

COSLA

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

COSLA

ASSOCIATION INFORMATION

Office Bearers

From 17th June 2022

President
Vice President
Resources Spokesperson
Children and Young People Spokesperson
Environment and Economy Spokesperson
Health and Social Care Spokesperson
Community Wellbeing Spokesperson

Councillor Shona Morrison
Councillor Steven Heddle
Councillor Katie Hagmann
Councillor Tony Buchanan
Councillor Gail Macgregor
Councillor Paul Kelly
Councillor Maureen Chalmers

To 17th June 2022

President
Vice President
Resources Spokesperson
Children and Young People Spokesperson
Environment and Economy Spokesperson
Community Wellbeing Spokesperson

Councillor Alison Evison
Councillor Graham Houston
Councillor Gail Macgregor
Councillor Stephen McCabe
Councillor Steven Heddle
Councillor Kelly Parry

To 5th May 2022

Health and Social Care Spokesperson

Councillor Stuart Currie

Management Team

Chief Executive
Chief Executive
Director of Place Policy
Director of People Policy
Director of Membership and Resources

Sally Loudon (resigned 30th June 2023)
Jane O'Donnell (appointed 1st July 2023)
James Fowlie
Nicola Dickie
Sarah Watters

Principal Address

Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Independent Auditor

Thomson Cooper
3 Castle Court
Carnegie Campus
Dunfermline
KY11 8PB

Bankers

Bank of Scotland plc
20/22 Shandwick Place
Edinburgh
EH2 4RN

Solicitors

Brodies LLP
15 Atholl Crescent
Edinburgh
EH3 8HA

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Management Team's Report For the Year Ended 31 March 2023

Introduction

COSLA's Senior Management Team present their management report and the financial statements for the year ended 31 March 2023.

Purpose

COSLA is a councillor-led, cross-party Association which champions councils' vital work to secure the resources and powers they need. COSLA works on behalf of councils to focus on the challenges and opportunities they face and to engage positively with governments and others on policy, funding and legislation.

Statement of Senior Management Team's Responsibilities

The Senior Management Team is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Senior Management Team has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP - United Kingdom Accounting Standards and applicable law). Following the standards of company law, the Senior Management Team will only present the financial statements to the members at Convention once they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit for the period.

In preparing these financial statements, the Senior Management Team requires to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Association will continue in business.

The Senior Management Team is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with UK GAAP. The Senior Management Team are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Senior Management Team

The Senior Management Team during the year and up to the date of signing the financial statements was made up as follows:

Sally Loudon	Chief Executive (resigned 30 th June 2023)
Jane O'Donnell	Chief Executive (appointed 1 st July 2023)
James Fowlie	Director of Place Policy
Sarah Watters	Director of Membership and Resources
Nicola Dickie	Director of People Policy

Review of Activities

Once again in this financial year, COSLA has seen even more of a return to normal operating procedures. Covid still remains with us to some degree, with COSLA representing Local Government in the UK and Scottish Inquiries but we are very much back to supporting policy development and our lobbying focus around securing the resources Local Government needs to deliver the essential services our communities rely on. This is articulated in the new COSLA Plan 2022-2027.

Our governance meetings, including meetings of Leaders and Convention, have moved from solely online to a hybrid model in the last year. However, currently, online remains the most popular option for members. Whilst the in-person model is likely preferable for building relationships and a "team COSLA" approach, the hybrid model means ongoing very high levels of attendance (albeit virtual), engagement and discussion.

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Management Team's Report For the Year Ended 31 March 2023

Much of COSLA's detailed policy work is carried out under the scrutiny of our 4 Policy Boards - Community Wellbeing, Environment & Economy, Children & Young People, and Health & Social Care, and our 4 business units - myjobscotland, Business Gateway, Trading Standards Scotland and from 1st April 2022 the Local Government Digital Office (transferring from the Improvement Service). The boards of the business units act as vital steering groups to ensure best value is delivered for our members in those areas.

The myjobscotland recruitment portal provides COSLA with a strong income stream which is evident in these end of year accounts.

The pandemic highlighted the need to work even more closely in partnerships with organisations with similar goals, and our interactions with the Scottish Government, Public Health Scotland, the Improvement Service and a range of Local Government professional associations, including SOLACE, continue and are indicative of our ability to work with the right people and organisations to deliver the right results for both our Member Councils and the communities that they are elected to serve.

Conference Centre bookings are sitting at around 85-90% of pre pandemic levels, with a positive upward trajectory in terms of both new and returning businesses and partners using our facilities. Returning business remains the largest in terms of volume of business and therefore the greatest source of income. COSLA's Senior Management Team, having consulted senior COSLA politicians, have agreed substantial audio investment in the facilities, which will appear in next year's accounts.

Fortunately, prior to the pandemic, we had already started a journey towards smarter working and improved use of technology. The pandemic forced us to accelerate that journey, and the breadth and depth of our activities during the year is evidence that the shift to remote working has been managed successfully and a managed return to the office is underway. During 2022/23, Senior Management Team took the decision to outsource COSLA's IT provision to Consider IT, improving business resilience and enhancing cyber-security.

Results for the Year

The Senior Management Team are pleased to report an overall surplus for the year of £91,498, which will be added to Reserves to provide additional comfort during this period of rising prices and staff costs.

The year ending 31st March 2023 represented the second year of a four year budget. The continued re-opening of both our Conference Centre and office space in a cautious and managed way meant that costs were kept under control, and income generated in line with the planned return to pre-Covid levels of activity. The recruitment website, myjobscotland, performed strongly during the year, significantly exceeding its revenue target, and we saw the two sides of the impact of high inflation. Firstly, on costs, where the Pay Award was higher than expected when the four year budget was prepared, and certain contracts had price rises linked to inflation. Secondly, and more favourably, rising interest rates meant our bank deposits provided a significant return.

Future Plans

Our work for the foreseeable future will continue to build on our strengths of policy delivery and the work of our business units as we emerge from the pandemic whilst responding to the current context. We are now one year into this term of office for our Presidential Team and Spokespeople and launched the new COSLA plan earlier in 2023 to guide us through the Local Government term. This means that we will continue to support local Councils to develop and enable our communities to 'Live Well Locally'. Significantly, on 30 June 2023, COSLA's President, Vice President, Political Group Leaders and Scottish Government signed the Verity House Agreement, signalling a more constructive and collaborative way of working going forward, based on trust and mutual respect.

Going Concern

The Senior Management Team have considered the risks of the environment in which COSLA operates, including the impact of Covid-19 on the Association, and have taken appropriate measures to mitigate the risks to the Association and are satisfied that the Association can continue as a going concern.

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Management Team's Report For the Year Ended 31 March 2023

The support of the members in agreeing a four year budget at Convention in March 2021, with a revised Year 3 budget ratified at Convention in March 2023, provided both financial stability, and the ability to make plans with a significant degree of confidence.

Reserves Policy

The Senior Management Team reviews the reserves on a regular basis, with the dual aims of identifying significant or one-off areas of spend that should be specifically covered, and retaining sufficient reserves to facilitate an orderly winding down of activities, should that be needed. Details of the reserves and their purposes are set out in Notes 15 and 16.

The General Reserve has a target of £300,000, and is currently £1,018,913. The four year budget agreed at Convention in March 2021 aims to return reserves to around £300,000.

Statement of Disclosure to Auditor

The Senior Management Team confirm that so far as they are aware, there is no relevant audit information of which the Association's auditors are unaware. The individual members of the Senior Management Team have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

This report was presented to Convention on 29th September 2023, along with the Financial Statements. Both were approved, and the Chief Executive was authorised to sign on behalf of Convention.



Jane O'Donnell
Chief Executive

Date: 10th November 2023

Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2023

Opinion

We have audited the financial statements of COSLA (the 'association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the associations affairs as at 31 March 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2023

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members of management

The members of management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of management are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of management either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We considered the opportunities and incentives that may exist within the association for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of income and posting of unusual journals along with complex transactions. We discussed these risks with management, designed audit procedures to test the timing and existence of revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the officers and other management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including financial legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the association.

Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2023

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sharon Collins (Senior Statutory Auditor)
For and on behalf of Thomson Cooper, Statutory Auditors
Dunfermline

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Statement of Comprehensive Income For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Income			
Member Subscriptions		3,761,781	3,739,521
Government Grants	2	8,995,493	8,229,281
Other Income	3	1,985,798	959,841
Total Incoming Resources		<u>14,743,072</u>	<u>12,928,643</u>
Expenditure			
Employee Costs	4	7,865,385	5,680,639
Property Costs	5	867,875	849,061
Operational Expenses & Other Expenditure	6	4,790,962	4,858,823
Contributions to Partner Organisations	7	46,352	24,915
Total Outgoing Resources		<u>13,570,574</u>	<u>11,413,438</u>
Surplus for the year before Transfer to the Pension Reserve		<u>1,172,498</u>	<u>1,515,205</u>
Transfer to the Pension Reserve	17	(1,081,000)	(1,101,000)
Overall Surplus for the year		<u>91,498</u>	<u>414,205</u>
Other Comprehensive Income			
Actuarial Gain on Defined Benefit Pension Scheme		6,441,000	6,741,000
Total Comprehensive Income for the year		<u><u>6,532,498</u></u>	<u><u>7,155,205</u></u>

The above results represent COSLA's continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

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Statement of Financial Position As at 31 March 2023

	Note	2023 £	2022 £
Fixed Assets			
Tangible Assets	8	397,376	429,121
Current Assets			
Short term investments	9	4,961,275	2,208,517
Debtors	10	1,537,701	1,869,765
Cash at bank and in hand	11	428,623	2,577,111
		<u>6,927,599</u>	<u>6,655,393</u>
Creditors: amounts falling due within one year	12	<u>5,395,044</u>	<u>5,246,081</u>
Net Current Assets		<u>1,532,555</u>	<u>1,409,312</u>
Total Assets Less Current Liabilities		<u>1,929,931</u>	<u>1,838,433</u>
Pension Liabilities		-	<u>(6,441,000)</u>
Net Assets/(Liabilities)		<u>1,929,931</u>	<u>(4,602,567)</u>
Represented by:			
General Reserve	16	1,018,913	851,402
ICT Reserve	15	88,707	128,039
Property Reserve	15	704,185	761,332
Capital Reserve	15	68,126	47,660
Transformation and Development Reserve	15	50,000	50,000
		<u>1,929,931</u>	<u>1,838,433</u>
Pension Reserve	17	-	<u>(6,441,000)</u>
		<u>1,929,931</u>	<u>(4,602,567)</u>



Jane O'Donnell
Chief Executive

Date: 10th November 2023

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Statement of Cash Flows For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Net Cash (Outflow)/Inflow from Operating Activities	19	567,897	2,252,566
Returns On Investment			
Interest Received		66,371	2,194
Net Cash Inflow from Returns on Investment		<u>66,371</u>	<u>2,194</u>
Capital Expenditure			
Purchase Of Fixed Assets		(29,998)	(53,950)
Net (Placement)/Receipt from Short Term Investments		(2,752,758)	(801,382)
Net Cash (Outflow)/Inflow from Capital Expenditure		<u>(2,782,756)</u>	<u>(855,332)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		<u>(2,148,488)</u>	<u>1,399,428</u>
Cash and Cash Equivalents at the beginning of the year		<u>2,577,111</u>	<u>1,177,683</u>
Cash and Cash Equivalents at the end of the year		<u><u>428,623</u></u>	<u><u>2,577,111</u></u>

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Notes to the Financial Statements

For the Year Ended 31 March 2023

1. ACCOUNTING POLICIES

The accounting policies are set out below. The policies have remained unchanged from the previous year.

Association Information

COSLA is an Association domiciled in Scotland. The principal place of activity is Verity House, 19 Haymarket Yards, Edinburgh, EH12 5BH.

Basis upon which accounts are prepared

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'). The accounts are prepared on the Historical Cost basis.

The financial statements are prepared in Sterling, which is the currency of the Association. Monetary amounts in these financial statements are rounded to the nearest £.

Going Concern

At the time of approving the financial statements, the members have a reasonable expectation that the Association has adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of the financial statements. The Senior Management Team consider that both short term liquidity and longer term financial viability is appropriate and, as such, continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation and uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year includes the actuarial valuation of the defined benefit pension scheme liability. The key assumptions are disclosed at Note 17.

Income

Income is derived from subscriptions, government grants and charges for goods and services and is stated net of VAT.

Grants

Grants are of a revenue nature and are credited to the income and expenditure account in the same period as the related expenditure.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against incoming resources on a straight line basis over the period of the lease.

Stock

COSLA holds no stock.

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Notes to the Financial Statements

For the Year Ended 31 March 2023

1. ACCOUNTING POLICIES *(continued)*

Fixed Assets

Fixed assets are initially measured at cost and subsequently measured at cost less depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on a straight-line basis, as follows:-

• Computers	2 to 4 years
• Audio Visual Equipment	4 years
• Office Equipment	5 years
• Motor Vehicles	7 years
• Verity House fit-out	20 years
• Glasgow Bath St	4 years

Pensions and Other Post-Retirement Benefits

The Association operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the Association.

The Association recognises a defined net benefit pension asset or liability in the balance sheet as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in the statement of comprehensive income as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in the statement of comprehensive income in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in the statement of comprehensive income.

Short Term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Designated Reserves

Designated reserves represent funds which have been set aside to meet future planned expenditure as detailed in Note 15.

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Notes to the Financial Statements

For the Year Ended 31 March 2023

2. GOVERNMENT GRANTS

	2023	2022
	£	£
Business Gateway (including Digital Boost)	3,538,678	3,990,370
Trading Standards Scotland (including Call Blocking)	2,021,798	1,966,644
Local Government Digital Office – Digital Telecare	791,623	-
Migration, Population & Diversity	651,352	506,436
Ending Destitution Together (including Destitute Migrants & Gypsy Travellers)	331,121	243,778
Reform of Adult Social Care	190,064	113,550
Participatory Budgeting	171,788	149,648
National Suicide Prevention	169,329	158,117
myjobscotland – Adult Social Care	156,000	132,525
Appropriate Adult	114,013	79,748
Warm Scottish Welcome for Ukrainian refugees	100,000	-
Equally Safe Coordination	85,647	100,429
Joint Investigative Interviewing	85,396	80,336
Improving Mental Health Outcomes	84,800	81,671
Devolved Scottish Social Security Benefits	83,627	50,601
The Promise	68,050	63,394
Digital Health/Technology Enabled Care	67,059	81,212
Barriers to Elected Office	63,503	59,239
Covid Recovery	54,790	-
Health Improvement	50,000	50,000
Accessing the EU Settlement Scheme	39,981	67,887
Local Government Digital Office – Cyber Security	38,902	-
Asylum, Migration, Immigration Fund (New Scots)	35,646	91,422
MATILDE	2,326	4,429
Preparing Local Government for EU Exit	-	63,845
Framework for Employability	-	94,000
	<u>8,995,493</u>	<u>8,229,281</u>

Some of these grants are the primary source of incoming resources to deliver nation-wide programmes, such as Business Gateway, Trading Standards Scotland, and Migration, Population & Diversity. Other grants cover specific areas of work, increasing the breadth and depth of insight that can be brought to bear in the relevant areas of interest to members. We are grateful to the Scottish Government, the European Union and the UK Government for their financial support.

Expenditure on these grants is included within the various expenditure headings in Notes 4 to 7.

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Notes to the Financial Statements

For the Year Ended 31 March 2023

3. OTHER INCOME

	2023 £	2022 £
Local Government Digital Office – Local Authority Contributions	656,336	-
myjobscotland Commercial Income	501,540	483,884
Outward secondments	413,433	198,151
Corporate Events	320,353	81,384
Deposit Interest	66,371	2,194
Local Government Pension Scheme Advisory Board	14,000	151,500
Bòrd Na Gàidhlig Grant	2,400	-
Memex Database	-	15,128
Other	11,365	27,600
	<u>1,985,798</u>	<u>959,841</u>

The Gaelic Language Grant was received from Bòrd Na Gàidhlig to support our work on CONSUL Digital Participatory Budgeting. We are grateful to the Bòrd for their support.

4. STAFF COSTS AND NUMBERS

	2023 £	2022 £
Wages and Salaries	6,104,705	4,680,675
Social Security Costs	731,614	526,699
Other Pension Costs	1,851,977	1,439,113
FRS17 Pension Cost adjustment	(1,081,000)	(1,101,000)
Inward Secondments	166,840	102,681
Travelling Expenses	49,741	7,024
Staff Training/Development	29,551	10,143
Other Staff Costs/Health and Safety	11,957	15,304
	<u>7,865,385</u>	<u>5,680,639</u>

The average monthly number of employees in the year was 129 (2022: 100), of which 120 were full time and 9 were part time. This represents approximately 127 full time equivalent staff. It also represents an approximate 30% increase in staff, which is reflected in the numbers above.

The Association considers the key management personnel to be the Senior Management Team, comprised of the:

- Chief Executive
- Director of Place Policy
- Director of People Policy
- Director of Membership and Resources

Total remuneration paid to the key management personnel during the year was £377,417 (2022: £327,388).

The Office Bearers received allowances during the year totalling £103,618 (2022: £102,500).

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Notes to the Financial Statements

For the Year Ended 31 March 2023

5. PROPERTY COSTS

	2023	2022
	£	£
Rent, Rates and Insurance	705,313	707,159
Heating, Lighting and Cleaning Services	74,495	61,335
Repairs, Alterations and Equipment	46,786	40,662
Service Charges	41,281	39,905
	<u>867,875</u>	<u>849,061</u>

6. OPERATIONAL EXPENSES & OTHER EXPENDITURE

	2023	2022
	£	£
Business Gateway (including Digital Boost)	2,499,106	3,120,315
myjobscotland Operational Costs	581,219	520,627
Trading Standards Scotland	494,082	471,919
Legal and Professional Fees	331,924	182,732
ICT Charges	226,385	178,722
Office Bearers' Allowances & Expenses	119,189	111,081
Migration, Population, Diversity	166,354	104,284
Depreciation	61,742	62,663
Catering and Hospitality (including Convention meetings)	165,646	46,362
General Insurance	27,541	24,793
Miscellaneous	(764)	12,895
Audit Fee	9,066	9,041
Stationery and Printing	4,614	4,797
Bank Charges	8,213	4,366
Corporate Events	72,219	1,818
Annual Subscriptions	22,944	1,009
Communications	1,457	847
Postages	25	552
	<u>4,790,962</u>	<u>4,858,823</u>

7. CONTRIBUTION TO PARTNER ORGANISATIONS

	2023	2022
	£	£
COR/CEMR/International Memberships	<u>46,452</u>	<u>24,915</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

8. TANGIBLE FIXED ASSETS

	Computer Equipment £	Audio Visual Equipment £	Office Equipment £	Motor Vehicles £	Verity House Fit Out £	Glasgow Bath St £	Total £
Cost							
At 1 April 2022	234,460	243,398	187,027	47,660	799,726	26,778	1,539,049
Additions	-	-	-	29,998	-	-	29,998
At 31 March 2023	<u>234,460</u>	<u>243,398</u>	<u>187,027</u>	<u>77,658</u>	<u>799,726</u>	<u>26,778</u>	<u>1,569,047</u>
Depreciation							
At 1 April 2022	222,163	243,398	187,027	-	430,562	26,778	1,109,928
Charge for the year	8,614	-	-	9,532	43,597	-	61,743
At 31 March 2023	<u>230,777</u>	<u>243,398</u>	<u>187,027</u>	<u>9,532</u>	<u>474,159</u>	<u>26,778</u>	<u>1,171,671</u>
Net book value							
At 31 March 2023	<u>3,683</u>	<u>-</u>	<u>-</u>	<u>68,126</u>	<u>325,567</u>	<u>-</u>	<u>397,376</u>
At 31 March 2022	<u>12,297</u>	<u>-</u>	<u>-</u>	<u>47,660</u>	<u>369,164</u>	<u>-</u>	<u>429,121</u>

9. INVESTMENTS

	2023 £	2022 £
Notice Deposit Account	<u>4,961,275</u>	<u>2,208,517</u>

10. DEBTORS

	2023 £	2022 £
Prepayments and Accrued Income	1,449,202	1,766,997
Trade Debtors	88,313	102,582
Other Debtors	186	186
	<u>1,537,701</u>	<u>1,869,765</u>

11. CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank and in hand	<u>428,623</u>	<u>2,577,111</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

12. CREDITORS AND ACCRUALS DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade Creditors	624,760	406,790
PAYE and National Insurance	197,434	147,283
Deferred Income (Note 13)	3,793,649	4,251,018
Accruals	567,675	264,920
VAT	17,652	19,375
Other Creditors	193,874	156,695
	<u>5,395,044</u>	<u>5,246,081</u>

Deferred Income represents funds received for which the conditions for their recognition remained outstanding at 31 March 2023. These conditions are expected to be fulfilled during the next 12 months. Further analysis is provided at Note 13.

13. DEFERRED INCOME

	2023 £	2022 £
Scottish Government Grants:		
LGDO – Technology Enabled Care & Cyber Security	1,225,474	2,017,098
Business Gateway	484,063	502,046
Migration, Population, Diversity	615,785	332,538
Participatory Budgeting	126,934	268,722
Appropriate Adult	154,229	268,242
Digital Health/Technology Enabled Care	51,216	118,275
Reform of Adult Social Care	30,264	55,328
National Care Home Contract	45,000	45,000
Framework for Employability	23,090	23,090
Equally Safe Coordination	14,835	-
Job Evaluation Consortium	13,416	13,416
Other	71,274	69,867
UK Government Grant:		
Trading Standards Scotland	3,555	-
LGDO – unused Local Authority Contributions	831,346	457,902
Local Government Pension Scheme Advisory Board	69,539	43,539
Other	33,629	35,955
	<u>3,793,649</u>	<u>4,251,018</u>

14. CONTINGENT LIABILITY

During the year ending 31 March 2021, it was identified that the historic treatment of Social Security contributions in connection with staff who are employed abroad may not have met relevant legislation. HMRC have confirmed the treatment that should have applied. However, at the date of approval of the accounts, it has not been possible to reliably estimate the potential liability. Consequently, no provision has been made in the financial statements in this regard.

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Notes to the Financial Statements

For the Year Ended 31 March 2023

15. DESIGNATED RESERVES

	Transformation & Development £	Property £	Capital £	ICT £	Total £
Balance at 1 April 2022	50,000	761,332	47,660	128,039	987,031
Incoming Resources	-	-	29,998	-	29,998
Outgoing Resources	-	(57,147)	(9,532)	(39,332)	(106,011)
Balance at 31 March 2023	<u>50,000</u>	<u>704,185</u>	<u>68,126</u>	<u>88,707</u>	<u>911,018</u>

The Transformation & Development Reserve was established to cover costs arising from a joint COSLA and Improvement Service review, and general Constitutional updates. It is expected that a large portion will be utilised during the year ending 31 March 2024.

The Property Reserve was established to cover the additional rent due on Verity House from November 2020 through to the end of the current lease.

The Capital Reserve was established to absorb the depreciation on those assets funded by a specific grant.

The ICT Reserve was established to facilitate necessary Information and Communication Technology investment. It is planned that up to half could be utilised during the year ending 31 March 2024.

The designation of reserves is subject to periodic review by the Senior Management Team and approval by the Members.

16. GENERAL RESERVE

	2023 £	2022 £
Balance at 1 April	851,402	405,497
Surplus for the year	167,511	445,905
Balance at 31 March	<u>1,018,913</u>	<u>851,402</u>

17. EMPLOYEE BENEFITS

Defined Benefit Plans

Occupational pension arrangements are covered by staff membership of the Local Government Superannuation Scheme of City of Edinburgh Council. Under para B6 (8)(b) of The Local Government Superannuation (Scotland) Regulations 1987. COSLA qualifies as an admitted body to the scheme administered by City of Edinburgh Council, this being a CARE-based Scheme.

For year ending 31 March 2023 the contributions of COSLA and its employees to the Scheme amount to 29.1% and an average 7.1% of earnings respectively. Employers' contributions payable including pension increases were £1,851,977 (2022: £1,439,114). Of this total, £79,764 (2022: £89,449) related to added years benefits awarded to former employees who were granted early retirement.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

17. EMPLOYEE BENEFITS *(continued)*

The principal actuarial assumptions as at the statement of financial position date were:

	2023	2022
	%	%
Discount Rate	4.75	2.70
Salary Increase Rate	3.45	3.70
Pension Increase Rate (CPI)	2.95	3.20

Post retirement mortality at 31 March 2023 is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model assuming current rates of improvement have peaked and will converge to a long-term rate of 1.5% per annum.

The total costs for the year in relation to defined benefit plans are as follows:

	2023	2022
	£	£
Recognised in the income statement:		
Current service cost	(2,700,000)	(2,251,000)
Net interest expense	(196,000)	(272,000)
	<u>(2,896,000)</u>	<u>(2,523,000)</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	19,630,000	4,075,000
Return on plan assets, excluding amounts included in net interest	75,000	3,767,000
	<u>19,705,000</u>	<u>7,842,000</u>

The statement of financial position net defined benefit liability is determined as follows:

Present value of defined benefit obligations	36,632,000	51,988,000
Fair value of plan assets	(48,424,000)	(45,547,000)
(Surplus)/Deficit	<u>(11,792,000)</u>	<u>6,441,000</u>

Changes in the present value of the defined benefit obligations are as follows:

	£
At 1 April 2022	51,988,000
Interest expense	4,153,000
Benefits paid	(1,256,000)
Contributions by plan participants	431,000
Effect of business combinations	946,000
Remeasurements:	
Actuarial gains and losses	(19,630,000)
At 31 March 2023	<u>36,632,000</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

17. EMPLOYEE BENEFITS *(continued)*

Changes in the fair value of plan assets are as follows:

	£
At 1 April 2022	45,547,000
Interest income	1,257,000
Benefits paid	(1,256,000)
Contributions by employer	1,815,000
Contributions by plan participants	431,000
Effect of business combinations	555,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	75,000
Other	(11,792,000)
	<u> </u>
At 31 March 2023	<u>36,632,000</u>

The actual return on plan assets was £75,000 (2022: £3,767,000).

The fair values of the major categories of plan assets are as follows:

	2023	2022
	£	£
Equity instruments	35,350,000	32,338,000
Debt instruments	6,779,000	5,921,000
Property	3,390,000	2,733,000
Cash and cash equivalents	2,905,000	4,555,000
Surplus not recognised	(11,792,000)	-
	<u> </u>	<u> </u>
	<u>36,632,000</u>	<u>45,547,000</u>

In accordance with FRS 102, the overall plan surplus of £11,792,000 has not been recognised as the Association has no agreement with the scheme to recover the surplus.

18. FINANCIAL COMMITMENTS

At 31 March 2022 the Association had future minimum lease payments under non-cancellable operating leases as follows:

	Land and Buildings	
	2023	2022
	£	£
Within one year	458,030	458,030
Within two to five years	1,829,605	1,832,120
After five years	1,114,808	1,538,301
	<u> </u>	<u> </u>
	<u>3,402,443</u>	<u>3,828,451</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

19. NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2023	2022
	£	£
Operating Surplus	1,172,498	1,515,205
Bank Interest	(66,371)	(2,194)
Depreciation	61,742	62,663
FRS 17 Pension cost adjustment	(1,081,000)	(1,101,000)
Decrease/(Increase) in Debtors	332,064	(350,538)
Increase in Creditors	148,964	2,128,430
	<u>567,897</u>	<u>2,252,566</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2022	Cash Flows	At 31 March 2023
	£	£	£
Cash at Bank and in Hand	2,577,111	(2,148,488)	428,623
	<u>2,577,111</u>	<u>(2,148,488)</u>	<u>428,623</u>

21. TAX STATUS

COSLA is a Local Authority Association and, as such, is exempt from income tax under Section 838 of the Income and Corporation Taxes Act 2007.

22. RELATED PARTY TRANSACTIONS

The Improvement Service and COSLA are related parties due to the fact that COSLA's President is on the Board of Directors for the Improvement Service.

During the year, COSLA raised two (2022: one) sales invoices to the Improvement Service for £11,068 (2022: £8,000). One was for use of COSLA's Conference Centre, and the other related to the Improvement Service's use of the myjobscotland recruitment website. Both were on standard commercial terms. No amounts were outstanding at the year end (2022: nil).

COSLA received one invoice (2022: two) from the Improvement Service for a total of £9,558 (2022: £21,960), relating to COSLA's website infrastructure, on standard commercial terms. At the year end no amount was outstanding (2022: £15,600).