

## **Scotland Excel**

**To: Joint Committee**

**On: 21 June 2024**

**Report by:  
The Treasurer**

### **Scotland Excel Unaudited Annual Accounts 2023/24**

#### **1. Summary**

- 1.1. The Annual Accounts for the year ended 31 March 2024 will be submitted to the external auditor, Azets, in advance of the statutory deadline of 30 June 2024, and a copy is attached for members' consideration.
- 1.2. Scotland Excel's Core activities resulted in an underspend of £79.8k in 2023/24 compared to a budgeted break-even position. Projects returned a surplus of income over expenditure of £629.8k. This results in a combined balance of £709.6k being added to Usable Reserves, which are committed for use as outlined in Note 4 of the Annual Accounts.
- 1.3. The Management Commentary within the Accounts (pages 1-8) provides an overview of Scotland Excel's performance during 2023/24, along with risk information and the outlook for the future.

#### **2. Recommendations**

- 2.1. The Joint Committee is asked to:
  - (a) Note the Unaudited Annual Accounts and budgetary outturn position for 2023/24; and
  - (b) Approve the Annual Governance Statement (pages 10-12).

#### **3. Background**

- 3.1. The Local Authority Accounts (Scotland) Regulations 2014 require Scotland Excel to prepare and publish a set of accounts, including an Annual Governance Statement, by 30 June each year.
- 3.2. The Unaudited Accounts are then required to be formally considered by the Joint Committee and the Annual Governance Statement should also be formally approved at this time.

- 3.3. In accordance with the Local Authority Accounts (Scotland) Regulations 2014, the Unaudited Annual Accounts will then be signed only by the Treasurer as proper officer.
- 3.4. The accounts are then subject to external audit by the appointed auditor, Azets, by 30 September. The 2023/24 Audited Annual Accounts are scheduled to be presented to the Executive Sub-Committee on 20 September 2024 for approval, after which they will be signed by the Convener, the Chief Executive and the Treasurer, in accordance with the regulations.
- 3.5. The Comprehensive Income and Expenditure Statement on page 16 shows an accounting Deficit on the Provision of Services of £688.8k.
- 3.6. The Expenditure and Funding Analysis on page 20 shows how this differs from the budgetary surplus of £709.6k due to accounting adjustments for pension costs, capital charges and the statutory employee leave accrual.
- 3.7. During the year, Scotland Excel received an additional £224k of rebate income that was attributable to 2022/23. This has resulted in a Prior Year restatement, which is detailed in Note 1 on page 19. The effect is a revised opening balance on Project Reserve balances at 1 April 2023. The income was transferred in-year from Projects to Core.
- 3.8. The Balance Sheet on page 18 shows an increase in net worth of £639.8k, which is largely driven by the favourable outturn position. This is explained further in the Management Commentary within the accounts.
- 3.9. Note 4 on page 22 outlines committed and uncommitted balances on Core Operations (the Revenue Reserve) and Projects as at 31 March 2024.



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Unaudited Annual Accounts  
2023/24

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## Management Commentary

The purpose of the Management Commentary is to present an overview of Scotland Excel’s financial performance during the year 2023/24 and to help readers understand its financial position at 31 March 2024. In addition, it outlines the main risks and uncertainties facing the organisation for the financial year 2024/25 and beyond.

## Structure

Scotland Excel is a Joint Committee constituted by Scottish local authorities and formed under Section 57 of the Local Government (Scotland) Act, 1973 for the purpose of regulating the joint discharge of the functions by the Constituent Authorities. Scotland Excel is governed by three groups of stakeholders drawn from our member organisations:

The **Joint Committee** is made up of one or more Elected Members (Councillors) from each of Scotland’s 32 local authorities. It meets twice a year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The **Executive Sub-Committee** is a sub-group of Elected Members from the Joint Committee who meet regularly to approve contract awards and other business decisions.

The **Management Group** consists of six local authority Chief Executives ensuring delivery of Scotland Excel’s overall business plan objectives and providing strategic direction across a range of operational areas.

Internally, the organisation has Executive and Senior Management Teams that run the day-to-day business of Scotland Excel. There is also an Employee Forum that facilitates employee engagement, as well as leading the organisational Health and Well-being programme and organising charity and social events.

## Strategic Aims

The Scotland Excel Corporate Strategy 2023-2028, approved by the Joint Committee in December 2022, sets out how we plan to raise our game further over the coming years, providing even greater support to councils and other public and third sector stakeholders.

The Strategy looks forward over a period of five years to support a longer-term view of our goals and objectives and enable us to plan accordingly.

The Strategy can be found at the following link:

<https://home.scotland-excel.org.uk/media/uvrm2flx/corporate-strategy-2023-28-final.pdf>



The current Scotland Excel Strategy Map identified within the 2023-28 Corporate Strategy is detailed below.

**Vision**

To provide collaborative, innovative and transformative solutions that support social, economic and environmental wellbeing.

**Mission**

We will make the most of our expertise and experience by leading and collaborating on solutions that support local and national aims for fairer, wealthier and greener communities.

**Corporate Goals**

Through our experience, expertise, innovation and collaboration, we will create and deliver solutions which provide value to our members across key strategic areas:

- Journey towards a net zero Scotland by 2045.
- Drive for efficiency to support the financial sustainability of local public service.
- Community wellbeing with equal access to services, economic development and fair work jobs.
- Resilient supply chains that maximise opportunities for Scottish businesses and the third sector.
- Advancement of skills to deliver Scotland’s economic transformation.

**Procurement & Commissioning**

We will continue to develop and manage procurement solutions which provide an effective route to market for our members. Our frameworks will continue to deliver additional social, economic and environmental value for communities.

We will:

- Support our members with their drive for financial sustainability by helping them to maximise savings, efficiencies and benefits from our frameworks.
- Implement our new sustainable procurement and net zero strategies to support our members’ net zero journey.
- Develop and deliver new and next generation contracts for key strategic areas including construction, digital and care.
- Respond to new policy and legislation that may impact the value delivered by our frameworks.

**Services**

We will continue to provide services for our members to help them strengthen their procurement capability, including through the Scotland Excel Academy.

We will:

- Develop proposals for growing our membership and expanding the market for our services.
- Identify and evaluate new service opportunities that provide value to our members.
- Explore alternative business models to support growth and reduce reliance on membership fees.
- Develop and implement new qualification and procurement training programmes based on member requirements.
- Champion public procurement talent through employment and training initiatives.

**Partnerships**

We will continue to work with the Scottish Government and other national public sector organisations to influence and support policies and programmes that deliver benefits for our members.

We will:

- Develop a partnership strategy to plan and prioritise engagement activity which maximises the value of our relationships.
- We will strengthen our relationships with other local government bodies to provide a unified connection between policy, finance and procurement.
- Develop mutually beneficial relationships with care and other third sector organisations.
- Explore opportunities to provide additional value for members through working in partnership with UK organisations.

**Strategic Enablers: Corporate, Finance & ICT**

We will continue to develop robust and cost-effective corporate, finance and ICT services which support all business operations and underpin the delivery of our five-year strategy.

We will:

- Explore the opportunities, benefits and risks of alternative business models.
- Enhance our income forecasting and rebate monitoring tools.
- Explore office and facilities solutions appropriate for hybrid and remote working.
- Develop and implement a new business intelligence strategy and plan.
- Develop and deliver a new five-year ICT strategy and plan to enhance business efficiency.
- Explore methods to reduce the carbon footprint of our business operations.

**Strategic Enablers: Organisational Development**

We will continue to implement our People Strategy and the recommendations of our Gold Standard Investors in People report to ensure that our staff fulfill their potential. A culture of performance management will support career development and underpin the delivery of effective and efficient services.

We will:

- Implement an employee journey that supports the recruitment and retention of talented staff.
- Undertake succession planning to support career development and create a steady pipeline of talent at all levels.
- Equip staff with the skills required to provide value to our customers, now and in the future.
- Support the wellbeing of our staff through flexible working, physical and mental health resources, and staff engagement platforms.

**Strategic Enablers: Engagement & Communication**

We will continue to develop and deliver engagement and communications plans which increase Scotland Excel’s influence and ensure our members obtain maximum value from our services.

We will:

- Increase engagement with elected members and other senior stakeholders.
- Improve customer experience and increase satisfaction.
- Engage with partners and stakeholders on net zero strategies and other key policy areas.
- Provide advocacy and representation for our members within key national policy groups and programmes.

# Performance

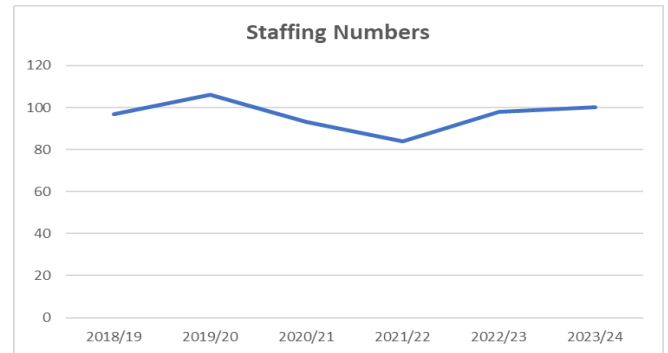
## Review of the Year

During 2023/24, Scotland Excel continued to deliver against target outcomes detailed within the organisation’s “Our Corporate Strategy 2023-28” document. For financial year 2023/24, Scotland Excel concluded 11 national frameworks with an overall anticipated annual value of almost £158m, bringing the estimated total value of the contract portfolio managed and administered by Scotland Excel to c£2bn. The graph below shows the rise in estimated value of the managed contract portfolio administered by Scotland Excel over the past 6 years.



During 2023/24, Scotland Excel carried out a comprehensive Workforce Development Plan with the aim of ensuring that the Scotland Excel workforce and structure continues to meet the growing and diversifying demands from its stakeholders, within an ever changing and challenging environment.

The graph below tracks Scotland Excel staffing numbers over the past 6 years.



## Key Performance Indicators

The following infographic provides an overview of Key Performance Indicators (KPIs) as at 31 March 2023. KPI information for 2023/24 is not available at time of writing.

### Scotland Excel Overview

**£2bn**  
Advertised value of the portfolio

**£556m**  
Spend where savings have been targeted

**£25m**  
Estimated savings

**69**  
Number of live frameworks

**66%**  
Average utilisation

**£1.2m**  
Estimated rebate earned

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**Suppliers**

**1,031**  
Number of suppliers over all frameworks

**75%**  
% SMEs over all frameworks

**676**  
Number of Scottish suppliers over all frameworks

**83%**  
% of Scottish suppliers that are SMEs

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**Learning and Development**

**348**  
Qualifications awarded by The Academy

**Community Benefits**

Total	1946	407	88,395 hrs	£3.8m
April 22 to March 23	296	49	15,411 hrs	£783k
	Jobs	Apprentices	Work Experience	Charity/community initiatives

**Real Living Wage**

**87%**  
Suppliers paying the Real Living Wage

Framework Information at Q4 22/23 | Spend against which savings have been targeted represents spend on frameworks across the portfolio, excluding Social Care service frameworks | Estimated savings figure comprises; direct price-based savings, cost avoidance (collaboration) and cost avoidance (indexation) | Rebates for 2021/22 | Community Benefits for 2022/23

## Contract Rebates

The use of volume Contract Rebates within appropriate contracts was approved by Scotland Excel at the June 2018 Joint Committee. As part of the internal contract governance process, the applicability of the inclusion of rebates is now standard practice within the organisation.

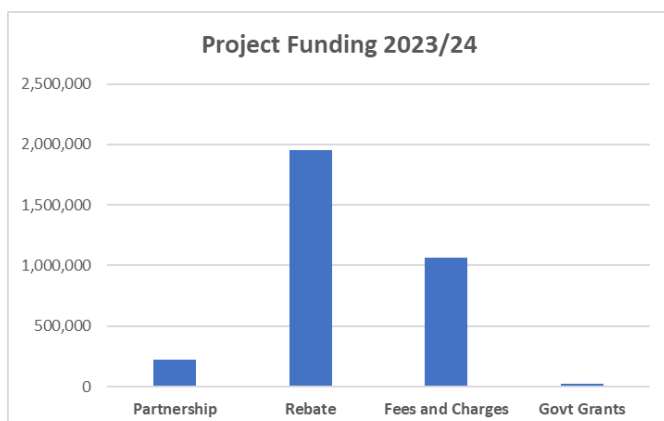
Income from Contract Rebates was budgeted within the core operating budget to deliver a contribution of £583k to core operating costs in financial year 2023/24, and this figure has been achieved.

The number of Scotland Excel frameworks with built-in rebates increased during 2023/24 and is projected to increase during 2024/25. The contribution from Contract Rebates to core operating costs during 2024/25 is budgeted to achieve £1.048m.

## Consultancy

During 2023/2024, Scotland Excel worked closely with a range of public, third and Government sector organisations to deliver procurement related projects and consultancy services. Projects are resourced through a range of funding models, including Scottish Government grant funding, partnership funding across a group of local authority partners, contractual rebate, and specific project fees for individual projects or services.

Sources and levels of Project funding for 2023/24 are shown in the chart below.



In total, 14 projects were delivered by Scotland Excel during 2023/24, generating a turnover in excess of £3.3m and achieving a contribution to core running costs of £587k.

The Flexible Procurement project continued to develop during 2023/24 generating an annual turnover of c£390k. This project team is available for members to purchase specific procurement activity they wish to be carried out by Scotland Excel. Members who requested additional procurement services from the Flexible Procurement Team during 2023/24 included a number of local authorities, Crown Estate Scotland, City Property Glasgow (Investments) LLP, the Care Inspectorate and, the Improvement Service.

## Learning and Development

The Scotland Excel Academy's Virtual Learning Environment (VLE) has 2,463 registered learners who access people development accredited and unaccredited programmes, workshops, video content, eLearning and discussion forums. Learners have secure access to accredited programmes and public access to free learning and development materials.

During 2023/24, the Academy completed 10 accredited cohorts – two in Procurement, one in Leadership and Management, two in Strategic Leadership and Management, three in Project Management, and two in Business Analysis and Innovation. The Academy also delivers the Scottish Government Procurement and Commercial Training Framework (SG PCTF), engaging 600 learners across 38 workshops in 2023/24.

In addition to chargeable training, the Academy delivers free learning and development workshops to members and partners, engaging 272 learners in nine Stay Connected workshops. These workshops span procurement, leadership and management, project management, business analysis and innovation.

Working with Glasgow Caledonian University and the Scottish Government Procurement and Property Directorate, the Academy has co-designed the first



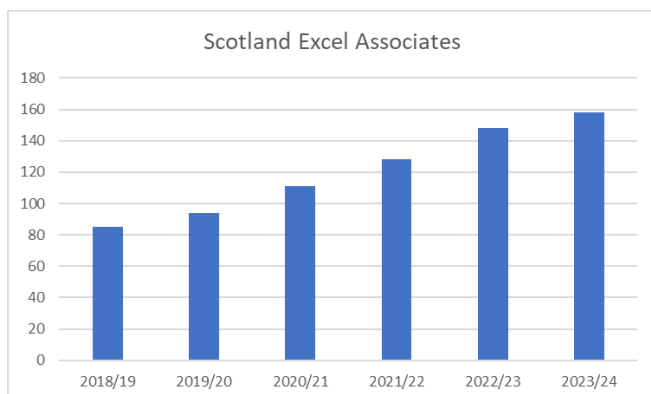
Graduate Apprenticeship in Procurement. This is scheduled to launch in September 2024 and will be the first Graduate Apprenticeship programme to offer specialisms in procurement and supply chain management.

The Academy’s contribution to core running costs for 2023/24 was budgeted at £30k, and this contribution was achieved.

## Associate Membership Expansion

Scotland Excel continues to build its portfolio of Associate Members, which currently number 158 in total. Associate Members are made up of 26 Arm’s Length External Organisations (ALEOs), who gain associate membership through their host local authority. A further 132 Associate Members are drawn from a range of sectors, including Social Housing, Charitable Trusts and include a number of Scottish Government Bodies.

Scotland Excel Associate Members have access to the full range of contracts and frameworks administered by Scotland Excel, along with access to the procurement expertise available within the organisation. The graph below details the growth in Associate membership for Scotland Excel over the past six years.



The budgeted income target from Associates for 2023/24 was £230k. This figure has been achieved, with the actual contribution to Core from Associate members totaling £234k in 2023/24, an increase of £35k on the previous year.

## New Build Housing

Challenges, including the impact of the COVID-19 pandemic, Brexit, and on-going conflict around the world continue to impact usage levels of the New Build Housing framework. During 2023/24, a further eight new build projects were added to the existing list of projects actively utilising the framework. No contribution from the New Build framework was budgeted during 2023/24 and the framework continued to cover all running costs from rebates accrued from sales. A contribution of £66k to core running costs from the New Build project has been budgeted for 2024/25.

The next generation of the New Build framework will be launched during 2024/25.

## Primary Financial Statements

The annual accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Under Section 106 of the Local Government (Scotland) Act 1973, joint committees are classed as local authorities.

The annual accounts summarise the Joint Committee’s transactions for the year and its position at 31 March 2024. The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the Balance Sheet. These statements are accompanied by Notes to the Accounts, which provide more details on the figures shown in the statements and set out the Accounting Policies adopted by the Joint Committee.

The Joint Committee does not have a bank account. Apart from petty cash, all transactions are accounted for through Renfrewshire Council as the administering authority. There is £0 cash balance at 31 March 2024 due to the recent closure of petty cash facilities previously held by officers.

## Financial Performance

Excluding Project expenditure and income, the Joint Committee returned a net underspend in 2023/24 of £80k against a budgeted break-even position.

There were material overspends in the year within Employee Costs (£355k) due mainly to higher than budgeted pay award in 2023/24, and in Supplies and Services (£29k) mainly due to higher than budgeted legal costs.

There were underspends within Support Costs (£53k) mainly resulting from savings accrued from a competitive tender process for Professional Indemnity Insurance renewal costs for 2023/24. Transport Cost underspent by £13k, due to less travel to meetings, training and conferences. The net result was an overspend in gross expenditure for 2023/24 of £313k.

Income from requisitions was fully recovered in the year and there was a higher level of interest received in-year than budgeted (16k). Income from Projects significantly over-recovered in Core (£373k) arising mainly from rebate income generated by Scotland Excel frameworks. During the year an additional £224k of rebate income that was attributable to 2022/23 was received. This has resulted in a Prior Year

restatement, which is detailed in Note 1 on page 19. It was transferred in-year from Projects to Core.

Scotland Excel's Projects ended the year at 31 March 2024 with a surplus of income over expenditure of £630k. This balance is committed for future Project spend, as outlined in Note 4: Transfers to / from Earmarked Reserves on page 22.

The Comprehensive Income and Expenditure Statement (CIES) on page 16 summarises the total costs of providing services and the income available to fund those services.

The difference between Employee Costs in the figure below and the figure reported in the CIES is due to accounting adjustments for pension costs (£47k) and accrued employee benefits (£66k).

The difference between the Other Income figure below and the figure reported in the CIES is a Government Grant of £27k and interest receivable of £16k.

The CIES also records capital charges and capital grants that affect the accounting deficit. These reporting differences are presented in Note 2: Expenditure and Funding Analysis on page 20.

	Core Budget £	Actual £	Variance £	Projects Actual £	Total Actual £
Employee Costs	4,207,332	4,561,835	(354,503)	1,660,923	6,222,758
Property Costs	216,500	216,500	0	0	216,500
Transport Costs	20,000	7,425	12,575	407	7,832
Supplies and Services	291,601	320,102	(28,501)	824,951	1,145,053
Transfer Payments	22,001	17,137	4,864	5,598	22,735
Support Costs	303,290	250,250	53,040	0	250,250
<b>Total Expenditure</b>	<b>5,060,724</b>	<b>5,373,249</b>	<b>(312,525)</b>	<b>2,491,879</b>	<b>7,865,128</b>
Requisitions from Member Authorities	(3,999,008)	(3,999,008)	0	0	(3,999,008)
Income from Projects	(248,000)	(621,136)	373,136	(3,094,257)	(3,715,393)
Other Income	(813,716)	(832,925)	19,209	(27,380)	(860,305)
<b>Total Income</b>	<b>(5,060,724)</b>	<b>(5,453,069)</b>	<b>392,345</b>	<b>(3,121,637)</b>	<b>(8,574,706)</b>
<b>Net Draw on/(Contribution to) Reserves</b>	<b>0</b>	<b>(79,820)</b>	<b>79,820</b>	<b>(629,758)</b>	<b>(709,578)</b>

## The Balance Sheet at 31 March 2024

The Balance Sheet sets out the total net worth of the Joint Committee at a snapshot in time. When comparing the net worth of the Joint Committee at 31 March 2024 to that of the prior year, an overall increase in net worth of the organisation of £640k can be seen. This is primarily driven by an increase in current assets.

Non-current assets held by the Joint Committee include IT equipment and software. Details can be found in Note 7: Intangible Assets and Note 8: Plant and Equipment on page 25.

### Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 15: Retirement Benefits on page 28.

The appointed actuaries have confirmed a net asset of £7.835m (£7.635m in 2022/23), an improvement of £0.200m, in their assessment of the position of the pension fund. Some of this can be attributed to the LGPS Fund investment performance returns being higher than assumed. However, there is a cap on the value of a pension asset that can be reported for accounting purposes. For 2023/24, this adjusts the value of the pension asset shown in the balance sheet to £0, as in 2022/23.

A potential change to pension rules is outlined in Note 16: Contingent Liabilities on page 31; however, this has not been reflected in the pension liability reported in the Balance Sheet.

## Reserves

Scotland Excel holds a Revenue Reserve balance that comprises an uncommitted element to mitigate the impact of future cost pressures, along with balances specifically earmarked for the future delivery of Projects. Further detail on these balances can be found in Note 4: Transfers to / from Earmarked Reserves on page 22. The closing balance of Usable Reserves at 31 March 2023 has been restated as explained in Note 1: Prior Year Restatement on page 19. The closing balance of Usable Reserves at 31 March 2024 was £2.674m.













## Principal Risks and Uncertainty

Scotland Excel maintains a Strategic Risk Register to assess risks that could adversely impact on the delivery of organisational objectives and identifies actions currently undertaken to control and mitigate the likelihood and impact of these risks. The Strategic Risk Register is reviewed quarterly by the organisation's Senior Management Team and is presented regularly to the Scotland Excel Executive Sub-Committee and bi-annually to the Joint Committee.

Currently, there are 12 risks identified within the Scotland Excel Strategic Risk Register. Factors taken into consideration by Scotland Excel when reviewing the risk register over the past year include the on-going impact of Brexit on framework suppliers; increasing recruitment challenges within the procurement sector; continuing financial uncertainty across local government; the increasing incidence of cyber-crime and growing importance of cyber security; the ongoing redesign of Scottish public services i.e. the National Care Service (NCS) and the increasing importance of corporate social responsibility, including environmental considerations within our contract strategies.

The table below summarises the Strategic Risk Register and details the residual risk score allocated to each risk, following quarterly review.

### Residual Risk Movement Over the Last 4 Periods

Risk Ref.	Risk Title	Period				Trend
		Q2 23/24	Q3 23/24	Q4 23/24	Q1 24/25	
SXL001 – 24/25	Organisational Sustainability	15	15	15	15	
SXL002 - 24/25	Managing Growth and Diversity	12	12	16	12	
SXL003 - 24/25	Political, Legislative and Policy Change	16	16	20	20	
SXL004 - 24/25	Reputational Risk	12	12	16	16	
SXL005 - 24/25	Supply Chain Resilience	20	20	20	16	
SXL006 - 24/25	Staff Recruitment and Retention	16	16	16	12	
SXL007 - 24/25	Corporate Social Responsibility	9	9	9	9	
SXL008 - 24/25	Meeting Member and Stakeholder Expectations	12	12	16	16	
SXL009 - 24/25	Environmental Impact and Climate Change	12	12	12	16	
SXL010 - 24/25	National Emergency Including Pandemic	12	12	12	8	
SXL011 - 24/25	Redesign of Scottish Public Services	16	16	12	12	
SXL012 - 24/25	ICT and Cyber Security	16	16	16	16	

## Outlook and Future Plans

While 2023/24 presented a range of continuing challenges for Scotland Excel, the organisation has performed well during the year both financially and operationally, with services delivered to a high standard. Income streams continued to develop and performed above expectations. While the sector adapts to an ever more challenging financial environment, Scotland Excel will continue to work with its partners to ensure that ongoing service delivery requirements for public services are met and exceeded and that best value is consistently achieved.

## Conclusion

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support. Further information on the Annual Accounts can be obtained either by writing to: Scotland Excel, Renfrewshire House, Cotton Street, Paisley, PA1 1AR, by emailing us on: [contactus@scotland-excel.org.uk](mailto:contactus@scotland-excel.org.uk), or by telephoning 0141 488 8230.

**Councillor John Shaw**  
Convener

**Alastair MacArthur**  
Treasurer

**Julie Welsh**  
Chief Executive

# Statement of Responsibilities for the Annual Accounts

## The Joint Committee's Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The designated officer is Renfrewshire Council's Director of Finance and Resources, who is also the Treasurer of Scotland Excel;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure that 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);
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on 21 June 2024.

Signed on behalf of Scotland Excel.

**Councillor John Shaw**  
Convener

## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Accounts in accordance with proper practices as required by legislation and as 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 Treasurer 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 Treasurer has also:

- kept adequate accounting records that were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Joint Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2024.

**Alastair MacArthur**  
Treasurer

# Annual Governance Statement

## Scope of Responsibility

Scotland Excel’s Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Joint Committee’s elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

## The Joint Committee’s Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled. It also describes the way it engages with, and accounts to its stakeholders.

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee’s policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are summarised as follows:

- Clearly defined Procedural Standing Orders, Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts;
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives;
- Application of the Chartered Institute of Procurement and Supply, Code of Professional Ethics;
- Regular performance reporting to the Executive Sub Committee and public performance reporting through the Annual Report;
- A range of policies to regulate employee related matters, including the employee code of conduct, and disciplinary procedures;
- Arrangements to manage risk, including the Corporate Risk Register and business continuity plans;
- Clear customer complaints procedures;
- Comprehensive policies and procedures for information security;
- Arrangements supported by a range of policies and guidelines in compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. The system is based on a framework of management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

The system includes:

- Financial management is supported by comprehensive financial regulations and codes;
- Comprehensive budgeting systems, and detailed guidance for budget holders;

- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- The preparation of regular financial reports that indicate actual expenditure against the forecasts;
- The Chief Finance Officer is the Treasurer who complies with the CIPFA Statement on the Role of The CFO in Public Services.

With Renfrewshire Council being the lead authority, all financial transactions of the Joint Committee are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of as those of Renfrewshire Council. This includes regular reviews by Renfrewshire Council's Chief Auditor.

## Review of Effectiveness

Members and officers of the Joint Committee are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The effectiveness of the governance framework is reviewed annually by the Chief Executive, including the use of a self-assessment tool covering five key areas of governance:

- Service Planning and Performance Management;
- Internal Control Environment;
- Budgeting, Accounting and Financial Control;
- Risk Management and Business Continuity;
- Conflicts of Interest and whistleblowing.

This self-assessment indicated that the governance framework is being complied with in all material respects.

The Joint Committee's internal audit service is provided by the Lead Authority's Internal Auditors and operates in accordance with the Public Sector Internal Audit Standards. The Lead Authority conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process.

The Council's Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's internal control systems. The review has not identified any significant governance issues to be reported on for 2023/24 and no actions arising for the 2022/23 governance statement that require to be reported on. This governance framework has been in place throughout the year.

## Assurance

In conclusion, it is our opinion that the annual review of governance together with the work of internal audit, any comments received from external audit and certification of assurance from the Chief Executive provide sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions will be taken as necessary to maintain and further enhance the Joint Committee's governance arrangements.

**Councillor John Shaw**  
Convener

**Julie Welsh**  
Chief Executive



## Remuneration Report

All information disclosed in the tables in this Remuneration Report will be audited by the appointed auditor, Azets. The other sections of the Remuneration Report will be reviewed by Azets to ensure that they are consistent with the financial statements.

## Remuneration of elected members

The Joint Committee makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members. Further, no recharges have been made by member authorities in relation to elected member remuneration.

## Remuneration of senior employees

2022/23 Total Salary, fees and allowances £	Name	Post Held	2023/24 Total Salary, fees and allowances £
120,592	Julie Welsh	Chief Executive	127,513
99,438	Hugh Carr	Head of Strategic Procurement	105,434
99,438	Stephen Brannagan	Head of Customer & Business Services	105,434

Salary, fees and allowances includes any other payments made to or receivable by the person in connection with the termination of their employment, or, in the case of a councillor, the total of any payment made to that person in connection with their ceasing to hold office before the end of a fixed term appointment.

The Chief Executive's salary is matched to the Renfrewshire Council Chief Officer pay scale CO21.

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2024, whether or not those amounts were actually paid to, or received by, those persons within that period.

## Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS). From 1 April 2015 benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme, uplifted by the increase in the cost of living, as measured by the

appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age for each member.

From 1 April 2009 a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

Tiered contribution rates on whole time pay 2023/24		Equivalent bandings for 2022/23
Up to £25,300	5.5%	Up to £23,000
£25,301 to £31,000	7.25%	£23,001 to £28,100
£31,001 to £42,500	8.5%	£28,101 to £38,600
£42,501 to £56,600	9.5%	£38,601 to £51,400
Over £56,601	12%	Over £51,401

If a person works part-time their contribution rate will be based on their part-time pay.

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

The accrual rate guarantees a pension based on 1/49<sup>th</sup> of the pensionable pay for each year of membership, adjusted in line with the cost of living (prior to 2015 the accrual rate guaranteed a pension based on 1/60<sup>th</sup> of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its

payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

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

Name	Post Held	Accrued Pension Benefits				Pension Contributions made by Scotland Excel	
		As at 31 March 2024		Change from 31 March 2023		2023/24	2022/23
		Pension	Lump Sum	Pension	Lump Sum		
		£000	£000	£000	£000	£	£
Julie Welsh	Chief Executive	39	2	7	0	24,678	23,274
Hugh Carr	Head of Strategic Procurement	28	0	6	0	20,349	19,191
Stephen Brannagan	Head of Customer & Business Services	19	0	5	0	20,349	19,191

## Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2023/24, in bands of £5,000. Bands not shown contain nil employees.

2022/23 Number of employees	Remuneration Band	2023/24 Number of employees
14	£50,000 - £54,999	12
6	£55,000 - £59,999	7
3	£60,000 - £64,999	5
1	£65,000 - £69,999	3
0	£70,000 - £74,999	1
0	£75,000 - £79,999	1
2	£100,000 - £104,999	0
0	£105,000 - £109,999	2
1	£120,000 - £124,999	0
0	£125,000 - £129,999	1
27		32

## Exit packages

Three exit packages were agreed in 2023/24 as detailed in the table below. These were all agreed on a voluntary basis; there were no compulsory redundancies. Scotland Excel only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total cost of the exit package.

The total exit package costs in the table below include redundancy, pension strain and compensatory lump sum payments.

2022/23	Exit Packages	2023/24	
Value		Number of employees	Value
£			£
0	£20,001 - £40,000	2	48,611
0	£40,001 - £60,000	1	46,269
0		3	94,880

**Councillor John Shaw**  
Convener

**Julie Welsh**  
Chief Executive

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing the Joint Committee during the year. It includes, on an accruals basis, all of the Joint Committee's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

2022/23 (restated)			Note	2023/24		
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
6,674,420	0	6,674,420	Employee Costs	6,242,010	0	6,242,010
216,500	0	216,500	Property Costs	216,500	0	216,500
990,556	0	990,556	Supplies and Services	1,124,739	0	1,124,739
271,925	0	271,925	Support Costs	250,250	0	250,250
21,167	0	21,167	Transfer Payments	22,735	0	22,735
4,537	0	4,537	Transport Costs	7,832	0	7,832
21,159	0	21,159	Capital Charges	23,866	0	23,866
0	(3,050,659)	(3,050,659)	Income from Projects	0	(3,715,392)	(3,715,392)
0	(98,000)	(98,000)	Government Grants	0	(27,380)	(27,380)
0	(742,467)	(742,467)	Other Income	0	(816,844)	(816,844)
<b>8,200,264</b>	<b>(3,891,126)</b>	<b>4,309,139</b>	<b>Cost of Services</b>	<b>7,887,932</b>	<b>(4,559,616)</b>	<b>3,328,316</b>
			<b>Financing and Investment Income and Expenditure</b>			
0	(1,167)	(1,167)	Interest receivable	0	(16,081)	(16,081)
71,000	0	71,000	Pension interest cost	15	0	(2,000)
			<b>Taxation and Non-Specific Grant Income</b>			
0	(3,883,006)	(3,883,006)	Requisitions from Member Authorities	14	0	(3,999,008)
<b>8,271,264</b>	<b>(7,775,299)</b>	<b>495,966</b>	<b>Deficit on the provision of services</b>	<b>7,887,932</b>	<b>(8,576,705)</b>	<b>(688,773)</b>
			<b>Other Comprehensive Income and Expenditure</b>			
		(3,209,000)	Actuarial (Gains) or losses on pension assets and	15		49,000
		<b>(2,713,034)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(639,773)</b>

Note that figures in brackets represent income or gains and figures without brackets represent expenditure or losses. For information on the 2022/23 restatement, please see Note 1: Prior Year Restatement on page 19.

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Movement in reserves during the year	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2023		(1,964,262)	(57,265)	(2,021,527)
Total Comprehensive Income and Expenditure		(688,773)	49,000	(639,773)
Adjustments between accounting basis and funding basis under regulations	6	(20,804)	20,804	0
<b>Increase or (decrease) in year</b>		<b>(709,577)</b>	<b>69,804</b>	<b>(639,773)</b>
Balance at 31 March 2024		(2,673,839)	12,539	(2,661,300)

Comparative movements in 2022/23 (restated)	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2022		(1,359,130)	2,050,637	691,507
Total Comprehensive Income and Expenditure		495,966	(3,209,000)	(2,713,034)
Adjustments between accounting basis and funding basis under regulations	6	(1,101,098)	1,101,098	0
<b>Increase or (decrease) in year</b>		<b>(605,132)</b>	<b>(2,107,902)</b>	<b>(2,713,034)</b>
Balance at 31 March 2023		(1,964,262)	(57,265)	(2,021,527)

For information on the 2022/23 restatement, please see Note 1: Prior Year Restatement on page 19.

## Balance Sheet

The balance sheet shows the value as at 31 March 2024 of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee 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 comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

As at 31 March 2023 (restated) £		Note	As at 31 March 2024 £
82,332	Intangible Assets	7	69,366
40,441	Plant and Equipment	8	49,857
<b>122,773</b>	<b>Long-term Assets</b>		<b>119,223</b>
814,313	Funds held by Renfrewshire Council		937,366
1,510,533	Short-term Debtors and Prepayments	10	2,146,842
150	Cash in Hand		0
<b>2,324,996</b>	<b>Current Assets</b>		<b>3,084,208</b>
(426,242)	Creditors And Accruals	11	(542,131)
<b>(426,242)</b>	<b>Current Liabilities</b>		<b>(542,131)</b>
0	Pension (liability)/Asset	15	0
<b>0</b>	<b>Long Term Liabilities</b>		<b>0</b>
<b>2,021,527</b>	<b>Net Assets / (Liabilities)</b>		<b>2,661,300</b>
(1,964,262)	Usable Reserves	4	(2,673,839)
(57,265)	Unusable Reserves	5	12,539
<b>(2,021,527)</b>	<b>Total Reserves</b>		<b>(2,661,300)</b>

The unaudited accounts were issued on 21 June 2024. For information on the 2022/23 restatement, please see Note 1: Prior Year Restatement on page 19.

**Alastair MacArthur**  
Treasurer

## Note 1: Prior Year Restatement

In closing the accounts for 2022/23, rebate income anticipated and not yet received was accrued. During 2023/24 it transpired that the level of rebate income receivable was £224k higher than that accrual. This means that the outturn position was £224k higher than reported in the audited accounts for 2022/23. The 2022/23 accounts require to be restated so that opening reserve balances are correct for the 2023/24 accounts. The effect on the CIES, presented on page 16 is as follows:

CIES	Originally Stated at 31 March 2023 £	Restated as at 31 March 2024 £	Amount of Restatement £
Income from Projects	(2,826,283)	(3,050,659)	(224,376)
<b>Cost of Services</b>	<b>4,533,515</b>	<b>4,309,139</b>	<b>(224,376)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>720,342</b>	<b>495,966</b>	<b>(224,376)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(2,488,658)</b>	<b>(2,713,034)</b>	<b>(224,376)</b>

The Code requires that a third Balance Sheet is presented for the beginning of the preceding financial year when a retrospective restatement affects opening balances. There is no impact on 2022/23 opening balances for this restatement. The effect on the 2022/23 Balance Sheet (and associated Notes) is as follows:

Balance Sheet	Originally Stated at 31 March 2023 £	Restated as at 31 March 2024 £	Amount of Restatement £
Short-term Debtors and Prepayments	1,286,157	1,510,533	224,376
<b>Current Assets</b>	<b>2,100,620</b>	<b>2,324,996</b>	<b>224,376</b>
<b>Net Assets / (Liabilities)</b>	<b>1,797,151</b>	<b>2,021,527</b>	<b>224,376</b>
Usable Reserves	(1,739,886)	(1,964,262)	(224,376)
<b>Total Reserves</b>	<b>(1,797,151)</b>	<b>(2,021,527)</b>	<b>(224,376)</b>

The following restatement was also required for the Movement in Reserves Statement. The restated prior period Movement in Reserves Statement is provided with the current year information on page 17. The Usable Reserve affected was the Small Value Procurement Project.

Usable Reserves	Originally Stated at 31 March 2023 £	Restated as at 31 March 2024 £	Amount of Restatement £
Balance at 1 April 2022	(1,359,130)	(1,359,130)	0
Total Comprehensive Income and Expenditure	720,342	495,966	(224,376)
Adjustments between accounting basis and funding basis under regulations	(1,101,098)	(1,101,098)	0
<b>Increase or (decrease) in year</b>	<b>(380,756)</b>	<b>(605,132)</b>	<b>(224,376)</b>
<b>Balance at 31 March 2023</b>	<b>(1,739,886)</b>	<b>(1,964,262)</b>	<b>(224,376)</b>

## Note 2: Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Joint Committee's financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure Statement. For information on the 2022/23 restatement, please see Note 1: Prior Year Restatement on page 19.

2023/24	Net Expenditure chargeable to Scotland Excel £	Adjustments for capital £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	6,222,758		(47,000)	66,254	6,242,010
Property Costs	216,500				216,500
Supplies and Services	1,145,053	(20,316)			1,124,739
Support Costs	250,250				250,250
Transfer Payments	22,735				22,735
Transport Costs	7,832				7,832
Capital Charges	0	23,866			23,866
Income from Projects	(3,715,393)				(3,715,392)
Government Grants	0			(27,380)	(27,380)
Other Income	(860,305)			43,461	(816,844)
<b>Cost of Services</b>	<b>3,289,430</b>	<b>3,550</b>	<b>(47,000)</b>	<b>82,335</b>	<b>3,328,316</b>
Other income and expenditure	(3,999,008)	0	(2,000)	(16,081)	(4,017,089)
<b>(Surplus) or deficit on the provision of service</b>	<b>(709,578)</b>	<b>3,550</b>	<b>(49,000)</b>	<b>66,254</b>	<b>(688,773)</b>

2022/23 (restated)	Net Expenditure chargeable to Scotland Excel £	Adjustments for capital £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	5,651,949		1,042,000	(19,529)	6,674,420
Property Costs	216,500				216,500
Supplies and Services	1,004,088	(13,532)			990,556
Support Costs	271,925				271,925
Transfer Payments	21,167				21,167
Transport Costs	4,537				4,537
Capital Charges	0	21,159			21,159
Income from Projects	(3,050,659)				(3,050,659)
Government Grants	0			(98,000)	(98,000)
Other Income	(841,634)			99,167	(742,467)
<b>Cost of Services</b>	<b>3,277,874</b>	<b>7,627</b>	<b>1,042,000</b>	<b>(18,362)</b>	<b>4,309,139</b>
Other income and expenditure	(3,883,006)	0	71,000	(1,167)	(3,813,173)
<b>(Surplus) or deficit on the provision of service</b>	<b>(605,132)</b>	<b>7,627</b>	<b>1,113,000</b>	<b>(19,529)</b>	<b>495,966</b>



## Note 3: Accounting Standards Issued not 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.

The following new or amended standards are adopted within the 2024/25 Code:

- IFRS 16 Leases
- Classification of liabilities as Current or Non-current (Amendments to IAS1)
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IFRS 16)

There is no material impact anticipated in future years from the implementation of these standards, other than IFRS 16 Leases.

CIPFA LASAAC has issued a formal decision to defer the implementation of IFRS 16 until 1 April 2024 when Scotland Excel will apply IFRS 16 in the 2024/25 accounts. The impact of the new requirement is that arrangements previously accounted for as operating leases, a right of use asset and a lease liability will be brought into the balance sheet at 1 April 2024.

IFRS 16 will be applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right of use assets and lease liabilities will be calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

Recognition exemptions will apply to short term leases, meaning that right of use assets and lease liabilities that have a term of 12 months or less, as well as leases of low value assets, will not be recognised.

It is anticipated that the application of the Code's adaptation of IFRS 16 will result in the additions to the balance sheet in 2024/25 of Property, Plant and equipment (right of use assets) amounting to £375,510.

## Note 4: Transfers to / from Earmarked Reserves

This note sets out the amounts transferred to and from Revenue and Project balances to meet expenditure in 2022/23 and beyond. For information on the 2022/23 restatement, please see Note 1: Prior Year Restatement on page 19.

	Balance at 1 April 2023 (restated) £	Transfers out £	Transfers in £	Balance at 31 March 2024 £
Revenue Reserve - uncommitted balance	(244,544)	0	(79,820)	(324,364)
The Academy	(159,580)	20,380	0	(139,200)
Digital Transformation	(19,186)	5,116	0	(14,070)
Dumfries & Galloway Project	(36,800)	87,425	0	50,625
Early Learning and Childcare	(75,482)	75,482	0	0
East Lothian Project	16,782	0	0	16,782
East Renfrewshire Project	(16,652)	0	0	(16,652)
Hosted Procurement	(214,174)	0	(17,769)	(231,943)
National Care Home Contract	(57,498)	22,700	0	(34,798)
New Build Project	169,216	0	(176,883)	(7,667)
South Lanarkshire Council	(123,589)	0	(35,373)	(158,962)
Small Value Procurement	(1,126,464)	0	(592,209)	(1,718,673)
Stirling Council	(18,612)	0	(32,013)	(50,625)
Scottish Government Rehab Project	(44,339)	40,638	0	(3,701)
Dundee City Council	(4,751)	0	(35,840)	(40,591)
SEEMIS	(8,588)	8,588	0	0
<b>Total Usable Reserves</b>	<b>(1,964,261)</b>	<b>260,329</b>	<b>(969,907)</b>	<b>(2,673,839)</b>

	Balance at 31 March 2024 £	Committed £	Uncommitted Balance £	Note
Revenue Reserve - uncommitted balance	(324,364)	0	(324,364)	(a)
The Academy	(139,200)	(139,200)	0	(b)
Digital Transformation	(14,070)	(14,070)	0	(b)
Dumfries & Galloway Project	50,625	50,625	0	(b)
East Lothian Project	16,782	16,782	0	(b)
East Renfrewshire Project	(16,652)	(16,652)	0	(b)
Hosted Procurement	(231,943)	(231,943)	0	(b)
National Care Home Contract	(34,798)	(34,798)	0	(b)
New Build Project	(7,667)	(7,667)	0	(b)
South Lanarkshire	(158,962)	(158,962)	0	(b)
Small Value Procurement	(1,718,673)	(1,718,673)	0	(b)
Stirling Council	(50,625)	(50,625)	0	(b)
Scottish Government Rehab Project	(3,701)	(3,701)	0	(b)
Dundee City Council	(40,591)	(40,591)	0	(b)
<b>Total Usable Reserves</b>	<b>(2,673,839)</b>	<b>(2,349,475)</b>	<b>(324,364)</b>	

### Notes

- a) The balance on the Revenue Reserve represents 5.7% of the Cost of Services in 2023/24 (5.5% in 2022/23);  
b) Balances are ring-fenced for continuing 2024/25 Project delivery.

## Note 5: Unusable Reserves

### Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Joint Committee 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 costs.

However, statutory arrangements require benefits earned to be financed, as the Joint Committee makes employer's contributions to pension funds. The credit balance on the Pension Reserve at 31 March 2024 (before the asset cap is applied) indicates a net asset position in the Joint Committee's share of Strathclyde Pension Fund resources available to meet the cost of benefits earned by past and current employees (£7.635m at March 2023). Statutory arrangements, such as the triennial valuations, ensure that sufficient funding will have been set aside by the time that benefits come to be paid.

2022/23 £	Pension Reserve	2023/24 £
2,096,000	Balance as at 1 April	0
(10,844,000)	Actuarial (gains) and losses on pension assets and liabilities	212,000
7,635,000	Restriction to pension asset ceiling	(163,000)
1,113,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(49,000)
0	Balance as at 31 March	0

### Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for compensated absences earned, but not taken at the end of the financial year. However, statutory arrangements, or regulations, require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from this Account.

2022/23 £	Employee Statutory Adjustment Account	2023/24 £
85,036	Balance as at 1 April	65,507
(85,036)	Reversal of prior year accrual for short-term accumulating compensated absences	(65,507)
65,507	Accrual for short-term accumulating compensating absences at 31 March	131,761
65,507	Balance as at 31 March	131,761

### Capital Adjustment Account

The Capital Adjustment Account absorbs 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. It is debited with the cost of acquisition, construction or enhancement as

depreciation, impairment losses and amortisations are charged to the CIES and credited with the amounts set aside as finance for these costs.

2022/23 £	Capital Adjustment Account	2023/24 £
(130,399)	Balance as at 1 April	(122,772)
21,159	Charges for depreciation of non-current assets	23,866
(13,532)	Capital expenditure charged against Revenue balances	(20,316)
(122,772)	Balance as at 31 March	(119,222)

## Note 6: Adjustments between Accounting Basis and Funding Basis under Regulations

The surplus for the year on the Revenue Reserve was £20,804 more than the surplus shown in the Comprehensive Income and Expenditure Statement. The table below gives a breakdown of the differences between the income and expenditure included in the CIES in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2023/24	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
Charges for depreciation of non-current assets	(23,866)	23,866
Capital expenditure charged against Revenue balances	20,316	(20,316)
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(777,000)	777,000
Employers contributions payable to the Strathclyde Pension Fund	826,000	(826,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	(66,254)	66,254
<b>Total adjustments</b>	<b>(20,804)</b>	<b>20,804</b>

2022/23	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
Charges for depreciation of non-current assets	(21,159)	21,159
Capital expenditure charged against Revenue balances	13,532	(13,532)
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(1,858,000)	1,858,000
Employers contributions payable to the Strathclyde Pension Fund	745,000	(745,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	19,529	(19,529)
<b>Total adjustments</b>	<b>(1,101,098)</b>	<b>1,101,098</b>

## Note 7: Intangible Assets

2022/23 £	Software	2023/24 £
	<b>Opening balance</b>	
129,660	Gross carrying amounts	129,660
(34,362)	Accumulated amortisation	(47,328)
<b>95,298</b>	<b>Net carrying amount at 1 April</b>	<b>82,332</b>
0	Additions	0
(12,966)	Amortisation for the year	(12,966)
<b>82,332</b>	<b>Net carrying amount at 31 March</b>	<b>69,366</b>
	<b>Comprising:</b>	
129,660	Gross carrying amounts	129,660
(47,328)	Accumulated amortisation	(60,294)
<b>82,332</b>		<b>69,366</b>

## Note 8: Plant and Equipment

2022/23 £	Plant and Equipment	2023/24 £
	<b>Cost or Valuation</b>	
55,171	Opening balance at 1 April	68,703
13,532	Additions	20,316
<b>68,703</b>	<b>Gross Book Value at 31 March</b>	<b>89,019</b>
	<b>Depreciation and Impairment</b>	
(20,069)	Accumulated depreciation at 1 April	(28,262)
(8,193)	Depreciation charge for year	(10,900)
<b>(28,262)</b>	<b>Accumulated depreciation at 31 March</b>	<b>(39,162)</b>
<b>35,102</b>	<b>Opening Net Book Value</b>	<b>40,441</b>
<b>40,441</b>	<b>Closing Net Book Value</b>	<b>49,857</b>

## Note 9: External audit costs

2022/23 £		2023/24 £
10,510	Fees payable in respect of external audit services	9,790

## Note 10: Debtors

As at 31 March 2023 (restated) £	Short-term debtors	As at 31 March 2024 £
108,630	Prepayments	112,694
1,401,903	Other receivable amounts	2,034,148
<b>1,510,533</b>	<b>Total</b>	<b>2,146,842</b>

For information on the 2022/23 restatement, please see Note 1: Prior Year Restatement on page 19.

## Note 11: Creditors

As at 31 March 2023 £	Short-term creditors	As at 31 March 2024 £
(61,779)	Trade payables	(46,148)
(364,463)	Other payables	(495,983)
<b>(426,242)</b>	<b>Total</b>	<b>(542,131)</b>

## Note 12: Operating Leases

The operating lease for accommodation at Renfrewshire House has been extended until 2029, with a five-year break point in 2024. Lease expenditure charged in year to the CIES was £97,000 (2022/23 £97,000). The 2022/23 figures have been restated to reflect the exact number of days to the end of the lease, which is 12 February 2029.

2022/23 (restated) £	Future Minimum Lease Payments	2023/24 £
97,000	Not later than one year	97,000
388,000	Between one and five years	375,510
84,510	Later than five years	0
<b>569,510</b>	<b>Total</b>	<b>472,510</b>

## Note 13: Events after the balance sheet date

The unaudited accounts are issued to the Joint Committee on 21 June 2024. Where events taking place before this date provided information about conditions existing at 31 March 2024, 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 14: Related parties

Related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee. The Joint Committee is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties.

Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the Joint Committee 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 Joint Committee.

### Elected member interests in related parties

Under the relevant Codes of Conduct, elected members and senior officials must declare any registered interests in any bodies or organisations. Each member's Register of Interest can be found by searching for an individual councillor on each of their respective Council's websites, or clicking the link next to their name on the table opposite.

## Elected Members and senior officers

Members of the Joint Committee and senior officers have control over Scotland Excel's financial and operating policies. They have the responsibility to adhere to a Code of Conduct, requiring them to declare an interest in matters that directly or indirectly influence, or appear to influence, their judgement or decisions taken during the course of their work. The total senior officers' remuneration allowances paid in 2023/24 is shown in the Remuneration Report on page 13.

There is no specific remuneration paid to elected members by Scotland Excel.

The Joint Committee consists of one or more representative of all 32 councils in Scotland. It meets twice a year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The Executive Sub-Committee is a sub-group of elected members from the Joint Committee who meet regularly to approve contract awards and other business decisions. At 31 March 2024, it was comprised of the following councillors:

Member	Link to Member Interests
John Shaw (Convener)	Renfrewshire Council
Altany Craik (Vice)	Fife Council
David Keating	Aberdeenshire Council
Brenda Durno	Angus Council
Mandy Watt	City of Edinburgh Council
Kenny MacLeod	Comhairle nan Eilean Siar
Carolyne Wilson	Dumfries and Galloway Council
Ruairi Kelly	Glasgow City Council
Derek Loudon	Highland Council
Christina Larsen	North Ayrshire Council
Michael McPake	North Lanarkshire Council
Dennis Leask	Shetland Islands Council
Chris Cullen	South Ayrshire Council
Walter Brogan	South Lanarkshire Council

## Key Related Parties – member authorities

Scotland Excel is funded principally by requisitions from all 32 local authorities in Scotland, who have contributed in the following proportions to enable the Joint Committee to carry out its objectives:

2022/23 £	Council	%	2023/24 £
154,289	Aberdeen City	3.9%	157,769
172,791	Aberdeenshire	4.5%	178,354
90,340	Angus	2.3%	92,786
73,094	Argyll and Bute	1.9%	75,330
53,574	Clackmannanshire	1.4%	55,083
108,910	Dumfries and Galloway	2.8%	111,858
109,171	Dundee City	2.8%	111,234
93,643	East Ayrshire	2.4%	96,230
86,041	East Dunbartonshire	2.2%	88,571
85,160	East Lothian	2.2%	88,967
78,587	East Renfrewshire	2.0%	81,378
322,741	City of Edinburgh	8.3%	332,351
39,462	Eilean Siar	1.0%	40,547
115,750	Falkirk	3.0%	118,812
236,667	Fife	6.1%	243,764
384,257	Glasgow City	9.9%	395,787
158,361	Highland	4.1%	163,975
68,506	Inverclyde	1.7%	69,772
76,841	Midlothian	2.0%	80,269
78,752	Moray	2.0%	81,279
100,881	North Ayrshire	2.6%	103,352
218,370	North Lanarkshire	5.6%	224,305
36,932	Orkney Islands	1.0%	38,153
110,667	Perth and Kinross	2.9%	114,789
126,104	Renfrewshire	3.3%	130,044
89,947	Scottish Borders	2.3%	92,727
37,301	Shetland Islands	1.0%	38,387
88,298	South Ayrshire	2.3%	90,643
206,520	South Lanarkshire	5.3%	213,347
77,836	Stirling	2.0%	79,562
74,834	West Dunbartonshire	1.9%	76,246
128,379	West Lothian	3.3%	133,337
<b>3,883,006</b>	<b>Total</b>	<b>100%</b>	<b>3,999,008</b>

A number of councils participated in targeted procurement projects over the course of 2023/24, as well as contributing towards participation in work related to the National Care Home Contract- (NCHC). Income received for 2023/24 was as follows:

Council	NCHC	Projects
	£	£
Aberdeen City	8,868	151,995
Aberdeenshire	10,014	140
Angus	5,248	0
Argyll and Bute	4,276	0
Clackmannanshire	3,148	813
Dumfries and Galloway	6,311	47,649
Dundee City	6,276	166,450
East Ayrshire	5,440	0
East Dunbartonshire	5,014	0
East Lothian	5,036	1,130
East Renfrewshire	4,613	0
City of Edinburgh	18,591	9,000
Eilean Siar	2,339	0
Falkirk	6,698	0
Fife	13,657	0
Glasgow City	22,125	5,800
Highland	9,213	845
Inverclyde	3,967	532
Midlothian	4,551	130
Moray	4,607	813
North Ayrshire	5,837	1,659
North Lanarkshire	12,574	4,450
Orkney Islands	0	140
Perth and Kinross	6,474	140
Renfrewshire	7,324	0
Scottish Borders	5,245	820
Shetland Islands	0	3,750
South Ayrshire	5,129	850
South Lanarkshire	11,963	278,203
Stirling	4,512	32,000
West Dunbartonshire	4,327	565
West Lothian	7,507	0
<b>Total</b>	<b>220,884</b>	<b>707,874</b>

Renfrewshire Council is the lead authority for Scotland Excel, providing Treasurer and Clerking services, as well as support services, such as HR, Legal and Internal Audit. Scotland Excel has a service level agreement with Renfrewshire Council that sets out how much this support should cost each year. In

2023/24, Scotland Excel paid Renfrewshire Council £159,250 for support services (2022/23 £159,250).

Scotland Excel also received £16k from Renfrewshire Council for interest earned on cash balances (reserves) held by the Council on its behalf.

There were no further material transactions between Scotland Excel and its member authorities.

## Other public bodies

Strathclyde Pension Fund is the principal administrators of the post-retirement funds held on behalf of the current and former employees of Scotland Excel. Information about transactions during the year and outstanding assets and liabilities in relation to Scotland Excel's pension fund can be found in Note 15: Retirement Benefits.

Scotland Excel has a number of public bodies, including Housing Associations who are associate members and pay an annual fee to access its frameworks. In addition, a number of public bodies participated in targeted procurement projects over the course of 2023/24. Those bodies contributing a material level of income for 2023/24 were as follows:

Other Public and Associated Bodies	£
City Property Glasgow LLP	23,000
Crown Estate Scotland	10,000
Department of Health Northern Ireland	75,482
Forestry and Land Scotland	21,590
Highlands and Islands Airports Ltd	12,050
Kingdom Housing Association Ltd	23,616
Link Group Ltd	14,770
North Glasgow Housing Association Ltd	8,457
River Clyde Homes	9,126
Scottish Government	54,813
SEEMiS Group LLP	35,550
Strathclyde Partnership for Transport	10,815
The Scottish Parliament Corporate Body	33,550
Wheatley Housing Group Limited	42,700
<b>Total</b>	<b>375,519</b>

There were no other material transactions between Scotland Excel and other public bodies.

## Note 15: Retirement Benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The scheme for employees is Strathclyde Pension Fund, which is administered by Glasgow City Council. This is a funded defined benefit final salary scheme, meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance the pension liability with investment assets.

### 15a: Transactions relating to retirement benefits

The cost of retirement benefits is recognised in Gross Expenditure when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Joint Committee in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions.

The net change in the pension liability is recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year. The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2023/24 these amounted to £27,938 (2022/23 £25,530).



The following transactions have been made in the accounting statements in 2023/24:

2022/23 £		2023/24 £
	<b>Comprehensive Income &amp; Expenditure Statement (CIES)</b>	
1,787,000	Current service cost	779,000
<b>1,787,000</b>		<b>779,000</b>
	<b>Financing &amp; Investment Income &amp; Expenditure</b>	
71,000	Net Interest	(2,000)
<b>1,858,000</b>	<b>Total post employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>777,000</b>
	<b>Other post employment benefit charged to the CIES</b>	
1,022,000	Return on assets excluding amounts included in net interest	(1,240,000)
(11,866,000)	Actuarial (gains) and losses arising on changes in financial assumptions	1,452,000
<b>(10,844,000)</b>	<b>Total Actuarial (gains) and losses</b>	<b>212,000</b>
<b>(8,986,000)</b>	<b>Total post employment benefit charged to the CIES</b>	<b>989,000</b>
	<b>Movement in Reserves Statement</b>	
9,731,000	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	(163,000)
<b>745,000</b>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>	<b>826,000</b>

**Current service cost** is the cost of future entitlements to pension payments to current employees.

**Past service cost** is the estimated increase in liabilities arising from current year decisions that relates to years of service earned prior to this year.

**Net Interest** is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.

## 15b: Assets and liabilities in relation to retirement benefits

A reconciliation of the Joint Committee's share of the present value of Strathclyde Pension Fund's net asset is as follows:

2022/23 £000		2023/24 £000
25,688	Opening present value	16,304
1,787	Current service cost	779
717	Interest Cost	790
266	Contributions from employees	292
(288)	Benefits Paid	(468)
	<b>Remeasurement (gains)/losses:</b>	
(11,866)	Actuarial (gains)/losses arising from changes in financial assumptions	107
<b>16,304</b>	<b>Balance as at 31 March</b>	<b>17,804</b>

A reconciliation of the Joint Committee's share of the fair value of Strathclyde Pension Fund's assets is as follows:

2022/23 £000		2023/24 £000
23,592	Opening Fair Value	23,939
646	Interest Income	1,155
745	Contributions from employer	826
266	Contributions from employees	292
(288)	Benefits Paid	(468)
	<b>Remeasurement gain/(loss):</b>	
(1,022)	Return on assets excluding amounts included in net interest	(105)
<b>23,939</b>	<b>Closing fair value of scheme assets</b>	<b>25,639</b>

## 15c: Fund history

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Present Value of Liabilities	(18,074)	(25,995)	(25,688)	(16,304)	(17,804)
Fair value of assets	16,152	21,322	23,592	23,939	25,639
Restriction to asset ceiling	0	0	0	(7,635)	(7,835)
<b>Surplus/(deficit) in the Fund</b>	<b>(1,922)</b>	<b>(4,673)</b>	<b>(2,096)</b>	<b>0</b>	<b>0</b>

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

The total asset of £7.835m has a significant impact on the net worth of the Joint Committee, as recorded in the Balance Sheet. However, any deficit (as in 2021/22) on Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

However, this surplus of scheme assets is restricted to the 'asset ceiling' i.e. the net present value of future service costs less net present value of future contributions over the future working lifetime as at 31 March 2024. This ceiling, or cap, has been calculated to be £0.

2022/23 £000		2023/24 £000
(16,304)	Present value of defined benefit obligation	(17,804)
23,939	Fair Value of scheme assets	25,639
(7,635)	Restriction to asset ceiling	(7,835)
<b>0</b>	<b>Net asset/(liability) arising from defined benefit obligation</b>	<b>0</b>

## 15d: Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating

employers. The rate for employer contributions is set at 19.3% for 2023/24 and 16.5% for 2024/25.

The total contributions expected to be made by the Joint Committee to the Strathclyde Pension Fund in the forthcoming year to 31 March 2025 is £278k.

## 15e: Basis for estimating assets and liabilities

The Joint Committee's share of the assets and liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, which estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have 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 2023. The principal assumptions used by the actuary have been:

2022/23	Mortality assumptions	2023/24
<b>Longevity at 65 for current pensioners (years)</b>		
19.3	Men	19.6
22.2	Women	22.3
<b>Longevity at 65 for Future pensioners (years)</b>		
20.5	Men	20.6
24.2	Women	24.2
<b>Other assumptions</b>		
3.65%	Rate of increase in salaries	3.50%
2.95%	Rate of increase in pensions	2.80%
4.75%	Rate for discounting scheme liabilities	4.80%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
50.0%	Pre-April 2009 service	50.0%
75.0%	Post-April 2009 service	75.0%

The value of the pension fund liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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.

Impact on Pension Scheme Liability	%	£000
0.1% decrease in Real Discount Rate	2.0%	400
1 Yr increase in member life expectancy	4.0%	712
0.1% increase in Salary Increase Rate	0.0%	20
0.1% increase in Pension Increase Rate	2.0%	387

The pension scheme's assets consist of the following categories, by proportion of the total assets held:

2022/23 £000		%	2023/24 £000
10,601	Equity instruments	44.1%	11,305
1,974	Real Estate	7.9%	2,016
10,910	Investment Funds and Unit Trusts	46.2%	11,843
454	Cash and Cash Equivalents	1.9%	475
<b>23,939</b>	<b>Total</b>	<b>100.0%</b>	<b>25,639</b>

## Note 16: Contingent Liabilities

Following two court cases, including Mrs Goodwin v Department for Education, it is expected that proposed changes to public service pension schemes will be required, to ensure that surviving same-sex spouses and civil partners receive benefits equivalent to those received by the surviving spouses of opposite-sex marriages. Strathclyde Pension Fund's actuary estimates that the potential impact may be in the range of 0.1% of gross obligations, around £26k for Scotland Excel. This estimate is not reflected in the Primary Financial Statements because the remedy is still uncertain.

The actuary is aware of two further two court cases that may affect future LGPS benefits (Walker and O'Brien), however, these are not expected to have a significant impact on the pension fund obligations.

## Note 17: Summary of Significant Accounting Policies

### A General Principles

The Annual Accounts summarise the Joint Committee's transactions for the 2023/24 financial year and its financial position as at 31 March 2024. The Joint Committee is required to prepare Annual Accounts by the Local Authority (Scotland) Regulations 2014 and section 12 of the Local

Government in Scotland Act 2003 requires these accounts 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 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Code is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and is designed to give a true and fair view of the financial performance of the Joint Committee. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the valuation of pension assets and liabilities where appropriate. The Annual Accounts have been prepared on a going concern basis.

## B Accruals of Expenditure and Income

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

- revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee;
- revenue from the provision of services is recognised when the Joint Committee has satisfied the performance obligation and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee;
- expenditure in relation to services received (including services provided by employees) is recorded when the service is received rather than when payment is made;
- 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;

- where income 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## C 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 made only 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 Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material misstatement or omission discovered in prior period figures are corrected retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

## D Contingent Liabilities

Contingent liabilities are disclosed in the accounts, but not recognised in the Balance Sheet, in circumstances where:

- an event has taken place that gives Scotland Excel 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 Joint Committee; or
- 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.

## E Employee Benefits

### Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the accounts irrespective of when payment was made. An accrual is made for the cost of holiday entitlements earned, but not taken before the year end that employees may carry forward into the next financial year.

### Post-employment benefits

The Joint Committee participates in the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund. The LGPS is accounted for as a defined benefit scheme and in accordance with International Accounting Standard 19 (IAS19) the Joint Committee has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the payment will be many years into the future.

This involves the recognition in the Balance Sheet of the Joint Committee's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve.

The liabilities of the Strathclyde Pension Fund attributable to the Joint Committee 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 and projections of earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

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 and payments to pensioners in the year.

The change in the net pension liability is analysed into the following components:

- **current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the CIES 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, which is debited to the Surplus or Deficit on the Provision of Services in the CIES;
- **net interest cost on the defined benefit liability** – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit

liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

- **return on scheme assets** – excluding amounts included in net interest on the net defined benefit liability which are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **actuarial gains and losses** – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions, which is charged to the Pensions Reserve. Actuarial gains and losses are shown within Other Comprehensive Income and Expenditure within the CIES; and
- **contributions paid to the pension fund** – cash paid as employer’s contributions to the pension fund in settlement of liabilities which are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the amount payable by the Joint Committee to be amount paid directly to pensioners in the year, not the amount calculated according to the relevant accounting standards in the CIES.

In the Movement in Reserves Statement this means that there are transfers 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.

## F Events after the Balance Sheet date

Events after the balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the accounts are authorised for issue.

There are two types of events:

- **Adjusting events** – those that provide evidence of conditions that existed at the end of the reporting

period and the accounts are adjusted to reflect such events; and

**Non-adjusting events** – those that are indicative of conditions that arose after the reporting period and the accounts are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

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

## G Government Grants and other Contributions

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

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

Amounts recognised as due to the Joint Committee are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied.

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 CIES.

## H Leases

### Operating Leases: Joint Committee as Lessee

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting 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 risks and rewards of ownership remain with the lessors along with the title of the property.

## I 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 plant and equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset (i.e., repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating.

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de minimis level does not apply where certain categories of these assets are grouped together and form part of an approved capital programme.

Assets are then carried in the Balance Sheet using the depreciated historical cost.

### Impairment

Assets are assessed at each year-end to determine 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, an impairment loss is

recognised for the shortfall and the carrying amount of the asset is written down in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Any receipts from disposals are credited to the CIES, 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).

### Depreciation

Depreciation is provided for on all Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. For ICT equipment, this is calculated on a straight-line basis over 5 years. Depreciation is not charged until the year following the purchase of an asset.

## J Intangible Assets

Expenditure on non-monetary assets that do not have physical substance, but are controlled by the Joint Committee 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 Joint Committee.

Intangible assets are measured initially at cost. Amounts are revalued where the fair value of the assets held can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life on a straight-line basis in the CIES. Amortisation is not charged until the year following the purchase of an asset.

An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted in the CIES. Any gain

or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

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 Revenue Reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and a Capital Receipts Reserve. All capital expenditure is charged to the constituent authorities, meaning that the Joint Committee has no requirement to borrow. A notional capital grant is applied to the CIES in the year of spend and removed from affecting the Revenue Reserve through the Movement in Reserves Statement. Software costing less than £9,000 is not treated as an intangible asset and is charged to the CIES. This de minimis does not apply where certain categories of assets are grouped together.

## K Reserves

Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains or losses that have a deferred impact on the Joint Committee.

### Usable Reserves

The Revenue Reserve represents surplus funds held by the Joint Committee, which are ultimately repayable to the member authorities in the same allocation proportions as the requisitions. Balances accumulated from Project activity are distributable only to participating authorities.

## Unusable Reserves

Certain reserves are held to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for Scotland Excel; these reserves are explained in the Unusable Reserves note.

## L Value Added Tax (VAT)

Income and expenditure exclude any amount relating to VAT, as all VAT collected is payable to HM Revenue & Customs (HMRC) and all VAT paid is recoverable from them.

## Note 18: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 17, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the core financial statements; however, any item with the most significant effect is detailed below.

### Leases

An analysis of the terms of the lease for the office accommodation at Renfrewshire House has concluded that it is an operating lease. Details can be found in Note 12: Operating Leases.



## Note 19: Assumptions made about the future

The Annual Accounts contain estimated figures that are based on assumptions made by the Joint Committee 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 assumptions and estimates.

The items in the Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are outlined in the table below.

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which 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 Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £0.400m, equating to a 2% increase. The carrying value of the pension liability was £7.835m as at 31 March 2024 (capped at £0). For further details see Note 15: Retirement Benefits.