational damage & negative publicity on morale, workforce development and sustainability.					
Note	Senior management appointments have been/are being progressed. Planning and measures are being put in place to address staffing, leadership, assurance and improvement planning, including quarterly reports to People Committee. A new Children's Services Plan has been approved and a new Public Protection Framework has been developed and implemented, as well as continuing work on implementing the Child Protection minimum dataset and continuing review of Public Protection risk logs. Child protection work is prioritised, with reviews taking place on a daily basis.					
Related Actions	Develop and Implement a new Corporate Parenting Strategy for 2018/2021	LOI LP1 102	Existing Controls	Child Protection Procedures Public Protection Chief Officers Group Public Protection Committee		



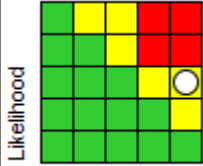
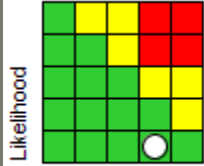


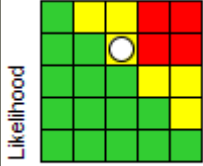
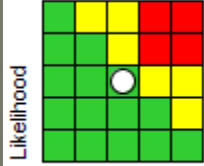
 <b>R</b>	<b>Unknown Terms of EU Withdrawal</b>	Chief Executive	Current Score	20	Target Score	9
Risk	The Council is unable to prepare for the potential impact of Brexit due to uncertainty around the terms of withdrawal, future relationships with European Union nations, or the timing of withdrawal (possible extension of Article 50 period).		 Likelihood Impact		 Likelihood Impact	
Potential Impact	Inability to assess/mitigate/prepare for impact on migration, trade, regulation, security, or wider impacts across sectors (see Brexit Update to Council, 25-Oct-18). Also differing geographical impacts for Clacks (economic resilience) and Scotland (food/drink) than UK. Local impact most likely workforce, economy/procurement & value/funding of goods & services.					
Note	While work is ongoing with ScORR and CoSLA regarding Scottish & UK planning assumptions, it is felt that now particular risks are materialising in this area, this more general risk should be removed from the corporate risk log, in favour of the specific issues which are emerging and must be managed. See the newly added risk regarding Supply Chain/Labour Market, and additional areas will be included as they materialise.					
Actions			Controls	Brexit Update Reports to Council		



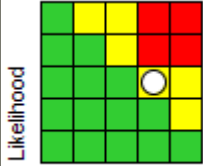
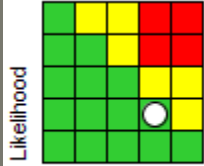
 	<b>Health &amp; Safety Breach</b>	Chief Executive	Current Score	16	Target Score	5
Risk	Incident or statutory breach results in injury or death of staff member or customer due to lack of awareness or non-compliance with policies and procedures. Incidents may also arise from third parties actions, outwith Council control.					
Potential Impact	The effects on individuals and their families, financial penalties (including Health & Safety Executive intervention fees), criminal proceedings, adverse publicity, increased insurance or damage to Council assets.					
Note	H&S development work has been interrupted as the team has been heavily involved in establishing safe working arrangements in light of the Covid 19 pandemic. However a new IT system is being developed to help manage H&S risks across the Council.					
Related Actions	Health & Safety action plan, based on recommendations from Gallagher Bassett	CRR P&P HR1	Existing Controls	Health & Safety Management System		
	Governance improvement actions across all services	CRR P&P LD1		Health & Safety Handbook for Managers		



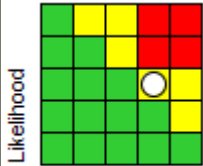
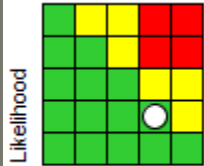
 	<b>Inadequate Workforce Planning</b>	Senior Manager HR & Workforce Development	Current Score	16	Target Score	3
Risk	Due to lack of workforce planning the Council fails to ensure sufficient capacity/resource to deliver key Council service or fails to adequately develop its workforce to ensure that skills, knowledge and structures are appropriate, sustainable financially viable and compatible with our corporate vision.					
Potential Impact	Loss of key staff from posts identified as single points of failure, including statutory officers, leading to inability to delivery key functions and lack of adequate professional advice to Council Officers/Elected Members.					
Note	The Council has in place an approved Strategic Workforce Plan covering the period 2019-2022 as well as a detailed Workforce Delivery Plan. Workforce planning is also embedded as part of the business planning cycle. COVID-19 has however exposed capacity and resource issues in a number of critical services across the Council. As we emerge from COVID continued pressures are placed on the Council, this in addition to an ambitious transformational programme, which will require resourcing, potential increased absences associated with long covid, an aging workforce, retention issues, potential recruitment difficulties e.g. within social care and/or other professional roles will exacerbate these issues and make it increasing difficult to maintain service delivery or indeed be able to deliver on the Be the Future agenda.					
Related Actions	Implement the Workforce Plan 2019-22	CRR P&P HR3	Existing Controls	Strategic Workforce Plan		



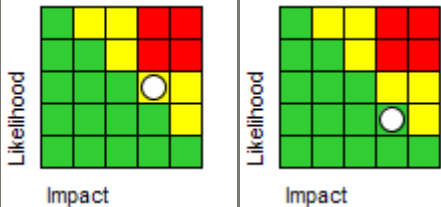
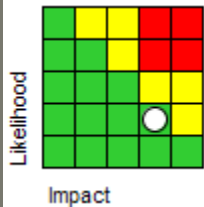
	<b>Major Governance Failure</b>	Strategic Director - Partnership & Performance	Current Score	16	Target Score	8
Risk	A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management or elected member override of controls.					
Potential Impact	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery. Staffing changes and re-design reaffirm need to closely monitor & manage compliance with statutory requirements & good practice.					
Note	The Corporate Risk & Integrity Forum discuss governance & compliance on a quarterly basis, and elected member training will be conducted following elections to strengthen the role of committees in scrutinising governance. This risk was added to the corporate log following concerns regarding the Annual Governance Statement process several years ago, which has since been substantially reviewed. Therefore, it is now felt appropriate to remove this broad and generic risk, while the rest of the log continues to reflect any highlighted areas of concern that arise through the AGS or other processes.					
Related Actions	Audit of 2020/21 Accounts by Audit Scotland	COU EXA 201	Existing Controls	Scheme of Delegation		
	Annual Internal Audit & Fraud Programme	COU IAF		Governance & Audit Processes		
	Governance improvement actions across all services	CRR P&P LD1		Committee Structures & Remits		

	<b>Continued Contribution to Climate Change</b>	Strategic Director - Place	Current Score	15	Target Score	5
Risk	The Council fails to play its part in addressing the climate emergency, such as by not reducing emissions, not undertaking efforts to adapt to the more frequent and extreme impacts of climate change or not improving energy efficiency in the area, by not making available adequate resources, not developing, using, or promoting sustainable practices, materials & technologies, or by failing to act as a local ambassador for national & international good practice as it emerges.					
Potential Impact	Worsening environmental impacts (see related Severe Weather risk), increased fuel poverty in the area (with knock-on health/social impacts), missed efficiency savings, missed economic opportunities and poorer air quality. Also political/reputational impacts of not supporting national/ international policy, and potential legal implications of not meeting targets or demonstrating progress.					
Note	The Council submits Public Bodies Climate Change Duties reports to the Scottish Government annually, and is developing/ implementing several related strategies & projects. These will not only ensure the Council adopts appropriate practices (in its own assets, housing stock, etc.) but also that it disseminates information to residents & businesses (through energy & fuel poverty advice, community food growing schemes, etc.) while facilitating waste reduction and the use of low-carbon technology such as sustainable transport across the local authority. The International Environment Centre proposal, as part of the City Region Deal, will place Clackmannanshire at the forefront of Scotland's Climate Change mitigation efforts.					
Related Actions	Develop Net Zero strategy and action plan	PLC 213 101	Existing Controls	Local Biodiversity Action Plan		
	Develop routemap to compliance with EESSH2 for all Council Housing stock.	PLC 213 104		Regional Energy Masterplan		
	Deliver CRD programme in line with delivery plan/financial profile	PLC 213 111		Sustainable Food Growing Strategy		



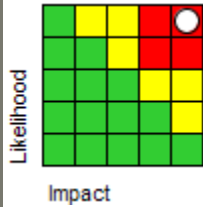
		<b>Failure to Prevent Extremism and/or Radicalisation</b>	Senior Manager Partnership & Transformation	Current Score	15	Target Score	4
Risk	Radicalisation of someone from the area results in terrorist incident (or other malicious attack), causing physical or financial harm to individuals or groups (here or elsewhere), or fear of such an incident affects quality of life.						
Potential Impact	Casualties/fatalities, property/infrastructure damage, need for evacuation/temporary housing or wider economic damage. Financial harm to individuals, businesses or the Council. Disruption to services or reputational/legal implications.						
Note	Continue to implement CONTEST delivery plan through work with our partners and through the Forth Valley CONTEST Board. Prevent is the strand within CONTEST focussed on preventing radicalisation and extremism in communities. Training for staff is provided as part of mandatory training programmes and on specific aspects of the national Prevent strategy. The national Prevent referral pathway has also been reviewed in 2021.						
Related Actions	Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness		CRR P&P SP2	Existing Controls	Forth Valley Local Resilience Partnership		
					CONTEST Delivery Plan & Working Groups		
					WRAP Training (High Priority Staff)		
		<b>IT System Failure</b>	Senior Manager Partnership & Transformation	Current Score	12	Target Score	9
Risk	Full or partial loss of network/hardware/software/telecoms technologies (temporary or prolonged) due to cyber attack/other emergency, failure to manage maintenance/backups/suppliers/contracts, or lack of investment in systems/staff/training (i.e. failure of IT services to uphold priorities of Confidentiality, Integrity and Availability).						
Potential Impact	Financial impact from loss of productivity, service disruption (inc. statutory/vulnerable groups), inability to communicate, harm to staff/customers (access to records/Potentially Violent Persons register) & legal/regulatory/reputational implications.						
Note	The Council is progressing a programme of investment in ICT infrastructure as part of its Digital Transformation Strategy and roadmap. This will see a programme of cloud hosted services and the retirement of legacy systems over the next 4 years; implementation of m365; replacement of key ICT systems and investment in modern technology to support service delivery and future ways of working and our Digital Transformation ambitions. The recent Digital Maturity Assessment; Audit Scotland review and our work in partnership with Digital Office is helping shape this work. A report on Cyber Security compliance is scheduled for Autumn.						
Related Actions	Develop & deliver the Council's Digital Transformation Strategy		CRR P&P IT1	Existing Controls	Business Continuity Plans		
	Complete actions from IT Asset Management Plan		CRR P&P IT2		Service Level Agreements & Contracts		



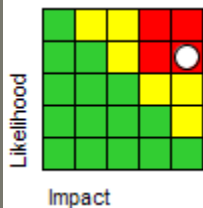
 	<b>Information Not Managed Effectively</b>	Strategic Director - Partnership & Performance		Current Score	12	Target Score	8
Risk	Information is not protected due to lack of compliance with information sharing, data protection, records management or IT principles/protocols (Confidentiality, Integrity & Availability), or poor management of information leads to inefficiency (duplication across multiple systems) and decisions based on poor quality/inaccurate business intelligence. Failure to use information to properly manage performance and plan responses						
Potential Impact	Legal/reputational/financial implications from breaches, inefficiencies costing time/money, non-completion of (possibly statutory) duties. Loss of productivity, impacting morale, or uninformed decision-making if information not available/used.			Likelihood		Likelihood	
Note	Opportunities arising from the implementation of MS 365 but this will need an implementation plan which includes records management.			Impact		Impact	
Related Actions	GDPR Implementation Project Plan	COU GDP	Existing Controls	Data Sharing Agreements			
	Develop & deliver the Council's Digital Transformation Strategy	CRR P&P IT1		GDPR Guidance & Training			
	Develop a programme of digitisation to support redesign and service change	EXA BVA 1A4		Records Management Working Group			


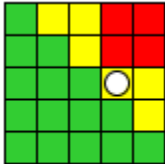


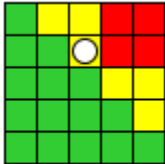


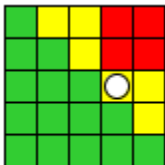
 	<b>Increasing Attainment Gap</b>	Chief Education Officer - interim		Current Score	12	Target Score	8
Risk	The Council fails to reduce the educational attainment gap between pupils from more and less deprived areas due to financial pressures, workforce issues, or wider economic, demographic and poverty-related issues.						
Potential Impact	Reputational damage, implications for inspection & funding, and continued poor school leaver destinations, participation & young people reaching potential, longer-term impacts on social mobility, poverty, life chances and economic growth.			Likelihood		Likelihood	
Note	Recovery Plans now form part of School Improvement Plans (2021-22). Support continues from Centre Teams, government funding for staff, digital resources & equipment, and focus on outdoor learning. Health & wellbeing impacts and emerging challenges are being addressed by Educational Psychology and partners, and targeted support provided to close any identified attainment gaps. As the criteria for inclusion on the corporate log is for a risk to require management across multiple directorates, or to be red for any particular directorate, this risk will now be managed via the People Directorate risk log with scrutiny via People Committee.			Impact		Impact	
Related Actions	Increased attainment in Literacy and Numeracy	NIF 21 10	Existing Controls	Education Senior Management Team			
	Collective efforts ensure that interventions continue to be targeted to those areas of greatest need to improve outcomes and close the poverty related attainment gap	NIF 21 16		Scottish Attainment Challenge			
	Covid-19 Education Recovery Plan	PPL EDU CRP		National Improvement Framework			

 	<b>Failure to Address Serious Organised Crime</b>	Senior Manager Partnership & Transformation	Current Score	12	Target Score	8
Risk	Public bodies fail to address organised crime involving drugs, violence, fraud, corruption, money laundering and/or human trafficking (with women and girls particularly vulnerable), due to a lack of preventative processes or information sharing.					
Potential Impact	Physical or financial harm to individuals, businesses, communities or the Council. Direct or indirect disruption to Council services and associated reputational and/or legal implications.					
Note	Situational awareness and monitoring of significant developments or intelligence is ongoing. Web pages for staff have been updated with the latest advice on cyber crimes and keeping safe and briefings are shared with staff from Scottish Business Resilience Centre and the National Crime Agency.					
Related Actions	Serious Organised Crime action plan, based on Police Scotland self-assessment	COU SOC	Existing Controls	Serious Organised Crime Delivery Plan		
	Implement Council CONTEST Delivery Plan, based on the Government's CONTEST Strategy	CRR P&P SP1		Let Scotland Flourish Strategy		
	Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness	CRR P&P SP2		National Fraud Initiative		

## Approach Tolerate

 	<b>Public Health Emergency</b>	Chief Executive	Current Score	25	Existing Controls
Risk	Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic, with spread potentially exacerbated through failure to vaccinate or follow hygiene protocols.				Business Continuity Plans Pandemic Flu Plan Major Incident Procedures
Potential Effect	Short- & long-term health implications for public & staff (inc. absence if ill or caring for others). Disruption to support & front-line services, inc. to already vulnerable groups. Consideration required of minimal service provision requirements.				
Note	The Covid 19 pandemic remains an ongoing incident requiring Council's continued response and recovery activity. The Council's Incident Management Plan was implemented on the 9 March, 2020 and Major Emergency Operating Procedures (MEOPs) were agreed and enacted. All Business Continuity plans have been reviewed and we are actively involved in response planning with the Forth Valley Resilience Partnership. Continuity of crucial services has largely been achieved. Ongoing response and recovery work however is still required particularly around outbreak management, community testing, vaccinations and community support for those people isolating. Council has agreed an internal debrief process will be undertaken to identify lessons learned and inform ongoing response and recovery work.				

 	<b>Supply Chain &amp; Labour Market Disruption</b>	Chief Executive	Current Score	20	Existing Controls
Risk	Disruption to UK supply chains & labour markets as a result of EU withdrawal, increasing costs & delays in sourcing goods (particularly in construction), already materialising and could continue for an extended period or escalate				SLAs & Contracts Recruitment & Retention Policy Procurement Processes & Procedures
Potential Effect	The Council could fail to recruit or retain staff with the required knowledge & experience, and/or be subject to direct or third-party impacts if suppliers are unable to source goods/materials or staff to fulfil contractual obligations				
Note	While contracts and other mechanisms and monitoring may reduce the impact to a certain extent, we must broadly tolerate this significant external risk				

 <b>N</b>	<b>Industrial Unrest</b>	Chief Executive	Current Score	12	Existing Controls
Risk	Industrial action by Council staff, partners or suppliers arises, normally in relation to local or national budget-related changes to terms and conditions, or restructuring.		 Likelihood Impact		Business Continuity Plans
Potential Effect	Immediate effects on service delivery & those dependent on services, with financial and reputational damage, and residual impact on staff morale & productivity. In case of partners/suppliers may have to support or reduce activity/service delivery.				Trade Union Comms Protocol
Note	National discussions regarding pay award for 2021/22 with a revised offer made to unions on 30 July 2021. SJC, Craft and SNCT groups have rejected the revised offer and conducted ballots for industrial action but the required threshold was not met. Further ballots are being held and if required thresholds are met, action may take place in Oct/Nov (further update can be provided at committee). The current offer of £194m requires councils to make choices across services funded from core, but anything beyond this is deemed unaffordable and unsustainable in the current fiscal context, and would come with consequences for services locally.				Forth Valley Local Resilience Partnership
 	<b>Failure of Public Utility Supply</b>	Strategic Director - Partnership & Performance	Current Score	12	Existing Controls
Risk	Loss of gas, electricity, water or communications over a significant area due to failure of a provider's infrastructure as a result of a local or national event.		 Likelihood Impact		Business Continuity Plans
Potential Effect	Fatality, injury or health risk, requirement to evacuate & find alternative accommodation, including for vulnerable people. Disruption to businesses, with potentially large costs, and impact on contact with health, care and emergency services.				Major Incident Procedures
Note	This risk remains a concern due to infrastructure & power interdependencies, particularly black start outage recovery time (now believed to be minimum 7 days). Priority for the Resilience community, particularly due to Councils' duty of care. Planning & work ongoing, regular testing of plans, lessons learned from previous incidents and quarterly meetings with resilience partners including SPEN, SGN and Scottish Water.				Emergency Response Plan
 	<b>Failure to Prepare for Severe Weather Events</b>	Strategic Director - Place	Current Score	12	Existing Controls
Risk	Inability to respond to severe weather events due to lack of appropriate planning & equipment (e.g. 4x4 vehicles). Most likely flooding from rain/coastal surge, winter weather or heatwave (increasing frequency & severity due to climate change).		 Likelihood Impact		Business Continuity Plans
Potential Effect	Widespread community dislocation, damage to property, businesses, roads & utility infrastructure (inc. telecoms & power), or inability of staff to get to workplace. Increased workload in numerous services, impact on delivery, reputation & finances.				Winter & Flood Management Plan
Note	Resilience groups, including 2 newly established in Alva and Dollar continue to plan and mitigate risks, and discussions held with Police Scotland on how to improve community resilience response for flooding e.g road closures on minor roads. Increased resilience is, however, currently mirrored by us now entering the winter period and in light of the potential 'layering' of risks this year around supply chain and ongoing pandemic response (plus additional risk of flu and other viruses at this time of year), therefore the risk score remains consistent.				Forth Valley Local Resilience Partnership





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**Report to: Audit Committee**

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**Date of Meeting: 3<sup>rd</sup> February 2022**

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**Subject: Covid 19 Debrief – Lesson Learned to Date**

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**Report by: Senior Manager - Partnership and Transformation**

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## **1.0 Purpose**

- 1.1. Council agreed on 10 September 2020 to conduct a debrief on the Council's response to the global Coronavirus pandemic, and subsequently agreed the process that would be undertaken in October 2020. Following a further report to Audit Committee in June 2021, this report provides output on the debriefing process, findings and lessons learned to date.

## **2.0 Recommendations**

- 2.1. That Committee notes the report, commenting and challenging as appropriate.

## **3.0 Considerations**

- 3.1. In October 2020 Council agreed the following:
- 1.i.1. To delegate authority to the Audit Committee to review the outcome of the national enquiry, when available, and the Council's own emergency planning debrief process; and
  - 1.i.2. That following the Audit Committee's scrutiny of the enquiry and debrief process, to receive a report from the Audit Committee making recommendations to Council about any further review activity which is required for Clackmannanshire Council.
  - 1.i.3. That subject to operational demands report back to Audit Committee prior to Summer recess 2021 on the key lessons identified from the Councils debrief process.
- 3.2. Since the process outlined above was agreed there have been a number of related and significant developments. Firstly the UK entered a second full lockdown in January 2021 with phasing back of all schools and some services commencing in April 2021 in line with the national recovery strategy and tier system. A full Covid vaccine, community testing programme and isolation support system has also been operational during that time and Council services continue to be engaged in various Covid response and recovery

activities; some since January 2021 and in many cases since the first lockdown on the 23<sup>rd</sup> March 2020.

- 3.3. As a result of the country moving into a second lockdown the Prime Minister announced in May 2021 that a national public enquiry into the handling of the Covid pandemic would begin in spring 2022. It is not known at this stage when findings from this enquiry will be available.
- 3.4. The First Minister announced that Scotland will hold its own public enquiry. The inquiry will scrutinise decisions that were taken over the course of the crisis, with the aim of learning lessons for any future pandemics. Whilst particular focus will be on the 'four harms' of the pandemic, it will also investigate "events causing public concern", for example the high number of deaths in care homes and will examine the explanations of the decisions that were taken and the causes of "anything which may not have gone as expected".
- 3.5. Whilst it may be sometime before respective public enquiries report, in October the UK Parliament published the, *Coronavirus: lessons learned to date* report, which set out 38 key recommendations ranging across the timing of lockdowns, test and trace, procurement of PPE and the rollout of vaccines. The report can be found at <https://committees.parliament.uk/committee/81/health-and-social-care-committee/news/157991/coronavirus-lessons-learned-to-date-report-published/>
- 3.6. In a statement concerning that report, the joint chairs' commented: "*In responding to an emergency, when much is unknown, it is impossible to get everything right. We record our gratitude to all those—NHS and care workers, scientists, officials in national and local government, workers in our public services and in private businesses and millions of volunteers—who responded to the challenge with dedication, compassion and hard work to help the whole nation at one of our darkest times.*"
- 3.7. In the same spirit of organisational reflection and learning, Council has agreed an internal debrief process prior to the findings of the national enquiry being made available and that it is completed within a reasonable timeframe. This work has been undertaken using the National Debriefing and Lessons Learned Protocol and guidance in Preparing Scotland: Scottish Exercise Guidance prepared by ScORD. <https://ready.scot/how-scotland-prepares/preparing-scotland-guidance/exercise-guidance/4-post-exercise>.
- 3.8. This approach provides a standardised format for debrief of incidents where a multi-agency response has been required. Furthermore a multi-agency debrief process has been carried out with Category 1 partners as part of a Forth Valley Local Resilience Partnership (LRP) utilising the same standard format. Learning from that debrief process will be used to inform a set of recommendations for inclusion in a partnership wide improvement plan to be developed over the spring 2022.
- 3.9. The approach, which covers incident activation and notification, incident command, control and coordination, communications (internal, between agencies and public communications), effectiveness of plans, care for people, environmental impacts, resources and training, recovery, is as follows:

- What went well?
- What did not go so well?
- What are your thoughts on what improvements could be made?

### **What Went Well**

- 3.10. Respondents indicated that on incident activation, despite a rapidly evolving and uncertain context that communication, partnership and inter service working relationships, staff commitment and flexibility, and rapid reaction and commitment by the voluntary sector came through as significant positive factors. There was rapid adoption of products such as Zoom, WhatsApp, Google Meet, MS Teams and other communications platforms to enable service continuity and response activity, and the ICT service, despite immense challenges adapted quickly to commence a major remote working mobilisation.
- 3.11. Although the organisation was clearly stretched, and arguably remains so as the pandemic's impact continues, it delivered on all national, regional and local response asks and requirements, often with very challenging timeframes. Test and Protect arrangements worked well in Clackmannanshire and excellent links were made between the Council, Public Health and NHS FV and those strong partnership working relationships have continued. Having a dedicated helpline for those requiring additional support was well received within the community, this was established and rolled out very quickly. Partnership working to implement both vaccination programme and community testing has also been positive. Partnership working between schools and Public Health Scotland was also highlighted as a particular strength.
- 3.12. Some respondents indicated that the Incident Management Team (IMT) provided a quick response and clear direction, enabling centralised command, control and support and that good pre-formed community planning and local relationships enabled effective partnership working. A number of respondents reported that Business Continuity Plans worked well in a number of service areas resulting in minimal loss of service and in some areas service continued to operate "as normal" where this was appropriate to response and recovery.
- 3.13. Support visits from Emergency Planning and Health and Safety were valued and felt to be well coordinated, and that well coordinated and accessible plans worked and enabled joint working. The Covid security, daily reporting and other health and safety measures introduced at pace have been effective in minimising disease transmission in the working environment. Whilst there were initial coordination challenges, Clackmannanshire's PPE hub management system, which was stood up quickly and remains in place to date, was recognised nationally as an exemplar of good practice.
- 3.14. The Council acted quickly to bring in a virtual cross party Emergency Decision Making Forum that commenced operation early on in the pandemic. A range of virtual meetings, including Council, Committees and partnership forums such as the Community Planning Partnership were also implemented.

- 3.15. A dedicated public web portal was established quickly. This received a significant number of hits in the early days of the pandemic providing information service status updates and support services for citizens and businesses. To maximise access, staff information was put on general website. This was welcomed by staff especially those who had no access within their working environment. The staff support resources placed on the Council website and Clacks Academy were also highlighted as an area of strength by respondents.
- 3.16. A supportive model of engagement, underpinned by Education Scotland guidance was developed to gain robust knowledge and understanding of remote learning in our schools, to support the quality and effectiveness of remote learning and provide opportunities to share effective practice. Robust arrangements were in place to ensure that learning was accessible and met the needs of all children. Innovative and creative approaches to engaging children and their families, including a blend of interactive live lessons, pre-recorded sessions, play based activities and outdoor learning were evident in all establishments.
- 3.17. Pro-active measures, involving all staff, were taken to contact families to identify barriers to participation and engagement, assess well-being and offer support. A real sense of 'family' was evident in many schools; relationships continued to be positive and supportive, founded on a climate of mutual respect within a strong sense of community and shared values.
- 3.18. Effective online communication was established at the beginning of the pandemic involving daily meetings with schools and ELCs to ensure clear, consistent messaging in the fast paced, changing environment. Government guidance was summarised and shared with immediacy to ensure the safety of children, young people and staff was maintained.
- 3.19. The Community Learning and Development Team (CLD) targeted support for children, young people, families and communities at risk of having the greatest negative impact of the COVID 19 pandemic (ie loss of income, employment, food & fuel poverty, health and well-being, education and attainment). This included support to our most vulnerable learners including young people on Flexible Learning, Individual Programmes (FLIP) and Activity Agreements, adult learners ESOL (refugees), S4 pupils on college programmes and children, young people and families identified through the Intensive Support Service.
- 3.20. Support included weekly or daily phone calls, door stop visits, messages and Walk and Talk sessions. Virtual platforms and social media was used to connect and engage young people and families, as demonstrated by the virtual cooking programme delivered with 150 local families. Working in partnership with community groups, food parcels, fuel vouchers, crafts and digital devices were delivered to children and families based on assessed needs.
- 3.21. A multi agency forum (now known as Child STRIVE) was established to ensure that all children and young people had access to supports as required. All establishments provided known key adult contacts for vulnerable children and families throughout periods of lockdown and moves to remote learning.

Schools and ELCs also provided ongoing support such as food parcels, door step visits and learning resources.

- 3.22. Children's Services developed criteria to assist with prioritising work and in particular considering the arrangements of the most vulnerable children. This included guidance on undertaking virtual contact with children and families but also clear guidance for staff where face to face contact was required to ensure the safety of a child or where a child required to be transported. Data on contact with children and young people was reported on a weekly basis to the Scottish Government and this was subject to an audit process which found overall quality of practice and intervention to be good or above. Areas identified for improvement were taken forward by the service.
- 3.23. The MAPPA meeting process was quickly developed into an online virtual mode which was proved by all partners to be efficient and effective and will be maintained going forward. The virtual on line approach is viewed by all partners as being robust and enables discussions about high risk offenders to take place effectively. This use of technology has resulted in efficiencies in meeting and travelling times for all partners involved. The use of tablet devices purchased via Scottish Government grant has enabled unpaid work clients to undertake online modules as part of their sentencing requirement demonstrating an additional positive development using technology. Similarly the blended approach to office and home working within the justice environment worked successfully.

#### **What Did Not Go so Well**

- 3.24. In the context of incident activation, respondents indicated difficulties in securing sufficient staff to cover those being lost as a result of self isolation or shielding, or those required to actively support response efforts. PPE supply and coordination was initially fragmented and challenging. The ICT model and infrastructure was significantly based around office working for many services. In a short space of time there was a requirement to move from a few dozen staff with remote working capabilities to many hundreds, which placed sustained strain on supply chains and ICT staff, whilst constraints on the pace of rollout (e.g. securing laptops and remote access tokens) limited capability to maximise bringing staff resources to bear in the very early stages.
- 3.25. Timely communications on national critical priorities was not always received promptly with the Council and other resilience partners often hearing information at the same time as members of the public. Clarity on the strategic, tactical and operational roles and responsibilities were sometimes confused too with situational updates, reporting requirements and communications at times disregarding established resilience processes and structures.
- 3.26. Early on in the response, the Council (and partners nationally and locally) did not have a single preferred remote working platform, which meant that staff and councillors regularly found themselves on numerous different platforms throughout the day. Implementation of MS Teams as the Council's remote working platform was required to be put in place very quickly, and worked generally well, however early teething issues with reliability and connectivity for some users were problematic.

- 3.27. The volume of information being received was overwhelming at times in the early days and weeks of the pandemic, and incoming and sometimes conflicting instructions for rapid deployment of national initiatives, placed significant burdens and long hours on relatively small numbers of staff coordinating various aspects of response (ie PPE distribution, staff redeployment, care for people, distribution of grants and financial assistance, community testing and vaccination and supply of food packages).
- 3.28. The coordination and interpretation of data was a significant ongoing task, which created major demands and challenges, particularly in the early stages, when there were significant constraints on staff availability. Ongoing demands for data, reports, updates and information placed significant and sometimes unrealistic demands on staff, which in some instances deflected resources from other response priorities. Competing demands at a national level compounded this with demands for very similar data and information coming from a number of sources which was at times confusing. The use of platforms such as Resilience Direct was a helpful development but was not consistently deployed across the various resilience partnerships.
- 3.29. In the remote environment, e-mail became a primary conduit for information. The explosion in e-mail traffic, which included multiple duplications from separate sources internally and externally, created congested inboxes 7 days per week that staff found challenging to sift, comprehend, resource then action in the time available. In this virtual communications environment, understandable but ultimately unrealistic expectations on deployment timelines and often limited available resources on the ground contributed at times to rework, mixed messaging and ultimately impacted in some instances on efficiency of resource deployment.
- 3.30. There was a very high dependency on small pockets of staff with specialist skill sets, for example, ICT, legal, web and e-form design, finance and grant assessment, communications, emergency planning and civil contingencies, senior management and health and safety. This exposed vulnerabilities to absence through for instance Covid or indeed self isolation requirements. It also meant that certain groups of staff were in high demand, working long hours and weekends under intense pressure, with limited ability to take leave or for basic rest and recuperation.
- 3.31. Some respondents reported that there was a lack of readily available policy and procedures in the remote and initially disconnected remote working environment to guide consistent decision making. Although Business Continuity plans were in place for most services prior to Covid, the prolonged nature of business continuity arrangements were not previously envisaged.
- 3.32. In the initial stages, there was no one database for managing the needs of vulnerable people through Test & Protect. This was resolved through procurement of a national system (Helpinghands), however, it did create unnecessary manual handling in the early stages. The timeframes for implementing processes and appropriate support was also extremely tight resulting in additional pressures on key services. Shielding data was received centrally from PHS however the public did not initially understand the term "shielding". This created demand failure and service dissatisfaction as those self presenting did not qualify for assistance if they were not on the "official" list.

- 3.33. Some councillors responded that they often lacked information and remote working capabilities in the form of kit, skills and predetermined processes and procedures, to enable them to perform their various community and democratic roles effectively. In some instances councillors felt that too much information was being received.
- 3.34. There were some instances of confusion on difference in risk assessment, which may have differed from existing national standards, and a continually changing context on the virus impacts and mitigations measures.
- 3.35. Although remote working has been largely successful in terms of enabling the continuity of Council services and functions, a number of employee issues have also been raised by respondents. It has been recognised that normal induction and training processes for new staff joining the organisation have been made more difficult as these have been conducted remotely and the development of early working relationships were often difficult to establish. Occupancy of Kilncraigs has also been challenging, as with the move to recovery more staff felt the need to work from Kilncraigs for part of their working week despite being provided with ICT equipment for remote working. This created particular health and safety challenges in some service areas in Kilncraigs.
- 3.36. With the transition to recovery and requirements for faster return to Business As Usual, combined with successive returns to response, further lockdown, support for schools, test and trace, testing and vaccination programmes, a fatigued workforce has found it challenging to meet varying and competing stakeholder expectations. Some respondents noted that many staff are still displaced on to response duties at the same time as a requirement to return most services to Business as Usual and that these competing expectations are not sustainable in the context of a long term response.
- 3.37. Children's Services saw a 29% increase in referrals in 2020/21 and an 8% increase in the number of children accommodated. This has been seen as a direct result of Covid with less preventative work able to take place and families under increased pressure due to restrictions as a result of the pandemic. Staffing levels were also variable over the period, resulting in higher caseloads.

### **What could be improved**

- 3.38. In terms of incident activation, ongoing management and recovery activity clarity over roles and responsibilities in respect of emergency response, resilience and business continuity could be improved. This would mitigate against a small number of council officers being over burdened during a protracted incident such as Covid or where there are layered impacts from multiple Civil Contingencies incidents. Additional resource have already been put in place to support the Emergency Planning team, however additional training is also an identified need for the whole Senior Leadership Team on Integrated Emergency Management and Business Continuity. Regular 'stress testing' through training and exercising is also an important aspect of this capacity building.
- 3.39. In addition to the above, consideration could be given to the establishment and development of a trained 'volunteer reserve' to enable rapid

redeployment of staff to critical response roles at short notice. This could include for example, a range of social care roles, crisis call handling, risk assessments, cleaning, driving, welfare visiting etc.

- 3.40. Preparation and management of data. The establishment of a centralised specialist data hub to manage, sift and coordinate data would support business continuity, data analysis and reporting. This would help to provide a more slick mechanism for all councillors to receive accurate and clear information with consistent language and which can help avoid duplication of information from a wide range of sources. This approach can also help ensure that information is validated and factual with the source point clearly identifiable. Logging of data requests and responses could also be managed via a centralised hub.
- 3.41. Communication in its broadest sense is another area participants felt could have been improved. Communication with partners and stakeholders; staff and managers and with Elected Members could be improved by being more consistent than adhoc and by being more proactive than reactive. At a national level more consistent messaging and sharing of information is required in order to have a shared understanding and situational awareness of any Civil Contingency incident.
- 3.42. Given interdependencies and requirement for interoperability, ICT business continuity planning for hybrid/remote working should continue to be coordinated and funded corporately, with standardised equipment and software provided for members and staff enabling operational and democratic business continuity irrespective of the availability of an office environment. Employee personas should be developed corporately with standardised approaches and policies to enable business continuity but also ICT resourcing and planning needs to shift to these being more pro-active models of delivery.
- 3.43. Ensuring that robust approaches to debrief and learning from any incident or event is critical and developments are underway through the Local Resilience Partnership to strengthen collective capacity to lead structured debrief activity. There is learning that we still require to consider from the multi-agency Covid debrief, as well as consideration of the findings from the two national enquiries referred to earlier in this paper. There is also further specific debrief work to undertake with the Health and Social Care Partnership which is proposed to take place later in 2022.

## **4.0 Conclusions**

- 4.1. This report provides a summary of the findings of an internal Covid debrief exercise carried out between September and November 2021. This work has been undertaken using the National Debriefing and Lessons Learned Protocol and guidance in Preparing Scotland: Scottish Exercise Guidance prepared by ScORD. <https://ready.scot/how-scotland-prepares/preparing-scotland-guidance/exercise-guidance/4-post-exercise>.
- 4.2. It is recognised that the pandemic is ongoing; therefore the process of review needs to continue until such times as an end has been declared to response phase. Lessons are being learned on a continuous basis, which has already borne results in the management of successive waves. Further update



reports will be brought back to the Audit Committee which will set out the findings from the national reviews as well as present findings from further specific debrief activity, including from the Local Resilience Partnership..

## 5.0 Resource Implications

- 5.1. There are no financial implications arising from this report and planned activity will be met within current resources.

## 6.0 Exempt Reports

- 6.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No **X**

## 6.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all	<input type="checkbox"/>
Our families; children and young people will have the best possible start in life	<input type="checkbox"/>
Women and girls will be confident and aspirational, and achieve their full potential	<input type="checkbox"/>
Our communities will be resilient and empowered so that they can thrive and flourish	<b>X</b>

- (2) **Council Policies** (Please detail)

## 7.0 Equalities Impact

- 7.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No **X**

The paper does not propose a policy change therefore an EQIA or Fairer Scotland Assessment is not required at this stage.

## 8.0 Legality

- 8.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes **X**

## 9.0 Appendices

9.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

## 10.0 Background Papers

10.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

### Author(s)

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Cherie Jarvie	Senior Manager Partnership and Transformation	2365

### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director	