

COSLA

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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
Director of Place Policy
Acting Director of People Policy
Director of Membership and Resources

Sally Loudon
James Fowlie
Nicola Dickle
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 2022

Introduction

The Management Team present their management report and the financial statements for the year ended 31 March 2022.

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 Management Team's Responsibilities

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

The 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 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 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 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 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.

Management Team

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

Sally Loudon	Chief Executive
James Fowlie	Director of Place Policy
Jane O'Donnell	Director of People Policy (moved to external secondment in October 2021)
Sarah Watters	Director of Membership and Resources (appointed September 2021)
Nicola Dickie	Acting Director of People Policy (appointed October 2021)

Review of Activities

During financial year 21/22, COSLA started to see a return to business as usual. This saw a move from the reactive work done during COVID, to supporting policy development and a focus on securing the resources Local Government needs to deliver essential services. a return to supporting Local Government

Our Governance meetings, including meetings of Leaders and Convention , have moved from solely online to a hybrid model in the last few months enabling for the right level of interaction, discussion and consideration, given our wide and varied range of activities.

Much of COSLA's detailed policy work is carried out under the scrutiny of our 4 Policy Boards, - Community Wellbeing, Economy & Environment, Children & Young People, and Health & Social Care. Our 4 business units - myjobscotland, Business Gateway, Trading Standards Scotland and more recently (as of 1 April 2022)

Management Team's Report For the Year Ended 31 March 2022

Local Government Digital Office. The boards of these business units act as vital steering groups to ensure best value is delivered for our members in those areas.

In the last year the myjobscotland recruitment portal has gone from strength to strength and provides COSLA with a strong income stream which is evident in these end of year accounts.

The year ending 31 March 2022 also saw a return, albeit virtually, of the keynote COSLA and Improvement Service Annual Conference and the COSLA Excellence Awards, showcasing great practice from our member councils. Some members of the COSLA SMT and Communications team took the time to visit winners, which provided a further opportunity to highlight the winners via social media with short video recordings.

The pandemic highlighted the need to work even more closely in partnerships with organisations with similar goals, and our interactions with the Scottish Government, SOLACE and the Improvement Service 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.

The Conference Centre is starting to see business returning to pre pandemic levels with a positive upward trajectory in terms of both new and returning businesses and partners using our facilities.

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 we continue down the route of investment in the Conference Centre and the virtual options we provide for users of our first-class facilities at Verity House.

Results for the Year

Given the uncertainties caused by the Covid pandemic, particularly in the first half of the year, the strong results for the full year reflect the prudent approach adopted by the Senior Management Team, within the context of a 4 year Budget. Identifying alternative funding streams, along with careful vacancy management and a slow but steady approach to re-opening our conference centre and office accommodation, led to savings on expenditure, while income streams generally beat their targets for the year, with revenue from the myjobscotland recruitment portal seeing an especially significant rise from the previous year. This resulted in a surplus of £414,205, which will be added to our Reserves, and which provides additional comfort as the recovery from the impact of the pandemic starts to build, and we enter a consequent time of rapidly increasing prices, made more unpredictable as a result of the war in Ukraine.

Future Plans

Our work for the foreseeable future is expected to build on Covid recovery as we emerge from the pandemic and hopefully return to normal. This means that we will continue to support local Councils to develop and enable our communities to 'Live Well Locally'. with a clear focus on recovery.

The next year (ending 31 March 2023) sees the start of a new Local Government term and the election of a new COSLA Presidential Team and Office Bearers. With Local Council elections having taken place towards the beginning of May 2022, COSLA will now work with its new Office Bearers to build a new COSLA Plan for the next five years which will build on the Blueprint for Local Government whilst responding to the current context.

Going Concern

The Management Team has 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.

The support of the members in agreeing a four year budget at Convention in March 2021, with a revised Year 2 budget ratified at Convention in February 2022, provided both financial stability, and the ability to make plans with a significant degree of confidence.

Management Team's Report For the Year Ended 31 March 2022

Reserves Policy

The 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 £851,402. The four year budget agreed at Convention in March 2021 aims to return reserves to around £300,000.

Auditor

Following a tender, the auditor, Thomson Cooper, was appointed for a three year term, starting with year ending 31 March 2021, and is therefore deemed to be reappointed.

Statement of Disclosure to Auditor

The 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 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 28th October 2022, along with the Financial Statements. Both were approved, and the Chief Executive was authorised to sign on behalf of Convention.



Sally Loudon
Chief Executive

Date: 3rd November 2022

Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2022

Opinion

We have audited the financial statements of COSLA (the 'association') for the year ended 31 March 2022 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 2022 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 2022

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 2022

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

8 Nov 22

COSLA

Statement of Comprehensive Income For the Year Ended 31 March 2022

	Note	2022 £	2021 £
Income			
Member Subscriptions		3,739,521	3,734,538
Government Grants	2	8,229,281	8,362,445
Other Income	3	959,841	549,169
Total Incoming Resources		<u>12,928,643</u>	<u>12,646,152</u>
Expenditure			
Employee Costs	4	5,680,639	6,071,973
Property Costs	5	849,061	759,574
Operational Expenses & Other Expenditure	6	4,858,823	5,300,111
Contributions to Partner Organisations	7	24,915	21,062
Total Outgoing Resources		<u>11,413,438</u>	<u>12,152,720</u>
Surplus for the year before Transfer to the Pension Reserve		<u>1,515,205</u>	<u>493,432</u>
Transfer to the Pension Reserve	17	(1,101,000)	(458,000)
Overall (Deficit)/Surplus for the year		<u>445,905</u>	<u>35,432</u>
Other Comprehensive Income			
Actuarial (Loss)/Gain on Defined Benefit Scheme		6,741,000	(4,358,000)
Total Comprehensive Income/(Expenditure) for the year		<u><u>7,155,205</u></u>	<u><u>(4,322,568)</u></u>

The above results represent COSLA's continuing operations.

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

COSLA

Statement of Financial Position As at 31 March 2022

	Note	2022 £	2021 £
Fixed Assets			
Tangible Assets	8	429,121	437,834
Current Assets			
Short term investments	9	2,208,517	1,407,135
Debtors	10	1,869,765	1,519,227
Cash at bank and in hand	11	2,577,111	1,177,683
		<u>6,655,393</u>	<u>4,104,045</u>
Creditors: amounts falling due within one year	12	<u>5,246,081</u>	<u>3,117,651</u>
Net Current Assets		<u>1,409,312</u>	<u>986,394</u>
Total Assets Less Current Liabilities		<u>1,838,433</u>	<u>1,424,228</u>
Pension Liabilities		<u>(6,441,000)</u>	<u>(13,182,000)</u>
Net Liabilities (including Pension Liability)		<u>(4,602,567)</u>	<u>(11,757,772)</u>
Represented by:			
General Reserve	16	851,402	405,497
ICT Reserve	15	128,039	150,000
Property Reserve	15	761,332	818,731
Capital Reserve	15	47,660	-
Transformation and Development Reserve	15	50,000	50,000
		<u>1,838,433</u>	<u>1,424,228</u>
Pension Reserve	17	<u>(6,441,000)</u>	<u>(13,182,000)</u>
		<u>(4,602,567)</u>	<u>(11,757,772)</u>



Sally Loudon
Chief Executive

Date: 3rd November 2022

COSLA

Statement of Cash Flows For the Year Ended 31 March 2022

	Note	2022 £	2021 £
Net Cash (Outflow)/Inflow from Operating Activities	19	2,252,566	(21,469)
Returns On Investment			
Interest Received		2,194	18,998
Net Cash Inflow from Returns on Investment		2,194	18,998
Capital Expenditure			
Purchase Of Fixed Assets		(53,950)	(1,030)
Net (Placement)/Receipt from Short Term Investments		(801,382)	97,865
Net Cash Inflow/(Outflow) from Capital Expenditure		(855,332)	96,835
Net Increase in Cash and Cash Equivalents		1,399,428	94,364
Cash and Cash Equivalents at the beginning of the year		1,177,683	1,083,319
Cash and Cash Equivalents at the end of the year		2,577,111	1,177,683

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Notes to the Financial Statements

For the Year Ended 31 March 2022

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 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 2022

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 2022

2. GOVERNMENT GRANTS

	2022	2021
	£	£
Business Gateway (including Digital Boost)	3,990,370	4,469,419
Trading Standards Scotland (including Call Blocking)	1,966,644	1,957,886
Migration, Population & Diversity	506,436	443,123
Destitute Migrants & Gypsy Travellers	192,412	182,874
National Suicide Prevention	158,117	61,396
Participatory Budgeting	149,648	200,987
myjobscotland – Adult Social Care	132,525	22,675
Reform of Adult Social Care	113,550	128,156
Equally Safe Coordination	100,429	33,358
Framework for Employability	94,000	93,000
Asylum, Migration, Immigration Fund (New Scots)	91,422	18,616
Improving Mental Health Outcomes	81,671	79,000
Digital Health/Technology Enabled Care	81,212	102,846
Joint Investigative Interviewing	80,336	73,939
Appropriate Adult	79,748	44,667
Accessing the EU Settlement Scheme	67,887	91,957
Preparing Local Government for EU Exit	63,845	5,155
The Promise	63,394	-
Barriers to Elected Office	59,239	5,521
Ending Destitution Together	51,366	-
Devolved Scottish Social Security Benefits	50,601	-
Health Improvement	50,000	50,000
MATILDE	4,429	3,746
myjobscotland – Early Learning & Childcare	-	255,995
Access to Free Period Products	-	38,129
	<u>8,229,281</u>	<u>8,362,445</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.

3. OTHER INCOME

	2022	2021
	£	£
myjobscotland Commercial Income	483,884	290,932
Outward secondments	198,151	153,820
Local Government Pension Scheme Advisory Board	151,500	-
Corporate Events	81,384	(563)
Memex Database	15,128	59,773
Deposit Interest	2,194	18,998
Sub-lease	-	23,250
Other	27,600	2,959
	<u>959,841</u>	<u>549,169</u>

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Notes to the Financial Statements

For the Year Ended 31 March 2022

4. STAFF COSTS AND NUMBERS

	2022	2021
	£	£
Wages and Salaries	4,680,675	4,499,651
Social Security Costs	526,699	500,246
Other Pension Costs	1,439,113	1,305,223
FRS17 Pension Cost adjustment	(1,101,000)	(458,000)
Travelling Expenses	7,024	1,227
Staff Training/Development	10,143	14,543
Inward Secondments	102,681	195,911
Other Staff Costs/Health and Safety	15,304	13,172
	<u>5,680,639</u>	<u>6,071,973</u>

The average monthly number of employees in the year was 100 (2021: 98), of which 98 were full time and 2 were part time. This represents approximately 100 full time equivalent staff

5. PROPERTY COSTS

	2022	2021
	£	£
Rent, Rates and Insurance	707,159	656,943
Service Charges	39,905	35,449
Heating, Lighting and Cleaning Services	61,335	34,576
Repairs, Alterations and Equipment	40,662	32,606
	<u>849,061</u>	<u>759,574</u>

6. OPERATIONAL EXPENSES & OTHER EXPENDITURE

	2022	2021
	£	£
Business Gateway (including Digital Boost)	3,120,315	3,694,544
myjobscotland Operational Costs	520,627	497,939
Trading Standards Scotland	471,919	494,979
Legal and Professional Fees	182,732	122,840
ICT Charges	178,722	183,159
Office Bearers' Allowances & Expenses	111,081	107,961
Migration, Population, Diversity	104,284	71,006
Depreciation	62,663	66,490
Catering and Hospitality (including Convention meetings)	46,362	5,839
General Insurance	24,793	22,443
Miscellaneous	12,895	2,706
Audit Fee	9,041	7,708
Stationery and Printing	4,797	8,862
Bank Charges	4,366	6,973
Corporate Events	1,818	1,215
Annual Subscriptions	1,009	2,251
Communications	847	2,568
Postages	552	628
	<u>4,858,823</u>	<u>5,300,111</u>

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Notes to the Financial Statements

For the Year Ended 31 March 2022

7. CONTRIBUTION TO PARTNER ORGANISATIONS

	2022 £	2021 £
COR/CEMR/International Memberships	<u>24,915</u>	<u>21,062</u>

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 2021	228,170	243,398	187,027	-	799,726	26,778	1,485,099
Additions	6,290	-	-	47,660	-	-	53,950
At 31 March 2022	<u>234,460</u>	<u>243,398</u>	<u>187,027</u>	<u>47,660</u>	<u>799,726</u>	<u>26,778</u>	<u>1,539,049</u>
Depreciation							
At 1 April 2021	211,128	237,153	185,017	-	387,189	26,778	1,047,265
Charge for the year	11,035	6,245	2,010	-	43,373	-	62,663
At 31 March 2022	<u>222,163</u>	<u>243,398</u>	<u>187,027</u>	<u>-</u>	<u>430,562</u>	<u>26,778</u>	<u>1,109,928</u>
Net book value							
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>
At 31 March 2021	<u>17,042</u>	<u>6,245</u>	<u>2,010</u>	<u>-</u>	<u>412,537</u>	<u>-</u>	<u>437,834</u>

9. INVESTMENTS

	2022 £	2021 £
Notice Deposit Account	<u>2,208,517</u>	<u>1,407,135</u>

10. DEBTORS

	2022 £	2021 £
Prepayments and Accrued Income	1,766,997	1,447,403
Trade Debtors	102,582	50,872
VAT	-	20,766
Other Debtors	186	186
	<u>1,869,765</u>	<u>1,519,227</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2022

11. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	2,577,111	1,177,683

12. CREDITORS AND ACCRUALS DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade Creditors	406,790	452,578
PAYE and National Insurance	147,283	135,351
Deferred Income (Note 13)	4,251,018	1,649,783
Accruals	264,920	740,287
VAT	19,375	-
Other Creditors	156,695	139,652
	<u>5,246,081</u>	<u>3,117,651</u>

Deferred Income represents funds received for which the conditions for their recognition remained outstanding at 31 March 2022. These conditions are expected to be fulfilled during the next 12 months. Further analysis is provided at Note 13.

13. DEFERRED INCOME

	2022 £	2021 £
Scottish Government Grants:		
LGDO – Technology Enabled Care & Cyber Security	2,017,098	-
Business Gateway	502,046	493,339
Migration, Population, Diversity	332,538	137,974
Participatory Budgeting	268,722	318,370
Appropriate Adult	268,242	231,198
Digital Health/Technology Enabled Care	118,275	27,487
Reform of Adult Social Care	55,328	3,878
National Care Home Contract	45,000	45,000
Framework for Employability	23,090	22,090
Job Evaluation Consortium	13,416	13,416
Other	69,867	170,527
UK Government Grant:		
Trading Standards Scotland	-	3,994
LGDO – unused Local Authority Contributions	457,902	-
Local Government Pension Scheme Advisory Board	43,539	155,039
Other	35,955	27,471
	<u>4,251,018</u>	<u>1,649,783</u>

COSLA assumed responsibility for the Local Government Digital Office (LGDO) on 1 April 2022. It had previously been included within the remit of the Improvement Service. As part of the transfer, the Improvement Service passed on £2,475,000 of unused funding on 30 March 2022, which has been split into two parts above.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2022

14. CONTINGENT LIABILITY

During the previous 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. The Association has sought professional advice to review this potential breach of legislation and at the date of approval of the accounts, this has neither been confirmed or a potential liability quantified. As the risk of a potential liability cannot be either confirmed or reliably estimated, no provision has been made in the financial statements in this regard.

15. DESIGNATED RESERVES

	Transformation & Development £	Property £	Capital £	ICT £	Total £
Balance at 1 April	50,000	818,731	-	150,000	1,018,731
Transfers from/(to) General Reserves	-	(57,399)	47,660	(21,961)	(31,700)
Balance at 31 March	<u>50,000</u>	<u>761,332</u>	<u>47,660</u>	<u>128,039</u>	<u>987,031</u>

The Transformation & Development Reserve has been created 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 2023.

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 has been established to absorb the depreciation on those assets funded by a specific grant.

The ICT Reserve has been 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 2023.

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

16. GENERAL RESERVE

	2022 £	2021 £
Balance at 1 April	405,497	370,065
Surplus for the year	414,205	35,432
Transfer from Designated Reserves	31,700	-
Balance at 31 March	<u>851,402</u>	<u>405,497</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.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2022

17. EMPLOYEE BENEFITS *(continued)*

For year ending 31 March 2022 the contributions of COSLA and its employees to the Scheme amount to 29.1% and an average 6.9% of earnings respectively. Employers' contributions payable including pension increases were £1,439,114 (2021: £1,305,223). Of this total, £89,449 (2021: £80,729) related to added years benefits awarded to former employees who were granted early retirement.

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

	2022	2021
	%	%
Discount Rate	2.70	2.00
Salary Increase Rate	3.70	3.35
Pension Increase Rate (CPI)	3.20	2.85

Post retirement mortality at 31 March 2022 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:

	2022	2021
	£	£
Recognised in the income statement:		
Current service cost	(2,251,000)	(1,563,000)
Net interest expense	(272,000)	(206,000)
	<u>(2,523,000)</u>	<u>(1,769,000)</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	3,767,000	5,522,000
Return on plan assets, excluding amounts included in net interest	4,075,000	(9,422,000)
	<u>7,842,000</u>	<u>(3,900,000)</u>

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

Present value of defined benefit obligations	51,988,000	53,603,000
Fair value of plan assets	(45,547,000)	(40,421,000)
Deficit	<u>6,441,000</u>	<u>13,182,000</u>

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

	£
At 1 April 2021	53,603,000
Interest expense	3,336,000
Benefits paid	(1,211,000)
Contributions by plan participants	335,000
Remeasurements:	
Actuarial gains and losses	(4,075,000)
At 31 March 2022	<u>51,988,000</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2022

17. EMPLOYEE BENEFITS *(continued)*

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

	£
At 1 April 2021	40,421,000
Interest income	813,000
Benefits paid	(1,211,000)
Contributions by employer	1,422,000
Contributions by plan participants	335,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	3,767,000
	<hr/>
At 31 March 2022	<u>45,547,000</u>

The actual return on plan assets was £3,767,000 (2021: £5,522,000).

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

	2022	2021
	£	£
Equity instruments	32,338,000	30,316,000
Debt instruments	5,921,000	4,446,000
Property	2,733,000	3,234,000
Cash and cash equivalents	4,555,000	2,425,000
	<hr/>	<hr/>
	<u>45,547,000</u>	<u>40,421,000</u>

18. FINANCIAL COMMITMENTS

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

	Land and Buildings		Other	
	2022	2021	2022	2021
	£	£	£	£
Within one year	458,030	458,166	-	4,803
Within two to five years	1,832,120	1,830,114	-	-
After five years	1,538,301	1,719,470	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,828,451</u>	<u>4,007,750</u>	<u>-</u>	<u>4,803</u>

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

	2022	2021
	£	£
Operating Surplus	1,515,205	493,432
Bank Interest	(2,194)	(18,998)
Depreciation	62,663	66,490
FRS 17 Pension cost adjustment	(1,101,000)	(458,000)
Increase in Debtors	(350,538)	(543,971)
Increase in Creditors	2,128,430	439,578
	<hr/>	<hr/>
	<u>2,252,566</u>	<u>(21,469)</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2022

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2021	Cash Flows	At 31 March 2022
	£	£	£
Cash at Bank and in Hand	1,177,683	1,399,428	2,577,111

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 and Vice-President are on the Board of Directors for the Improvement Service.

During the year, COSLA raised one sales invoice to the Improvement Service for £8,000 for their sponsorship of an Excellence Award. In the prior year, no invoices were raised. No amounts were outstanding at the year end (2021: nil).

COSLA received two invoices from the Improvement Service for a total of £21,960, relating to COSLA's website infrastructure, and for some analysis of, and a report on, Suicide Prevention Engagement Events. At the year end £15,600 was outstanding (2021: nil), but has since been paid.