

CITY BUILDING (GLASGOW) LLP

Members' report and financial statements

Registered number SO300990

For the year ended 31 March 2021

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MEMBERS' REPORT

The members present their report and audited financial statements for the year ended 31 March 2021.

Principal Activity

The principal activities of City Building (Glasgow) LLP are Repairs and Maintenance operations, Construction, Manufacturing and training of apprentices.

City Building (Glasgow) LLP had two members during the period, Glasgow City Council and the Wheatley Housing Group Ltd, both of whom were designated members.

Members' Drawings and Capital

No distribution was made to the members for the year. Policy on allocation of profits and losses is noted on page 31.

There was no increase on members' capital within the year. Current policy is not to make repayment of members' capital. No cash drawings were made against members' capital.

Business Review

City Building (Glasgow) LLP has entered into various agreements with Glasgow City Council and the Wheatley Housing Group Ltd ("Wheatley"), forming a 30 year 50/50 joint venture with Glasgow City Council, with effect from 1 April 2017.

Due to the Covid-19 pandemic there was a substantial reduction in work from both Members and £10.162m was claimed from the Government Job Retention Scheme being treated as other operating income in the profit and loss account. In addition, £2.872m representing a temporary price increase acknowledging the operational challenges and the difficult pandemic working conditions was received from each member which has been included within turnover within the profit and loss account. The members believe this is not capital in nature as it was provided to compensate for the impact of the Covid-19 pandemic on costs, with no expectation of future repayment and no other conditions attached. The costs are both those that are variable in nature such as costs to complete jobs, PPE & security, together with fixed overhead which resulted in price increases.

Financial Results for the Year

Due to the impact of the pandemic turnover reduced to £105.7m (2020 - £142.6m).

We obtained a temporary price increase of £5.744m which enabled the Partnership to achieve break-even prior to additional pension costs. The undernoted table shows the comparison with 2020:

	2021	2020
	£000	£000
Loss for the year	(8,385)	(8,879)
Additional pensions costs	8,385	8,937
Discount to Members	-	5,500
Temporary price increase from Members	<u>(5,744)</u>	<u>-</u>
Underlying (loss)/profit	(5,744)	5,558

City Building (Glasgow) LLP charges City Building (Contracts) LLP a Management Fee. For 2021 this Management Fee was a charge of £4.3m (2020 – £4.2m).

The net liabilities of City Building (Glasgow) LLP at 31 March 2021 were (£106.1m) (2020 - (£55.8m)). This is a result of the net pension deficit of (£116.6m) (2020 - (£67.5m)) in the Strathclyde Pension Fund (Local Government Pension Scheme). An actuarial loss of £40.8m (2020 – gain £46.1m) was experienced during the year as a result of a changes in actuarial assumptions.

The financial statements have been prepared on a going concern basis as, despite there being a substantial negative net worth as a result of the pension position, any shortfall within that area is guaranteed by Glasgow City Council.

It is important to note that, whilst the net pension liability remains an identified risk for management, the net liability does not fall due in any one year. The LLP's immediate cash exposure is only in respect of the annual contributions. As stated above, any shortfall is itself guaranteed by Glasgow City Council to the Pension Scheme although this guarantee is only activated if City Building (Glasgow) LLP fails in its obligations. The partnership currently meets all current annual contributions determined by the Scheme Trustees as requiring to be made to the pension fund.

The Strathclyde Pension Fund was subject to a triennial valuation as at 31 March 2020 which was to determine employer contribution levels from 1 April 2021. Currently these levels remain the same and while management acknowledges that the current pension liability could result in increased contribution levels at some time in the future, it does not consider that there is any major impact on the on-going business trading position.

Administrative Expenses

These increased to £14.5m (2020 - £12.9m), the increase of £1.6m mainly due to voluntary redundancy/early retiral costs incurred during the year.

Coronavirus Covid-19

In common with the wider construction industry, and business generally, City Building (Glasgow) LLP faced significant challenges throughout the pandemic, which had an adverse impact on our financial position.

The business went into lockdown on 23rd March 2020 in line with Scottish Government restrictions, and the instructions given by our partners which have evolved as we have moved through the many phases and tiers of Covid-19 related restrictions.

During this period, we continued to provide an emergency life and limb repairs service with all planned works and construction site works suspended. With most operations on hold there was a reduced resource need, resulting in some employees being furloughed through the Government's Job Retention Scheme.

Despite the difficulties over the last financial year, there is a very robust order book going forward that emboldens our recovery plans, where we are working to excel on all operational and commercial targets for the forthcoming year while retaining our focus on innovation and people development.

We adopted a digital transformation in technology which will support a more flexible working approach in the future across all business units and our innovation in adopting new business practices will bring sustained business improvement.

Incorporating new ways of working allowed us to continue our plans in constructing a new College for our Apprenticeship programme and employee development as we seek to upskill our workforce and embrace new and emerging renewable technologies in collaboration with stakeholders and our supply chain.

Our reinforced robust safety procedures also enabled the sustained delivery of essential services within communities helping some of the most vulnerable of our citizens. In addition, we adopted an industry leading standard of care towards our employees by ensuring full pay whilst on furlough and a continuation of pension contributions.

Our Values

The circumstances of the pandemic have highlighted the importance of our organisational values and how our values were translated by our Leaders and workforce in continuing to deliver, as a priority, for our customers and other stakeholders.

Our values which drive our purpose of building a better society by using our commercial success to deliver socially inclusive practices, responsible business and fair working practices all contributing to positive economic growth.

City Building (Glasgow) LLP is committed to "Building a Sustainable Future" for our clients, partners and employees. Through constant engagement with our customers we ensure we have a detailed interpretation of their aspirations and needs.

Our mission is to contribute excellence in construction, repairs, maintenance, manufacturing and training to customers, our employees, suppliers and the local communities in which we work. To always give back to the communities is central to our core values.

Our unique social ethos will continue to underpin everything we do and will drive the creation of training and employment opportunities for a diverse range of people, including minority and other under-represented groups across Glasgow and beyond. We continue to be the country's leading employer of female and BME construction apprentices and this is something we are very proud of.

We will continue to contribute to build a better society by using socially inclusive practices, and delivering effective, accountable products and services which offer value for money and enhance the quality of life, safety and wellbeing of our stakeholders.

Our values, which are embraced by all employees, are:

Excellence: to deliver quality in everything we do.

Honesty: to promote, at all times, honesty in our communication with all stakeholders, promoting partnerships and sustainability.

Ambition: to do more for our clients and partners and provide more opportunities for our employees and stakeholders as part of our change and growth strategies, succession planning and sustainability.

Trust: to be trusted by our employees, clients and partners.

Community: to build more sustainable communities through social, economic and community engagement.

Building a Sustainable Future – Statement of Intent

City Building (Glasgow) LLP has sustainability at the heart of our business, ensuring we boost productivity, diversify into new markets and whilst doing so benefit the local communities in which we live and work. Now is the time to grasp the opportunity of establishing this business as a recognised National leader in the 'just transition' towards a greener, cleaner, and more prosperous future for all.

Climate Change is one of the greatest challenges faced by us all. The Scottish Government has set a target of 2045 when Scotland's economy is to become net zero. Working together with Glasgow City Council and Wheatley Housing Group, we aim to play our part in reducing our impact by managing our business in a sustainable way that reduces Greenhouse gas emissions and improves resource efficiency.

At the heart of our plans we will promote fairness, equality, opportunity and innovation to bring greater economic success alongside sustainable inclusive growth by the following actions:

Business Aims:

All our strategies will prioritise three pillars: economic, social and environmental.

- Our Corporate Social Responsibility policy and strategies will ensure all our activities drive our productivity and competitiveness through fairness, equality and sustainable employment in line with our Scottish Business Pledge accreditation.
- We will work to ensure our business activities positively impact on society through reducing our environmental undertakings and building community wealth.
- We will continue to use our economic success to implement socially inclusive practices in our recruitment processes particularly targeting those furthest away from the labour market.
- We will work with all stakeholders in increasing the adoption of renewable technologies creating a better environment, creating jobs and better communities. Our approach will build on the skills and talent within our workforce who have already delivered on so many Renewables installations throughout the City.

Sustainable Products - Technologies and Design

- We will embrace new and emerging renewable technologies in collaboration with our stakeholders and supply chain to ensure the most appropriate renewable technologies for each intended location are available.
- Our portfolio of modern, energy efficient house types ambitiously designed to current Scottish Technical Standards and also to "Glasgow" Gold standards incorporating renewable technologies and building innovation are continually being developed, with a market affordable and socially just edge coming as standard.
- We will further advance our 'City Plan' based approach to MMC (Modern Methods of Construction) where a holistic end-to-end measurement of carbon generation is embedded alongside meaningful and rewarding employment for all within our society.

Sustainable Employment - Our People

- We will continue to use fair working practices investing in the skills and diversity of our workforce including continual employee engagement and trade union consultations, ensuring our workforce are motivated, as well as using training and development to ensure they have the skills to take advantage of emerging new markets in the green economy.

- Our recruitment strategies will continue to target those furthest away from the job market including young people and people with disabilities, ensuring that all can benefit from the transformative platform that net zero carbon reduction strategies bring.

Sustainable Procurement - Procurement and Supply Chain Management

- We will ensure our growth and economic success is shared amongst our supply chain including the high number of SMEs on our framework as well as continuing to develop social enterprises to ease access to our framework and supply chain as well as partnership working to increase diversity in construction.
- We will continue to provide prompt payment to our supply chain in line with our responsible business practices, our procurement teams will work on a dynamic basis to ensure emerging technology competence is an ongoing part of our delivery teams.

Sustainable Communities

- We will continue to embrace the circular economy through our recycling activities on behalf of our clients in our day-to-day operational activities working alongside community housing associations, social enterprises and the third sector.
- Our Corporate Values of Excellence, Honesty, Ambition, Trust and Community underpins all our work to build more sustainable communities through social, economic and community engagement.

Our Strategic Focus

City Building (Glasgow) LLP is one of Scotland's largest construction entities and as well as continuing to celebrate our Queen's Award for Enterprise – Sustainable Development 2018, we were proud to be awarded the Queen's Award for Enterprise – Promoting Opportunity 2021 which both constitute the greatest honour to be bestowed on a business and our workforce can be rightly proud of their unique achievements. We also continue to be proud of achieving the Defence Employer Recognition (ERS) scheme Gold award which is another accolade recognising our responsible business practices.

With a key priority of Health and Safety we have transitioned this year from the OHSAS 18001 accreditation to the ISO 45001, as well as the National Federation of Roofing Contractors Gold accreditation in Health and Safety, both demonstrating within our organisation we are an exemplar in managing risk to the wellbeing of our workforce and customers.

We are clear on our responsibility to support economic growth aspirations and combine our commercial success with socially and environmentally responsible practices, giving life changing opportunities to those far removed from the labour market. At the heart of our plans we promote fairness, equality, opportunity, and innovation to bring greater

economic success alongside sustainable inclusive growth all recognised in both our Queen's Award for Enterprise 2021 - 2026 in promoting opportunity and our Queen's Award for Enterprise 2018 - 2023 in Sustainable Development.

Our aspirations in green technologies going forward have seen us manufacture triple glazed windows and doors at our RSBi Window Factory, install Air and Ground Source Heat Pumps, PV solar panels and EWI / IWI wall insulation and rendering.

We recognise the significant impact our activities have on the environment and have several measures in place to reduce our carbon emissions. However, our ambition and focus over the coming period is to reduce these further across our business, all of which will be monitored.

Our exemplar Equality, Diversity and Inclusion practices continue our leadership in this area within the construction sector. As a result of our positive action in this area:

- 9% of our apprentices are female compared with 2% starts in the construction sector in Scotland.
- 38% of our apprentices live in the most deprived areas of Scotland.
- 11% of our apprentices have a disability compared with 9% of apprentices in Scotland.
- 4% of our apprentices are from an ethnic minority background compared to 2% of apprentices in Scotland.

We employ one in eight construction workers in Glasgow and therefore compete to recruit the best. We recruit 60 craft apprentices annually and to build diversity we work through our "Construction for All" initiative, where we take a unique approach because we believe opportunities for training and an apprenticeship are life changing. We worked with our supply chain to create a tool kit to build greater diversity and inclusion in the construction sector. This is an area we will continue to focus on as we enjoy the outcomes of being a fully inclusive and progressive employer.

We also offer training and employment opportunities for 35 young people with disabilities who attend Additional Supported Learning Schools annually. Through work experience in our supported manufacturing factory Royal Strathclyde Blindcraft Industries (RSBi), they achieve training to SVQ levels 1 and 2 in furniture manufacturing.

We continue to develop City Building's brand in our chosen markets. We deliver a diverse range of construction and manufacturing operations including repairs and maintenance, design and build construction, new house building, major investment and refurbishment, manufacturing, micro-renewables including district heating, solar thermal and PV installations as well as a range of specialist services. The development of new green technologies installation skills amongst our workforce is critical to delivering works for our Members, Glasgow City Council and Wheatley Housing Group.

Underlining the unique social ethos at the heart of City Building (Glasgow) LLP, we have retained our tribute as the most Inspiring Employer within the UK. We retain our market

positioning within the top 100 construction companies in the UK and according to industry data collated by the journal Construction News we are in the top ten companies for having responsible business practices in how we pay our supply chain.

External independent validation of performance is central to a culture of continuous improvement. This independent scrutiny by many bodies can at times be infinite, nevertheless it provides us with demonstrable feedback on the effectiveness and success of our workforce.

Despite the Covid-19 pandemic, in the last 12 months, we have received specific recognition from a range of industry organisations, gaining many notable plaudits, including:

The Queen's Award for Enterprise - Promoting Opportunity
Ministry of Defence – ERS Scheme Gold
ARCA (Asbestos removal contractors association) Gold
Carer Positive – Established Award
Flexibility Works – Highly Commended Top Ten Employers
NFRC (National Federation of Roofing Contractors) Gold
Screwfix UK – UK Apprentice of the Year – Christopher Keel

Investing in Skills and Leadership

Our business is successful because of the individuals within our workforce who deliver our services. We manage our talents and continue to invest in our people whether it is our current workforce development, trainees, or apprentices. Our Leadership programme continues to grow our senior leadership team. We continue to rely on the innovation, hard work and commitment of our workforce particularly during what has been a really challenging year and we thank them for their continued dedication.

A key element of our forward strategic planning is to continue to develop our culture to underpin the delivery of outstanding performance and continuous improvement in our customers' experience. Our focus is on excellence, value for money and right first-time services.

This investment has been highlighted in the continuous reviews of the partnership between Glasgow City Council (GCC) and Wheatley Housing Group (WHG) which highlights strong progress against the strategic objectives of both GCC and WHG which were set in establishing the City Building (Glasgow) LLP joint venture and which are scrutinised regularly, showing a range of strengths as well as innovation in future priorities.

Repairs and Maintenance Division

We work in partnership with Glasgow City Council and the Wheatley Housing Group to build a shared capability and deliver cost effectiveness. Our reputation as an employer of choice means we attract and retain the best people with the skills, solutions, and commitment to get the job done right first time and to the highest standard.

For Glasgow City Council, we undertake 200,000+ repairs per annum including key areas of maintenance within some of the City's prestigious buildings, maintenance and repairs of education and the health and social care partnership services property portfolio, Glasgow's Life's property maintenance and refurbishment along with city wide legionella and plant room services, maintenance of all council property alarms, asbestos, lift maintenance and disabled adaptations, furnished accommodation, city lighting and electrical testing. This diverse and unique one-stop-shop service provision provides both added value and innovation in simplifying our approach and delivery to Glasgow City Council.

These vital and specialist services are now increasingly being delivered with the help of mobile technology. This focus on improving efficiency and service has resulted in customer satisfaction levels of 97% and increased "Right First Time" outcomes.

At the forefront of everything we do is a clear responsibility to set new standards of efficiency and accountability. That's why we've been working hard to align services, processes, and standards with internal Glasgow City Council departments. We are also working much closer with our other ALEO (arm's length organisation) colleagues at City Property LLP and Glasgow Life to ensure we help deliver significant on-going savings and service improvements to Glasgow City Council.

For the Wheatley Housing Group we undertake over 200,000 repairs per annum delivering an extensive and comprehensive range of services to tens of thousands of householders as well as investment works, compliance works and lift maintenance, working in partnership to sustain their top quartile performance in 80% of ARC measures as set out by the Scottish Housing Regulator. We continue to work closely with the Wheatley Housing Group to enhance and develop our repair service provision even more, as we move towards a track and trace customer App with more flexible customer appointments as well as more efficient ways of working.

A major organisational change programme was introduced in previous years, as part of the launch of a new brand and service model for WHG "My Repairs". This programme involved nearly 1,000 employees with outcomes that will drive commercial opportunity and business growth as well as propelling improvement, innovation and efficiency in repairs and investment works.

This year we have focussed mainly on emergency repairs and compliance works as part of Scottish Government guidelines. As restrictions have opened, we have delivered non-emergency end to end times repairs, completed above target as well as completing 100% compliance with Gas CP12's.

In addition, we lead by example in terms of our environmental strategy and addressing our own carbon footprint. Our strategy is annually reviewed and ensures our legal compliance, particularly with SEPA regulated Pollution Prevention and Control permits and waste management licences. Our Environmental Management System is accredited to ISO 14001:2015 and audited by British Standards Institution.

Investment Division

With the suspension of internal investment works during this period, our operational delivery teams, working in partnership with the Wheatley Housing Group's Investment, Repairs and Compliance team have focussed on delivering the completion of 11,000 void properties for immediate use of some of our most vulnerable citizens.

Compliance works continued including upgrading smoke alarms, heat detectors and stair lighting as well as the installation of thermostatic mixing valves (TMVs) and window safety checks.

The Wheatley Housing Group formed a constitutional partnership with Dumfries and Galloway Housing Partnership (DGHP) and as part of a £35million investment programme. City Building (Glasgow)'s agile workforce working with local suppliers have undertaken voids works, installation of gas boilers and windows and doors as well as re-roofing and environmental works and look forward to continuing to work with DGHP in the forthcoming period.

The expertise and skills of our workforce all support the value strengthening of Wheatley's asset base and on-going stimulus to ensure customer properties remain at the highest standard.

Manufacturing Division– Royal Strathclyde Blindcraft Industries (RSBi)

RSBi is one of the most forward-thinking social enterprises in the UK, combining commercial success with socially inclusive practices. It employs 260 people, 50% of whom have a disability, including Reservists and HM Forces veterans from recent conflicts. There are currently 109 individuals who benefit from the Work Choice grant from the Department of Work and Pensions (DWP), which is designed to break down barriers and offer additional support to the benefit of disabled people accessing employment.

Manufacturing at RSBi has continued on a phased basis with production remaining prioritising essential furniture items for Glasgow City Council's temporary accommodation and homelessness needs as well as for the Scottish Welfare Fund. We have continued to manufacture kitchens to meet WHG and other RSBi client void property requirements again to support some of our most vulnerable citizens.

RSBi's turnover reduced from £32.5m to £22.2m due to the suspension of manufacturing during the Covid 19 pandemic but our robust order book going forward will support its recovery and continued success as its manufacturing capacity grows for future investment works.

Our continuing strategy at RSBi of investing in people, plant and equipment enables us to supply an enormous range of quality products at a competitive price, underpinning the success of this unique business.

As well as manufacturing high quality kitchens, school and office furniture, windows and curtain walling, the timber kits manufactured by RSBi are integral to the construction of new houses, schools, care units and offices. We have secured new projects since manufacturing has opened, designing new products, and working to refresh our relationship with our customers.

It is a reflection of the scale of our commitment to this important sector that RSBi employs 32% of all 16–24 year olds working for supported businesses in Scotland. In addition, across the UK, male individuals with a disability experience an 11% pay gap and 19% of households that include an individual with a disability live in relative income poverty.

RSBi was the first supported business in Scotland to secure the Scottish Government's Scottish Business Pledge accreditation recognising fair working practices.

People and Development Division

The 237 apprentices employed at our SQA-accredited training centre at Queenslie underpin much of the work carried out by our Construction and Repair and Maintenance Divisions, and the outstanding quality of the training they receive enhances their career prospects for decades to come. Our apprentices are recognised by external bodies in terms of awards.

During 2020, despite the Covid 19 pandemic, we recruited 60 new apprentices ensuring we continue to support skills in the construction sector. Whilst our training centre was also temporary closed, we were able to put in place advanced arrangements following a revision of an apprenticeship theory elements through online and regular contact by our senior instructors remotely to ensure practice of hand skills. Our 4th year apprentices returned on a phased basis, in line with Scottish Government guidelines to allow more intense training and preparation for their skills tests to reach tradesperson status.

With an apprentice "pass out rate" of 95% in the past year, almost a third above the national sector average, our apprenticeship programme is one of the most highly rated in the country. This commitment to future proofing the skills of the construction sector is underlined by our strategic decision to construct a state-of-the art Training College to meet future demands of CBG's Craft Apprenticeship Training Programme. However, it is only one element of the investment we make in our people, which also covers degree and post-graduate qualifications as well as Leadership and Management pathways.

In the past year our training focused on PPE and health and safety specifically for Covid wardens and first aiders.

In line with Scottish Government guidelines our community engagement activities were diminished. However, we were still able to support 14 communities including works within Marie Curie Hospice.

Our inclusive approach to community engagement is not just the right thing to do, but also makes business sense. We target our current customer base and the communities in which we work as well as supporting our Members in building community wealth.

Risk Management

City Building applies a significant level of corporate governance to the management of business risk and has in place a formal structured risk review process. The risk register is a live document and reviews are reported to City Building (Glasgow) LLP Board, which is chaired by an elected Board member.

The stability of the UK construction market remains variable and there is now concern with the impact of Covid-19. The macro-economic impact of Covid-19 is not fully known yet, however City Building's main concerns were in respect of the health and welfare of the staff, customers, clients and subcontractors; the availability of the work from clients; the availability of subcontractors and the additional costs associated with ensuring safe working practices.

Our framework is due to be reviewed but our sustainable procurement and supply chain management will continue to ensure our growth and economic success is shared amongst our supply chain including ensuring we continue to work to develop SMEs and social enterprises and supported businesses to ease access to our framework and supply chain as well as partnership working to increase diversity in construction.

The Repairs and Maintenance sectors will continue to be driven in part by efforts to reduce energy costs by the installation of energy efficient measures and/or renewable energy generation technologies and City Building (Glasgow) LLP is well placed to take advantage of any opportunities in this area.

In addition, we are continually engaged in seeking out new business development opportunities and improvements to bolster current contracts.

Corporate Social Responsibility

"Building a Sustainable Future" is more than a slogan for us. We are acutely aware that we're providing valuable skills to the workforce of tomorrow and generating sustainable economic and social benefits in our local communities and beyond. Our strong focus on continuous training for all employees, including apprentices and tradespeople, will help us to develop responsible citizens for the future.

City Building (Glasgow) LLP is committed to:

- Delivering lasting employment opportunities to local people, including those with a disability and / or from minority groups.

- Engaging directly with local community groups, housing associations and other agencies to ensure we maximise opportunities to improve local areas and overall wellbeing.
- Continuing our work on youth citizenship programmes to deliver positive communities.
- Investing in green technologies to ensure the future of both our workforce and the environment.
- Increasing the number of apprentices and tradespeople trained in renewable technologies to ensure we have a multi-skilled workforce for the future.
- Combining commercial success with socially and environmentally responsible practices to give life changing opportunities to those far removed from the labour market.
- Working in partnership with a range of organisations to ensure that people of all abilities are encouraged to reach their full potential.

Our strong commitment to sustainable development will ensure that we continue to leave positive and lasting legacies for future generations in local communities across the city.

Environmental and Sustainability

City Building (Glasgow) LLP recognises the significant impact that our activities have on environmental issues such as climate change; resource depletion and water quality affect us all. These matters remain priorities for Government. Over the past five years, with an increase in business, we have reduced annual waste production by 73.7% or 10,289 tonnes. Across the business, 71% of the waste is re-used or recycled therefore minimising waste being sent to landfill.

Although we have an excellent recycling rate, we are now incorporating the circular economy principles into our business strategy and have implemented several waste minimisation policies. We work with social enterprises to ensure we continue to develop our ambitions in support of the Circular Economy Route Map published in 2020 supporting a more inclusive and resilient City ensuring the continuous circulation of products and materials across Glasgow and Scotland.

Carbon Reporting

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

The LLP's energy use and emissions for the last year have been as follows:

Total energy use covering electricity, gas, other fuel and transport	6,419,518	kWh
Total per City Building Glasgow LLP employee	3,851	kWh
Total emissions generated through combustion of gas	657	tCO ₂ e
Total emissions generated through other fuel	2,147	tCO ₂ e

Total emissions generated through purchased electricity	667 tCO ₂ e
Total emissions generated through water consumption	2 tCO ₂ e
Total Gross	3,473 tCO₂e

The UK Government Company Greenhouse Gas conversion factors have been used to calculate the emissions provided. The source of the information included energy and fuel invoices and meter readings.

Our aim is to reduce our carbon footprint to as low a level as is reasonably possible through effective management and identification of improvements within the organisation, all of which will be in-line with the ISO 14001:2015 accreditation held by the LLP.

As a start, we have implemented the following initiatives for the purpose of increasing the business energy efficiency in the upcoming financial year:

- A Sustainability Champion network has been established within the organisation to help identify potential savings opportunities across the various premises of the business. Regular training sessions and awareness materials have been made available to support effective delivery of this scheme.
- A full feasibility study has been commissioned for the vehicle fleet operated by the business and will be undertaken by The Energy Savings Trust with a view to identifying the latest technology available which has the potential to drastically reduce carbon emissions from the current diesel-powered fleet.

The following energy efficiency measures are under consideration for implementation during the financial year:

- Implementation of IT systems to allow for PC shutdown to ensure equipment is switched off during periods when they are not in use.
- Continued installation of energy-efficient lighting and appliances throughout the business.
- Continued replacement of older air-conditioning unit systems with more energy-efficient systems.
- On-going monitoring of building energy performance and identifying potential for new technology to be implemented.

Investment and New Business Development

City Building (Glasgow) LLP is committed to investing in the business to support its development and growth. In line with other construction companies we ensure our marketing budget is directed towards increasing new business opportunities.

Outlook for 2021/22

As lockdown eases and opportunities open we have a robust Business Plan and believe that with both a highly skilled workforce and a strong, experienced management team, City Building (Glasgow) LLP is confident it will continue to secure work with the support

from Members through the 2021/22 financial year and that it will return to profitability and deliver operational and financial success.

Transactions with Members

During the year sales and purchases for construction, maintenance and manufacturing were made from members as per Note 17 Related Parties.

In accordance with the agreements between the LLP, Glasgow City Council and Wheatley Housing Group provided a temporary price increase of £5.8m (2020 – Discount: £5.5m) reflected within turnover within these accounts. The members believe this price increase is not capital in nature as the monies were provided to compensate for the impact of the Covid-19 pandemic on costs, with no expectation of future repayment and no other conditions attached. The costs are both those that are variable in nature such as costs to complete jobs, PPE & security, together with fixed overhead which resulted in price increases.

Disclosure of Information for the Auditor

The Members who held office at the date of approval of this Members report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor are unaware, and each Member has taken all the steps that they ought to have taken as a Member to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The financial statements were authorised for issue on xxxxxx. Approved by the members and signed by

For and on behalf of
Wheatley Housing Group Limited

For and on behalf of
Glasgow City Council

Registered number: SO300990

Registered office: 350 Darnick Street, Glasgow G21 4BA

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND FINANCIAL STATEMENTS

The members are responsible for preparing the financial statements in accordance with applicable law and regulations as applied to limited liability partnerships.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit and loss account of the LLP for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY BUILDING (GLASGOW) LLP

Opinion

We have audited the financial statements of City Building (Glasgow) LLP (the 'limited liability partnership') for the year ended 31 March 2021 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Members' Interests, Cash Flow Statement 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 limited liability partnership's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 limited liability partnership 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

We are responsible for concluding on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the limited liability partnership to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY BUILDING (GLASGOW) LLP

In our evaluation of the members' conclusions, we considered the inherent risks associated with the limited liability partnership's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the members and the related disclosures and analysed how those risks might affect the limited liability partnership's financial resources or ability to continue operations over the going concern period.

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 limited liability partnership'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.

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.

The responsibilities of the members with respect to going concern are described in the 'Responsibilities of members for the financial statements' section of this report.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us 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
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY BUILDING (GLASGOW) LLP

Responsibilities of members for the financial statements

As explained more fully in the members' responsibilities statement, the members 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 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 are responsible for assessing the limited liability partnership'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 either intend to liquidate the limited liability partnership 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and industry in which it operates through our general commercial and sector experience, discussions with management and inspection of relevant documents such as Board minutes. We determined the following laws and regulations were most significant: FRS 102 'The

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY BUILDING (GLASGOW) LLP

Financial Reporting Standard applicable in the UK and Republic Ireland' and the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009, the Health and Safety at Work Act 1974 and The Construction (Design and Management) Regulations 2015.

- We enquired with management and in-house legal counsel as to any instances of non-compliance with any of the applicable laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - identifying and evaluating the design effectiveness of controls that management has in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in their assessment of significant accounting estimates;
 - identifying and testing journal entries, with a focus on material and unusual manual journals, considered by the engagement team to carry a higher risk of fraud;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;
 - performing audit procedures to conclude on the compliance of disclosures in the annual report with the applicable financial reporting requirements.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the following:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge and experience of the industry in which the client operates;
 - understanding of the requirements of FRS 102 in conformity with the requirements of the Companies Act 2006 and the application of the legal and regulatory requirements to the limited liability partnership.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition that is heightened for sales made in the final month of the financial year.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the limited liability partnership's operations, including the nature of its revenue sources and revenue recognition policy, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY BUILDING (GLASGOW) LLP

- the limited liability partnership's control environment, including management's knowledge of laws and regulations and how the entity is complying with those laws and regulations, the policies and procedures implemented to comply with the requirements of accounting standards in conformity with the requirements of the Companies Act 2006 and the adequacy of procedures for authorisation of transactions.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Andersen

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

[Date**]**

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2021

	<i>Note</i>	31 March 2021 £000	31 March 2020 £000
Turnover	3	105,653	142,631
Other operating income	4	10,162	-
Cost of sales		(108,047)	(135,877)
		<hr/>	<hr/>
Gross profit		7,768	6,754
Administrative expenses		(14,526)	(12,907)
		<hr/>	<hr/>
Operating loss	5	(6,758)	(6,153)
Other interest receivable and similar income		5	16
Interest payable and similar charges	7	(1,632)	(2,742)
		<hr/>	<hr/>
Loss for the financial year available for discretionary division among members		(8,385)	(8,879)
		<hr/> <hr/>	<hr/> <hr/>

All of the LLP's operations are classed as continuing.

The notes and accounting policies on pages 29 to 45 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for year ended 31 March 2021

	2021	2020
	£000	£000
Loss for the year available for discretionary division among members	(8,385)	(8,879)
Other comprehensive income		
Actuarial (losses)/gains on defined benefit pension scheme	(40,764)	46,055
Other comprehensive income for the year	(40,764)	46,055
Total comprehensive income for the year	(49,149)	37,176

The notes and accounting policies on pages 29 to 45 form part of these financial statements.

BALANCE SHEET
at 31 March 2021

	Note	2021 £000	2020 £000
Fixed Assets			
Tangible Assets	9	510	735
Current assets			
Stock	10	2,563	2,353
Debtors	11	27,730	23,867
Cash in hand and in bank		4,502	6,765
		34,795	32,985
Creditors: amounts falling due within one year	12	(23,597)	(21,292)
Net current assets		11,198	11,693
Total assets less current liabilities		11,708	12,428
Creditors: amounts falling due after more than one year	13	(65)	(88)
Provisions for liabilities	14	(1,116)	(648)
Net assets before pension fund deficit		10,527	11,692
Pension fund deficit	16	(116,644)	(67,495)
Net liabilities attributable to members		(106,117)	(55,803)
Represented by:			
Loans and other debts due to members			
Other amounts		10,294	11,459
Members' other interests			
Members' capital classified as equity		2	2
Members' other interests – other reserves classified as equity		(116,413)	(67,264)
		(106,117)	(55,803)
Total Members' interests			
Amounts due from members		(19,440)	(18,583)
Loans and other debts due to members		10,294	11,459

Members' other interests	<u>(116,411)</u>	<u>(67,262)</u>
	<u>(125,557)</u>	<u>(74,386)</u>

The notes and accounting policies on pages 29 to 45 form part of these financial statements.

These financial statements were approved and authorised for issue by the members on xxxx and were signed on their behalf by:

For and on behalf of
Wheatley Housing Group Limited

For and on behalf of
Glasgow City Council

Registered number: SO30099

STATEMENT OF MEMBERS' INTERESTS

	Equity			Debt		Total Members' Interests
	Members' other interests			Loans and other debts due to Members		
£000's	Members' Capital	Other Reserves classified as equity	Total	Other Amounts	Total	
Amounts due from Members				(15,997)	(15,997)	(15,997)
Amounts Due to Members				6,485	6,485	6,485
Balance as at 1 April 2019	2	(104,440)	(104,438)	(9,512)	(9,512)	(113,950)
Loss for the financial year available for discretionary division among members		(8,879)	(8,879)			(8,879)
Other Comprehensive Income		46,055	46,055			46,055
Other movements				2,388	2,388	2,388
Amounts due from Members				11,459	11,459	11,459
Amounts due to Members				(18,583)	(18,583)	(18,583)
Balance as at 31 March 2020	2	(67,264)	(67,262)	(7,124)	(7,124)	(74,386)

	Equity			Debt		Total Members' Interests
	Members' other interests			Loans and other debts due to Members		
£000's	Members' Capital	Other Reserves classified as equity	Total	Other Amounts	Total	
Amounts due from Members				11,459	11,459	11,459
Amounts due to Members				(18,583)	(18,583)	(18,583)
Balance as at 1 April 2020	2	(67,264)	(67,262)	(7,124)	(7,124)	(74,386)
Loss for the financial year available for discretionary division among Members		(8,385)	(8,385)			(8,385)
Other Comprehensive Income		(40,764)	(40,764)			(40,764)
Other movements				(2,022)	(2,022)	(2,022)
Amounts due from Members				10,294	10,294	10,294
Amounts due to Members				(19,440)	(19,440)	(19,440)
Balance as at 31 March 2021	2	(116,413)	(116,411)	(9,146)	(9,146)	(125,557)

The notes and accounting policies on pages 29 to 45 form part of these financial statements.

CASH FLOW STATEMENT
For the Year Ended 31 March 2021

	2021	2020
	£000	£000
Cashflows from operating activities		
Loss for the financial year available for discretionary division among members	(8,385)	(8,879)
Adjustments for:		
Depreciation of tangible assets	225	410
Non cash movement in pension liability	8,385	8,937
Increase/ decrease in stocks	(210)	(167)
Increase/ decrease in debtors	(3,863)	(2,126)
Increase / decrease in creditors	1,140	4,157
Increase / decrease in provisions	468	83
Net cash (used in)/generated from operating activities	(2,240)	2,415
Cashflows from Investing Activities:		
Purchase of tangible assets	-	(120)
Net Cash from Investing Activities	-	(120)
Cashflows from Financing Activities:		
Repayment of finance lease obligations	-	120
Cash payments for the reduction of the outstanding liabilities	(23)	(9)
Net cash (used in)/generated from financing activities	(23)	111
Net (decrease)/increase in cash and cash equivalents	(2,263)	2,406
Cash and cash equivalents at the beginning of the year	6,765	4,359
Cash and cash equivalents at the end of the year	4,502	6,765

The notes and accounting policies on pages 29 to 45 form part of these financial statements.

NOTES

(forming part of the financial statements)

Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Limited Liability Partnership's financial statements. City Building (Glasgow) LLP is an LLP incorporated in Scotland, registered at 350 Darnick Street, Glasgow, G21 4BA.

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules and in accordance with the Statement of Recommended Practice 'accounting by limited liability partnerships' 2018 ("LLP SORP").

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement Convention

The financial statements are prepared on the historical cost basis.

Going Concern

The LLP has net liabilities of £106.1m at the balance sheet date. These arise from its obligations in respect of the inclusion of Strathclyde Pension Fund liabilities of £116.6m which fall due in future years in accordance with the accounting treatment required by FRS102. The net pension fund liability is dependent on market economic conditions and represents the specific circumstances as at the balance sheet date.

The LLP is required to service the annual cash contributions payable to the pension scheme. These are determined every three years as a result of the formal triennial actuarial valuation. The last formal valuation was as at 31 March 2020. Based on the LLP's business plan for the short to medium term, management is of the view that the trading performance of the LLP will be such as to enable the LLP to continue to meet the annual contributions to the pension fund as they fall due. In the longer term, beyond the scope of the next triennial actuarial valuation, as the LLP participates in a multi-employer local government pension scheme, any actions to address the longer term funding position in respect of the LLP will necessarily be undertaken in conjunction with the parent members, Glasgow City Council and the Wheatley Housing Group Ltd, which are also a participant members in the Strathclyde Pension Fund.

Due to Covid-19, the LLP went into lockdown 23rd March 2020 and during this period the LLP continued to provide an emergency life and limb repairs service. Works have now been re-mobilised with strict adherence to Scottish Government guidelines however Covid-19 continues to cause uncertainty in the timing and nature of works. The LLP has benefited from the UK Government's Job Retention Scheme (furlough). Glasgow City Council and the Wheatley Housing Group have jointly committed to fund City Building

Notes *(continued)*

(Glasgow) LLP based on forecasts prepared by management for the 12 months from the date of signing these financial statements giving comfort that there is no going concern issue.

Accordingly, it has been considered appropriate to continue to adopt a going concern basis for the preparation of these financial statements because the members believe that the LLP will generate sufficient assets to meet its ongoing trading requirements.

Notes *(continued)*

1. Accounting Policies

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price.

Cash & Cash Equivalents

Cash is represented as cash in hand and deposits with financial institutions.

Provisions

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Allocation of Profits/Losses

In accordance with the service framework agreement held with members' in their capacity as a customer of the LLP a discount provided to members on the services provided to them is accounted for as a reduction to turnover in the profit and loss within these accounts rather than members remuneration charged as an expense, with unallocated profits and losses included within 'Other Reserves'. The members shall be entitled to share equally the other reserves classified as equity. Losses are allocated against the members current account and are deducted from any past or future profits allocated to the members. However, the members are not liable for any losses.

Members' Capital

The capital requirements of the LLP are determined from time to time by the members. No interest is paid on capital. Capital is considered equity by the Members as per the LLP Agreement where it is noted as being at the discretion of the Members.

Value Added Tax

The LLP is registered for VAT purposes. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes (continued)

Fixed Assets

In accordance with parent company guidelines, tangible assets purchased in excess of the de-minimis level of £6,000 are included in the balance sheet as fixed assets and held at cost less depreciation. Assets disposed of, or taken out of use, will be fully written off in year of disposal or removal from use.

Depreciation is charged on a straight-line basis and the useful life of an asset is deemed to be:

I.T. Systems	5 years
Plant and Equipment	10 years
Fixtures and Fittings	10 years
Buildings	10 years

Taxation

Taxation on all partnership profits is solely the personal liability of individual members. Consequently, neither taxation nor related deferred taxation arising in the LLP are accounted for in these financial statements.

Turnover Recognition

Turnover from contracts and other services rendered is included to the extent of the completion of the contract or service concerned. Income received in advance is included in the balance sheet within creditors: amounts falling due within one year. Turnover includes services provided to the LLP's sister partnership, City Building (Contracts) LLP.

Revenue Streams are recognised:

Repairs & Maintenance - when job is complete

Investment – when job is complete

Manufacturing – when product is complete

Fixed Grant Income – for the period the grant income is due and on satisfaction of the obligations under the grants

Long-Term Contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous accounting periods. Provision is made for any losses as soon as they are foreseen.

Notes *(continued)*

Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for items which are considered to be slow moving or obsolete.

Retirement Benefits

All existing and new members of staff have the option of joining the defined benefit pension scheme; Strathclyde Pension Fund ("the Fund"). A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The LLP's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted which is valued in accordance with FRS102 fair value hierarchy. The LLP determines the net interest expense/ (income) on the net defined benefit liability/ (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/ (asset) taking account of changes arising as a result of contributions and benefit payments. Assets and liabilities of the Fund are held separately from those of the LLP.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Fund's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The LLP recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Furlough Income

Furlough income was recognised as grant income under FRS 102. The Coronavirus Job Retention Scheme was utilised and the amount claimed was £10.162m. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2. Turnover

Turnover which is net of VAT and is recognised in the UK, is included to the extent of the completion of the contract or service supplied under the principal activities of the LLP.

Notes (continued)

3. Turnover by Class

The activities of the LLP are broken down as follows:

	Construction Activities	Repairs & Maintenance Activities	Other Activities	Manufacturing Activities	Total
Year ended 31 March 2021	£000	£000	£000	£000	£000
Turnover					
Total Sales	15,432	62,332	6,213	22,198	106,175
Inter segment sales	-	-	-	(522)	(522)
Sales to third parties	15,432	62,332	6,213	21,676	105,653

	Construction Activities	Repairs & Maintenance Activities	Other Activities	Manufacturing	Total
Year ended 31 March 2020	£000	£000	£000	£000	£000
Turnover					
Total Sales	31,069	75,785	5,966	32,475	145,295
Inter segment sales	-	-	-	(2,664)	(2,664)
Sales to third parties	31,069	75,785	5,966	29,811	142,631

4. Other Operating Income

Other Operating Income represents the value of monies claimed via the Government's Coronavirus Job Retention Scheme, £10.162m.

Notes (continued)

5. Operating Loss

	2021	2020
	£000	£000
<i>Operating loss is stated after charging:</i>		
Operating lease payments land and buildings	1,094	1,100
Depreciation and other amounts written off fixed assets	225	410
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	38	33
Fees payable to the LLP's auditor for tax compliance services	5	5
Other assurance – agreed upon procedures services	2	-

6. Staff Numbers and Cost

The average number of persons employed by the LLP during the year, analysed by category, was as follows:

	2021	2020
	Number	Number
Direct operatives	1,528	1,570
Administration	139	147
Total	<u>1,667</u>	<u>1,717</u>
	2021	2020
	£000	£000

Staff costs for the above persons were:

Wages and salaries	53,584	55,216
Social security costs	4,745	4,963
Pension costs	15,886	15,093
Total	<u>74,215</u>	<u>75,272</u>

Notes *(continued)*

7. Other Interest Payable and Similar Charges

	2021	2020
	£000	£000
Finance leases	4	2
Interest on defined benefit scheme obligation	11,203	13,518
Expected return on pension assets	(9,575)	(10,778)
	<u>1,632</u>	<u>2,742</u>

8. Particulars of Members

The number of members of the LLP for the year was two. A temporary price increase from each member of £2.872m was received. In 2020 a discount was made to Members of £2.75m. The members believe this temporary price increase was not capital in nature as the funds were provided to compensate for the impact of the Covid-19 pandemic on costs, with no expectation of future repayment and no other conditions attached. The costs are both those that are variable in nature such as costs to complete jobs, PPE & security, together with fixed overhead which resulted in price increases to customers.

There is no preferential ranking to Members on winding up of the LLP.

Notes *(continued)*

9. Fixed Assets

	Land & Buildings £000	Plant & Equipment £000	Total £000
Cost			
At 1 April 2020 and 31 March 2021	450	4,449	4,899
	450	4,449	4,899
Depreciation			
At 1 April 2020	450	3,714	4,164
Charge for the year	-	225	225
At 31 March 2021	450	3,939	4,389
Net book value			
At 31 March 2021	-	510	510
At 31 March 2020	-	735	735

Finance Lease

Fixed assets stated above include assets held under finance leases as follows:

	2021 £000	2020 £000
At Cost	120	120
Depreciation	24	-
	96	120

Notes (Continued)

10. Stock

	2021	2020
	£000	£000
Raw materials and consumables	2,563	2,353

£11.7m of stock was expensed during the year

11. Debtors

	2021	2020
	£000	£000
Trade debtors	2,898	1,771
Amounts owed by members	19,440	18,583
Amounts owed by other related undertakings	929	990
Prepayments and accrued income	4,463	2,523
	27,730	23,867

12. Creditors: Amounts Falling Due Within One Year

	2021	2020
	£000	£000
Trade creditors	8,957	9,571
Amounts owed to other related undertakings	14	16
Other taxation and social security	4,136	3,115
Other creditors	1,144	1,075
Accruals and deferred income	9,346	7,515
	23,597	21,292

Royal Bank of Scotland has a floating charge over all assets.

Notes *(continued)*

13. Creditors: Amounts Falling Due After One Year

	2021	2020
	£000	£000
Obligations under finance lease	<u>65</u>	<u>88</u>
	<u>65</u>	<u>88</u>

14. Provisions for Liabilities

	2021	2020
	£000	£000
Balance at beginning of period	648	565
Additions during the period	468	83
Released to profit and loss account	<u>-</u>	<u>-</u>
	<u>1,116</u>	<u>648</u>

Provisions relate to warranty on certain works and estimates for potential holiday obligations arising from changes to the Employment Rights Act 1996.

15. Operating Lease Commitments

At 31 March 2021, the LLP has commitments under operating leases as follows:

	2021	2020
	£000	£000
For leases expiring:		
Within one year	678	1,042
Within two to five years	42	489
Over five years	<u>-</u>	<u>-</u>
	<u>720</u>	<u>1,531</u>

Notes *(continued)*

16. Pension Costs

The information disclosed below is in respect of the LLP's share of assets and liabilities within the Strathclyde Pension Fund, in which it is a participating employer. The latest full actuarial valuation was carried out as at 31 March 2020. The next triennial valuation will be 31 March 2023.

	2021	2020
	£000	£000
Present value of funded defined benefit obligations	(613,971)	(475,964)
Fair value of plan assets	503,843	414,493
	(110,128)	(61,471)
Present value of unfunded defined benefit obligations	(6,516)	(6,024)
Net liability	(116,644)	(67,495)

Movements in present value of defined benefit obligation

	2021	2020
	£000	£000
At 1 April	481,988	534,106
Current service cost	16,037	18,853
Interest cost	11,203	13,518
Contributions by scheme participants	2,901	2,786
Actuarial (gains)/losses arising from changes in financial assumptions	155,602	(53,364)
Actuarial (gains)/losses arising from changes in demographic assumptions	(23,529)	(19,562)
Other experience losses	(15,746)	(2,198)
Past service cost (including curtailments)	226	(3,820)
Estimated benefits paid	(8,195)	(8,331)
At 31 March	620,487	481,988

Notes *(continued)*

16. Pension Costs (continued)

Movements in fair value of plan assets were as follows:

	2021	2020
	£000	£000
Opening fair value of scheme assets	414,493	429,493
Interest Income	9,575	10,778
Re-measurement: return on plan assets less interest income	94,858	(29,069)
Contributions by employer	9,229	8,836
Contributions by members	2,901	2,786
Benefits paid	(7,918)	(8,331)
Other experience losses	(19,295)	-
	<hr/>	<hr/>
At year end	503,843	414,493
	<hr/> <hr/>	<hr/> <hr/>

Expenses recognised in the profit and loss account:

	2021	2020
	£000	£000
Current service cost	16,037	18,853
Past service cost	226	(3,820)
Net interest on defined benefit pension plan obligation	1,628	2,740
	<hr/>	<hr/>
At 31 March	17,891	17,773
	<hr/> <hr/>	<hr/> <hr/>

The total amount recognised in Other Comprehensive Income in respect of actuarial gains and (losses) is (£40,764k) (2020- £46,055k).

Notes *(continued)*

16. Pension Costs *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	Fair value	
	2021	2020
	%	%
Equities	76	62
Corporate bonds	14	25
Property	8	12
Other	2	1
	<hr/>	<hr/>
	100	100
	<hr/> <hr/>	<hr/> <hr/>
 Actual return on plan assets	 94,858	 (29,069)

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2021	2020
	%	%
Discount rate	2.0	2.3
Expected rate of return on plan assets	1.9	2.6
Future salary increases	3.6	2.9
Inflation/pension increase rate	2.9	1.8

Last full actuarial valuation was performed on 31 March 2020.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

Notes *(continued)*

16. Pension Costs *(continued)*

The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Category	2020/21		2019/20	
	Male	Female	Male	Female
Current Pensioner aged 65	19.8 years	22.6 years	20.7 years	22.9 years
Future Retiree upon reaching 65	21.2 years	24.7 years	22.2 years	24.6 years

History of plans

The history of the plans for the current and prior periods is as follows:

	2021	2020	2019	2018
	£000	£000	£000	£000
Present value of scheme liabilities	(620,487)	(481,988)	(534,106)	(464,827)
Fair value of scheme assets	503,843	414,493	429,493	401,568
Net liabilities	(116,644)	(67,495)	(104,613)	(63,259)

The LLP expects to contribute approximately £8,894,000 to its defined benefit plan in the next financial year.

Sensitivity Analysis

Change in assumptions at 31 March 2021	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	76,542
0.5% increase in the Salary Increase Rate	2%	12,254
0.5% increase in the Pension Increase Rate (CPI)	10%	62,261

Notes (continued)

17. Related Party Transactions

During the year the LLP entered into the following transactions with related parties:

	Sales		Purchases	
	Restated		2021	2020
	2021	2020		
	£000	£000	£000	£000
Entities with joint control or significant influence:-				
Glasgow City Council & other ALEO's	39,477	56,377	4,843	11,707
Wheatley Housing Group Limited	46,486	64,003	0	2,750
City Building (Contracts) LLP	15,562	20,553	6,910	7,099
	101,525	140,933	11,753	21,556

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed to related parties	
	2021	2020	2021	2020
	£000	£000	£000	£000
Entities with joint control or significant influence:-				
Glasgow City Council & Other ALEO's	8,431	5,517	6,453	8,725
Wheatley Housing Group Limited	11,010	14,056	3,841	2,750
City Building (Contracts) LLP	3,551	3,732	1,510	2,426
	22,992	23,305	11,804	13,901

The transactions and amounts outstanding above include the management fee owed by City Building (Contracts) LLP.

Amounts owed by City Building (Contracts) LLP, Wheatley Housing Group Limited and Glasgow City Council are shown in Debtors (Note 12). Amounts owed to City Building (Contracts) LLP are within Creditors on page 38 and amounts owed to Wheatley Housing Group Limited and Glasgow City Council are shown in Loans and other debts due to members within the Balance Sheet on page 25.

Sales to City Building (Contracts) LLP, Wheatley Housing Group Limited and Glasgow City Council are shown in Turnover (Note 3) and purchases from City Building (Contracts) LLP, Wheatley Housing Group Limited and Glasgow City Council are shown within Cost of Sales within the Profit & Loss Account.

The prior year comparator of the value of sales from Wheatley Housing Group Limited has been restated from £75,634k to £64,003k to reflect the correct value and net sales during the year.

Notes *(continued)*

18. Capital Commitments

There were no capital commitments as at 31 March 2021 or 31 March 2020.

19. Accounting Estimates and Judgements

Key sources of estimation uncertainty:

The LLP believes that there is estimation uncertainty within the defined benefit pension liability which may materially affect the financial results. This uncertainty includes life expectancy, rate of inflation, returns the plans generate, discount rate. Independent actuarial advice is used to assist see note 16.

Critical accounting judgements in applying the LLP's accounting policies.

It is the opinion of the Members that the profit of the LLP should be accounted for as a discount shown as a reduction to turnover rather than as remuneration to members as this reflects how it has been documented in the legal agreements. It was also the clear intention of the members that the transactions are refunds on amounts charged and that the members do not believe that this should be classified as remuneration based on their interpretation of the LLP SORP.

20. Controlling Party

The LLP is a 50/50 joint venture between the Wheatley Housing Group and Glasgow City Council. All decisions are taken by the members with no single controlling party.

21. Financial Risk Management

The LLP has exposure to two main areas of risk – Liquidity Risk and Customer Credit Exposure.

Liquidity Risk

The objective of the LLP managing liquidity risk is to ensure that it can meet its financial obligations and when they fall due. The LLP expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the LLP has credit facilities available. The LLP is in position to meet its commitments and obligations as they become due.

Customer Credit Exposure

The LLP may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The LLP is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the fact that the majority of sales are to related parties and therefore the risk is significantly reduced.