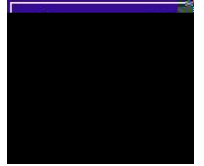
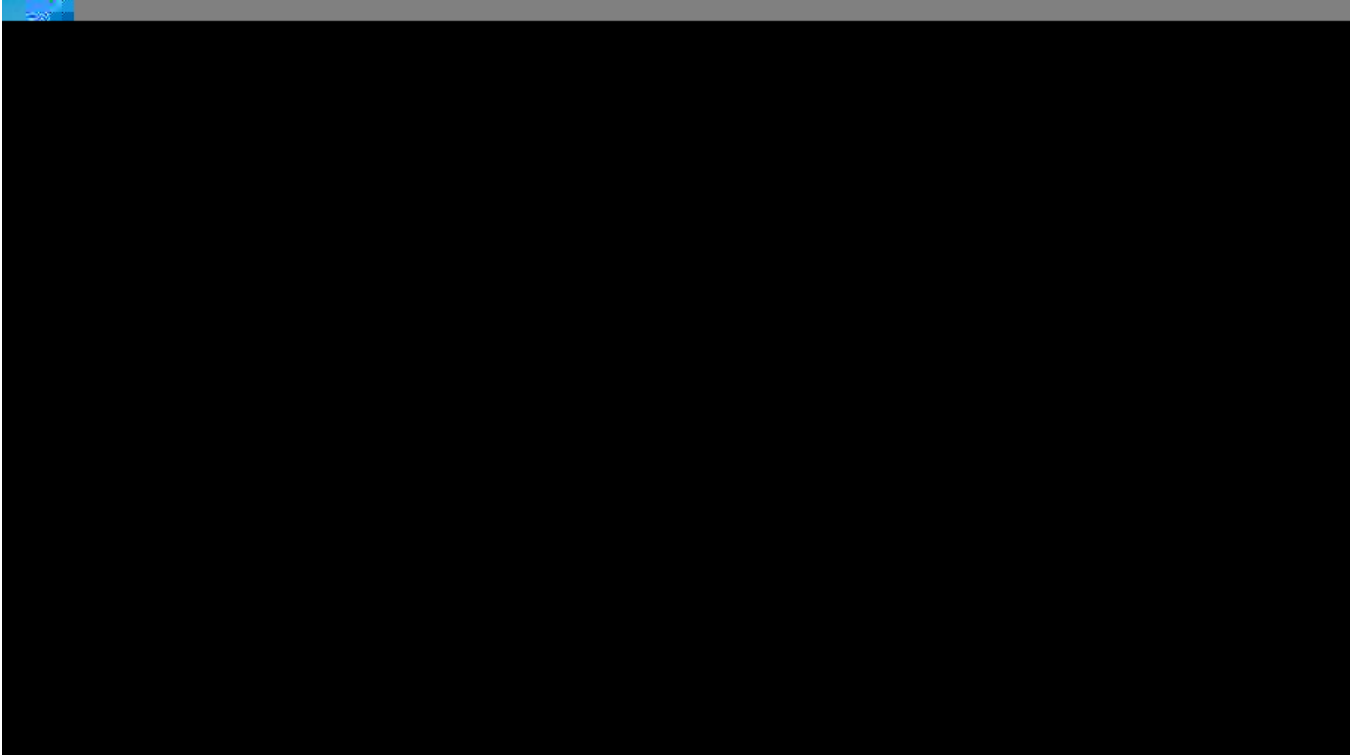


Argyll and Bute Council



Comhairle Earra Ghàidheal agus Bhòid



Audited Annual Accounts

For the year ended 31 March 2023



LANGUAGE OPTIONS

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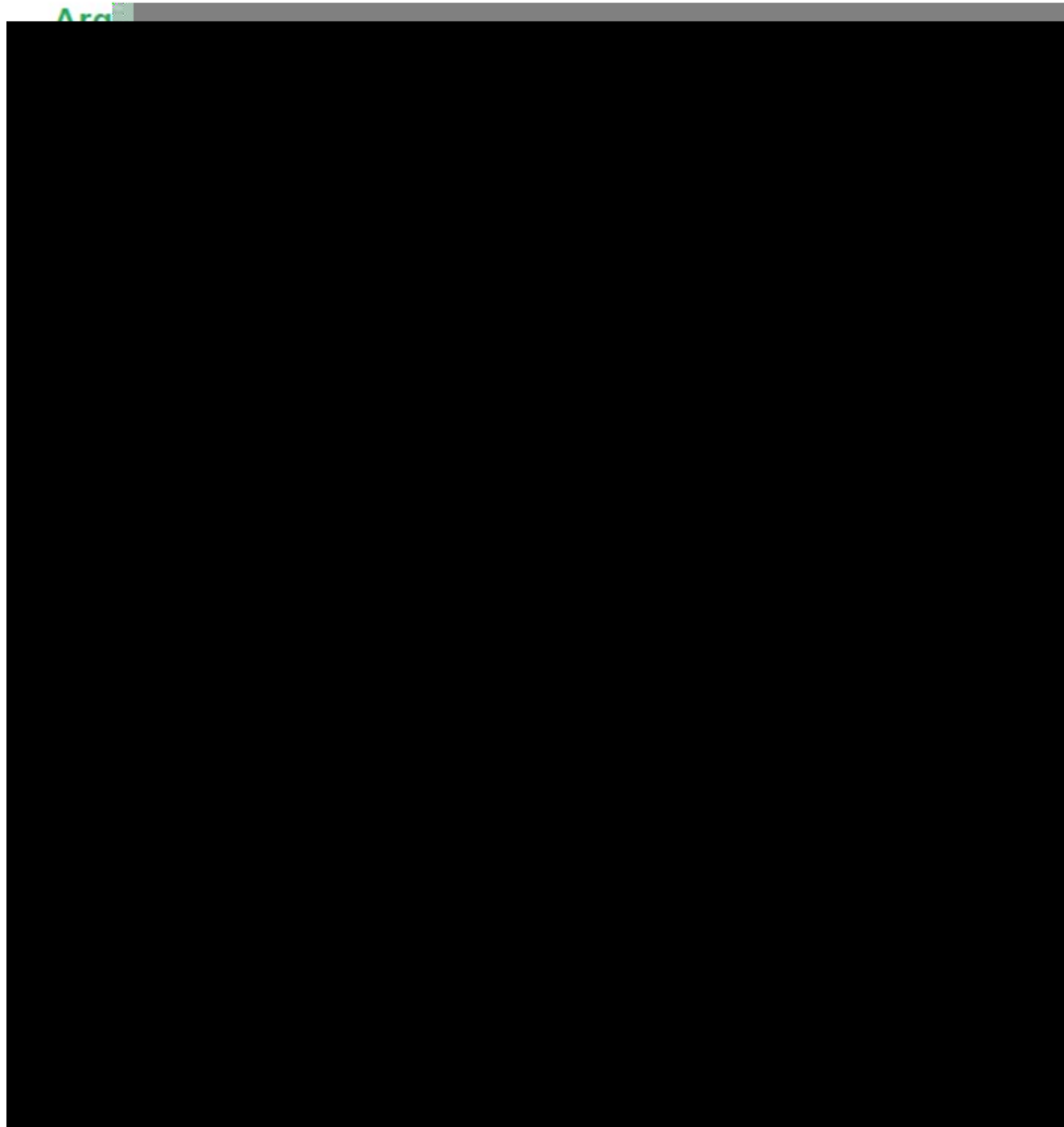
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1. INTRODUCTION

Welcome to the financial statements for Argyll and Bute Council and its group for the year ended 31 March 2023. The statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This commentary outlines the key messages regarding the performance of the Council over the 2022-23 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

2. PROFILE OF ARGYLL AND BUTE COUNCIL

The report starts with outlining some key facts about Argyll and Bute.



Management Commentary

We want Argyll and Bute's communities to be on a level playing field with others around the country - that is why we will campaign for equity for our communities on issues like fair funding, coping with challenges like the cost of living, and securing digital access and physical access to other opportunities. We will do our utmost to ensure that local voices and needs are taken into account in national decision-making.

We recognise that the cost of living crisis will affect countless households in Argyll and Bute. We want to play a part in responding to that and mitigating the impact on our communities' overall wellbeing and future success.

We see our council and our commu11.04 48.24 53.52 Tm()TjETEMC mm(e.)4.2 ()11.3 (W)52 Tm()TjETEMC 2

People Live Active Healthier and Independent Lives

Hermitage Park

Hermitage Park in Helensburgh was presented with a Green Flag Award which acknowledges quality green open spaces across the country that help to boost health and wellbeing. The award celebrates well maintained parks and greenspaces and supports the opportunities that they provide to enable exercise, improve mental wellbeing and provide safe areas for play – something that has been particularly important to everyone over the last couple of years.

Ulva Housing Initiative

An investment of £163k from the Council's Strategic Housing Fund has been made for six affordable houses on Ulva to drive population growth on Argyll and Bute's island communities. The aim is to ensure a sustainable economy on the island by increasing the number of residents. This investment is the latest step to increase housing availability in the area with the Strategic Housing Improvement Plan (SHIP) including plans for delivering 951 new affordable houses by 2027.

People will live in safer and stronger communities

Community Safety Partnership Strategy

Developed the Community Safety Partnership Strategy 2021-2023 which underpins the Argyll and Bute Outcome Improvement Plan and sets out strategic priorities in relation to:

- We live in a safe and positive community
- We encourage safer road and water use
- Our natural and built environment is protected
- Our communities are supported and included.

It also identifies how key partners including the Council, Police Scotland, Scottish Fire and Rescue Service,

4. FINANCIAL PERFORMANCE 2022-23

The Council has a robust financial reporting framework in place and a comprehensive monitoring pack is prepared and presented to every Policy and Resources Committee. This includes reports on the revenue budget, capital plan, financial risks, treasury monitoring, reserves and balances and delivery of any previously agreed savings. The financial framework is shown on the left.

Revenue: Outturn against Budget

The performance against budget for financial year 2022-23, after adjusting for automatic and proposed earmarked reserve proposals, was an overall underspend of £3.273m, 1.06% as summarised in the table below. (The corresponding position for 2021-22 was an underspend of £1.630m, 0.59%.)

2022-23 Final Revenue Budget Outturn

	Actuals	Budget Adjusted for Automatic Earmarkings	Variance (Overspend)	Percentage
--	----------------	--	---------------------------------	-------------------

Management Commentary

Within the Chief Executive's Unit (Community Planning and Finance) there was a small underspend which was largely due to an over-recovery of NDR commission due to a successful debt recovery campaign during the year.

Within the remit of Executive Director Douglas Hendry (Education, Legal and Regulatory Services and Commercial Services), there was an overall underspend due to:

- Reduced staffing costs in Education as a combined result of industrial action by teachers, when striking staff weren't paid for the days they were on strike, and a reduction in the number of teaching and non-teaching posts in schools.
- Reduced spending in Catering and Cleaning Services due to lower demand for school meals, which reduced the amount spent on food purchases, and in staffing costs due to vacancies and challenges recruiting new staff.
- Reduced spending in Legal and Regulatory Support due to election costs being lower than had been expected and in staffing costs due to vacancies and challenges recruiting new staff.

Within the remit of Executive Director Kirsty Flanagan (Roads and Infrastructure, Development and Economic Growth and Customer Support Services) there was an overall overspend due to:

- Higher than expected overall costs within Piers and Harbours Operations due to a combination of increased spending on staffing and lower than anticipated income from fees and charges.
- Increased costs in Roads Maintenance, including higher than expected costs to keep key transport routes operating safely during the winter period.
- Increased maintenance costs in street lighting operations.
- Lower than expected income from car parking and parking permit charges.
- The impact of higher spending in the above services was partially reduced by lower spending on staff costs in other parts of the department due to staffing vacancies.

The main reason giving rise to the underspend in central costs was due to a one-off treasury gain from the repayment of loans to achieve a significant discount during a small window of opportunity. In addition, we received higher than anticipated income on our investments due to the higher interest rates and had a small saving in respect of payments for Joint Boards and Unfunded pensions. These underspends were partially offset by overspends in utilities and insurance costs.

Delivery of 2022-23 Agreed Savings

The Council has been required to make significant budget savings for a number of years in order to ensure it responds to continued funding reductions, rising cost pressures and complies with its statutory requirement to set a balanced budget whilst meeting the needs of local residents.

Budget savings of £2.722m (21 saving options) were agreed for 2022-23. These, and savings agreed in previous years which had to be delivered in 2022-23 totalling £0.081m (12 saving options), were monitored throughout the year. The chart on the right shows the overall delivery of savings and any shortfall was absorbed within current resources. These saving options are all recurring in nature.

Management Commentary

financial year as opposed to delays in the programme. This is particularly the case within the Harbour Investment Programme which accounts for almost £33m of the overall slippage.

There are 164 projects within the Capital Plan: 74 of the projects are complete or on track and 90 are off track but recoverable as a result of the slippage mentioned previously within the capital programme. There are no projects off track that are not recoverable.

Health and Social Care Partnership (HSCP)

The Argyll and Bute Integration Joint Board (IJB) with responsibility for Social Work and a range of health services was established and came into effect on 1 April 2016. The Council approved the 2022-23 budget on 24 February 2022 and the amount approved for Social Work services transferring to the Integration Joint Board for 2022-23 was £68.105m. The budget figures quoted in the previous outturn table include in-year adjustments.

In terms of the outturn position, the HSCP has reported a significant underspend for 2022-23 and there is no debt outstanding to the Council. The Council has a creditor totalling £5.006m on its balance sheet in relation to earmarked reserves which the Council holds on behalf of the HSCP. The earmarked balance comprises £1.450m of Scottish Government funding for a range of specific Scottish Government Initiatives, £1.330m of general reserves and £2.226m for service transformation and infrastructure investment.

5. FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

The CIES shows the accounting cost of providing services rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this 9 (f)-6sJ-0.006.6 (h)11.

Management Commentary

Reconciliation of CIES to Revenue Budget Outturn

A reconciliation of the Deficit on the Provision of Services of £6.047m as noted in the CIES to the revenue budget outturn of £3.273m underspend is shown below.

Reconciliation of CIES to Revenue Budget Outturn

	£000	£000
Surplus/(Deficit) on Provision of Services		(6,047)
<i>Remove statutory adjustments that don't feature in budget outturn:</i>		
Depreciation	24,570	
Impairment of Assets		

Management Commentary

Balance Sheet

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2023 and explanatory notes are provided. The net worth of the Council has increased by £169.407m from £497.663m as at 31 March 2022 to £667.070m as at 31 March 2023. The major changes are set out in the table below.

Main Balance Sheet Changes

	31/03/2022 £000	31/03/2023 £000	Change £000	Main Reason
Long Term Assets	717,383	886,601	169,218	Revaluation of fixed assets and substantial increase of pension debtor due to an increase in investment returns.
Current Assets	122,842	90,693	(32,149)	Reduction in cash balances in comparison to previous year which was particularly high due to timing of funding received prior to year end.

Management Commentary

Pension (Liability)/Asset at the end of the financial year

	2020-21 £000	2021-22 £000	2022-23 £000
Pension (Liability)/Asset	(82,314)	4,634	139,014

Borrowing

During 2022-23 the Council's external borrowing reduced by £35.566m from £179.539m as at 31 March 2022 to £143.973m as at 31 March 2023. The reduction was due to the early repayment of PWLB loans during the year in order to receive a discount and achieve an overall treasury gain.

The Council was under borrowed by £38m at 31 March 2023. This was due to higher than normal levels of cash balances partly due to slippage in the capital programme meaning there was no requirement to borrow at this stage.

The Council's 2022-23 'Treasury Management Strategy and Annual Investment Strategy' was approved at the full Council meeting on 23 February 2023 and outlines the Council's capital prudential and treasury indicators.

Statement of Movement in Reserves

This Statement shows the movement on the different reserves held by the Council, analysed into usable



Management Commentary

increase is in the pension position of £142.842m in addition to an increase in non-current assets as a result of revaluations.

The Argyll and Bute Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the strategic planning and budgeting of these, toget0.6 (113 Tt)4

7. OUTLOOK

A five year financial outlook informing Council of the estimated budget gap covering the period 2023-24 to 2027-28 using best case, worse case and mid-range scenarios was kept up to date during 2022-23 and presented to the Policy and Resources Committee in May, August, October and December 2022.

Preparing any forward looking financial outlook is challenging due to the levels of uncertainty, for example the level of Scottish Government Grant, the impact of rising inflation and the uncertainty of pay awards being agreed before the budget setting process. The assumptions used to inform the outlook are reviewed, updated and reported regularly. The Council has a strong track record in financial management as recognised by previous years annual external audit r

9. ACKNOWLEDGEMENTS

We

Statement of Responsibilities for the Annual Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Council is required:

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

SECTION 95 OFFICER RESPONSIBILITIES

The Section 95 Officer is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC *Code of Practice on*
ofAAAh

I confirm that these Annual Accounts were approved for signature by the Council at its meeting on 25 March 2024.

Signed on behalf of Argyll and Bute Council

Councillor Robin Currie
Leader
25 March 2024

1. BACKGROUND AND SCOPE OF RESPONSIBILITY

Argyll and Bute Council's (the Council) governance framework includes the systems, processes and culture by which the Council is controlled, engages with communities and monitors the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the economic, efficient and effective use of public money.

The system of internal control is a key part of the framework and is designed to manage risk to an acceptable level.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance (the Code) which is consistent with the principles and requirements of the CIPFA/SOLACE revised Framework for 'Delivering Good Governance in Local Government'. This Statement explains how the Council has complied with the Code and meets the requirements of current good practice.

2. THE GOVERNANCE FRAMEWORK

The Code details how the Council will demonstrate compliance with the fundamental principles of corporate governance for public sector bodies. The seven key principles of our governance arrangements in 2022/23 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance.

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

We have four values, which underpin all that we do and provide a sound basis to achieve transformation to ensure we meet the challenges of the future and deliver quality services. These values are that we have a workforce which is:

Caring Committed Collaborative Creative

We have developed and communicated an [Ethical Framework](#) within the Council's Constitution, which defines standards of behaviour for Members and staff. Protocols for Member/Officer relations are also detailed within the Constitution.

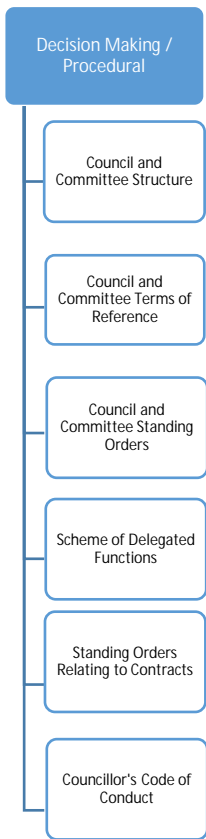
The Councillors' Code of Conduct is set out at a national level, applying to all members in Scottish local authorities and is incorporated into the Council's Constitution as part of the ethical framework which also includes a protocol for the Monitoring Officer. A [Register of Members Interests](#) is publically available for inspection. In addition, the Constitution has a section on conduct at meetings and meeting agendas require declarations of interest to be made where appropriate. Standing orders for meetings are included within the Council's constitution and training and support is provided to members on their role in Council committees.

[Anti-fraud and whistleblowing](#) policies are in place and the Council has adopted the Scottish Public Services Ombudsman's (SPSO's) Model [Complaints Handling Procedure](#).

The Council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

In addition, Professional advice on the discharge of statutory social work duties is provided to the Council by the Chief Social Work Officer (CSWO).

Annual Governance Statement



2. Ensuring openness and comprehensive stakeholder engagement.

We have established clear channels of communication with the community and other stakeholders through our Communication Strategy. Key mechanisms include:

Annual Governance Statement

Annual Governance Statement

In 2022 and for the fourth year in a row, Argyll and Bute Council successfully reduced their operational carbon emissions. The Council's carbon footprint has reduced by around 33% in emissions since recording commenced in 2015/16. There are a number of factors that have contributed to this reduction such as direct interventions to make buildings more energy & heat efficient, replacing traditional lightbulbs with LED, moving to electric or hybrid vehicles and treating municipal waste in different ways.

Integrated impact assessments as well as environmental, sustainability and island implications are considered during the decision making process to promote fair access to services.

3. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Decision makers receive detailed information indicating how intended outcomes would be achieved together with the implications associated with the proposals covering financial, risks and mitigations, integrated impact assessment, acting sustainably, carbon management, island proofing, and changes to schemes, by way of the compulsory sections of the Committee report.

The Council's Executive Leadership Team (ELT) meet regularly with the administration to discuss their key priorities and requirements for decision making in addition there is regular survey and feedback on their needs and a regular review of governance arrangements to ensure that decision making is fully supported.

In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders. Community benefit is an important consideration in the procurement of goods and services.

The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council's Corporate Plan

4. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Elected Member Development

The Council has signed up to the Improvement Service's Continuing Professional Development Framework for Elected Members. All Elected Members are provided with opportunities to progress personal development plans so that individual training needs and aspirations are identified and support

Annual Governance Statement

5. Managing risks and performance through robust internal control and strong public financial management.

Internal Financial Control

Our standing orders, financial instructions, scheme of delegation and supporting procedure notes/manuals clearly define how decisions are taken and the processes and controls in place to manage risks. These are reviewed and updated on an annual basis. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair. Furthermore the Council has a designated Data Protection Officer and all services have Information Asset Registers along with appropriate guidance on how data should be managed.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief

Annual Governance Statement

The Council places reliance on the IJB's framework of internal controls and similarly the IJB places reliance on the procedures, policies and operational systems of the Council and the Health Board. The IJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions.

The IJB has proportionate internal audit arrangements in place to provide independent assurance on risk management, corporate governance and the system of internal control. A risk based internal audit plan was carried out in 2022-23 and the IJB's internal auditor has issued a formal annual report providing their independent opinion on the effectiveness of the IJB's risk management, internal control and governance processes. The overall conclusion of the Internal Auditor is to provide a satisfactory level of assurance on the adequacy of internal controls and governance arrangements within the IJB.

During 2022-23 the IJB has progressed a number of initiatives to develop its governance arrangements including improving the use of Directions, the completion of the new Joint Strategic plan and Workforce Strategy. It has also focused upon re-mobilising services following the pandemic, progressing its service transformation program and upon strategic development. It has focused on taking action to manage strategic risks during the year, particularly in relation to care home and care at home services.

The financial position of the HSCP has also continued to improve. It repaid all of the debt it owed to the Council in 2021-22 and reported a significant underspend in 2022-23. The operating environment going forward does however remain challenging. The IJB approved a balanced budget for 2023-24 which initially indicated that additional funding from NHS Highland may be required during the year. This is now unlikely in the context of the confirmed underspend in 2022-23. That said, there remains a number of financial risks and challenges to deliver services within budget resource and to deliver the agreed savings. [a](#)

Annual Governance Statement

The Remuneration Report

The Remuneration Report

SENIOR COUNCILLORS' REMUNERATION

Additional disclosures are required for senior councillors' remuneration. Senior councillors' remuneration is in accordance with the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 which for the purpose of remuneration, grades Councillors as either the Leader of the Council, The Civic Head (Provost), senior Councillors or Councillors. Details of senior Councillors' remuneration are as follows:



EMPLOYEES' REMUNERATION

The Regulations require that local authorities provide an analysis of the number of employees whose remuneration in the year was £50,000 or more, including those classified as senior employees who are subject to separate disclosure requirements. The definition of remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the monetary value of benefits received other than in cash. This definition therefore includes all payments made to the employee in respect of agreed employment terminations or retirements. However, employer pension contributions are excluded from the definition.

Readers should be aware when making comparisons between years that, due to contractual incremental pay increases, the number of employees covered by this disclosure will increase each year. In addition, payments made in respect of agreed employment terminations or retirements can also distort the number and/or banding of employees.

The number of employees whose remuneration, excluding employer pension contributions and including redundancy/retirement payments, was £50,000 or more in bands of £5,000 was:



The Remuneration Report



PENSION BENEFITS

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

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

Local government employees had a final salary pension scheme prior to 1 April 2015. 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. As of 1 April 2015, local government employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits accumulated are calculated using pensionable pay each scheme year, rather than final salary. All benefits accumulated prior to 1 April 2015 are protected.

A five-tier contribution system is in place with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership.

The tiers and members contribution rates for 2022-23

The Remuneration Report

SENIOR COUNCILLORS' PENSION BENEFITS

The pension entitlements for senior councillors for the year to 31 March 2023 are shown in the table below, together with the contribution made by the Council to each senior Councillor's pension during the year.

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

For the year to 31 March 2022		Senior Members	For the year to 31 March 2023		
In-year pension contributions £	Accrued pension benefits £'000		In-year pension contributions £	Accrued pension benefits £'000	
5,078	7	Councillor Rory Colville	Pension	717	11
	2		Lump Sum		4
-	-	Councillor Garret Corner	Pension	3,485	-
	-		Lump Sum		-
-	-	Councillor Maurice Corry	Pension	4,812	1
	-		Lump Sum		-
7,170	8	Councillor Robin Currie	Pension	7,383	8
	1		Lump Sum		1
4,234	2	Councillor Bobby Good	Pension	598	2
	-		Lump Sum		-
5,078	3	Councillor Kieron Green	Pension	5,529	4
	-		Lump Sum		-
-	-	Councillor Amanda Hampsey	Pension	4,812	1
	-		Lump Sum		-
-	-	Councillor Andrew Kain	Pension	4,812	1
	-		Lump Sum		-
5,377	7	Councillor David Kinniburgh	Pension	759	6
	2		Lump Sum		2
3,584	2	Councillor James Lynch	Pension	4,376	2
	-		Lump Sum		-
-	-	Councillor John McAlpine	Pension	1,080	-
	-		Lump Sum		-
-	-	Councillor Liz McCabe	Pension	5,318	1
	-		Lump Sum		-
5,078	3	Councillor Yvonne McNeilly	Pension	5,529	3
	-		Lump Sum		-
-	-	Councillor Ross Moreland	Pension	4,812	-
	-		Lump Sum		-
3,785	6	Councillor Aileen Morton	Pension	598	6
	-		Lump Sum		-
5,078	6	Councillor Gary Mulvaney	Pension	5,529	8
	2		Lump Sum		2
3,557	-	Councillor Gemma Penfold	Pension	4,376	1
	-		Lump Sum		-
4,221	2	Councillor Alastair Redman	Pension	2,836	2
	-		Lump Sum		-



The Remuneration Report

EMPLOYEE EXIT PACKAGES

The numbers of exit packages with cost per band for compulsory and other redundancies are set out in the table below:

For the purposes of this note, Exit Packages include:

- Redundancy payment;
- Strain on the fund cost (the amount which the Council is required to pay to the pension fund because the employee has retired before the assumed retirement age);
- Added Years Lump Sum (the amount which the Council pays to the individual in a one-off lump sum, according to the compensatory added years awarded – maximum three years); and
- A capitalised value of the recurring Compensatory Added Years payment. This represents the amount which the Council has to pay to the pension fund because the employee has retired with enhanced service (maximum three years). This amount is paid on an annual basis once a person has left employment with the Council and is therefore a notional cost at 31 March 2023.

Termination costs for all Council employees who have accepted redundancy by 31 March 2023 are recognised in the Exit Packages note in 2022-23, or in previous financial years. The total cost recognised in the Exit Packages note in 2022-23 is £0.622m for 10 employees and in 2021-22 was £0.308m for 6 employees.

The supplementary Termination Benefits Note 35 provides more information.

Exit Package Cost Band													
No	£	No	£	No	£		No	£	No	£	No	£	
2	11,782	1	11,144	3	22,926	£0 - £20,000	1	4,038	2	30,305	3	34,343	
-													

The Remuneration Report

Statement of Comprehensive Income and Expenditure



Statement of Comprehensive Income and Expenditure

Other Operating Income and Expenditure:
(103) Net (Gain)/loss on Disposal of Long Term Assets

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Balance Sheet

£'000	£'000		Note	£'000	£'000
		Long Term Assets			
		Property Plant & Equipment	15		
414,852		- Other Land and Buildings		451,018	
11,798		- Vehicles, Plant, Furniture and Equipment		10,872	
230,478		- Infrastructure Assets		235,076	
7,454		- Community Assets		8,892	
1,408		- Surplus Assets		3,286	
35,344		- Assets Under Construction		21,440	
	701,334	Total Property Plant & Equipment			730,584
	2,099	Heritage Assets	16		2,345
	604	Intangible Assets	17		733
	2,428	Investment Property	18		2,553
	492	Long Term Investments	27		5,492
	5,792	Long-Term Debtors	22		5,880
	4,634	Other Long Term Debtors (Pensions)	31		139,014
	717,383	Total Long Term Assets			886,601
		Current Assets			
842		Inventories		1,130	
18,263		Short Term Debtors (Net of Impairment)	23	27,186	
1,509		Assets Held for Sale	24	1,554	
82,500		Short Term Investments		60,000	
19,728		Cash and Cash Equivalents	25	823	
	122,842	Total Current Assets			90,693
		Current Liabilities			
(17,882)		Short-term Borrowing	27	(11,818)	
(41,283)		Short-term Creditors	26	(50,044)	
(2,231)		Provisions	29	(1,450)	

Statement of Movement in Reserves



Statement of Movement in Reserves

Movements in 2022-23	Unusable Reserves (Note 32)										
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory Repayment of Debt - Loans Fund Advances	20,317			20,317		(20,317)				(20,317)	-
Statutory Repayment of Debt - Finance Leases	46			46		(46)				(46)	-
Statutory Repayment of Debt - NPDO Finance	5,070			5,070		(5,070)				(5,070)	-
Total Statutory Adjustments	6,979	-	(568)	6,411	173	(26,887)	19,970	(327)	660	(6,411)	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	13,026	-	(568)	12,458	(20,931)	(26,887)	(134,380)	(327)	660	(181,865)	(169,407)
Transfer to/from Other Statutory Reserves	322	(234)	480	568		(568)				(568)	-
Adjustments permitted by Accounting Standards for depreciation that is related to the revaluation balance rather than historic cost											

Statement of Movement in Reserves

Unusable Reserves (Note 32)

Statement of Movement in Reserves

Comparative Movements in 2021-22	Unusable Reserves (Note 32)										
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Statutory Repayment of Debt - Loans Fund Advances

2,514

2,514

Cash Flow Statement

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 amounts of net cash flow 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 to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2021-22 £'000	Note	2022-23 £'000
(15,016)	Net (Surplus)/Deficit on the Provision of Services	6,047
(6,652)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(21,310)
7,928	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	5,955
(13,740)	Net Cash Flows from Operating Activities	(9,308)
	39	



Notes to the Financial Statements

Notes to the Financial Statements

1.6.3 Post-Employment Benefits

The Council participates in two separate pension schemes:

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Notes to the Financial Statements





Notes to the Financial Statements

Notes to the Financial Statements

b) 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 relevant Service lines in the Comprehensive Income and Expenditure Statement, with the exception of rental income from investment property which is credited to Interest and Investment Income. Credits are made on a straight line basis over the life of the lease, even if this does not .435 0 -s5 (f) (d.002 Tc 0.002 Tw 5 Tc -0.005 .)11.6eT.

Notes to the Financial Statements

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase 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.

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Council offices –





Notes to the Financial Statements



Notes to the Financial Statements



Notes to the Financial Statements

5.1 EXPENDITURE AND FUNDING ANALYSIS

Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis
--	--

Notes to the Financial Statements

(255,904)	(19,741)	(275,645)	Other Income and Expenditure	(246,232)	(46,924)	(293,155)
(17,842)	2,829	(15,016)	(Surplus) / Deficit	9,725	(3,677)	6,047
(78,245)			Opening General fund Balance	(96,081)		
(17,842)			Plus (Surplus) or Deficit on General Fund Balance	9,725		
(96,087)			Closing General Fund Balance	(86,356)		

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

Notes to the Financial Statements

(i) **Adjustments for Capital Purposes**

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure –

Notes to the Financial Statements

6 GENERAL FUND RESERVES

The Council has ring-fenced £79.466m of the balance on the General Fund.

Ring-fenced Balances	Balance 1 April 2022 £'000	Funds Used £'000	Contributions to/from Funds £'000	New Earmarking agreed 2022-23 £'000	New Earmarking at end of 2022-23 £'000	Balance 31 March 2023 £'000
Strategic Housing Fund (Revenue from Additional Council Tax on Second Homes)	6,590	(1,574)			2,231	7,247
Investment in Affordable Housing	3,300		(137)			3,163
Capital Projects	24,722	(16,914)		6,845	1,406	16,059
Lochgilphead and Tarbert Regeneration	2,271	(811)				1,460
Support for Rural Growth Deal	1,058	(302)				756
Asset Management	2,607	(65)	(492)		48	2,098
Piers and Harbours Investment Fund	1,643				1,146	2,789
Scottish Government Initiatives	3,141	(1,485)			1,178	2,834
CHORD	349				29	378
Devolved School Management Scheme (DSM)	1,982	(1,717)			1,129	1,394
Energy Efficiency Fund	218					218
Unspent Budget Required for Existing Legal Commitments	475	(15)	16			476
Unspent Third Party Contributions	12,834	(4,031)	18		4,358	13,179
Contributions Carried Forward	166				99	265
Other Previous Council Decisions	4,343	(432)	(149)		46	3,808
Redundancy Reserve	1,732	(154)				1,578
Supporting Organisational Change	1,588	(162)				1,426
One Council Property	-		369		197	566
Fleet - Timing Delay	499				159	658
Hermitage Park	4				15	19
Electric Vehicle Chargers	-	-			17	17
COVID-19	8,964	(3,499)	(470)		517	5,512
Unspent Budget Carried Forward	10,504	(2,732)	(279)	235	5,838	13,566
Total Ring-fenced	88,990	(33,893)	(1,124)	7,080	18,413	79,466
Contingency	5,256	-	435	-	-	5,691
Unallocated	1,835	-	6,444	(7,080)	-	1,199
Total General Fund Balance	96,081	(33,893)	5,755	(7,080)	18,413	79,466

Notes to the Financial Statements

7 SUPPLEMENTARY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

7.1 Expenditure and Income Analysed by Nature

Council's expenditure and income is analysed as follows:

2021-22 £'000	Expenditure/Income	2022-23 £'000
	Expenditure	
184,092	Employee benefits expenses	196,213
168,222	Other services expenses	178,016
62,870	Contribution to Argyll and Bute Integration Joint Board	74,391
10,141	Depreciation, amortisation, impairment	27,828
18,207	Interest payments	10,655
1,419	Precepts and levies	1,253
417	Other operating expenditure	390
(103)	Net Loss/(Gain) on the disposal of assets	(437)
445,265	Total Expenditure	488,309
	Income	
(101,826)	Fees, charges and other service income	(102,855)
(62,870)	Income to fund social care services (Argyll and Bute Integration Joint Board)	(74,391)
(805)	Interest and investment income	(2,966)
(81,648)	Income from council tax and non-domestic rates	(87,726)
(213,132)	Government grants and contributions	(214,324)
(460,281)	Total Income	(482,262)
(15,016)	(Surplus)Deficit on the Provision of Services	6,047

Notes to the Financial Statements

7.2 Revenue from Contracts with Service Recipients

31 March 2022 £'000		31 March 2023 £'000
23,449	Revenue from contracts with service recipients	32,900
23,449	Total Included in Comprehensive Income and Expenditure Statement	32,900

8 OTHER OPERATING INCOME AND EXPENDITURE

The expenditure of £1.643m shown in the Other Operating Income and Expenditure line on the Statement of Comprehensive Income and Expenditure can be analysed as follows:

2021-22 Actual £'000	Other Operating Income and Expenditure	2022-23 Actual £'000
1,419	Dunbartonshire and Argyll & Bute Valuation Joint Board Requisition	1,253
(16)	Equal Pay Settlements and Legal Costs	(20)
433	Other Operating Income and Expenditure not attributable to Services	410
1,836	Total	1,643

9 AGENCY SERVICES

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Argyll and Bute. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water. In addition, the Council received a small number of funding streams from the Scottish and UK Governments in 2022/23 to support financial

Notes to the Financial Statements

2021-22		2022-23
Actual		Actual
£'000		£'000
25,070	Scottish Government - Contributions (to)/from the non-domestic rates pool	33,179
14,317	Domestic water and sewerage charges collected	15,106
(14,317)	Domestic water and sewerage charges paid over to Scottish Water	(15,106)
289	Service income from Scottish Water for collection of domestic water and sewerage	265
7	Service income BID levy - Dunoon	7
7		

Notes to the Financial Statements

11 FEES PAYABLE TO EXTERNAL AUDITORS

In 2022-23 the following fees relating to external audit and inspection were incurred alongside comparative figures for 2021-22:

2021-22 £'000	2022-23 £'000
272	

Notes to the Financial Statements

13 GRANT INCOME

The Council credited the following grants to the Comprehensive Income and Expenditure Statement:

2021-22 Grant Income £'000		2022-23 £'000
Credited to Taxation and Non Specific Grant Income		
191,432	Revenue Support Grant	191,265
25,070	Non Domestic Rates	33,179
285	Specific Capital Grant	344
10,822	General Capital Grant	19,187
137	Heritage Lottery Fund	44
1,299	Scottish Timber Transport Strategy	728
1,126	Scottish Government	1,353
195	Strathclyde Partnership for Transport (SPT)	90
189	SUSTRANS	-
27	Revenue Contribution to Capital Projects	55
2,620	Other Grants	748
5,000	Other Government Capital Grants	

14 RELATED PARTIES

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Notes to the Financial Statements

14.3 Other Related Bodies

This category relates to transactions with entities which are controlled or significantly influenced by the Council.

During the year transactions with other related bodies were as follows:

2021-22		2022-23
Expenditure		Expenditure
£'000	Related Bodies	£'000
5,251	Transactions with related bodies during the year totalled	4,197
<i>Of these, transactions with the following exceeded £10,000:</i>		
32	ACHA	210
	- Dunbritton Housing Association Limited	579
1,827	LINK Group Ltd	34
168	West Highland Housing Association Ltd	96
	Fyne Homes	14
514	Oban and Lorn Community Enterprise - Atlantis Leisure	548
15	Argyll and the Isles Tourism Ltd	-
215	Islay and Jura Community Enterprise	100
139	Mid Argyll Community Enterprise	70
71	Scotland Excel	73
48	Argyll and Bute Citizens Advice Bureaux	97
149	Bute Advice	227
132	Kintyre Recycling	-
158	SEEMIS	92

Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT

15.1 Movement in Property, Plant and Equipment

	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2022-23 £'000	Infrastructure Assets £'000
Cost or Valuation							
At 1 April 2022							



Notes to the Financial Statements

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As permitted by Finance Circular 09-2022 the council has adopted both Statutory Override 1 & 2 relating to infrastructure assets which allow for the following;

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Notes to the Financial Statements

15.2 Valuation of Property, Plant and Equipment

IAS 16 – Property, Plant and Equipment has been adapted for the public sector by IPSAS 17 – Property, Plant and Equipment. Under IPSAS 17 each category of Property, Plant and Equipment is valued as follows:

- Infrastructure, community assets and assets under construction are valued at historical cost.
- Vehicles, plant and equipment are valued at depreciated historical cost as a proxy for fair value.
- All other classes of assets are valued at fair value. Where there is no market based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold then an estimate of fair value is made using a depreciated replacement cost approach.

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured is re-valued at least every five years.

Assets identified as Corporate Surplus Assets are valued in accordance with IFRS 13 - Fair Value Measurement. The Balance Sheet value of Corporate Surplus assets at 31 March 2023 was £3.286m. Corporate Surplus assets are valued at their fair value on 31 March each year. Level 2 or 3 inputs were used for most Corporate Surplus asset valuations.

Revaluations of Council owned land and property were carried out at 31 March 2023 in accordance with the Council's rolling programme of revaluations. The revaluations have been carried out in house by the Council's Estates Service. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. For assets not valued in-year a desktop assessment was undertaken for 2022-23 to estimate the potential increase in value of those assets valued using depreciated replacement cost using BCIS indices. An adjustment was made to the accounts of £25.061m to reflect this assessment.

The following table shows the progress of the Council's rolling programme for the revaluation of Other Land and Buildings:

Valued at Fair Value as at:	Other Land & Buildings		
	Estates Valuation £'000	Desktop Valuation £'000	Current Valuation £'000
31 March 2023	190,677	5,109	195,786
31 March 2022	104,224	10,914	115,138
31 March 2021	57,725	3,915	61,640
31 March 2020	26,109	1,714	27,823
31 March 2019	47,222	3,409	50,631
Total Cost or Valuation	425,957	25,061	451,018

Notes to the Financial Statements

15.3 Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

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17 INTANGIBLE ASSETS

Intangible assets comprise software licences and carbon reduction commitment allowances purchased in advance. Purchased software licences are shown at cost and this cost is charged to the t / Atth (and)10.52 T2

Notes to the Financial Statements

Comparative Movements in 2021-22	Purchased Software Licences	Total Intangible Assets
	£'000	£'000
Cost or Valuation		
At 1 April 2021	2,207	2,207
Additions	68	68
Disposals	-	-
Revaluations	-	-
Reclassifications	-	-
At 31 March 2022	2,275	2,275
Amortisation and Impairments		
At 1 April 2021	(1,635)	(1,635)
Charge for 2021-22	(36)	(36)
Disposals	-	-
At 31 March 2022	(1,671)	(1,671)
Balance Sheet amount at 31 March 2022	604	604
Balance Sheet amount at 31 March 2021	572	572

18 INVESTMENT PROPERTY

Investment property has been accounted for in accordance with IAS 4 - Investment Property, except where interpretations or adaptations to fit the public sector are detailed in the Code. The definition of an investment property in the context of the public sector is one that is used solely to earn rentals or for capital appreciation or both.

The value of investment property is initially measured at cost and thereafter measured at fair value. The fair value of investment property reflects market conditions at 31 March 2023. Revaluations of investment properties were carried out at 31 March 2023 in house by the Estates Service.

18.1 Movement in Investment Property

The movement in investment property during 2022-23 was:

	Investment Properties
	£'000
Cost or Valuation	
At 1 April 2022	2,428
Acquisitions	12

Notes to the Financial Statements

18.2 Investment Property Income and Expenditure

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2021-22 £'000		2022-23 £'000
148	Rental income from investment property	141
(4)	Direct operating expenses arising from investment property	(4)
144		137

19 SCHOOLS BUILT UNDER PUBLIC PRIVATE PARTNERSHIP CONTRACTS (PPP)

Argyll and Bute Council have two schemes:

Schools Non-Profit Distributing Organisation (NPDO)

During 2007-08 two secondary schools, two joint campuses and one primary campus, developed as part of the Non-Profit Distributing Organisation (NPDO) variant of a Public Private Partnership (PPP), became operational. When the agreement ends in 2035 the provider will hand the five school complexes back to the Council.

Schools Hub Design, Build, Finance and Maintain Contract (DBFM)

Campbeltown and Oban High Schools have been built under this type of arrangement which reached Financial Close in March 2016.

Campbeltown Grammar School Construction Phase 1 was completed on 19 February 2018 and provided a new secondary school for pupils aged between 12 and 18. The new school has capacity for 500 pupils and replaces the existing Campbeltown Grammar School on the current school site at Hutcheon Road, Campbeltown. Phase 2 which included the demolition of the existing school buildings, provision of a car park, landscaping and 3G artificial turf pitch was completed during 2018-19.

Oban High School Construction Phase 1 was completed on 5 April 2018 and provided a new secondary school for pupils between 12 and 18. The new school has capacity for 1300 pupils and replaces the existing Oban High School, on the current school site at Soroba Road, Oban. Phase 2 included the demolition of the existing school buildings, provision of a car park, landscaping and a pedestrian footway with lighting from the new school facilities to the grass pitches owned by the Council at Glencruitten, Oban was completed during 2018-19.

Notes to the Financial Statements

19.1 Assets Held under Schools NPDO and DBFM Contracts

Five schools were constructed under the Schools NPDO Contract; Hermitage Academy, Dunoon Grammar, Lochgilphead Joint Campus, Rothesay Joint Campus and Oban Primary Campus. The construction costs of the buildings, adjusted for revaluations on 31 March 2023 and depreciation to date are included as part of Operational Land and Buildings.

As noted above, two schools were completed under the Schools DBFM Contract. Oban High School and Campbeltown Grammar have been included within Operational Land & Buildings.

	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation			
At 1 April 2022	66,018	136,962	202,980
Additions at Cost			



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20.2 Assets Held Under Operating Leases

The Council was committed at 31 March 2023 to making payments of £2.734m under operating leases comprising the following elements:

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Notes to the Financial Statements

24 ASSETS HELD FOR SALE

The movement in assets held for sale was:

2021-22 £'000	Movements	2022-23 £'000
1,865	Balance Sheet amount at 1st April 2022	1,509
228	Assets newly classified as "Held for Sale" (Property, Plant and Equipment)	17
-	Additions	-
(12)	Revaluation losses	84
134	Revaluation gains	60
-	Impairment losses	-
-	Assets declassified as "Held for Sale" (Property, Plant and Equipment)	-
(706)	Assets Sold	(116)
1,509	Balance Sheet amount at 31st March 2023	1,554

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Notes to the Financial Statements

The fair values are calculated as follows:

31 March 2022			31 March 2023	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
38,554	38,790	Lending Loans and Receivables	90,041	90,041
332,367	395,579	Borrowing Financial Liabilities	297,377	315,566

The fair value is greater than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to receive interest above the current market rates increases the amount the Council would receive if it agreed the early repayment of loans.

27.3 Gains and Losses on Financial Instruments

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments.

27.4 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.

27.5 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, money market funds, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

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

	Amount at 31 March 2023 £'000	Historical Experience of Non-payment adjusted for Market Conditions at 31 March 2023 %	Estimated Maximum Exposure to Default and Uncollectability £'000
Deposits with Banks and Money Market Funds	8,826	-	-

The information in respect of the Council's debtors can be found in note 22 and 23. The Debtor Accounts represents the amounts owed by the Council's customers; Other Debtors include prepaid expenditure, accrued income and money owed to the Council in respect of projects being carried out under partnerships where the Council is the lead partner. The bad debt provision shown in note 23 represents the Council's

Notes to the Financial Statements

assessment of the likely recoverability of the debt outstanding.

The credit risk around unprovided for debt is considered to be low. Debtors relate to the normal business of the Council and credit is issued on the Council's standard credit terms. There are no significant amounts past due but not impaired where recoverability is considered to be an issue.

27.6 Liquidity Risk

noTsd

28 OTHER LIABILITIES

Other liabilities consist of liabilities which by arrangement are payable at some point in



Notes to the Financial Statements



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2021-22 £'000		2022-23 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
37,756	Current Service Cost	36,689
197	Past Service Cost (Including Curtailments)	637
37,953	Net Cost of Services	37,326
1,864	Net Interest Expense	141
39,817	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	37,467
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
(46,314)	Return on Assets (excluding amounts included in net interest)	37,377
1,795	Other Experience (see note (i) below)	46,257
(66,129)	Change in Financial and Demographic Assumptions	(337,163)
-	- IAS 19 Asset Ceiling Adjustment	99,179
(70,831)	Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(116,883)
Statement of Movement in Reserves:		
(23,700)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(19,970)
16,117	Employer's Contributions Payable to the Scheme	17,497

Notes to the Financial Statements

31.3 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2021-22 £'000		2022-23 £'000
897,836	Defined Benefit Obligation at 1 April 22	871,242
37,756	Current Service Cost	36,689
197	Past Service Costs including Curtailments	637
18,152	Interest Cost	23,775
4,457	Contributions by Scheme Participants	4,833
(88,761)	Re-measurement (Gains) and Losses	(311,081)
(22,822)	Estimated Benefits Paid	(23,398)
846,815	Defined Benefit Obligation at 31 March 23	602,697
24,427	Present Value of Unfunded Liabilities	20,175
871,242	Defined Benefit Obligation at 31 March 23	622,872

Reconciliation of fair value of the scheme (plan) assets:

2021-22 £'000		2022-23 £'000
815,522	Fair Value of Employer Assets at 1 April 22	875,876
	Re-measurement (Gains) and Losses:	
46,314	Expected Rate of Return on Pension Fund Assets	(37,377)
-	Actuarial (Gains) and Losses	-
16,288	Interest Income on Plan Assets	23,634
16,117	Employers Contributions	17,497
4,457	Contributions by Scheme Participants	4,833
(22,822)	Estimated Benefits Paid	(23,398)
875,876	Fair Value of Employer Assets at 31 March 23	861,065

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. An asset ceiling adjustment is included to ensure compliance with IAS 19 which limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Notes to the Financial Statements

31.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

2021-22 £'000	Local Government Pension Scheme	2022-23 £'000
(846,815)	Present Value of Funded Liabilities	(602,697)
875,876	Fair Value of Employer Assets	861,065
-	IAS19 Asset Ceiling Adjustment	(99,179)
29,061	Surplus/(Deficit) in the Scheme	159,189
(24,427)	Present Value of Unfunded Liabilities	(20,175)
4,634	Net Surplus/(Deficit) in the Scheme	139,014

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits.

Notes to the Financial Statements

31.5 Analysis of Pension Fund's Assets

Argyll and Bute Council's share of the Pension Fund's assets at 31 March 2023 comprised:

2021-22	2022-23
£'000	£'000
141.706	141.706
-1.353	-1.353
Td.QEMC /InlineShape 7	

Notes to the Financial Statements

2021-22 £'000	Fair Value of Pension Fund Assets	2022-23 £'000
	Equity Securities	
192,575	Quoted in an Active Market	168,144
418	Not Quoted in an Active Market	1,544
192,993	Sub-total Equity Securities	169,688

31.6 Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

2021-22 Years	Mortality assumptions	2022-23 Years
19.6	Longevity at 65 for current pensioners: Men	19.3
22.4	Women	22.2
21.0	Longevity at 65 for future pensioners: Men	20.5
24.5	Women	24.2
2021-22 %	Financial Assumptions	2022-23 %
3.2%	Rate of Inflation (CPI)	3.0%
3.9%	Rate of Increase in Salaries	3.7%
3.2%	Rate of Increase in Pensions (CPI)	3.0%
2.7%	Rate for discounting scheme liabilities	4.8%
2021-22 %	Long-term Expected Rate of Return on Assets in the Fund	2022-23 %
2.7%	Equity Investments	4.8%
2.7%	Bonds	4.8%
2.7%	Property	4.8%
2.7%	Cash	4.8%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

For sensitivity analysis on the net pension liability please see Note 4 on page 72.

31.7 Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension fund does not have an asset and liability matching strategy (ALM)

31.8 Impact on the Council's Cash Flow

Notes to the Financial Statements

32 UNUSABLE RESERVES

Movements in the Council's unusable reserves are detailed in the Statement of Movement in Reserves.

32.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued 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.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date-2 (ar)-5.9,

32.5



Notes to the Financial Statements

Notes to the Financial Statements

incurred as the Council is required to make further savings to balance the budget in future years and the council have earmarked monies from the loans fund one-off reprofiling gain.

36 TRUST FUNDS AND OTHER THIRD PARTY FUNDS

The Council acts as sole or custodian trustee for 57 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

Funds for which the Council act as sole trustee:

	Income	Expenditure	Net Assets	Reserves
	£'000	£'000	£'000	£'000
Argyll Education Trust	17	17	658	658
GM Duncan Trust	1	3	68	68
MacDougall Trust	30	29	1,089	1,089
Various Other Trust Funds	10	11	463	463
Total Trust Funds	58	60	2,278	2,278

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex-pupils of schools within the former Argyll County Council area. GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbeltown. MacDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Further information on the Trust Funds, administered by the Council, can be obtained from Financial Services within the Chief Executive's Unit.

A number of the trust funds administered by the Council are charitable trusts and as such are required to comply with current Office of the Scottish Charities Regulator (OSCR) financial reporting requirements. Arrangements have been put in place to ensure that all charities administered by the Council comply and will continue to comply with these requirements.

37 COMMON GOOD FUNDS

The Council administers the Common Good Accounts for the former Burghs of Oban, Campbeltown, Rothesay, Dunoon, Lochgilphead, Inveraray, Cove and Kilcreggan. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2023. The Common Good Funds are for the benefit of the geographical areas of the former burghs. Further information on the Common Good Funds can be obtained from Financial Services.

37.1 Common Good Income and Expenditure

Notes to the Financial Statements

41 CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:





Council Tax Income Account



Non Domestic Rate Income Account

The Non-Domestic Rate Income 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 the Local Government Finance Act 1992.

Notes to the Non Domestic Rate Income Account

1. ANALYSIS OF RATEABLE VALUES

2021-22 £		2022-23 £
9,355,020	Industrial and freight transport subjects	9,490,265
75,263,110	Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	74,472,465
	Commercial subjects:	
13,964,305	Shops	13,921,035
5,871,270	Offices	5,773,370
9,503,760	Hotels, Boarding Houses etc.	8,818,450
1,921,820	Others	1,916,145
115,879,285	Total Rateable Value	114,391,730

2. NON-DOMESTIC RATE CHARGE

2021-22 Pence		2022-23 Pence
49.0p	Rate Per Pound	49.8p
1.3p	Supplementary Rate Per Pound for Properties between £51,000 and £95,000	1.3p
2.6p	Supplementary Rate Per Pound for Properties over £95,000	2.6p

3. CALCULATION OF RATE CHARGE FOR EACH PROPERTYCH49veT1 1 TY

INTRODUCTION

The Code of Practice on Local Authority Accounting in the United Kingdom 2022-23: Based on International Financial Reporting Standards, places a requirement on Councils to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the Council is required to prepare a full set of group accounts in addition to those prepared for Argyll and Bute Council. The Group Accounts are designed to show “a true and fair view” of the financial performance and position of the Council’s Group.

THE GROUP ACCOUNTS

The Group Accounts comprise the following financial statements:

- **Group Statement of Comprehensive Income and Expenditure:** this statement shows the accounting cost in the year of providing the Council’s services and its share of the results of its associates in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves.
- **Group Balance Sheet:** The Balance Sheet is a snapshot of the value at the 31 March 2023 of the assets and liabilities recognised by the

Group Statement of Comprehensive Income and Expenditure






2021-22			Service	2022-23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
25,714	18,837	6,877	Chief Executive and Financial Services	26,810	18,209	8,601
129,856	25,189	104,667	Executive Director - Douglas Hendry	160,700	25,514	135,186
105,485	34,846	70,639	Executive Director - Kirsty Flanagan	109,504	39,545	69,959
158,106	88,788	69,318	Health and Social Care Integration	174,434	94,948	79,486
10,718	251	10,467	Other Non-Departmental Costs	10,228	2,303	7,925
2,125	9,390	(7,265)	Associates and Joint Ventures Accounted for on an Equity Basis	1,579	(837)	2,416
432,004	177,301	254,703	Net Cost of Services	483,255	179,682	303,573
			Other Operating Income and Expenditure:			
		(103)	Net (Gain)/loss on Disposal of Fixed Assets			(437)
		1,836	Other Operating Income and Expenditure			1,643
		1,733	Total Other Operating Income and Expenditure			1,206
			Financing and Investment Income and Expenditure:			
		15,993	Interest Payable and Similar charges			10,416
		(805)	Interest and Investment Income			(2,966)
		1,864	Net Pension Interest Expense			141
		17,052	Total Financing and Investment Income and Expenditure			7,591
			Taxation and Non-Specific Grant Income:			
		(191,432)	General Government Grants			(191,775)
		(21,700)	Government Capital Grants and Other Capital Contributions			(22,549)
		(25,406)	Non-domestic Rates Redistribution and Retained Non-domestic Rates (TIF & BRIS)			(33,826)
		(56,242)	Council Tax Income			(53,900)
		(294,780)	Total Taxation and Non-Specific Grant Income			(302,050)
		(21,292)	(Surplus)/Deficit on Provision of Services			10,320
		(27,995)	(Surplus)/Deficit on revaluation of Fixed Assets			(21,104)
		(113,865)	Other Post Employment Benefits (Pensions)			(164,071)
		(2,111)	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds			(3,509)
		(143,971)	Other Comprehensive Income and Expenditure			(188,684)
		(165,263)	Total Comprehensive Income and Expenditure			(178,364)

Group Bal



Group Balance Sheet







1. GROUP ACCOUNTING POLICIES

The group accounts are prepared in accordance with the policies set out in Note 1 to the Financial Statements.

2. COMBINING ENTITIES

The Council has an interest in a number of Associate Entities. For the purposes of consolidation and incorporation with NT61 0 TdDC t TdaN (c).e09()T(nt)-6.6 (er)4.9 sTcTlww(9g/ 3.p9(nt)-6.6u1 1 T22-2 -10 (T)-1 (l)



4. ARGYLL AND BUTE INTEGRATION JOINT BOARD

The Argyll and Bute Integration Joint Board was established as a body corporate by order of Scottish Ministers on 27 June 2015. The partnership between the Council and NHS Highland has been established in accordance with the provisions of the Public Bodies (Joint Working)(Scotland) Act 2014 and associated Regulations. The Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the Strategic Planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. The Council contributed £74.391m towards the Argyll and Bute Integration Joint Board in the 2022-23 financial year.

The Council and NHS Highland are required to treat the IJB as a Joint Venture in their annual accounts and recognise a share of the overall surplus or deficit of the IJB for the year.

5. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates, Joint Ventures, Subsidiaries and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £28.770m. This gives an overall net asset position for the Group of £695.840m.

All associates and subsidiaries have prepared their accounts on a 'going concern' basis. For Strathclyde Partnership for Transport and the Joint Valuation Board funding arrangements between the Scottish Government and constituent authorities remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue.

6. FURTHER DETAILS ON CONSOLIDATION

Live Argyll

Live Argyll was established by Argyll and Bute Council and is limited by guarantee and was fully incorporated and commenced trading on 2 October 2017. The Trust is a charitable company registered in Scotland and provides a wide range of services within the Argyll and Bute area including libraries, leisure facilities, halls, sports development and community centres the assets of which are owned by the Council. During 2022-23 Argyll and Bute Council paid £4.075m in the form of a Management Fee to Live Argyll and increased the overall net worth of the Group Balance Sheet by £6.6m.

The board is made up of 3 independent board members, 3 Councillors and a Trade Union representative.



Dunbartonshire and Argyll and Bute Valuation Joint Board

This body was formed in October 1995 at Local Government reorganisation by a Statutory Instrument and is responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Board's running costs are met by the three Councils. During 2022-23 Argyll and Bute Council contributed £1.264m towards estimated running costs and accounted for £0.046m of Balance Sheet Liabilities within the Group Balance Sheet. The accounts of the Board are subject to independent audit and will be available from the Valuation Joint Board's website [www.saa.gov.uk /dab-vjb/](http://www.saa.gov.uk/dab-vjb/) and West Dunbartonshire Council's website <https://www.west-dunbarton.gov.uk/council/performance-and-spending/service-performance/financial-performance/> from 1 July 2023.

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8. GROUP CASH FLOW STATEMENT – OPERATING

Independent Auditors Report

Independent auditor's report to the members of Argyll and Bute Council and the Accounts Commission

Report on the audit of the financial statements

Opinion on the financial statements

We certify that we have audited the financial statements in the annual accounts of Argyll and Bute Council and its group for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Comprehensive Income and Expenditure, the Balance Sheet, the Statement of Movement in Reserves, the Cash Flow Statement and notes to the financial statements, including significant accounting policies, the Group Statement of Comprehensive Income and Expenditure, the Group Balance Sheet, the Group Statement of Movement in Reserves, the Group Cash Flow Statement and notes to the group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of Argyll and Bute Council (the Council) and its group as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 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

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the Council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Council and its group. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We 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 we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council and its group'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.

These conclusions are not intended to, nor do they, provide assurance on the Council and its group's current or future financial sustainability. However, we report on the Council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Independent Auditors Report

Responsibilities of the Section 95 Officer and the Audit and Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Section 95 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 Section 95 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 Section 95 Officer is responsible for assessing each year the Council and its group'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 there is an intention to discontinue the Council and its group's operations.

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

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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 decisions of users taken on the basis of these financial statements.

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

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Council and its group;
- inquiring of the Section 95 Officer as to other laws or regulations that may be expected to have a fundamental effect on the Council and its group;
- inquiring of the Section 95 Officer concerning the Council's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on 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 our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Council and its group'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 skillfulness 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 <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Independent Auditors Report

Other information

The Section 95 Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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

We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance



Glossary of Terms

Existing Use Value. The market value of a particular Council property, less the difference between the average rental income between public and private sector properties.

Glossary of Terms

Materiality. Information is included where the information is of such significance as to justify its inclusion, and omission or misstatement could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

National Non-Domestic Rates Pool. All non-domestic rates collected by Council's are remitted to the national pool and, thereafter, distributed to Councils by the Scottish Government.

Net Book Value.

Appendix A

Trade Union Facility Time Statement 2022-23

This information is published under the Trade Union (Facility Time Publication Requirements) Regulations 2017

Schedule 2 (Regulation 8)

1. Relevant union officials

Total number of employees who were relevant union officials during the relevant period.



	Central Function	Education Function
The total cost of facility time	£105,399	£68,702
The total pay bill (Finance figures)	£111,639,440	£59,102,978
The percentage of the total pay bill spent on facility time	0.09%	0.12%

4. Paid Trade Union activities

Percentage of total paid facility time hours spent by employees who were relevant union officials during the relevant period on paid trade union activities.

	Central Function	Education Function
Time spent on paid trade union activities as percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%	0%