

Notice of Meeting and Agenda **Glasgow & the Clyde Valley Strategic Development** **Planning Authority Joint Committee.**

Date	Time	Venue
Monday, 07 October 2019	11:15	Clydeplan, Lower Ground Floor, 125 West Regent Street, Glasgow, G2 2SD,

KENNETH GRAHAM
Clerk

Meeting Details

Please note this special meeting will be held in the offices of Clydeplan, Lower Ground Floor, 125 West Regent Street, Glasgow G2 2SD.

Present

Chair

In Attendance

Sederunt

Membership

Councillor Denis Johnston and Councillor Alan Moir (East Dunbartonshire Council); Councillor Alan Lafferty and Councillor Stewart Miller (East Renfrewshire Council); Bailie Glenn Elder and Councillor Kenny MacLean (Glasgow City Council); Councillor Jim Clocherty and Councillor David Wilson (Inverclyde Council); Councillor Harry Curran and Councillor Agnes Magowan (North Lanarkshire Council); Councillor Tom Begg and Councillor Marie McGurk (Renfrewshire Council); Councillor John Anderson and Councillor Alistair Fulton (South Lanarkshire Council); and Councillor Jonathan McColl and Councillor Lawrence O'Neill (West Dunbartonshire Council).

Councillor Lawrence O'Neill (Convener); Councillor David Wilson (Vice-Convener).

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at <http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

For further information, please either email

democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to reception where they will be met and directed to the meeting.

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

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|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1 | ISA 260 and Annual Audit Report 2018/19 | 5 - 40 |
| | Report by Audit Scotland. | |
| 2 | Audited Annual Accounts 2018/19 | 41 - 80 |
| | Report by Treasurer and Strategic Development Plan Manager. (At the meeting it was noted that various headings in the audited accounts had recently been amended and the final version of the audited accounts can be found in the document section at the foot of this page) | |

**GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING
AUTHORITY JOINT COMMITTEE**

To: Joint Committee

On: 7 October 2019

Report by: Audit Scotland

Heading: ISA 260 and Annual Audit Report 2018-19

1. Summary

- 1.1 At the meeting of the Joint Committee on 10 June 2019 a report on the unaudited accounts for the year ended 31 March was noted.
 - 1.2 The audit certificate issued by Audit Scotland provides an unqualified opinion that the annual accounts presents a true and fair view of the financial position of the Joint Committee as at 31 March 2019, in accordance with the accounting policies detailed in the accounts.
 - 1.3 The Audit Report comprises of two reports – The ISA 260 Governance Report and the Annual Audit report
 - 1.4 A member of the Audit Scotland team will present this report and answer any questions.
-

2 Recommendations

- 2.1 It is recommended that members note the report by Audit Scotland.
-

4th Floor
102 West Port
Edinburgh
EH3 9DN

4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

1st Floor, Room F03
The Green House
Beechwood Business Park North
Inverness
IV2 3BL

T: 0131 625 1500
E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk



Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee

7 October 2019

Glasgow and the Clyde Valley Strategic Development Planning Authority Audit of 2018/19 annual accounts

Independent auditor's report

1. Our audit work on the 2018/19 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 7 October 2019 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Joint Committee's consideration our draft Annual Audit Report on the 2018/19 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice. As outlined within our Annual Audit Plan, due to the nature and size of Glasgow and the Clyde Valley Strategic Development Planning Authority (Clydeplan), we have assessed the extent of wider dimensions work and concluded that a reduced scope, as outlined in paragraph 53 of the Code of Audit Practice, can be applied.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the Joint Committee, we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

7. As part of the completion of our audit, we are seeking written representations from the Treasurer, as the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.
8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Treasurer with the signed annual accounts prior to the independent auditor's report being certified.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the body as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Treasurer and the Joint Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the body'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 deemed inappropriate.

The Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

October 2019

APPENDIX B: Letter of Representation (ISA 580)

Mark Ferris, Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

7 October 2019

Dear Mark

Glasgow and the Clyde Valley Strategic Development Planning Authority Annual Accounts 2018/19

1. This representation letter is provided about your audit of the annual accounts of Glasgow and the Clyde Valley Strategic Development Planning Authority for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Remuneration Report, Management Commentary and Governance Statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Strategic Development Plan Manager and the Joint Committee, the following representations given to you in connection with your audit of Glasgow and the Clyde Valley Strategic Development Planning Authority's annual accounts for the year ended 31 March 2019.

General

3. Glasgow and the Clyde Valley Strategic Development Planning Authority and I have fulfilled our statutory responsibilities for the preparation of the 2018/19 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Glasgow and the Clyde Valley Strategic Development Planning Authority have been recorded in the accounting records and are properly reflected in the financial statements.

Financial Reporting Framework

4. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (2018/19 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
5. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of Glasgow and the Clyde Valley Strategic Development Planning Authority at 31 March 2019 and the transactions for 2018/19.

Accounting Policies & Estimates

6. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2018/19 accounting code where applicable.

Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Glasgow and the Clyde Valley Strategic Development Planning Authority's circumstances and have been consistently applied.

7. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

8. I have assessed Glasgow and the Clyde Valley Strategic Development Planning Authority's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Glasgow and the Clyde Valley Strategic Development Planning Authority's ability to continue as a going concern.

Assets

9. All assets at 31 March 2019 of which I am aware have been recognised in the annual accounts.
10. I carried out an assessment at 31 March 2019 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
11. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
12. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

13. All liabilities at 31 March 2019 of which I am aware have been recognised in the annual accounts.
14. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2019 of which I am aware where the conditions specified in the 2018/19 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2019. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.
15. The accrual recognised in the financial statements for holiday untaken by 31 March 2019 has been estimated on a reasonable basis.
16. The pension assumptions made by the actuary in the IAS 19 report for Glasgow and the Clyde Valley Strategic Development Planning Authority have been considered and I confirm that they are consistent with management's own view.
17. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

18. There are no significant contingent liabilities, other than those disclosed in note 19 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the 2018/19 accounting code and IAS 37.

Fraud

19. I have provided you with all information in relation to:
- my assessment of the risk that the financial statements may be materially misstated because of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

20. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

21. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2018/19 accounting code. I have made available to you the identity of all Glasgow and the Clyde Valley Strategic Development Planning Authority's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

22. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

23. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

24. I confirm that Joint Committee has undertaken a review of the system of internal control during 2018/19 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
25. I confirm that the Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with

the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2019, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

26. All events subsequent to 31 March 2019 for which the 2018/19 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Prior Period Restatements

27. I confirm the prior period restatements in respect of the accounting treatment for reserves in the Balance Sheet, Movement in Reserves Statement, and in the notes to the financial statements are accurate and in line with accounting records.

Yours sincerely

Treasurer

Glasgow and the Clyde Valley Strategic Development Planning Authority

2018/19 Annual Audit Report – Proposed



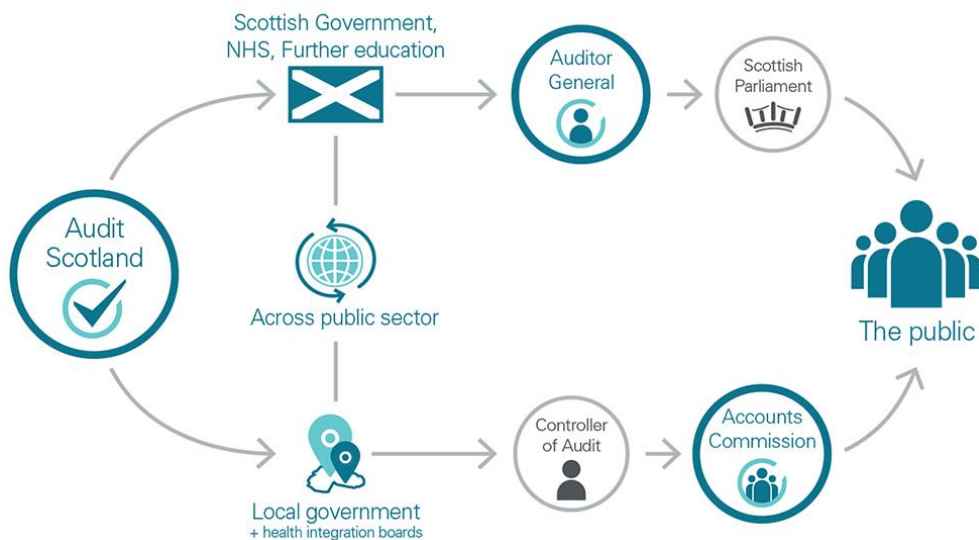
Prepared for the Members of the Glasgow and the Clyde Valley Strategic Development Planning Authority
Joint Committee and the Controller of Audit

7 October 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Key messages	4
Introduction	5
Part 1 Audit of 2018/19 annual report and accounts	7
Part 2 Financial sustainability	13
Appendix 1 Action plan 2018/19	15
Appendix 2 Significant audit risks identified during planning	16
Appendix 3 Summary of national performance reports 2018/19	19

Key messages

2018/19 annual report and accounts

- 1** Glasgow and the Clyde Valley Strategic Development Planning Authority's financial statements give a true and fair view and were properly prepared.
- 2** An adjustment to pension disclosures and balances was required as a result of a legal judgement. This resulted in an increase of £59,000 to the pension fund liability reported in the Balance Sheet.
- 3** Glasgow and the Clyde Valley Strategic Development Planning Authority's 2018/19 unaudited accounts were consolidated to reflect all transactions and balances for the Green Network Partnership. This was a change in accounting treatment with the objective of streamlining the accounts; the Green Network Partnership was disclosed as a note within the financial statements in prior years. It was concluded that there was no accounting basis for this change and that the consolidation should be reversed in the audited accounts.
- 4** The Management Commentary, the Governance Statement, and the audited part of the Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Financial sustainability

- 5** A surplus of £33,978 was delivered against a budgeted breakeven position. This surplus was taken to usable reserves.
- 6** The 2019/20 budget is projecting a funding gap of £15,800. Management intend to mitigate this through the planned use of reserves.

Introduction

1. This report summarises the findings from our 2018/19 audit of Glasgow and the Clyde Valley Strategic Development Planning Authority (Clydeplan).

2. The scope of our audit was set out in our [Annual Audit Plan](#) presented to the 11 March 2019 meeting of the Joint Committee. This report comprises the findings from:

- an audit of Clydeplan's annual accounts
- consideration of the financial sustainability and Governance Statement.

Adding value through the audit

3. We add value to the Clydeplan through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear conclusions on the appropriateness, effectiveness and impact of corporate governance and financial sustainability.

4. In so doing, we aim to help Clydeplan promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

5. Clydeplan has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. Clydeplan is also responsible for compliance with legislation putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

6. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice \(2016\)](#) (the Code) and supplementary guidance and International Standards on Auditing in the UK.

7. As public-sector auditors we give independent opinions on the annual accounts and conclude on securing financial sustainability and appropriateness of the Governance Statement disclosures. In doing this, we aim to support improvement and accountability.

8. The Code includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the Governance Statement and the financial sustainability of the body and its services. As highlighted in our 2018/19 Annual Audit Plan, due to the

volume and lack of complexity of the financial transactions, we applied the small body provisions of the Code to the 2018/19 audit.

9. The weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our Annual Audit Report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation.

11. We confirm that we comply with the Financial Reporting Council's Ethical Standard and we have not undertaken any non-audit related services. We are not aware of any relationships that could compromise our objectivity and independence.

12. An audit fee of £2,900 was set in our Annual Audit Plan. However, additional audit work was required due to issues around the accounting treatment of the Green Network Partnership (GNP) balances and transactions. As a result, the audit fee was increased to £3,625; however, the additional costs will be borne by Renfrewshire Council.

13. This report is addressed to both the Joint Committee and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

14. We would like to thank the management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2018/19 annual report and accounts



Main judgements

Clydeplan's financial statements give a true and fair view and were properly prepared.

An adjustment to pensions disclosures and balances was required as a result of a legal judgement. This resulted in an increase of £59,000 to the pension fund liability reported in the Balance Sheet.

Clydeplan's unaudited accounts were consolidated to reflect all transactions and balances for Green Network Partnership which were previously disclosed in a note within the financial statements. It was concluded that there was no accounting basis for this change and that the consolidation should be reversed in the audited accounts.

The Management Commentary, the Governance Statement, and the audited part of the Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

The annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Audit opinions on the annual accounts

15. The annual accounts for the year ended 31 March 2019 were due to be approved by the Joint Committee on 9 September 2019. However, the audited annual accounts were not available for consideration at this meeting. This was due to additional changes and audit work being required as a result of the accounting treatment for Green Network Partnership (GNP).

16. A special meeting of the Joint Committee was called for 7 October 2019 and the annual accounts were approved by members. The statutory deadline for approval and certification of the annual accounts is 30 September 2019. As the annual accounts were approved on 7 October 2019, this statutory deadline was not met.

17. We reported, within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- the Management Commentary, the Governance Statement, and the audited part of the Remuneration Report, were all consistent with the financial statements and properly prepared in accordance with the applicable requirements
- we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

Submission of annual accounts for audit

18. We received the unaudited annual accounts on 10 June 2019 in line with our agreed audit timetable. Following the agreement of initial audit findings at the end of August regarding the issues identified with the accounting treatment of GNP, a revised version of the annual accounts was received for additional audit testing on 5 September 2019.

19. The Local Authority Accounts (Scotland) Regulations 2014 required Clydeplan to give public notice for inspection and objection of the 2018/19 unaudited annual report and accounts by 17 June 2019. The public notice was published on the Clydeplan website on 26 June 2019 and in a newspaper on 28 June 2019, meaning this deadline was not met.

Risks of material misstatement

20. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the annual accounts and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

21. We have no issues to report from our work on the risks of material misstatement highlighted in our 2018/19 Annual Audit Plan.

Materiality

22. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. When deciding on what is material, we consider both the amount and nature of the misstatement.

23. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 1](#). With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

24. On receipt of the unaudited annual report and accounts we reviewed our materiality calculations as detailed in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£7,700
Performance materiality	£4,600
Reporting threshold	£1,000

Source: Audit Scotland

Significant findings from the audit (ISA 260)

25. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering

accounting policies, accounting estimates and financial statements disclosures. The significant findings are summarised in [Exhibit 2](#).

26. We have no significant findings to report around the qualitative aspects of the 2018/19 accounting practices.

Exhibit 2

Significant findings from the audit of the financial statements

Finding	Resolution
<p>1. Capital accounting</p> <p>We recommended in our 2017/18 Annual Audit Report that management review how capital expenditure is reflected in the financial statements. This was discussed further with management as part of the 2018/19 audit and it was agreed that capital expenditure would be reflected in the financial statements to reflect the substance of arrangements rather than just their legal form.</p> <p>This change resulted in new accounting policies for property, plant, and equipment (PPE) and intangible assets being included in the financial statements</p>	<p>From our work, we concluded that Clydeplan do not have any PPE or intangible assets which require capitalisation. However, it can be noted that the 2018/19 accounts have been fully updated to reflect this change in accounting policy.</p>
<p>2. Reserves accounting</p> <p>We recommended in our 2017/18 Annual Audit Report that management review how reserves are reflected in the financial statements. This was discussed further with management as part of the 2018/19 audit and it was agreed that the accounting treatment for reserves would be updated to reflect the substance of arrangements rather than just their legal form.</p> <p>This change resulted in a revenue reserve balance being recognised in the financial statements at the year end. Prior year comparatives were also restated to reflect the update accounting treatment. The revenue reserve balance reflects accumulated surpluses that have been generated in previous years which are available to Clydeplan.</p>	<p>The audit recommendation has been fully implemented by management within the 2018/19 financial statements.</p>
<p>3. Pension fund liability legal judgement</p> <p>Legal cases were brought against the UK government regarding the transition arrangements made in each of the pensions schemes for judges and firefighters. These arrangements came into effect as part of the move from a Final Salary Pension Scheme to a Career Average Pension Scheme in 2015 and included certain protections for active members of the schemes.</p> <p>The claimants successfully argued, in the resultant Employment Tribunal hearing, that some elements of the protection measures were unlawful on the grounds of age discrimination. The Employment Tribunal's ruling on this matter was upheld by the Supreme Court in June 2019.</p> <p>As this would have an impact on the transition arrangements of all government backed pension schemes, the council instructed, on behalf of Clydeplan, the actuary to the Strathclyde Pension Fund to quantify the impact on Clydeplan's pension fund liability. The actuary estimated that</p>	<p>The financial statements were updated to reflect the impact of the legal judgement on the pension fund liability.</p>

Finding	Resolution
<p>the impact from this case is to increase Clydeplan's pension fund liability by £59,000.</p> <p>The impact of this adjustment resulted in a £59,000 increase to the pension fund liability reported in the Balance Sheet from £0.527 million to £0.586 million, with a matching increase in the unusable pension reserve. This also results in a £58,000 increase in the pension cost charge incorporated within the Comprehensive Income and Expenditure Statement in the annual accounts. As these adjustments are fully mitigated by a statutory adjustment, they have no impact on the £33,978 surplus reported in the revenue reserve balance in the unaudited annual accounts.</p>	
<p>4. Provision for dilapidation costs</p> <p>The lease for Clydeplan's office in West Regent Street is due to expire on 26 October 2019. Management commissioned Renfrewshire Council's Property Services to carry out a review of potential dilapidation cost. This estimated that Clydeplan would incur costs of around £28,500 plus VAT.</p> <p>These costs are yet to be incurred by Clydeplan. However, <i>International Accounting Standard 37 – provisions, contingent liability and contingent assets</i> (IAS 37) requires a liability to be recognised when there is a present obligation from past events that will result in an outflow of resources and the costs can be reliably estimated. These criteria were considered to have been met when the estimate of dilapidations costs was carried out and therefore reflected within the 2018/19 annual accounts.</p> <p>Dilapidation costs had not been recognised in the unaudited annual accounts and the impact of this adjustment resulted in a £28,500 increase in current liabilities reported in the Balance Sheet from £251,297 to £279,797. This also resulted in an increase of £28,500 in premises costs in the Comprehensive Income and Expenditure Statement.</p>	<p>The financial statements were updated to reflect the estimated dilapidation costs.</p>
<p>5. Cashflow Statement</p> <p>As part of audit work during the year, we had discussions with management on the presentation of the financial statements and the requirement for a Cashflow Statement. Clydeplan does not have a bank account and all income and expenditure transactions are processed through Renfrewshire Council's (as the administering authority) bank account. No cash was held by Clydeplan at the year end.</p> <p>As a result, it was agreed that the Cashflow Statement could be removed as this statement should only reflect cash transactions processed by Clydeplan, of which there were none. The Cashflow Statement was removed in the unaudited annual accounts considered by the Joint Committee in June 2019.</p>	<p>The financial statements were updated to remove the Cashflow Statement.</p>
<p>6. Accounting treatment for GNP</p> <p>The unaudited annual accounts were consolidated to reflect all transactions and balances for GNP. GNP transactions and balances were previously disclosed in a note to the accounts and not consolidated within Clydeplan's financial statements. The change in accounting treatment was discussed with management and it was concluded there was no accounting basis for this change. There had been no significant changes</p>	<p>The annual accounts were updated to remove GNP transactions and balances and a note was included which disclosed GNP's performance for the year.</p> <p>We also recommend management review the Terms of Reference and governance documents for GNP to clarify the structure of the organisation.</p>

Finding	Resolution
<p>to accounting standards or the governance of GNP which would require a change in accounting treatment, and management explained the change had been made to streamline the accounting process.</p> <p>As there was no accounting basis for this change, we requested that the transactions and balances for GNP were removed from Clydeplan's financial statements and reported as a note. This resulted in material changes to all of the primary statements and a number of notes and an updated version of the annual accounts was provided with GNP transactions and balances removed.</p> <p>Additional audit work was required as a result of this change and as outlined in paragraph 12, this resulted in an increase to the audit fee. The delay to the completion of the audit meant the statutory deadline for approving and certifying the annual accounts was not achieved.</p> <p>As part of our work to review the change in accounting treatment, we considered the Terms of Reference and other governance documents for GNP. The lack of detail contained within these documents made it difficult to assess and conclude on the appropriate accounting requirements.</p>	<div data-bbox="927 293 975 349"></div> <p>Recommendation 1 (Appendix 1, action plan)</p>

Source: Audit Scotland

How we evaluate misstatements

27. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality. There were three material adjustment to the unaudited financial statements which are outlined in [Exhibit 2](#). There were no other errors above the reporting threshold.

Follow up of prior year recommendations

28. We have followed up the action previously reported and assessed progress made. One agreed action was raised in 2017/18 and has been fully actioned.

29. As detailed in [Exhibit 2](#), during the 2017/18 audit, we noted that Clydeplan had incurred expenditure which was capital in nature. The financial statements disclosed that Clydeplan did not have the power to hold assets, therefore any capital expenditure was treated as revenue expenditure.

30. A similar disclosure issue was identified in respect of Clydeplan's reserves. The financial statements outlined that the Joint Committee had no specific powers to hold reserves, therefore reserves were transferred to creditors. Any reserves that have been built up will ultimately be returned to the member councils upon the cessation of Clydeplan or when the Joint Committee decides to reimburse the reserves to member councils.

31. The Code of Practice on Local Authority Accounting in the United Kingdom states that for financial statements to be useful, they must provide a faithful representation of financial information with the substance of a transaction/process being reported as opposed to its legal form.

32. We recommended that management should review how capital expenditure and reserves were disclosed within the financial statements.

33. For the 2018/19 financial statements, management have revised the accounting treatment and now recognise assets and reserves within the financial statements. As detailed in [Exhibit 2](#), we concluded that Clydeplan do not have any PPE or intangible assets which require capitalisation. However, management have implemented a policy that will result in capital expenditure being capitalised in future if requirements are met. The balance sheet has been restated to reflect the impact of the change in the reserves accounting treatment.

Part 2

Financial sustainability



Main judgements

Clydeplan achieved a surplus of £33,978 in 2018/19. This surplus was taken to usable reserves.

The 2019/20 budget is projecting a funding gap of £15,800. Management intend to mitigate this through planned use of reserves.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Financial performance in 2018/19

34. The Joint Committee approved the 2018/19 budget in December 2017. Total budgeted expenditure was £0.618 million and total budgeted income was £0.599 million. This resulted in a budget gap of £19,000 that management planned to meet through efficiency savings or the use of reserves.

35. Actual outturn in 2018/19 was total expenditure of £0.652 million and total income of £0.686 million, resulting in a surplus of £33,978. The main factors for the overspend in expenditure compared to budget is due to the provision for dilapidation costs and salary costs for backfilling seconded posts. The over recovery of income compared to budget is due to additional secondment income from the City Region Team at Glasgow City Council.

Short term financial planning

36. The largest source of income for Clydeplan is requisitions from members of the Joint Committee. Requisitions have remained constant for 2017/18 and 2018/19 at £0.580 million. A small proportion of income is also generated from services provided to the GNP.

37. The Joint Committee approved the 2019/20 budget in December 2018. Total budgeted expenditure was £0.634 million and total budgeted income was £0.618 million. This resulted in a budget gap of £15,800 that is to be addressed through the use of reserves. Requisition income remained unchanged at £0.580 million.

Medium to long term financial planning

38. We reviewed the financial planning systems and assessed how effective they are in identifying and addressing risks to financial sustainability across the medium and long term.

39. As part of the budget setting process, revenue estimates are prepared for a three year period. This allows management and members to identify pressures and take early actions to mitigate against these pressures.

40. As outlined in paragraph 37, the 2019/20 budget identifies a budget gap of £15,800. The budget also forecasts a budget gap in 2020/21 and 2021/22 of £30,100 and £44,100 respectively. These are also expected to be addressed

through efficiency savings or the use of reserves. The main driver of the budget gap is increased employee costs. With the removal of the cap on public sector pay, there is more uncertainty around employee costs each year.

41. We reported in 2016/17 and 2017/18 about the uncertainties created by the Planning (Scotland) Bill. The Bill has been progressing through the Parliamentary process with proposed changes to the Scottish planning system which will have an impact on the future of Clydeplan. On 25 July 2019, the Planning Bill officially received Royal Assent and became the Planning (Scotland) Act 2019. The Act repeals the provisions requiring the preparation of Strategic Development Plans which are being replaced by provisions for two or more planning authorities acting jointly to prepare Regional Spatial Strategies.

42. From the work carried out, we have concluded that Clydeplan has adequate financial planning arrangements in place. Cost pressures are expected to arise in the medium term, mainly due to employee costs. However, the financial planning arrangements in place have allowed management to plan for these pressures and ensure necessary actions are taken when required.

Governance Statement

43. Our review of the Governance Statement assessed the assurances which are provided to the Strategic Development Plan Manager regarding the adequacy and effectiveness of the committee's system of internal control which operated in the financial year. The statement also summarises internal audit findings with the Chief Internal Auditor's annual assurance statement concluding 'that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Glasgow and the Clyde Valley Strategic Development Planning Authority's internal control, risk management and governance arrangements'.

44. We concluded that the information in the Governance Statement is consistent with the financial statements and complies with the guidance issued by the Scottish Ministers.

EU Withdrawal

45. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services
- funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports
- regulation – the extent to which potential changes to EU regulations are likely to affect the activities of some public bodies.

46. Renfrewshire Council is the lead authority of Clydeplan. As a result, Clydeplan is expected to follow and reflect the work done by the council in preparation for EU withdrawal. As such, assurances can be taken over the work being done at Renfrewshire Council which was considered to be appropriate.

Appendix 1

Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>GNP Terms of Reference and governance documents</p> <p>We noted that the GNP terms of Reference and other governance documents were high level.</p> <p>The lack of detail contained within these documents made it difficult to assess and conclude on the appropriate accounting requirements.</p> <p>Risk</p> <p>There is a risk that the accounting treatment of GNP may not be appropriate due to difficulties in assessing the structure of GNP.</p>	<p>It is recommended management review and clarify the Terms of Reference and governance documents for GNP.</p>	<p>Management response:</p> <p>A review of the Terms of Reference and governance arrangements will be undertaken over the next few months by the SDP Manager and the Clerk.</p> <p>Responsible officer: Clerk and SDP Manager</p> <p>Target date: 31 March 2020</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
1 Risk of management override of controls ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.	Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business.	No unusual or inappropriate transactions were identified as part of our detailed journal testing. A review of accounting estimates did not show any evidence of bias. Focused testing of accruals and prepayments did not identify any balances that were incorrectly held on the balance sheet. Focused testing on a sample of transactions outside the normal course of business did not show any evidence of management override of controls. Conclusion: no evidence of management override of controls.
2 Risk of fraud over income The majority of Clydeplan's income is in the form of requisitions from member authorities. However, a material proportion is generated from other sources. The extent of income means that, in accordance with ISA 240, there is an inherent risk of fraud.	Analytical procedures on income streams. Detailed testing of income transactions focusing on the areas of greatest risk.	Analytical procedures were carried out over all income streams and satisfactory responses were provided for all significant variances. Detailed testing of revenue transactions confirmed these were normal business transactions and had been accounted for in the correct year. An error was identified in how project income is reported which resulted in income being understated. However, this was corrected by management. Conclusion: no evidence of fraud over income.
3 Risk of fraud over expenditure	Analytical procedures on expenditure streams.	Analytical procedures were carried out over all expenditure streams and satisfactory

Audit risk	Assurance procedure	Results and conclusions
<p>Most public sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure.</p> <p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure. This applies to Clydeplan due to the variety and extent of expenditure incurred in delivering services.</p>	<p>Detailed testing of expenditure transactions focusing on the areas of greatest risk.</p>	<p>responses were provided for all significant variances.</p> <p>Detailed testing of expenditure transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p>Conclusion: no evidence of fraud over expenditure.</p>
<p>4 Estimates and Judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account area of pensions.</p> <p>Clydeplan's net liability relating to the Strathclyde Pension Fund at 31 March 2018 was £0.193 million. This value is an estimate based on a number of assumptions from the pension fund actuary.</p> <p>This subjectivity represents an increased risk of material misstatement in the financial statements.</p>	<p>Review of the pension actuary and the assumptions made in calculating the estimated pension liability.</p>	<p>A review of the actuary and the assumptions made in calculating the estimated pension liability was carried out and found the approach and assumptions used by the actuary to be reasonable and in line with expectation.</p> <p>Conclusion: the estimates and judgements made to calculate the net pension liability were reasonable.</p>
<p>5 New accounting system</p> <p>Renfrewshire Council implemented an enterprise resource planning system (Business World), in October 2018 which combines finance, HR, payroll and procurement into a single integrated application.</p> <p>The implementation of Business World during the 2018/19 financial year means that the annual accounts will be prepared using information recorded both before and after the change in system, under two different control environments.</p> <p>This introduces additional risks:</p> <ul style="list-style-type: none"> - The new control environment may be less robust - Data may not be correctly transferred to the new system 	<p>Gaining an understanding of Business World by reviewing process maps and through discussions with key officers.</p> <p>Detailed testing of significant transactions processed during the change period and rolled forward balances.</p> <p>Review of account/cost code mapping from legacy system to Business World.</p> <p>The work outlined above will be completed as part of the Renfrewshire Council audit and the Clydeplan audit team will take assurances from that work.</p>	<p>As part of work on the Renfrewshire Council audit, a review of the process maps and the operation of the key systems was carried out. This was reported in the 2018/19 Management Report for Renfrewshire Council.</p> <p>Detailed testing of transactions processed during the change period and rolled forward balances did not identify any issues.</p> <p>A review of account code/cost code mapping from the legacy system to Business World did not identify any issues.</p> <p>Conclusion: audit work carried out did not identify any issues in the roll forward of balances and mapping of account codes/cost centres to the new system.</p>

Audit risk	Assurance procedure	Results and conclusions
<ul style="list-style-type: none"> - Differences in the new system may make accounts preparation more challenging <p>The overall impact of the move to Business World is an increased risk of material misstatement in the annual accounts. This affects Clydeplan as Renfrewshire Council is the host authority and Clydeplan uses its accounting system.</p>		

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

<p>6 Changes to the Scottish planning system</p> <p>The Planning (Scotland) Bill was introduced in December 2017. It has been progressing through the parliamentary process and is currently at stage 3.</p> <p>The draft Bill repealed the statutory requirement to prepare Strategic Development Plans. This would have resulted in the cessation of Clydeplan in its current form. However, numerous amendments and changes to the Bill have been proposed at each stage, which could impact on this provision of the Bill.</p> <p>There is uncertainty in the outcome and timings, but this could impact on Clydeplan's ability to carry out day to day operations and meet its future objectives.</p>	<p>Attendance at Joint Committee meetings and review of Joint Committee meeting papers.</p> <p>Discussion with management to monitor and discuss developments.</p> <p>Monitor progress of Planning (Scotland) Bill.</p>	<p>On 25 July 2019, the Planning Bill received Royal Assent and became the Planning (Scotland) Act. The Act repeals the provisions requiring the preparation of Strategic Development Plans which are being replaced by provisions for two or more planning authorities acting jointly to prepare Regional Spatial Strategies.</p> <p>Management have indicated that Clydeplan will be involved in the preparation of a Regional Spatial Strategy going forward. In addition, management and members are also considering options for the future governance of Clydeplan as a result of the Planning (Scotland) Act. This will be discussed and agreed at future meetings of the Joint Committee.</p> <p>Conclusion: The Planning (Scotland) Act resulted in changes to the operations of Clydeplan. However, Clydeplan will have a role in the preparation of Regional Spatial Strategies and management and members are considering options for the future governance of Clydeplan.</p>
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Appendix 3

Summary of national performance reports 2018/19

2018/19 Reports

Local government in Scotland: Challenges and performance 2018		Apr	
Councils' use of arm's-length organisations		May	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		Jun	
		Jul	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		Aug	 Major project and procurement lessons
Children and young people's mental health		Sept	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		Oct	
Health and social care integration: update on progress		Nov	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		Mar	 Local government in Scotland: Challenges and performance 2019

Glasgow and the Clyde Valley Strategic Development Planning Authority

2018/19 Annual Audit Report – Proposed

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**GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING
AUTHORITY JOINT COMMITTEE**

To: Joint Committee

On: 7 October 2019

Report by: The Treasurer and the Strategic Development Plan Manager

Heading: Audited Annual Accounts 2018-19

1. Summary

- 1.1 At the meeting of the Joint Committee on 10 June 2019 a report on the unaudited accounts for the year ended 31 March was noted.
- 1.2 Following the introduction of the Local Authority Accounts (Scotland) Regulations 2014 the audited accounts must be approved for signature by the Joint Committee no later than 30 September each year. Due to circumstances this could not be completed and as a result a special meeting was requested for the 7 October 2019. Following this approval, the audited accounts will be submitted to the Strategic Development Plan Manager, the Convenor and the Treasurer for signature.
-

2 Recommendations

- 2.1 It is recommended that members approve the audited accounts for signature.
-



Annual Financial Statements 2018/19

CONTENTS

Management Commentary	3
Statement of Responsibilities for the Annual Accounts	8
Governance Statement	9
Remuneration Report	12
Independent Auditor's Report	15
Comprehensive Income and Expenditure Statement for the year ended 31 March 2019	18
Movement in Reserves Statement for the year ended 31 March 2019	19
Balance Sheet as at 31 March 2019	20
Note 1 Expenditure Funding Analysis for the year ended 31 March 2019	21
Note 2 Prior Year Restatement	22
Note 3 Summary of Significant Accounting Policies	22
Note 4 Accounting Standards Issued not Adopted	26
Note 5 Critical Judgements in Applying Accounting Policies	26
Note 6 Assumptions made about the future	26
Note 7 Events after the Balance Sheet date	27
Note 8 Details of Movement in Reserves	27
Note 9 Reconciliation of the Balance on the Comprehensive Income & Expenditure Statement to the Movement in Reserves Statement	28
Note 10 Green Network Partnership	29
Note 11 Financing & Investment Income	30
Note 12 Operating Leases	30
Note 13 Debtors	31
Note 14 Creditors	31
Note 15 Provisions	31
Note 16 Related Parties	31
Note 17 External Audit Costs	32
Note 18 Retirement Benefits	32
Note 19 Contingent Liabilities and Assets	36

Management Commentary

Introduction

The requirements governing the format and content of local authorities' annual accounts (under s106 of the Local Government (Scotland) Act 1973 joint boards and committees are classed as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The annual accounts are prepared in line with The Local Authority Accounts (Scotland) Regulations 2014.

History and Statutory Background

In 2008 the Scottish Government established Strategic Development Planning Authorities for each of the four Scottish city regions. This created the Glasgow and Clyde Valley Strategic Development Planning Authority (GCVSDPA). The principal role of the GCVSDPA is to prepare and maintain an up to date Strategic Development Plan (SDP) for the region. This process involves engagement through joint working and consultation with key stakeholder organisations and the wider community. In 2014 the GCVSDPA rebranded as Clydeplan to improve recognition and gain wider resonance within the region.

Clydeplan is a Joint Committee formed under section 57 of the Local Government (Scotland) Act 1973. The Joint Committee is comprised of the eight local authorities of East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire. A Joint Committee is not a separate legal entity, therefore, to ensure the actions of the Clydeplan have legal effect it must appoint a 'lead authority' with legal personality to act on its behalf to implement its decisions. The lead authority appointed to act for Clydeplan is Renfrewshire Council.

The Joint Committee is supported by a Steering Group comprising the SDP Manager and the Chief Planning Officers (or their representatives) of each of the member authorities. The Steering Group meets at least four times a year to consider SDP reviews, consultations and reports to be presented to the Joint Committee and the work programme to be undertaken by the core team for the SDP.

The Glasgow Clyde Valley Green Network Partnership (GCVGNP) has a strong relationship with the GCVSDPA and an overview of the Partnership is provided at note 10 of the financial statements.

Strategic Development Plan

The SDP sets out a spatial development strategy over the next 20 years of where new development should be located and a policy framework to help deliver sustainable economic growth and enhance the quality of life in the Glasgow City Region. The current SDP was approved by Scottish Ministers on the 24th July 2017.

Strategic Development Plan Review

2018/19 saw several important developments in respect of strategic development planning which will have significant implications for the future role and work of the Clydeplan.

Firstly, the ongoing review of planning governance continued with Parliamentary scrutiny of the Planning (Scotland) with the Bill being enacted on 25th July 2019.

Secondly, the direction of travel set within the review towards effective bespoke regional partnerships, combined with the continuing development of the Glasgow City Region's Economic Strategic and Action Plan published in February 2017, continue to have implications for the day to day activities of this organisation. In addition to the appointment of a Director of Regional Economic Growth at Glasgow City Region, three portfolio development officers have been appointed on a seconded basis to assist in developing the activities of the eight city region portfolios. Clydeplan is now an active participant on a number of these groupings including:

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

- Land Use and Sustainability;
- Transport and Connectivity;
- Housing and Equalities;
- Infrastructure and Assets
- Economic Delivery Group.

Clydeplan is for example providing direct technical support to these individual portfolios as well as the City Deal Programme Management Office. In particular, the Land Use Portfolio is committed to the production of a '*Regional Spatial Strategy*' and Clydeplan will play an active role in supporting its preparation. Clydeplan's involvement in these City Region activities will increase during 2019/20 with a relocation of Clydeplan to the City Region offices in Glasgow City Chambers.

The principle focus for 2019/20 will involve working closely with the Clydeplan's Steering Group to: consider the implications of the emerging Planning legislation and develop an appropriate work programme in support of the work streams emerging for both the Clydeplan and the Glasgow City Region portfolios.

In January 2019 the Scottish Government provided feedback on Clydeplan's Planning Performance Framework 2017/18. Clydeplan's performance was assessed as being very positive on its plan preparation performance and its collaborative approach to sharing good practice, skills and knowledge between authorities, with all categories rated as green, with its "culture of continuous improvement" assessed as amber.

Clydeplan published both its Annual Report and its Development Plan Scheme and Participation Statement in March 2019. Links to these are found below

Annual Report - <https://www.clydeplan-sdpa.gov.uk/docman/annual-reports/276-annual-report-2018/file>

Development Plan Scheme and Participation Statement - <https://www.clydeplan-sdpa.gov.uk/files/docs/users/dcrawford/clydeplan-dev-plan-scheme-2019-2020.pdf>

Primary Financial Statements

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

The annual accounts summarise the joint committee's transactions for the year and its year-end position at 31 March 2019. The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the Balance Sheet.

These statements are accompanied by Notes to the Accounts, which provide more details on the figures shown in the statements and set out the Accounting Policies adopted by the Joint Committee.

For 2018/19 and the comparative prior years, there are a number of changes to the presentation of this year's financial statements.

- Firstly, there is no longer a Cashflow Statement reported. This is because the Joint Committee does not have a bank account. Apart from petty cash, all transactions are accounted for through Renfrewshire Council as administering authority.
- Secondly, it has been reported in previous years that the Committee had "no specific powers to retain reserves to meet future funding requirements" and therefore any accumulated surpluses were transferred to Creditors in the Balance Sheet each year. However, in keeping with the substance of actual practice and in line with similar bodies across Scotland, the Committee now reports accumulated CIES surpluses as a Usable Reserve and the Balance Sheet has therefore been restated to report this way. It should be noted that this reserve is still ultimately due to constituent authorities, should it be distributed at any point in the future.

Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19

Consequently, the Balance Sheet has been restated to reflect the impact of these changes in accounting treatment and accounting estimates, showing the opening position at 1 April 2017 by including a third comparative year. Further detail on the restatement can be found in Note 2: Prior Year Restatement on page 22.

Financial Performance

Revenue

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

The Joint Committee has returned a surplus of (£33,978) for the financial year 2018/19. The overall surplus excludes accounting adjustments relating to pensions and short-term accumulating compensated absences. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure Statement is due to the accounting adjustments for pension costs £123,000 and accrued employee benefits of (£266).

A summary of the outturn position against the agreed budget for Glasgow Clyde Valley is shown below:

	Budget	Actual	Variance
	£	£	£
Employee Costs	448,800	465,967	(17,167)
Property Costs	67,500	87,408	(19,908)
Supplies and Services	74,700	76,316	(1,616)
Support Services	20,500	18,825	1,675
Transfer Payments	1,000	1,840	(840)
Transport Payments	5,500	1,228	4,272
Total Expenditure	618,000	651,584	(33,584)
Requisition Income	(579,500)	(579,500)	-
Other Income	(38,500)	(106,062)	67,562
Total Income	(618,000)	(685,562)	67,562
(Surplus)/Deficit for Year	-	(33,978)	33,978

The overspend in Employee Costs is mainly due to Salaries, whereby there was backfilling of a seconded post. Income has been received for the secondment from City Region Team to offset the salary cost.

The overspend in Property Costs is due to the dilapidation costs of West Regent Street of £28,500. The overspend has been partially offset by renting out office space for the year to an external body. Rent levels agreed under the lease extension, approved in August 2016, remain unchanged from previous levels.

The underspend in Supplies and Services is the result of Project Expenditure within Clyde Estuary Forum. This has been offset by Project Income and also underspends in IT Equipment, Plans and Maps, Advertising, Publicity and Marketing. The underspends are due to Strategic Development Plan and review of the Planning Bill, whereby, anticipated spend could not be consumed.

The overspend in Payments to Other Bodies is due to payments for Apprenticeship Levy, whereby 0.05% of salary costs is paid to Scottish Government to contribute towards apprenticeships.

Other Income is over recovered due to secondment income from City Region Team at Glasgow City Council. This is offset by the overspend in Employee Costs. Income has been received for the Clyde Estuary Forum to offset the expenditure through Supplies and Services.

Capital and Reserves

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

It has also been reported in recent years that the Joint Committee had “no specific powers to retain reserves to meet future funding requirements” and therefore any accumulated surpluses were transferred to Creditors in the Balance Sheet each year. However, in keeping with the substance of actual practice and in line with other Joint Boards across Scotland, the Board now reports accumulated CIES surpluses as a Usable Reserve and the Balance Sheet has therefore been restated to report this way. It should be noted that this reserve is still ultimately due to constituent authorities, should it be distributed at any point in the future.

The balance on revenue reserves is made up as follows:

Earmarked Reserves	£173,332
General Reserves	£137,395
Balance at 31 March 2019	<u>£310,727</u>

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 18. The appointed actuaries have confirmed a net liability position of £0.586 million, a deterioration of £0.393 million in their assessment of the position of the pension fund. This can be attributed to a reduction in the yield corporate bond at 31 March 2019 compared to the previous year, which increases the value of the obligations.

It also reflects an estimate of additional costs following a Court of Appeal ruling (McCloud/Sargeant) that transitional protections on implementation of the new pension benefit structure in 2015 for members close to retirement age were unlawful on the grounds of age discrimination. For the Joint Committee, this amounts to an additional £0.058 million of pension liability.

This is partially offset by returns being greater than the 31 March 2018 rate. The net deficit position of the pension reserve impacts on the net asset position of the Joint Committee as a whole, however the funding of these future liabilities will be met from future requisitions from members.

The appointed actuaries remain of the view however that the asset holdings of the Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

A further potential change to pension rules is outlined in Note 19: Contingent Liabilities and Assets on page 36; however, this has not been reflected in the pension liability reported in the Balance Sheet.

Outlook & Future Plans

The Planning (Scotland) Act 2019 received Royal Assent on 25th July 2019. The Act removes the statutory requirement on Clydeplan to prepare a Strategic Development Plan for the Glasgow City Region and replaced it with a new duty on planning authorities to prepare and adopt regional spatial strategies. These strategies will not form part of the hierarchy of development plans.

The Act states that planning authorities can decide whether they wish to prepare these strategies individually and/or with other authorities. As a consequence, Clydeplan will require to consider its future role in meeting the requirements of the Act in terms of the development of regional spatial strategy to replace the approved SDP2. This consideration will be influenced by the activities and governance arrangements of the Glasgow City Region and its Cabinet.

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

Clydeplan will continue to keep the Joint Committee apprised of these significant legislative changes and will work closely with its constituent local authorities and partners to develop a work programme relevant to the delivery of the first regional spatial strategy for the Glasgow City Region under the terms of the new Act. Despite these developments, there are no active plans to disband the Joint Committee, therefore these accounts have been prepared on a going concern basis.

Events after the Balance Sheet Date

Events taking place after the authorised date for issue per the Balance Sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Impact of Economic Climate

The Joint Committee recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. It has been agreed that the level of requisition in 2019/20 remain at 2018/19 levels.

Conclusion

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record my thanks to both the Strategic Development Plan Manager and his staff, and to my staff for their continued hard work and support.

Councillor Lawrence O'Neill
Convenor
7 October 2019

Alan Russell
Treasurer
7 October 2019

Stuart Tait
Strategic Development Plan Manager
7 October 2019

Statement of Responsibilities for the Annual Accounts

The Joint Committee's Responsibilities

The Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs. (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for the Glasgow & Clyde Valley Strategic Development Planning Authority;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- to approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on the 7 October 2019.

Signed on behalf of Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee:

Councillor Lawrence O'Neill

Convenor
7 October 2019

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent;
- Complied with legislation;
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- Kept adequate accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Joint Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2019.

Alan Russell CPFA

Treasurer
7 October 2019

Governance Statement

Scope of Responsibility

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

The Joint Committee's Governance Framework

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

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are summarised below:

- Minute of Agreement between the member councils of the Joint Committee, <https://www.clydeplan-sdpa.gov.uk/planning-authority/joint-committee>, setting out the arrangement for the preparation, monitoring and review of the Strategic Development Plan,
- The Joint Committee is supported by a Steering Group comprising planning professionals from each of the member councils and the Strategic Development Plan Manager,
- Development Plan Scheme and Participation Statement sets out the key timelines for the preparation of the Strategic Development Plan and the Joint Committee's approach to engagement with our stakeholders on its development, this is reviewed annually,
- Clearly defined Standing Orders, Scheme of Delegation and Financial Regulations,
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve the objectives of the Strategic Development Plan,
- Public performance reporting through the Annual Report,
- Policies to regulate employee related matters, including the employee code of conduct and disciplinary procedures,
- The Joint Committee approves, as part of the Glasgow and Clyde Valley Green Network Partnership's Terms of Reference, the allocation of local authority contributions to support the delivery of its Business Plan.
- Risk management arrangements including regular monitoring and review of significant risk exposures.
- Business continuity arrangements are in place and are kept under review by the management Team.

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

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

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

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

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

Review of Effectiveness

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

The effectiveness of the governance framework is reviewed annually by the Strategic Development Plan Manager, including the use of a self-assessment tool involving completion of a 30-point checklist covering four key areas of governance:

- Business Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity

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

The Joint Committee's internal audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. The Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's internal control systems.

The review has not identified any significant governance issues to be reported on for 2018/19 and no actions arising for the 2017/18 governance statement that require to be reported on.

Review of Scottish Planning System

The ongoing review of the Scottish Planning System which has recommended the removal of Strategic Development Plans from the Development Plan hierarchy has created uncertainty about the statutory nature of Strategic Development Plans' and their related governance structures and processes.

The draft Planning Bill was introduced in December 2017. The Bill seeks to repeal the provisions requiring the formation of Strategic Development Planning Authorities and the production of Strategic Development Plans. If passed by the Scottish Parliament this will result in the cessation of Clydeplan as an entity in its current form.

The Planning Bill parliamentary scrutiny period is ongoing and it is anticipated that the Bill will be enacted in Autumn 2019 with transitional arrangements to the new system to follow thereafter. It is understood that these arrangements will be aligned to publication of the Scottish Government's new National Planning Framework version 4, the timescales for which is likely to be 2021.

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

As a consequence of the Bill the future role of strategic planning (and Clydeplan) in the Glasgow city region is currently under consideration by the Glasgow City Regional Economic Partnership. Clydeplan are actively participating in those discussions though no definitive decisions, regarding the role, functions, governance or staffing, have been made.

Assurance

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

Councillor Lawrence O'Neill
Convenor
7 October 2019

Stuart Tait
Strategic Development Plan Manager
7 October 2019

Remuneration report

All information disclosed in sections two to four in this Remuneration Report will be audited by the council's appointed auditor, Audit Scotland. The other section of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

1. Remuneration policy for elected members

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

2. Remuneration policy for senior employees

The Remuneration Policy of the Joint Committee is set in reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The salary of the Strategic Development Planning Manager is set at spinal point 29, which is currently the equivalent of 53% of the salary of the Chief Executive of Renfrewshire Council. These arrangements were agreed through approval of the Chief Officers' Award – Structure Plan Manager report at a meeting of the Joint Committee on 2nd December 2002. The Assistant Strategic Development Planning Manager and Programme Manager posts have been evaluated under the single status framework and are paid according to the salary scales of Renfrewshire Council.

2017/18	Senior Employees		2018/19
Total Salary, fees and allowances £	Name	Post Held	Total Salary, fees and allowances £
72,481	Stuart Tait	Strategic Development Plan Manager	75,146
51,266	Dorothy McDonald	Assistant Strategic Development Plan Manager	53,153
123,747	Total		128,299

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2019, whether or not those amounts were actually paid to, or received by, those persons within that period.

3. Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS).

From 1st April 2015 benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age for each member.

From 1st April 2009 a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality

Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19

between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non manual employees.

2017/18	Member contribution rates on earnings in the bands below	2018/19
Up to £20,700	5.5%	Up to £21,300
£20,701 to £25,300	7.25%	£21,301 to £26,100
£25,301 to £34,700	8.5%	£26,101 to £35,700
£34,701 to £46,300	9.5%	£35,701 to £47,600
Over £46,301	12%	Over £47,601

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of the pensionable pay for each year of membership, adjusted in line with the cost of living. (Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

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

Senior Employees		Accrued Pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018		Pension contributions made by Joint Committee during 2018-2019 (i)
Name	Post Held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
Stuart Tait	Strategic Development Plan Manager	0.034	0.060	+0.003	+0.002	14,470
Dorothy McDonald	Assistant Strategic Development Plan Manager	0.024	0.043	+0.002	+0.002	10,236
		0.058	0.103	+0.005	+0.004	24,706

No pension contributions are made for the Joint Committee Convener or Vice Convener.

4. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2018/19, in bands of £5,000.

2017/18 (Restated)	Remuneration Band	2018/19
Number of employees		Number of employees
1	£50,000 - £54,999	1
1	£70,000 - £74,999	-
-	£75,000 - £79,999	1
<hr/> 2		<hr/> 2

Note: Bands containing nil values in both years have been removed

5. Exit Packages

Glasgow and Clyde Valley Strategic Development Planning Authority agreed no exit packages in 2018-19.

Councillor Lawrence O'Neill
Convenor
7 October 2019

Stuart Tait
Strategic Development Plan Manager
7 October 2019

Independent Auditors Report

Annual Accounts 2018-19

Independent auditor's report to the members of Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code)

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of body as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the body'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 deemed inappropriate.

The Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am 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 I have

performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or

I have nothing to report in respect of these matters.

Opinions on matters prescribed by the Accounts Commission

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

October 2019

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

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

2017/18 (Restated)			2018/19
£		Note	£
490,090	Employee Costs		588,701
61,680	Premise Costs		87,408
148,254	Supplies & Services		76,316
20,205	Support Services		18,825
880	Transfer Payments		1,840
2,224	Transport Costs		1,228
723,333	Cost of Services		774,318
(76,223)	Other Income		(103,431)
22,711	Financing & Investment Income & Expenditure	11	4,369
(579,500)	Requisitions from Members Authorities	16	(579,500)
90,321	(Surplus) or deficit on the provision of services		95,756
Other Comprehensive Income & Expenditure			
(825,000)	Actuarial (Gains) or losses on pension assets and liabilities	18a	263,000
(734,679)	Total Comprehensive Income & Expenditure		358,756

Note: 17/18 figures have been restated for presentation purposes only.

Movement in Reserves Statement for the year ended 31 March 2019

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

		Usable reserves	Unusable reserves	Total Reserves
	Note	£	£	£
Balance at 31 March 2017 carried forward		(288,241)	953,043	664,802
<i>Movement in reserves during 2017-18 (restated)</i>				
Total Comprehensive Income and Expenditure		90,321	(825,000)	(734,679)
Adjustment between accounting basis and funding basis under regulation	9	(78,829)	78,829	-
Increase or (decrease) in 2017-18		11,492	(746,171)	(734,679)
Balance at 31 March 2018 carried forward		(276,749)	206,872	(69,877)
<i>Movement in reserves during 2018-19</i>				
Total Comprehensive Income and Expenditure		95,756	263,000	358,756
Adjustment between accounting basis and funding basis under regulation	9	(129,734)	129,734	-
Increase or (decrease) in 2018-19		(33,978)	392,734	358,756
Balance at 31 March 2019 carried forward		(310,727)	599,606	288,879

Balance Sheet as at 31 March 2019

The **Balance Sheet** shows the value as at 31 March 2019 of the assets and liabilities recognised by the Joint Committee. The Balance Sheet is in a net liabilities position of (£288,879). The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets. For more information on the restatement of prior years, see Note 2 on page 22.

2016/17 (Restated)	2017/18 (Restated)		Note	2018/19
£	£			£
Long Term Debtor				
<u>Current Assets</u>				
433,301	388,033	Funds held by Renfrewshire Council		575,604
17,997	11,205	Debtors and Prepayments	13	1,314
<u>451,298</u>	<u>399,238</u>			<u>576,918</u>
<u>Less Current Liabilities</u>				
(176,100)	(136,361)	Creditors And Accruals	14	(251,297)
-	-	Provisions	15	(28,500)
<u>275,198</u>	<u>262,877</u>	Net (Liabilities)/Asset Excluding Pension		<u>297,121</u>
<u>Long Term Liabilities</u>				
(940,000)	(193,000)	Pension (liability)/Asset	8a	(586,000)
<u>(664,802)</u>	<u>69,877</u>	Net (Liabilities)/Asset Including Pension		<u>(288,879)</u>
<u>Represented by:</u>				
(288,241)	(276,749)	Usable Reserves		(310,727)
953,043	206,872	Unusable Reserves		599,606
<u>664,802</u>	<u>(69,877)</u>			<u>288,879</u>

The unaudited accounts were issued on the 10 June 2019 and the audited accounts were authorised for issue on 7 October 2019.

Balance Sheet signed by:

Alan Russell CPFA
Treasurer
7 October 2019

Note 1 Expenditure Funding Analysis for the year ended 31 March 2019

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Joint Committees financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure statement.

2018/19	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2019	(33,978)			(33,978)
Employee Statutory Adjustment		(266)		(266)
Pension Cost			123,000	123,000
Pension Interest			7,000	7,000
(Surplus) or deficit on the provision of service				95,756

2017/18	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2018	11,492			11,492
Employee Statutory Adjustment		829		829
Pension Cost			53,000	53,000
Pension Interest			25,000	25,000
(Surplus) or deficit on the provision of service				90,321

Note 2 Prior Year Restatement

For 2018/19, the Joint Committee has introduced new accounting policies on Plant and Equipment, Intangible Assets and Reserves. The Joint Committee has introduced these policies because it believes that they better represent the substance of transactions, the operation of assets and use of resources.

The Code requires that the Joint Committee presents a third Balance Sheet at the beginning of the preceding financial year when the Board makes a retrospective restatement. The additional Balance Sheet is presented on page 18, which shows opening balances at 1 April 2017.

The following restatement was also required for the Movement in Reserves Statement. The restated prior period Movement in Reserves Statement is provided with the current year information on page 17.

Usable Revenue Reserve	Originally Stated at 31 March 2018 £	Restated as at 31 March 2018 £	Amount of Restatement £
Balance at 1 April 2017	-	(288,241)	(288,241)
Total comprehensive income and expenditure	(90,321)	(90,321)	-
Adjustments between accounting basis and funding basis under regulations	78,829	78,829	-
Transfer from Creditors	288,241	-	(288,241)
Transfer to Creditors	(276,749)	-	276,749
Balance at 1 April 2018	-	(276,749)	(276,749)

Unusable Revenue Reserve	Originally Stated at 31 March 2018 £	Restated as at 31 March 2018 £	Amount of Restatement £
Balance at 1 April 2017	(953,043)	953,043	1,906,086
Total comprehensive income and expenditure	825,000	(825,000)	(1,650,000)
Adjustments between accounting basis and funding basis under regulations	(78,829)	78,829	157,657
Balance at 1 April 2018	(206,872)	206,872	413,743

Note 3 Accounting Policies

The Financial Statements for the year ended 31 March 2019 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice for Local Authorities 2018/19, (SeRCOP) supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Joint Committee and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The following accounting concepts have been considered in the application of accounting policies:

Accruals basis - the accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which payment is made or income received.

Going concern - the going concern concept assumes that the Joint Committee will continue in existence for the foreseeable future.

Understandability – users of the financial statements are assumed to have a reasonable knowledge of accounting and local government.

Relevance – the information in the financial statements is useful for assessing the Joint Committee's stewardship of public funds and for making economic decisions.

Materiality - information is included in the financial statements where the information is of such significance that it could influence the decisions or assessments of users of the information.

Reliability – information included in the financial statements faithfully represents the substance of transactions, is free from bias and material error, is complete within the bounds of materiality and cost, and has been prudently prepared.

Primacy of legislative requirements - legislative requirements have priority over accounting principles in the event of conflict between legislation and the Accounting Code.

The accounts have been prepared under the historic cost convention. The following accounting policies used in the preparation of the statements have been reviewed in line with changes made to the Accounting Code following the introduction of International Financial Reporting Standards.

Accruals of Expenditure and Income

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

- i. Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- ii. Revenue from the provision of services is recognised when the authority satisfies the performance obligation of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- iii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by the Balance Sheet date.

Contingent Assets and Liabilities

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

- an event has taken place that gives the Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee; or
- a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Employee Benefits

Benefits payable during employment

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

Post employment benefits

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

This involves the recognition in the Balance Sheet of the Joint Committee's share of the net pension asset or liability in the Strathclyde Pension Fund and a pension reserve. The Comprehensive Income and Expenditure Statement also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The liabilities of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate based on the current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

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

Note 18 to the Core Financial Statements provides further information.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 7 provides further information.

Prior Period Adjustments

Where there has been a change in accounting policy, that change will be applied retrospectively, that is, prior period figures will be restated unless the Code specifies transitional provisions that shall be followed. Where there has been a change in accounting estimate, that change will be applied prospectively, that is, prior period figures will not be restated. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

Government Grants and other Contributions

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

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

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Monies advanced as grants and contributions are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Specific Grant Income line in the CIES.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. The Joint Committee is not party to any finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease). The risks and rewards of ownership remain with the lessors along with the title of the property.

Property, Plant and Equipment and Intangible Assets

Clydeplan carried out a review during 2018/19 on property, plant and equipment and intangible assets and deemed that no items currently qualify for recognition. Assets that are held for use in the supply of services or other administrative purposes and are expected to be used for more than one year are classed as property, plant and equipment and intangible assets. Assets costing less than £9,000 are not treated as capital expenditure.

Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires a settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure

Statement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

Reserves

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

Usable Reserves

The Revenue Reserve represents surplus funds held by the Joint Committee, which are ultimately repayable to the constituent authorities in the same allocation proportions as the requisitions.

Unusable Reserves

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Joint Committee's share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the Joint Committee's share of the Pension Fund net liability chargeable to the CIES.

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the Revenue Reserve from accruing for compensated absences earned, but not taken in the year, e.g. annual leave entitlement carried forward at 31 March each year.

VAT

Income and Expenditure excludes any amount relating to Value Added Tax (VAT), as all VAT is payable to HM Revenue & Customs and all VAT is recoverable from them.

Note 4 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards are adopted within the 2019/20 Code:

- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- Amendments to IAS 40 Investment Property: Transfers of Investment Property

The code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 accounts. There is no material impact anticipated from the implementation of these standards.

Note 5 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 3, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however, a summary of those with the most significant effect is detailed below.

Leases	An analysis of the terms of the lease for the office accommodation at West Regent Street leased by the Joint Committee has concluded it is an operating lease. Note 12 provides further information.
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Note 6 Assumptions made about the future

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £0.537 million. However, the assumptions interact in complex ways. During 2018/19, the appointed actuaries advised that the net pension liability had increased by £0.393 million attributable to updating of the financial assumptions.

Note 7 Events after the Balance Sheet date

Events taking place after the authorised for issue date per the Balance Sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The audited accounts have been updated to reflect an estimate of the additional costs following a Court of Appeal ruling (McCloud/Sargeant).

Note 8 Details of Movement in Unusable Reserves

a. Pension Reserve

2017/18		2018/19
£		£
940,000	Balance as at 1 April	193,000
(825,000)	Actuarial Gains and Losses (see note 18)	263,000
78,000	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	130,000
193,000	Balance as at 31 March	586,000

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pension funds. The debit balance on the Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the Board's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

b. Employee Statutory Adjustment Account

2017/18		2018/19
£		£
13,043	Balance as at 1 April	13,872
(13,043)	Reversal of prior year accrual for short-term accumulating compensated absences	(13,872)
13,872	Recognition of the accrual for short-term accumulating compensating absences at 31 March	13,606
13,872	Balance as at 31 March	13,606

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for short-term accumulating compensated absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate. This means that where employees' full holiday entitlement, time in lieu or credit flexi-time balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated and recorded as an accrued expense. However, statutory arrangements require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from the Employee Statutory Adjustment Account.

Note 9 Reconciliation of the Balance on the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement

The surplus for the year on the Revenue Reserves was £129,734 more than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2017/18 (Restated)		2018/19
£		£
Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement in Reserves Statement		
(138,000)	Net charges made for retirement benefits in accordance with IAS19	(193,000)
(829)	Net charges for employment short-term accumulating absences	266
(138,829)		(192,734)
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement in Reserves Statement		
60,000	Employers contributions payable to the Strathclyde Pension Fund	63,000
(78,829)	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	(129,734)

Note 10 Green Network Partnership

Overview

The Glasgow Clyde Valley Green Network Partnership (GCVGNP) was formed in 2006 to develop a co-ordinated approach that will deliver major improvement in the scale and quality of green network provision across Glasgow Clyde Valley.

There is a strong relationship between Clydeplan and the GCVGNP: The SDP manager and assistant manager are Chair and Vice Chair of the GCVGNP Board; the Clydeplan Joint Committee acts for its constituent local authorities to agree local authority funding to support the GCVGNP Business Plan; the Clydeplan Joint Committee approves the GCVGNP business plan and revenue estimates, in respect of local authority contributions only; progress against business plan targets are monitored annually by the Joint Committee; the executive team of Clydeplan and GCVGNP share offices in West Regent Street, Glasgow.

As well as the SDP manager, the GCVGNP board is comprised of senior employees from the eight local authorities and four government agencies (Forestry Commission Scotland, Scottish National Heritage, Scottish Environmental Protection Agency and Glasgow Centre for Population Health). The relationship between the Clydeplan and the GCVGNP is not a joint arrangement and so outside the scope of IFRS 11 (Joint Arrangements).

Financial Performance

Revenue

GCVGNP has returned a surplus of £5,200 (2017-18 - £5,761 deficit), against a budgeted breakeven position. The surplus is a result of a reduction in expenditure in Supplies and Services to offset the under recovery of income. Income was under recovered due to a reduction in the Glasgow Centre for Population Health to £7,000 and anticipated income from the White Cart NFM Study was not forthcoming as the project was postponed.

GCVGNP is a significant regional component of the CSGN. As a result, the GCVGNP secures additional funding for various projects related to the CSGN. The total project expenditure by the GCVGNP during 2018-19 was £15,566 (2017-18, £10,127). The GCVGNP has been a key partner in the study and planning of the development of the Seven Lochs Wetland Park resulting in the continuing significant levels of project expenditure.

The GCVGNP partners have contributed funding in the following proportions to enable The Partnership to carry out its objectives.

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

2017/18 (Restated)*			2018/19
£	Council	Percentage	£
5,589	East Dunbartonshire	3.0%	5,589
4,758	East Renfrewshire	2.5%	4,758
31,019	Glasgow City	16.6%	31,019
4,322	Inverclyde	2.3%	4,322
17,306	North Lanarkshire	9.3%	17,306
9,040	Renfrewshire	4.8%	9,040
16,497	South Lanarkshire	8.8%	16,497
4,855	West Dunbartonshire	2.6%	4,855
	Third Party		
31,782	Scottish National Heritage	16.4%	30,594
29,796	Forestry Commission Scotland	16.4%	30,594
14,008	Glasgow Centre for Population Health	3.7%	7,000
4,669	Scottish Environmental Protection Agency	2.5%	4,669
17,866	Central Scotland Green Network	11.1%	20,693
191,507	Total Green Network Partnership Funding		186,936

*Note - Central Scotland Green Network was omitted from 2017/18 accounts

Capital and Reserves

The GCVGNP had no capital spend in 2018/19. The Partnership retains financial reserves to offset any liabilities of the Partnership. The table below shows the value of the Partnerships reserves at the 31 March 2019. This is analysed into Usable reserves, which has been derived from partnership funding and can be used to fund expenditure, and Unusable reserves, which cannot be used to fund expenditure.

2017/18 (Restated)		2018/19
	<u>Reserves Represented by:</u>	
	Usable Reserves	
(88,361)	Balance due to Partnership Members	(93,561)
	Unusable Reserves	
4,824	Employee Statutory Adjustment Account	5,672
105,000	Pension Reserve*	261,000
21,464		173,111

*Note 2017/18 Pension Reserve restated due to updated pension reports supplied by the actuary for 2017/18

Note 11 Financing & Investment Income

2017/18 £		2018/19 £
(2,289)	Interest on Balances	(2,631)
25,000	Pension Interest Cost	7,000
22,711	Total Financing & Investment Income	4,369

Note 12 Operating Leases

The Joint Committee has extended the operating lease on the office accommodation at West Regent Street in Glasgow until October 2019. The lease was extended in October 2016 for a term of 3 years, with a tenant only break option which allows the extended lease to be terminated by the Joint Committee without penalty one year after the commencement of the extended lease period. Twenty

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

five percent of the accommodation costs are paid by The Green Network Partnership. The lease will not be extended at West Regent Street, whereby Clydeplan and Green Network will move to Glasgow City Council at 40 John Street Glasgow. Expenditure charged in year to the Comprehensive Income and Expenditure Statement was £29,250 (2017/18 £29,250). The cost of the total lease agreement, including the proportion paid by The Green Network Partnership is detailed below:

2017/18 £		2018/19 £
	Future Minimum Lease Payments	
44,180	- not later than one year	26,050
26,050	- later than one year and not later than five years	-
-	- later than five years	-
70,230		26,050

Note 13 Debtors

2017/18 £		2018/19 £
11,205	Other entities and individuals	1,314
11,205	Total short term debtors	1,314

Note 14 Creditors

2017/18 £		2018/19 £
413,110	Other Payables	251,297
413,110	Total short term creditors	251,297

Note 15 Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires a settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation. In 2018/19 a decision was made not to extend the lease at West Regent Street, and as a result, dilapidation costs are required to be charged within 2018/19.

2017/18 £		2018/19 £
-	Balance at 1 April	-
-	New provisions - Dilapidation of West Regent Street Glasgow	28,500
-	Total Provisions at 31 March 2019	28,500

Note 16 Related parties

The Joint Committee's related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee. The Joint Committee is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

The member authorities of the Joint Committee have contributed requisitions in the following proportions to enable the Joint Committee to carry out its objectives. The Joint Committee in turn pays Renfrewshire Council for support services.

The service level agreement for these services is £23,200 (2017/18 £23,200). A proportion of the cost is paid by the Green Network Partnership. The amount paid in respect of these services by the Clydeplan for the year ended 31 March 2019 was £18,900 (2017/18 £18,900).

2017/18 (Restated)			2018/19
£	Council	Percentage	£
72,437.50	East Dunbartonshire	12.5%	72,437.50
72,437.50	East Renfrewshire	12.5%	72,437.50
72,437.50	Glasgow City	12.5%	72,437.50
72,437.50	Inverclyde	12.5%	72,437.50
72,437.50	North Lanarkshire	12.5%	72,437.50
72,437.50	Renfrewshire	12.5%	72,437.50
72,437.50	South Lanarkshire	12.5%	72,437.50
72,437.50	West Dunbartonshire	12.5%	72,437.50
579,500.00	GCVSDPA Funding	100.00%	579,500.00

Note 17 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2018-2019 were £2,900 (£2,810 in 2017/18). There were no fees paid to Audit Scotland in respect of any other services. Additional fees incurred over the course of the current year audit (£725) were borne by Renfrewshire Council.

Note 18 Retirement Benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The scheme for employees is the Strathclyde Pension Fund which is administered by Glasgow City Council. This is a "funded" defined benefit scheme meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

18a. Transactions relating to retirement benefits

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

The following transactions have been made in the accounting statements in 2018-2019:

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

2017/18 (Restated)		Note	2018/19
£			£
	Comprehensive Income & Expenditure Statement		
	Cost of Services		
113,000	Current service cost	(i)	128,000
-	Past service cost/(gain)	(ii)	58,000
<u>113,000</u>			<u>186,000</u>
	Financing & Investment Income & Expenditure		
25,000	Net interest	(iii)	7,000
<u>138,000</u>	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services		<u>193,000</u>
	Other post employment benefit charged to the Comprehensive Income and Expenditure Statement		
(226,000)	Return on assets excluding amounts included in net interest		(131,000)
(599,000)	Actuarial (gains) and losses arising on changes in financial assumptions		394,000
<u>(825,000)</u>	Total Actuarial (gain) or loss		<u>263,000</u>
<u>(687,000)</u>	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		<u>456,000</u>
	Movement in Reserves Statement	(iv)	
(747,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code		393,000
<u>60,000</u>	Employers Contributions paid to Strathclyde Pension Fund		<u>63,000</u>

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees.
- ii. Past service cost is the estimated increase in liabilities arising from current decisions that relates to years of service earned prior to this year. For 2018/19 this includes an estimate for the impact of potential removal of transitional arrangements (McCloud judgement).
- iii. The net Interest Cost is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.
- iv. The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year.

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2018/19 these amounted to £8,758 (2017/18 £8,507).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial loss of £0.263 million are included in the Movement in Reserves Statement (2017/18 £0.825 million gain).

18b. Assets and liabilities in relation to retirement benefits

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

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

2017/18		2018/19
£000		£000
4,639	Opening present value	4,229
113	Current service cost	128
-	Past Service Cost	58
121	Interest Cost	116
23	Employee Contributions	26
	Remeasurement (gains)/losses:	
(599)	Actuarial (gains)/losses arising from changes in financial assumptions	394
(68)	Benefits Paid	(70)
4,229	Closing present value of scheme liabilities	4,881

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

2017/18		2018/19
£000		£000
3,699	Opening Fair Value	4,036
96	Interest Income	109
	Remeasurement gain/(loss):	
226	Return on assets excluding amounts included in net interest	131
60	Contributions from employer	63
23	Contributions from employee	26
(68)	Benefits Paid	(70)
4,036	Closing fair value of scheme assets	4,295

18c. Fund history

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Present Value of Liabilities	(2,693)	(3,713)	(3,454)	(4,639)	(4,229)	(4,881)
Fair value of assets	2,337	2,911	2,992	3,699	4,036	4,295
Surplus/(deficit) in the scheme	(356)	(802)	(462)	(940)	(193)	(586)

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

The net liability of £0.586 million has a significant impact on the net worth of the Joint Committee as recorded in the Balance Sheet. Any deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

The total contributions expected to be made by the Joint Committee to Strathclyde Pension Fund in the year to 31 March 2020 is £0.063 million.

18d. Basis for estimating assets and liabilities

The Joint Committee's share of the liabilities of the Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2019.

**Glasgow & the Clyde Valley Strategic Development Planning Authority
Annual Accounts 2018/19**

The principal assumptions used by the actuary have been:

2017/18	Mortality assumptions	2018/19
21.4 years	Longevity at 65 for current pensioners	21.4 years
23.7 years	• Men	23.7 years
	• Women	
23.4 years	Longevity at 65 for Future pensioners	23.4 years
25.8 years	• Men	25.8 years
	• Women	
3.6%	Rate of increase in salaries	3.6%
2.4%	Rate of increase in pensions	2.4%
2.7%	Rate for discounting scheme liabilities	2.7%
	Take-up of option to convert annual pension into retirement lump sum:	
50.0%	For Pre April 2009 Service	50.0%
75.0%	Post April 2009 Service	75.0%

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

2017/18 £000		Percentage	2018/19 £000
	Equity Securities		
259	Consumer	6.4%	276
210	Manufacturing	5.2%	224
54	Energy and Utilities	1.3%	57
174	Financial Institutions	4.3%	185
103	Health and Care	2.6%	110
133	Information Technology	3.3%	142
933	Total Equity	23.1%	993
	Debt Securities		
127	Corporate Bonds (Investment Grade)	3.1%	135
127	Total Debt Securities	3.1%	135
	Private Equity		
482	All	12.0%	513
482	Total Private Equity	12.0%	513
	Real Estate		
365	UK Property	9.1%	389
365	Total Real Estate	9.1%	389
	Investment Funds & Unit Trusts		
1246	Equities	30.9%	1,326
467	Bonds	11.6%	497
2	Commodities	0.1%	2
5	Other	0.1%	6
1,720	Total Investment Funds & Unit Trusts	42.7%	1,831
	Cash & Cash Equivalents		
408	All	10.1%	434
408	Total Cash & Cash Equivalents	10.1%	434
4,036	Total	100%	4,295

18e. Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2018-19 and 2019-20.

Note 19 Contingent Liabilities and Assets

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension.

The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits.

Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £21,000 for Clydeplan. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.