

Notice of Special Meeting and Agenda Council

Date	Time	Venue
Thursday, 17 November 2022	14:00	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

MARK CONAGHAN
Head of Corporate Governance

Membership

Provost Lorraine Cameron (Convener): Councillor Iain Nicolson (Leader): Councillor Cathy McEwan (Depute Convener): Councillor Jacqueline Cameron (Depute Leader):

Councillor Jennifer Adam: Councillor Fiona Airlie-Nicolson: Councillor Alison Ann-Dowling: Councillor Stephen Burns: Councillor Michelle Campbell: Councillor Graeme Clark: Councillor Carolann Davidson: Councillor Eddie Devine: Councillor Andy Doig: Councillor Audrey Doig: Councillor Chris Gilmour: Councillor Edward Grady: Councillor Gillian Graham: Councillor Neill Graham: Councillor John Gray: Councillor Anne Hannigan: Councillor John Hood: Councillor Lisa-Marie Hughes: Councillor Robert Innes: Councillor Alec Leishman: Councillor Bruce MacFarlane: Councillor James MacLaren: Councillor Kenny MacLaren: Councillor Mags MacLaren: Councillor Colin McCulloch: Councillor Janis McDonald: Councillor David McGonigle: Councillor Jamie McGuire: Councillor Marie McGurk: Councillor Iain McMillan: Councillor John McNaughtan: Councillor Kevin Montgomery: Councillor Sam Mullin: Councillor Will Mylet: Councillor Jim Paterson: Councillor Emma Rodden: Councillor John Shaw: Councillor Ben Smith: Councillor Andy Steel:

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 07534 058160

Members of the Press and Public

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

Hybrid Meeting

Please note that this meeting is scheduled to be held in the Council Chambers. However, it is a hybrid meeting and arrangements have been made for members to join the meeting remotely should they wish.

Webcasting of Council Meeting

This meeting will be filmed for live or subsequent broadcast via the Council's internet site – at the start of the meeting the Provost will confirm if all or part of the meeting is being filmed. Generally the public seating areas will not be filmed. The cameras focus on the main participants. If you have any queries regarding this please contact Committee Services on 07534 058160. To find the webcast please navigate to <https://renfrewshire.public-i.tv/core/portal/home>

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.

1	Annual Audit Report from Audit Scotland - 2021/22 Renfrewshire Council Annual Accounts	5 - 60
	Report by Director of Finance & Resources	
2	Audited Annual Accounts 2021/22 - Renfrewshire Council	61 - 178
	Report by Director of Finance & Resources	
3	Audit Scotland Report - 2021/22 Common Good Funds and Coats Observatory Trust Annual Accounts	179 - 198
	Report by Director of Finance & Resources	
4	Audited Financial Statements 2021/22 – Common Good Funds and Coats Observatory Trust	199 - 240
	Report by Director of Finance & Resources	



To: Council

On: 18 November 2022

Report by: Director of Finance and Resources

Heading: Annual Audit Report from Audit Scotland - 2021/22 Renfrewshire Council Annual Accounts

1. **Summary**

- 1.1 Each year the Council's appointed external auditors carry out an audit of the Council's financial statements and provide an opinion as to whether those statements provide a fair and true view of the financial position of the Council and its income and expenditure for the year; and also whether they have been prepared in accordance with the Local Government (Scotland) Act 1973.
- 1.2 In accordance with International Auditing Standards (ISA260), the auditors are obliged to provide an annual report, which highlights matters that have arisen in the course of the audit. The attached Annual Audit Report from Audit Scotland outlines their findings from the audit of the 2021/22 the Renfrewshire Council Group accounts.
- 1.3 In addition, the Council's Chief Financial Officer is obliged to provide a letter of representation to Audit Scotland which outlines the assurances the Council provides to the external auditor with regards the annual accounts. A draft of this letter is attached as an appendix to the Annual Audit Report.
- 1.4 Under the Local Authority Accounts (Scotland) Regulations 2014, the Council must meet to consider the Annual Accounts and aim to approve those accounts for signature no later than 30 September. For 2021/22, the Local Government Finance Circular 6/2022: Extension to

Accounts Approval and Publication Dates for 2021-22 provided flexibility to this deadline, extending it to 30 November.

- 1.5 Audit Scotland officers will be in attendance at the meeting to present their reports.

2. **Recommendations**

- 2.1 The Council is asked to consider the attached Annual Audit Report from Audit Scotland and to approve the letter of representation.

Implications of the Report

1. **Financial** – The 2021/22 Annual Accounts demonstrate the Council continues to operate services within the resources available, and in line with the relevant legislation. They have been certified as providing a true and fair view of the financial position of the Council and its Group as at 31 March 2021.
2. **HR & Organisational Development** – none arising directly from this report
3. **Community/Council Planning** – none arising directly from this report
4. **Legal** – An audit opinion free from qualification demonstrates the Council's compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
5. **Property/Assets** – none arising directly from this report
6. **Information Technology** – none arising directly from this report
7. **Equality & Human Rights** – none arising directly from this report
8. **Health & Safety** – none arising directly from this report
9. **Procurement** – none arising directly from this report
10. **Risk** – none arising directly from this report
11. **Privacy Impact** – none arising directly from this report
12. **Cosla Policy Position** – none arising directly from this report
13. **Climate Risk** – none arising directly from this report

Author: Christine McCourt, Head of Finance and Business Services

Audit, Risk and Scrutiny Board

14 November 2022

Renfrewshire Council Audit of 2021/22 annual accounts

Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now substantially complete. Subject to the satisfactory conclusion of the outstanding matters referred to later in this letter and 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 17 November 2022 (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 Audit, Risk and Scrutiny Board's consideration our draft Annual Audit Report on the 2021/22 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.

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.

6. There is one unadjusted misstatement within the accounts. The Council uses indexation for the council house estate to estimate changes in value for years without a full valuation. This has been applied based on quarter 1 market data (as at 30 June) rather than the quarter 4 market data (as at 31 March). The impact for the Council accounts is that the value of council dwellings are overstated by £681,622. This has not been amended in the audited accounts and is not judged to be a material issue.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit, Risk and Scrutiny Board 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

8. As part of the completion of our audit, we are seeking written representations from the Director of Finance and Resources, as the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Director of Finance and Resources with the signed annual accounts prior to the independent auditor's report being certified.

Outstanding matters

10. There are some areas where we still require additional information, and these are identified below:

- The Loans fund repayment register for General Services and Housing Revenue Account, and working papers to support the calculation of the annuity method
- The supporting documentation in relation to the Housing Revenue Account sample selected for testing.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Renfrewshire Council and the Accounts Commission

Reporting 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 Renfrewshire Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account, the Council Tax Income Account, and the Non-Domestic Rates Account 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 UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the Council and its group as at 31 March 2022 and of the income and expenditure of the Council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 by the Accounts Commission on 26 September 2022. The period of total uninterrupted appointment is 1 year. I am independent of the Council and its group 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 Council. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the Council and its group. However, I report on the Council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Director of Finance and Resources and the Audit, Risk and Scrutiny Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Finance and Resources 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 Director of Finance and Resources 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 Director of Finance and Resources is responsible for assessing the ability of the Council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the Council and its group.

The Audit, Risk and Scrutiny Board 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the Council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the Council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Other information

The Director of Finance and Resources is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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 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; or
- there has been a failure to achieve a prescribed financial objective.

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.

Pauline Gillen FCPFA

Audit Director

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place

Glasgow

G2 1BT

xx November 2022

Renfrewshire Council

2021/22 Annual Audit Report – PROPOSED



 AUDIT SCOTLAND

Prepared for the Members of Renfrewshire Council and the Controller of Audit
November 2022

Contents

Key messages	3
Introduction	6
1. Audit of 2021/22 annual accounts	9
2. Financial management	20
3. Financial sustainability	25
4. Governance and transparency	29
5. Best Value	31
Appendix 1. Action plan 2021/22	36
Appendix 2. Summary of 2021/22 national performance reports and briefing papers	43

Key messages

2021/22 annual accounts

- 1 We recognise that the 2021/22 financial year has continued to be impacted by the fall out of the Covid-19 pandemic which continues to present additional challenges for both Council and audit staff alike. Consequently, key dates within the financial reporting and auditing process have been updated to reflect the statutory deadline of 30 November 2022 to publish the audited 2021/22 annual accounts.
- 2 Our audit identified three significant adjustments that impact on the Council's annual accounts, which have been corrected in the financial statements.
 - Property, plant and equipment valued at depreciated replacement cost which had not been revalued in year was materially misstated. This adjustment resulted in the carrying amount of property, plant and equipment increasing by £69.451 million.
 - Income and expenditure in the Council's annual accounts and its group's annual accounts were misstated due to errors when eliminating Covid-19 agency transactions. This adjustment resulted in income and expenditure increasing by £14.106 million in the Council's annual accounts and income and net expenditure decreasing by £12.898 million in the group's annual accounts.
 - Mandatory guidance for statutory adjustments had not been reflected in the annual accounts. This adjustment resulted in statutory adjustments decreasing by £22.299 million in 2020/21 and £25.473 million in 2021/22 respectively, with corresponding increases in adjustments permitted by accounting standards.
- 3 There was no change to the budgetary outturn position, or the level of usable reserves as a result of the above adjustments.
- 4 Following the correction of these adjustments, our audit opinions on the annual accounts of the Council and its group are unqualified and unmodified and confirm that the 2021/22 financial statements present a true and fair view of the financial activities of the Council and its group. Similarly, our audit opinion on the section 106 charities administered by the Council is also unqualified and unmodified.

Financial management and sustainability

- 5** The Council's financial management is effective, with strong budgeting, financial monitoring and reporting processes that are aligned to its corporate priorities. The Council and its wider group financial position is sustainable into the foreseeable future, although Covid-19 and ongoing global events such as the war in Ukraine continues to add additional pressure and uncertainty.
- 6** The Council reported a year-end general fund surplus of £16.209 million for 2021/22, which was largely due to the receipt of additional funding to meet Covid-19 pressures in future years. This has resulted in an increase in the Council's reserves, with £25.488 million earmarked for pandemic recovery. It is essential that the Council recognises the non-recurring nature of such reserves and take steps to ensure they are used effectively and in line with the Council strategy and strategic objectives.
- 7** Medium-term financial plans are aligned to the Council's corporate priorities and clearly demonstrate how the organisation intends to address future financial challenges with the Council undertaking robust financial modelling.
- 8** The Council should develop a revised financial strategy which ensures the total balances available are used to support the financial sustainability of the Council over the medium-term. The financial strategy should incorporate a revised approach to service delivery and new ways of working.

Governance and transparency

- 9** The Council has appropriate governance arrangements in place and these operated effectively. Following the local council elections in May, the Scottish National Party formed a minority administration. In addition, there was a significant turnover in members. Officers have implemented induction and support arrangements for new and returning Members.
- 10** The Council demonstrates its commitment to conducting its business in an open and transparent manner through the recording of committee meetings and availability of information through the council website.

Best Value

- 11** The Council has an appropriate and effective Best Value framework in place. The Council continues to make positive progress addressing the recommendations contained in our 2016/17 Best Value Assurance Report.
- 12** The Council has a good understanding of the equality issues affecting its communities and stakeholders and have implemented policies to tackle these, including addressing the impact of the pandemic on its communities.
- 13** The Council's performance management arrangements remained effective during the pandemic. The Council was able to maintain service performance

levels despite the pandemic and continues to perform well in comparison to other councils.

Introduction

1. This report summarises the findings arising from the 2021/22 audit of Renfrewshire Council (the Council) and its group.

2. The scope of the audit was set out in our [2021/22 Annual Audit Plan](#) presented to the Audit, Risk and Scrutiny Board meeting on 21 March 2022. This report comprises the findings from:

- an audit of the annual accounts, and
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) namely, financial management, financial sustainability, governance and transparency and value for money.

3. The main elements of our audit work in 2021/22 have been:

- an audit of the Council and its group's 2021/22 annual accounts and the statement of accounts of the section 106 charities administered by the Council, including the issue of independent auditor's reports setting out our opinions
- a review of the Council's key financial systems that we judged to be relevant to our audit
- audit work covering the Council's arrangements for securing Best Value relating to ongoing follow up of the recommendations in the 2016/17 Best Value Assurance Report (BVAR). We also undertook a review of the Council's best value arrangements relating to Fairness and Equality, and
- consideration of the four audit dimensions.

Adding value through the audit

4. We add value to the Council through the audit by:

- regularly meeting with management to discuss current issues and share knowledge and insights from the wider public sector
- sharing learning from our experiences working with other bodies and agreed a clear, no surprises, approach for the audit of the 2021/22 annual accounts
- identifying and providing insight on significant risks, and making clear and relevant recommendations, and

- reporting our findings and conclusions in public and sharing intelligence and good practice through our national reports ([Appendix 2](#)) and good practice guides.

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

Responsibilities and reporting

6. The Council 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.

7. The Council is also responsible for compliance with legislation, and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

8. 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](#) and supplementary guidance, and International Standards on Auditing in the UK.

9. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the Council's performance management arrangements
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability, and
- Best Value arrangements.

10. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

11. This report raises matters from our audit. 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.

12. Our Annual Audit Report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

Auditor Independence

13. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £374,330 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

Audit appointment from 2022/23

15. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year so that 2021/22 is the last year of the current appointment round.

16. The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23 Azets will be the appointed auditor for Renfrewshire Council. We are working closely with the new auditors to ensure a well-managed transition.

17. A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code of Audit Practice 2016 which was issued in May 2016.

18. There are several significant changes introduced by the new Code, namely the integration of Best Value work into wider scope audit work and the audit of Best Value across the Integration Joint Boards.

19. We would like to thank Audit, Risk and Scrutiny Board members, the Chief Executive, Directors, and other staff, particularly those in finance, for their co-operation and assistance over the last six years.

1. Audit of 2021/22 annual accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

Our audit opinions on the annual accounts of the Council and its group are unqualified and unmodified and confirm that the 2022/22 financial statements present a true and fair view of the financial activities of the Council and its group. Similarly, our audit opinion on the section 106 charities administered by the Council is also unqualified and unmodified.

Our audit identified three significant adjustments that impact on the Council's annual accounts, which have been corrected in the financial statements. These are detailed at [Exhibit 2](#).

Our audit opinions on the annual accounts are unmodified

20. The annual accounts for Renfrewshire Council and its group for the year ended 31 March 2022 were approved by the Council on 17 November 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view of the financial position of the Council and its group and were properly prepared in accordance with the financial reporting framework, and
- the audited part of the Remuneration Report, Management Commentary and the Annual Governance Statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

The annual accounts were signed off in line with the timescales permitted to reflect Covid-19

21. Submission dates for the audited annual accounts and the Annual Audit Report for 2019/20 and 2020/21 were deferred in line with the later dates for producing the annual accounts because of the impact of Covid-19. Audit Scotland set target dates for 2021/22 which transition to more regular timescales. For 2021/22, the target date for the audited annual accounts is 31 October 2022.

22. The unaudited annual accounts and working papers were received in line with our agreed audit timetable on 30 June 2022. Finance staff provided good support to the audit team and all working papers were provided electronically. Due to capacity issues within the finance team there were delays in receiving supporting documentation and responses to audit queries. As a result, the original timetable of reporting on the audit on 24 October was deferred until 14 November 2022 and signed by the statutory deadline of 30 November.

Our audit opinions on Section 106 charities were unmodified

23. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities' legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of Renfrewshire Council are sole trustees, irrespective of the size of the charity.

24. There is one trust fund, Coats' Observatory Trust, which was set up "for the upkeep of Coats Observatory equipment". This purpose was relevant while there were cash funds available; however, these funds have been exhausted, and only the property assets remain.

25. On 23 August 2022, Office of the Scottish Charity Regulator (OSCR) confirmed that the three Renfrewshire Common Good Funds have been removed from the Scottish Charity Register effective from 22 August 2022. As a result, there is no requirement going forward to prepare accounts for the Common Good Funds, instead a separate Common Good statement should be included within the Renfrewshire Council accounts.

26. We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in the independent auditor's reports that:

- the financial statements give a true and fair view of the section 106 charity's financial position and are properly prepared in accordance with charities legislation, and
- the trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

27. These were approved by the Council on 17 November and signed by the statutory deadline of 30 November.

There were no objections raised to the annual accounts

28. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The Council complied with the regulations. There were no objections to the 2021/22 accounts.

Whole of Government Accounts has been delayed at a UK level

29. Whole of Government Accounts (WGA) is the consolidated financial statements for all components of government in the UK. Most public bodies are

required to submit returns for the preparation of WGA. The returns are consolidated into WGA by HM Treasury. WGA is audited at a UK level by the National Audit Office (NAO), who issue Group Audit Instructions.

30. Appointed auditors in Audit Scotland are required by the Code of Audit Practice, as part of their audit appointment, to examine and report on WGA returns prepared by Scottish audited bodies. Auditors are required to report the results of their examination in an Assurance Statement. The examination and reporting process performed by auditors is therefore described as auditor assurance.

31. The process for 2020/21 is running significantly late. HM Treasury issued its guidance for preparers on 27 April 2022 and the NAO issued its Group Audit Instructions on 14 July 2022. The OSCAR II system has been open for 2020/21 submissions since April 2022.

32. HM Treasury and the NAO set a date for certified returns of 31 August 2022 which the Scottish Government agreed to for Scottish bodies. The deadline was then subsequently moved to 30 September 2022.

33. HM Treasury has set an increased threshold for auditor assurance for bodies in England (£2 billion). Scottish Government has agreed the same threshold for Scottish bodies. At the time of writing, the Council has still to submit the Whole of Government Accounts (WGA) 2020/21 consolidation pack.

Overall materiality is £8.7 million

34. We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatement on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values.

35. The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

36. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. As detailed within our Annual Audit Plan, these apply to both the Renfrewshire Council single entity financial statements and the Renfrewshire Council group financial statements. This was reviewed on receipt of the unaudited annual accounts and remains unchanged, as summarised in [Exhibit 1](#).

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality	£8.7 million
Performance materiality	£5.7 million
Reporting threshold	£0.250 million

Source: Audit Scotland, Annual Audit Plan 2021/22

We have significant findings to report on the audited annual accounts

37. 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. We have reported several issues from the work done. These relate to the detail and documentation included within the valuer's report and the underlying records and processes around identifying related parties for disclosure within the annual accounts. These are included in the action plan at [Appendix 1](#).

38. All the significant findings from our audit involved correcting adjustments to the annual accounts and are summarised in [Exhibit 2](#) below.

Exhibit 2

Significant findings from the audit of financial statements

Issue	Resolution
<p>1. Property, plant and equipment valuations</p> <p>The Code of Practice on Local Authority Accounting requires authorities to revalue property, plant and equipment with sufficient regularity to ensure the carrying amount does not differ materially from current value, being the value that would have been obtained if revalued.</p> <p>Property, plant and equipment valuations within the annual accounts are supported by workings from a professional valuer, using a rolling programme of revaluations. The valuation process could be enhanced through greater documentation of the annual valuation report and management scrutiny over the report including:</p> <ul style="list-style-type: none"> the assets revalued in year and the methodology applied in the valuation exercise 	<p>We recommend that a valuation report is prepared by the Council's valuer on an annual basis outlining the details of the work undertaken, the impact on the asset values and the methodology applied in completing the revaluation programme. There should be clear evidence of how management have challenged and scrutinised the valuation to ensure the accounts are free from material misstatement.</p> <p>Recommendation 1</p> <p>(Refer Appendix 1, action plan point 1)</p>

Issue	Resolution
<ul style="list-style-type: none"> the total valuation amount reflected within the annual accounts. <p>In addition, there should be clear assurances around how those assets not subject to revaluation would not be materially misstated.</p> <p>Our audit work and subsequent analysis by the Council's valuer and management identified the carrying value (net book value) of property, plant and equipment valued at depreciated replacement cost which was not revalued in year was understated by £69.451 million. Management processed an adjustment to correct for the understatement which resulted in:</p> <ul style="list-style-type: none"> the deficit on the provision of services decreasing by £12.704 million the revaluation reserve balance increasing by £56.746 million, and the net book value of property, plant and equipment increasing by £69.451 million. <p>This adjustment also impacted on the notes to the financial statements associated with these areas.</p>	
<h3>2. Related parties</h3> <p>As part of our audit work in relation to related parties we inspected the record of senior officers' interests and elected members' interests. We identified instances where information recorded could have been enhanced to support management in identifying any relevant related party transactions.</p> <p>While we are satisfied there are no undisclosed material related party transactions, we also noted that processes to consider and identify relevant relationships and transactions that require to be disclosed within the annual accounts could be improved.</p>	<p>We recommend that a review of controls and processes around related parties is undertaken. This will include the documentation of member and officer interests as well as the processes in place to identify the relevant disclosures for inclusion in the financial statements.</p> <p>Recommendation 2</p> <p>(Refer Appendix 1, action plan point 2)</p>
<h3>3. Covid-19 agency income and expenditure</h3> <p>The Council processes transactions on behalf of the Scottish Government for support payments made to businesses and individuals in response to Covid-19. The Council has no discretion in how the funding for the support payments is used and simply processes the payments on behalf of the Scottish Government. As a result, these transactions are not recognised in the Council or</p>	<p>Management processed an adjustment to correct for these errors which resulted in the Council's income and expenditure increasing by £14.106 million and the group's income and expenditure decreasing by £14.106 million. As both income and expenditure were misstated, the adjustment to correct these errors did not have any impact on the outturn</p>

Issue	Resolution
<p>its group's annual accounts and are instead reported as agency transactions.</p> <p>The Council is still required to maintain records of Covid-19 agency transactions and uses its ledger to record these transactions. Adjustments are processed to exclude these transactions from the Council and its group's annual accounts.</p> <p>However, errors were made when processing these adjustments which resulted in an understatement of £14.106 million of income and expenditure in the Council's annual accounts and an overstatement of £14.106 million of income and expenditure in the group annual accounts.</p>	<p>and the deficit on the provision of services.</p>
<p>4. Statutory adjustment for the difference between fair value and historic cost depreciation</p> <p>Statutory adjustments are processed in the annual accounts due to differences between accounting requirements and funding requirements. <i>The Statutory Basis for Accounting for and Disclosing Reserves in Scottish Local Government Bodies</i> is mandatory guidance that was issued by LASAAC in May 2021. This guidance made a change to the way the statutory adjustment for the difference between fair value and historic cost depreciation is processed, and from 2020/21 this was to be processed from the revaluation reserve to the general fund instead of the capital adjustment account. The revised approach was not reflected in the Council's annual accounts for either 2020/21 or 2021/22 which resulted in a misstatement of £22.299 million in the 2020/21 statutory adjustments and £25.473 million in the 2021/22 statutory adjustments.</p>	<p>Management processed adjustments to correct for these errors which resulted in statutory adjustments decreasing by £22.299 million and £25.473 million in 2020/21 and 2021/22 respectively, with corresponding increases in adjustments permitted by accounting standards. The adjustment to correct these errors did not have any impact on the Council's reserves balances.</p>

Source: Audit Scotland

39. Where we have identified misstatements in the annual accounts, we have concluded that they arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. It is our responsibility to request that all misstatements, other than those below the reporting threshold are corrected, although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality.

40. The Council uses indexation for the council house estate to estimate changes in value for years without a full valuation. This has been applied based

on quarter 1 market data (as at 30 June) rather than the quarter 4 market data (as at 31 March). The impact for the Council accounts is that the value of council dwellings are overstated by £681,622. This has not been amended in the audited accounts and is not judged to be a material issue.

41. We have obtained audit assurances over the identified significant risks of material misstatement to the financial statements. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3

Significant risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> Assessed the design and implementation of controls over journal entry processing. Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Tested journals at the year-end and post-closing entries and focus on significant risk areas. Evaluated significant transactions outside the normal course of business. Assessed the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements. We assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. Substantively tested income and expenditure transactions around the year- 	<p>Results and Significant Judgements:</p> <p>Our audit work did not highlight any instances of management override of controls for the Council or the charities.</p> <p>Conclusion:</p> <p>Satisfactory.</p>

Audit risk	Assurance procedure	Results and conclusions
	<p>end to confirm they are accounted for in the correct financial year.</p> <ul style="list-style-type: none"> Focussed testing of accounting accruals and prepayments. 	

Other areas of audit focus

42. We identified in our 2021/22 Annual Audit Plan areas where we considered there to be other risks of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risks, we did not consider these to represent significant risks. The areas of specific audit focus were:

- Valuation and measurement of property, plant and equipment:** At 31 March 2021, the Council held property, plant and equipment with a value of £1,484.243 million. This included Land and Buildings with a net book value of £876.278 million. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and estimates, and changes in these can result in material changes to valuations.
- Measurement and judgements applied to the valuation of pension liabilities:** As at 31 March 2021, the Council recognised a net liability of £221.534 million relating to its share of the Strathclyde Pension Fund liability. There is a significant degree of subjectivity in the measurement and valuation of the pension fund liability. The valuation is based on specialist assumptions and estimates.

43. We kept these areas of audit focus under review throughout our audit. We reviewed our audit approach prior to the financial statements audit. We considered the movements in market and construction price indices and the impact this could have on property, plant and equipment valued at depreciated replacement cost which had not been subject to the revaluation exercise in year. On this basis, we re-assessed the risk of material misstatement on the valuation and measurement of buildings not revalued in year to be a significant risk of material misstatement. In [Exhibit 4](#) below we have outlined the planned audit procedures and the outcome of these.

Exhibit 4

Significant risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
2. Risk of material misstatement on the valuation and measurement of assets valued at	<ul style="list-style-type: none"> Make inquiries of management around how they are satisfied that assets not subject to revaluation in 	<p>Results and Significant Judgements: As outlined in Exhibit 2, we found the carrying value of property,</p>

Audit risk	Assurance procedure	Results and conclusions
<p>depreciated replacement cost not revalued in year</p> <p>Market and construction price indices have been rising due to current market conditions, including rising inflation. The carrying value of property, plant and equipment valued at depreciated replacement cost which have not been revalued in year could be materially misstated.</p>	<p>year are free from material misstatement;</p> <ul style="list-style-type: none"> • Review management / valuer's assessment of assets not subject to revaluation to determine if this is consistent with auditor knowledge or other similar property valuation movements. • Consider the sufficiency of Management's assessment of assets not subject to revaluation in year and the extent to which this has considered independent valuation advice and market movements. 	<p>plant and equipment valued at depreciated replacement cost which was not revalued in year was understated by £69.451 million and an adjustment was processed by management to correct this misstatement.</p> <p>Conclusion:</p> <p>Satisfactory after the correcting adjustment was processed.</p> <p>(Refer Appendix 1, action plan point 1 and see paragraphs 44 – 47)</p>

The Council revaluation programme has not yet been updated to ensure coverage of each class of assets annually

44. In last year's Annual Audit Report we noted that the Council revalues elements of its property, plant and equipment over a 5-year rolling programme, with different classes of property, plant and equipment being revalued each year. This can lead to significant movements in value, particularly if a large class of property, plant and equipment is due for revaluation in a particular year.

45. We recommended that management should consider a valuation methodology whereby 20 per cent of each class of property, plant and equipment is revalued each year, with all assets still being revalued once over a five year period. This would reduce the likelihood of uneven valuation movements arising as a result of the specific class of property, plant and equipment due for revaluation in a given year. This had still to be adopted for the 2021/22 annual accounts.

46. As referenced in [Exhibit 4](#), price and construction indices have been rising significantly. The potential impact on the valuation of property, plant and equipment valued at depreciated replacement cost has resulted in a significant risk of material misstatement. Management requested the Council's internal valuer to undertake a valuation estimation exercise to review the school estate and leisure centres not valued in year.

47. This was not a formal valuation of these assets but applied percentage movements based on data about property, plant and equipment revalued over the previous five years to those not formally valued in 2021/22. Management has undertaken a review of this valuation exercise and have confirmed they are satisfied that the principles applied are a reasonable basis to estimate the movement in the value of property, plant and equipment not formally valued in

year. We have reviewed the valuation exercise and management's assessment of the valuation exercise and concluded that the principles applied to estimate the movement in property, plant and equipment not valued in year were reasonable and has been correctly reflected in the annual accounts. Details on the resulting adjustment can be seen in [Exhibit 2](#).

Statutory override adopted for the disclosure of infrastructure assets

48. Across the UK, a technical accounting issue has been identified covering infrastructure assets, which we have considered as part of our audit this year.

49. Infrastructure assets typically include highways, footpaths, bridges and culverts and are included at historical cost in the accounts (£376 million gross). A replaced component of an asset has to be de-recognised and at some councils the records of additions were not detailed enough to comply with accounting code requirements. A failure to de-recognise assets correctly would have resulted in double-counting and an overstatement of the gross book value; accumulated depreciation and potentially the net book value of the assets.

50. CIPFA/LASAAC considered the matter and proposed amendments to the 2021/22 accounting code to allow a reasonable assumption that the net book value of replaced parts of infrastructure assets are nil and a temporary adaptation to remove the requirement to disclose gross book value and accumulated depreciation in the financial statements. The Scottish Government has issued Finance Circular 9/2022 to implement these changes.

51. Management considered the detailed records available to support infrastructure additions since 2010 and concluded that the above statutory overrides were required and have amended the infrastructure disclosures in the audited accounts, this is explained at Note 10.

Identified misstatements of £6.018 million were adjusted in the financial statements

52. In addition to the significant misstatements outlined in [Exhibit 2](#), other misstatements of £6.018 million were identified in the annual accounts as outlined below:

- Guaranteed Minimum Pension (GMP) – an adjustment of £4.178 million was processed to recognise the estimated impact of GMP indexation changes on the pension fund liability. This should also have been reflected in the prior year financial statements, but we did not require an adjustment to the 2020/21 comparatives as this was not material.
- Capital addition overstatement – an adjustment of £0.781 million was processed to derecognise a capital addition which had been incorrectly recognised in 2021/22.
- Housing Revenue Account (HRA) understatement of impairment of debtors – an adjustment of £0.442 million was processed to increase

the impairment of HRA debtors which had been understated due to an error in its calculation.

- Group accounts accrual reversal – an adjustment of £0.601 million was processed to income and expenditure in the group Comprehensive Income and Expenditure Statement which had been understated due to a 2020/21 accrual not being reversed.

53. Adjustments have been processed to the annual accounts for all these misstatements. While these adjustments were individually below our performance materiality, collectively they breached it and we assessed if any further audit procedures were required. We concluded that further audit procedures were not required as the misstatements arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error.

Progress was made on prior year recommendations

54. The Council has made good progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Main judgements

The Council's financial management is effective with strong budgeting, financial monitoring and reporting processes that are aligned to its corporate priorities.

The Council reported a year-end general fund surplus of £16.209 million for 2021/22, which was largely due to the receipt of additional funding to meet Covid-19 pressures in future years. This has resulted in an increase in the Council's reserves with £25.488 million earmarked for pandemic recovery. It is essential that the Council recognises the non-recurring nature of such reserves and take steps to ensure they are used effectively and in line with the Council strategy and strategic objectives.

The Council reported a surplus, but the Covid-19 pandemic continued to impact on the 2021/22 financial year

55. Public finances continue to be impacted by the Covid-19 pandemic during 2021/22 with the Scottish and UK governments continuing to provide substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

56. The Council's budget is aligned to its strategic priorities. To inform the budget each directorate produces income and expenditure estimates based on the Service Improvement Plans (SIPs). SIPs outline the activities of each directorate and how these support the delivery of the Council Plan.

57. These three-year plans outline upcoming improvement activity and detail how progress will be assessed through action planning and performance targets. The latest SIPs cover the period 2022/23 to 2024/25 and were approved by the relevant Policy Boards in June 2022. Each service will report on progress in the autumn and again at the end of the financial year. The mid-year reports will also reflect any changed priorities identified in the new Council and Community Plans.

58. The Covid-19 pandemic continued to impact on the Council's 2021/22 budget with both additional costs and income losses arising from the start of the year. As the year progressed the initial estimates of expenditure and income were revised and managed through the Council's financial management

process and from additional financial support provided by the Scottish Government.

59. The Council approved its 2021/22 budget in March 2021. Budgeted net expenditure was £449.822 million and estimated total income was £449.130 million, resulting in a projected budget deficit of £1.692 million. The Revenue Budget and Council Tax 2021/22 noted that financial flexibilities available to the Council may be required to provide temporary support to balance annual revenue.

60. The Council continued to revise its financial position with the final budget forecasting net expenditure of £460.906 million and estimated total income was £477.194 million, resulting in a projected budget surplus of £16.288 million. The Council reported a final general fund surplus of £16.209 million.

61. Over the course of the year additional revenue support of £40 million was provided to the Council by the Scottish Government to address service pressures over the course of 2021/22. Additional Covid-19 related funding received from Scottish Government resulted in council reserves increasing by £20.364 million in 2021/22.

62. There were additional cost pressures in-year as a consequence of the Covid-19 pandemic. The Council spent £7.6 million during the year on Covid-19 related costs. These included staff costs and other measures to address the Covid-19 pandemic which were funded by the Scottish Government.

63. In addition, the Council administered the distribution of £24 million of Covid-19 support grants to local businesses and residents. These included business support grants, self-isolation support and low-income pandemic payments. There was an agency arrangement between the council and Scottish Government in the administration of these grants.

64. As expected, the main reasons for variances against the approved budget in March 2021 related to recovery actions for Covid-19. The most significant variance was a reduction in Non-Domestic Rates income from the Scottish Government from £102.8 million to £81.7 million to mitigate the impact of the Covid-19 pandemic on businesses.

The level of general fund reserves has increased because of Covid-19 funding received for future periods

65. One of the key measures of the financial health of a local authority is the level of reserves held. The Council has increased its useable reserves steadily since 2013/14 and has historically had a high level of reserves in comparison to many other councils in Scotland. The majority of reserves are statutory or ring-fenced and aligned to future spending plans and strategic objectives.

66. The overall level of usable reserves held by the Council increased by £20.364 million from £194.093 million in 2020/21 to £214.457 million in 2021/22. A table showing all reserves movements is included in [Exhibit 5](#).

Exhibit 5**Movements in useable reserves in 2021/22**

	Opening £m	Used £m	Added £m	Closing £m
General Fund (Unallocated)	10.887	(0.099)	-	10.788
General Fund (Ring-fenced)	77.571	(32.416)	48.724	93.879
Housing Revenue Account	6.497	-	-	6.497
Revenue Statutory Funds	2.864	-	0.110	2.974
Capital Receipt Reserve	8.638	(1.829)	0.785	7.594
Capital Statutory Funds	87.636	(0.904)	5.993	92.725
Total	194.093	35.248	55.612	214.457

Source: Audited annual accounts 2021/22

67. The general fund reserve is the largest reserve, with a balance of £104.667 million. Although the general fund reserve has no restrictions on its use, £93.879 million has been ring-fenced for future expenditure plans including £25.488 million specifically for Covid-19 recovery which arose due to additional funding from Scottish Government.

68. The Council reviews the level of its unallocated reserves when setting the budget each year. As part of the 2020/21 budget setting process the Council agreed to increase the unallocated revenue balances to a minimum of £10 million to address financial risks in the short and medium-term. This represents 2.5 per cent of budgeted net expenditure held as unallocated General Fund reserves. At the end of 2021/22 the Council's unallocated reserves were £10.788 million.

Capital expenditure reduced in 2021/22 as the Council paused its capital investment projects

69. Plans for capital expenditure are approved by the Council as part of the budget setting process each year. In March 2021, the Council approved a capital budget of £141.2 million for 2021/22 (including £25.6 million of spend on housing related projects). A table setting out capital budget and spend is included in [Exhibit 6](#).

Exhibit 6**Analysis of capital spend in 2017/18 to 2021/22**

Year	Approved Capital Spend* (£ millions)	Capital Spend Relating to Plans Approved in Prior Years (£ millions)	Capital Spend Relating to Current Year Plan (£ millions)	Total in Year Capital Spend (£ millions)
2017/18	£104.4	£19.2	£48.3	£67.5
2018/19	£88.0	£21.5	£43.2	£64.7
2019/20	£99.9	£7.8	£77.5	£85.3
2020/21	£127.4	£2.1	£51.6	£53.7
2021/22	£141.2	£10.3	£71.8	£82.1

*Includes spend approved by committee during the year

70. The Council's total spending on capital projects was £82.1 million (£53.749 million in 2020/21), with non-housing capital expenditure of £61.5 million and housing capital expenditure of £20.6 million. Capital receipts of £1.829 million (£1.273 million in 2020/21) were used to fund spending on capital projects.

71. The Council continues to adjust future years capital programmes to reflect the rephasing of projects. As at 31 March 2022, the Council had commitments on capital contracts for non-housing projects of £58.987 million (£140.251 million in 2020/21) and for housing projects of £25.933 million (£35.263 million in 2020/21).

72. In March 2021 the Council agreed the capital investment plans for non-housing covering the period 2021/22 to 2025/26 with budgeted investment totalling £443.5 million. In addition, the Council agreed capital investment for housing for the 3-year period 2021/22 to 2023/24 of almost £113 million. The Council has planned total capital expenditure of £159.9 million for 2022/23 with £132.8 million allocated to non-housing and £27.1 million to housing.

73. As a result of the ongoing challenges the Council will need to ensure it continues to review progress of the existing capital programme. This will include rescheduling and the reprioritisation of projects until there is greater certainty over the achievement of projects in the short and medium-term.

Housing revenue account incurred an overspend in line with forecast

74. The Council is required by legislation to maintain a separate housing revenue account (HRA) and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

75. The HRA recorded expenditure in 2021/22 of £61.711 million (£54.970 million in 2020/21). Overall, the HRA recorded an overspend of £8.655 million in line with forecast figure for the year and reflects the net effect of variances in employee costs and repairs costs.

76. An overspend in depreciation and impairment relates to the increased capital contributions made as part of the HRA Business Plan Strategy to utilise in year underspends to mitigate the impact of future capital borrowing costs arising from the investment in housing stock.

77. Unallocated HRA reserves have remained stable at £6.497 million. The Council believes this represents a prudent level of unallocated reserves for the HRA to mitigate any continuing impact of Covid-19 and any other unforeseen risks.

Financial systems of internal control operated effectively

78. As part of our audit we identified and assessed the key internal controls in those accounting systems which we regard as significant to produce the financial statements. This provided the assurance that the Council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

Arrangements for the prevention and detection of fraud and error were appropriate

79. The Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

80. The risk profile of public bodies during 2021/22 continues to be affected by the Covid-19 pandemic. This has increased the risk of fraud and error as control environments and internal controls changed to allow for services to operate effectively and respond to issues in a timely manner. We have reviewed the arrangements put in place by the Council to address any heightened risks and concluded that there are appropriate arrangements for the prevention and detection of fraud, error and irregularities.

3. Financial sustainability

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

Main judgements

Medium-term financial plans are aligned to the Council's corporate priorities and clearly demonstrate how the organisation intends to address future financial challenges with the Council undertaking robust financial modelling.

The Council should develop a revised financial strategy which ensures the total balances available are used to support the financial sustainability of the Council over the medium-term. The financial strategy should incorporate a revised approach to service delivery and new ways of working.

We have obtained audit assurances over the wider audit dimension risks relating to financial sustainability identified in our 2021/22 Annual Audit Plan

81. [Exhibit 7](#) sets out the significant risks of material misstatement we identified in our 2021/22 audit plan, our assurance procedures and the results and conclusions from our work. These risks influenced our overall audit strategy, the allocation of staff resources to the audit and informed where the efforts of the team were directed.

Exhibit 7

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

Audit risk	Assurance procedure	Results and conclusions
Financial sustainability While the Council's financial stability remains secure in the short-term, the Council has reported an unaddressed structural budget deficit estimated to be between £4 - £5 million as it moves into the 2022/23 financial year. The Council forecasts that in the period to 2025, in gross terms,	<ul style="list-style-type: none"> Reviewed the Council's annual budget setting arrangements. Assessed of the Council's medium to long term financial strategy. Reviewed and assessed the budget monitoring arrangements with a 	The Council continues to forecast a challenging medium to long-term financial position. We confirmed assumptions and judgements used by the Council in its forecasting are reasonable. The Covid-19 pandemic adds additional pressure and uncertainty.

Audit risk	Assurance procedure	Results and conclusions
before any adjustment for council tax rises, a saving of approximately £25 million will be required to address the forecast structural budget deficit and therefore providing no capacity for reinvestment in service or capital investment priorities. Building in an indicative council tax rise each year of three per cent would reduce the saving requirement to approximately £17 million.	<p>focus on reports to senior officers and members on financial position.</p> <ul style="list-style-type: none"> Reviewed the Council's financial position and delivery of planned savings. 	We recommend the Council updates its medium-term financial plan as soon as more clarity on the financial impacts of Covid-19 is obtained.

The ongoing financial impact of the Covid-19 pandemic will be significant

82. The financial impact of the pandemic on the Council is likely to extend across several years and could include a reduction in income from business rates and council tax non-payments as well as a reduction in fees and charges from, for example, leisure and parking. The Council may also face increased costs such as staff costs to cover the delivery of services.

83. Financial management across the Council has remained strong, with additional reporting put in place to clearly distinguish Covid-19 related costs and income losses from core operating costs.

84. A balanced budget position moving into 2022/23 was agreed by the Council on 4 March 2021, building on the previous budget decisions taken by the Council towards addressing the medium-term savings requirement.

85. Minimal savings decisions were included in the agreed budget for 2022/23, reflecting the decision to temporarily pause the Council's Right for Renfrewshire programme in 2021/22. Temporary investment in measures to assist Renfrewshire's communities recover from the pandemic were agreed, including a freeze in council tax which formed part of the conditional grant offer from the Scottish Government.

Transformational planning has been significantly disrupted by the pandemic

86. The Council's main transformation programme –Right for Renfrewshire (RFR) was temporarily suspended during 2020/21 in order for the Council to focus resources on the Covid-19 response and recovery. The longer term impact of this decision is that the Council's anticipated savings are insufficient to secure overall financial sustainability. At the Council meeting in June 2022, a revised savings target of £15 million was set for the remaining phases of the existing medium term transformation programme, and the programme revised to more clearly align with the financial sustainability portfolio.

Medium and longer-term financial plans are in place and have been updated to reflect the impact of the pandemic

87. It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to the Council's strategies. Although Councillors only approve the budget for a single year, this should be supported by indicative future spending plans that forecast the impact of relevant pressures on the Council.

88. While the Council's financial stability remains secure in the short-term, the medium-term financial outlook continues to be challenging, with future government grant and the scale of future pay pressures the most significant areas of uncertainty.

89. In September 2022, the Council's Financial Sustainability and General Fund Financial Outlook, forecast that over the next three-year period the Council would require to deliver savings within a range of £29 million – £61 million, with a forecast deficit of £44 million over this period, before any decisions on council tax. Assuming a 3 per cent council tax increase in each year, this central deficit forecast would reduce to £35 million.

90. To address the medium and longer-term challenges, the Council has continued to invest in a range of measures. The Council has agreed a capital programme of £160 million in 2022/23 across public infrastructure, schools, nurseries, public buildings and council housing. These will run alongside the Glasgow City Region City Deal programme.

91. As part of the budget planning for 2023/24, the Council intends to take advantage of the financial flexibility arrangements approved by the Council in September 2020 to secure financial stability in the short-term and help address the forecast medium-term structural budget deficit.

92. The Council has also developed economic and social renewal and recovery plans, which set out how the Council will work with partners to respond to the Covid-19 pandemic over the short to medium-term.

93. The Financial Outlook report further noted that the combined measures from accounting flexibilities and transformation (as detailed below) are insufficient to close the forecast financial gap the Council is facing. A range of other financial sustainability measures require to be explored and the Council has agreed to develop a portfolio of additional measures to address these including:

- a Strategic Property Review including estate consolidation and rationalisation. Further work is ongoing in relation to the management and maintenance of property assets, including charging proposals
- charging, fees and commercialisation. Work to assess and benchmark the current level of fees and charges relative to peer councils and the cost of service delivery

- a strategic review of procurement to explore optimal use of national contracts.

94. As the Council has not yet concluded the various reviews, it is not possible to determine whether the £20 million savings target (over and above the £15 million targeted from the transformation programme) will be fully achieved, or in what timescale.

95. The Council may therefore need to utilise reserve balances in the near term to temporarily provide financial support to manage this shortfall.

96. It is likely that further decisions and announcements by the UK and Scottish Governments will impact and influence the Council's financial outlook, both in the short, medium and longer-term.

Recommendation 3

Develop a revised financial strategy which ensures the total balances available are used to support the financial sustainability of the Council over the medium-term. The financial strategy should incorporate a revised approach to service delivery and new ways of working.

To address the financial challenge the Council will need to actively engage with local and national partners to deliver the required level of efficiencies and savings.

City Deals

97. The £1.13 billion Glasgow City Region City Deal is an agreement between the UK Government, the Scottish Government and eight local authorities across the Glasgow City Region. Renfrewshire Council is the lead authority on two City Deal infrastructure projects with funding of £148.8 million.

- **The Glasgow Airport Investment Area Project (GAIA - £43.1 million)** is delivering the enabling infrastructure and utility connections into Netherton Campus, a 52-hectare Renfrewshire Council-owned site next to Glasgow Airport. Work on this project has been delayed due to the Covid-19 lockdown, and is due to complete in 2023/24, with capital expenditure of £6.425 million to 31 March 2022.
- **The Clyde Waterfront and Renfrew Riverside Project (CWRR - £105.7 million)** includes the construction of a new opening bridge across the River Clyde, and the construction of the Renfrew North Development Road. Work on this project is due to complete in 2024/25. Capital expenditure to 31 March 2022 was £6.032 million.

4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

Main Judgements

The Council has appropriate governance arrangements in place and these operated effectively. Following the local council elections in May, the Scottish National Party formed a minority administration. In addition, there was a significant turnover in members. Officers have implemented induction and support arrangements for new and returning Members.

The Council demonstrates its commitment to conducting its business in an open and transparent manner through the recording of committee meetings and availability of information through the council website.

Governance arrangements operating throughout the Covid-19 pandemic have been appropriate and operated effectively

98. During 2021 the Council completed the installation of the Public-i system created the opportunity for the Council to hold hybrid Board meetings in Renfrewshire House.

99. This meant that the system was available for its use to begin at formal Board meetings in August 2021. All of the Council's Policy Boards, the Audit, Risk and Scrutiny Board and the Leadership Board have taken place using the Public-i system. In all cases, these have been hybrid meetings with some members present in the Chamber while others accessed the meeting remotely.

100. It is proposed the Council continues with the current arrangements for Board meetings which allows for hybrid meetings, with the option available to the Convener of each Board to hold the meeting remotely by Teams. It is proposed the Council extends the use of the Public-i system for meetings of the Regulatory Functions Board starting with the meeting on 27 October 2022.

101. Overall, the Council has appropriate governance arrangements in place which support effective scrutiny, challenge and decision making.

New administration

102. In May 2022 the Scottish Local Authority elections were held. Forty-three councillors were elected and a new administration was formed with the Scottish National Party (SNP). There was a significant turnover in members.

103. Following the elections in May an induction programme for newly elected members was established. The new administration and committee membership is still new and evolving and it is too early to comment on the effectiveness of arrangements.

Openness and transparency

104. There continues to be an increasing focus on demonstrating the best use of public money. Openness and transparency in how a body operates and makes decisions is key to supporting understanding and scrutiny. Transparency means that the public has access to understandable, relevant and timely information about how the body is taking decisions and using resources.

105. There is evidence from several sources which demonstrate the Council's commitment to transparency. Members of the public can attend meetings of the full Council and other Boards. Minutes of these Board meetings and supporting papers are available on the Council's website. Most items on Board agendas are covered in open session at meetings rather than in private.

106. The Council webcasts its main Council and Policy Board meetings and all agenda papers and minutes, including the annual accounts, are on the Council's website.

107. The Council's website allows the public to access a wide range of information including the register of members' interests, current consultations and surveys and how to make a complaint. In addition, the website encourages the public to sign up for e-alerts to get news they are interested in delivered straight to their inbox.

108. The Management Commentary that accompanies the financial statements clearly explains to readers how the Council has performed against its revenue and capital budgets and how this is reconciled to the financial statements.

109. The Council conducts its business in an open and transparent manner.

5. Best Value

Using resources effectively and continually improving services.

Main judgements

The Council has an appropriate and effective Best Value framework in place. The Council continues to make positive progress addressing the recommendations contained in our 2016/17 Best Value Assurance Report.

The Council has a good understanding of the equality issues affecting its communities and stakeholders and have implemented policies to tackle these, including addressing the impact of the pandemic on its communities.

The Council's performance management arrangements remained effective during the pandemic. The Council was able to maintain service performance levels despite the pandemic and continues to perform well in comparison to other councils.

The Council is making good progress in securing Best Value

110. Best Value is assessed over the audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this period. The BVAR report for the Council was published in August 2017.

111. The BVAR concluded that the Council has a clear and ambitious vision for Renfrewshire to revitalise the area's economy and address poverty and inequality. This vision is supported by the Council's partners and the Council Plan; management structures and performance management processes are also well aligned to the vision.

112. We also highlighted key areas where the Council should focus its improvement activities going forward. The report made seven recommendations relating to areas for further development including cross party working, community engagement, partnership working, financial sustainability, workforce planning and governance arrangements.

113. Progress in implementing the recommendations continues to be monitored by the Corporate Management Team on an annual basis, with the next update scheduled for December 2022.

The Council has a good understanding of the equality issues affecting its communities

114. The Public Sector Equality Duty as required of public sector bodies is set out in the following [guide](#) as ensuring that, *"those carrying out a public function consider how they can positively contribute to a more equal society through advancing equality and good relations in their day-to-day business"*. It requires equality to be considered in all functions of public authorities, including decision-making, design of policies and delivery of services. This is required by the Equality Act 2010. The specific duties in relation to the duty came into effect in 2012 and were amended by subsequent Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations (in 2015 and 2016).

115. The best value audit work carried out this year focussed on the Council's arrangements for demonstrating best value relating to the theme of Fairness and Equality. Areas considered were as follows:

- how committed is the Council to equal opportunities (EO) and fairness?
- to what extent is EO and fairness embedded in service delivery?
- to what extent does the council promote EO and fairness in the community?

116. We reviewed the Equality Impact Assessment (EQIA) area of the Council website which provides information on how the Council assess decisions against equality and human right outcomes. This sets out the approach to EQIAs as a two stage-process involving initial screening and a full EQIA (if required). The website also provides information on why EQIAs are undertaken and covers areas such as policy development, budget setting and procurement.

117. As a schedule A listed authority, the Council is required to report on areas such as:

- information on recruitment, development, retention and protected characteristics; gender pay gap information and equal pay. As the Council employs more than 150 staff, all equal pay statements should report on sex, race and disability. The latest Equality Progress Report (for the period 2021-2025) includes all of the above requirements and was considered at the Council meeting in March 2021.

118. In addition to the above the Council has also undertaken work to consider:

- how fairness is embedded on service delivery. The Equality Outcomes and Progress report for the period 2021-2025 includes details on national research and issues affecting Renfrewshire. This covers areas, including: supporting employment and improving economic prospects for women, BAME people and disabled people; improving routes to employment and training for young people; black history and culture being fully incorporated into cultural and

educational activities and doing more to address social isolation in older people and disabled people

- the extent to which the Council promotes EO and fairness in the community. This includes the Community Impact Assessment undertaken in September 2020. The findings confirmed a number of key priorities which partners and communities should address jointly. These have been used to inform the development of a Social Renewal Plan for Renfrewshire. In addition, the Council has engaged with the Public Services Panel via a survey in Spring 2022, works with third sector partners (e.g., with the Poverty Alliance on their "[get heard](#)" programme); participates in the Alcohol and Drug Change Programme and has developed a Renfrewshire Climate Panel where local citizens have been recruited to help make decisions to ensure that actions taken are right for local communities.

119. The Council has a good understanding of the equality issues affecting its communities and stakeholders and have implemented policies to attempt to tackle these, including addressing the impact of the pandemic on its communities. It is important that the Council continues to work with its partners and communities on these priorities, and that people most impacted are able to shape the actions that are taken to address the issues being experienced.

Performance management arrangements are being refreshed

120. The Council reports its progress against the Council Plan to the Leadership Board every six months.

121. There are Service Improvement Plans (SIPs) for all key service areas. They contain detailed action plans which link to the priorities in the Council Plan. They are also closely linked to other relevant plans, including Renfrewshire's Community Plan and Local Outcome Improvement Plan. Progress against SIP indicators is reported to relevant Policy Boards every six months. These are the forums where Councillors can challenge how services are performing.

122. Performance information is also accessible through the Council's "Our Current Performance" webpage. This includes performance progress updates on SIPs and the Council Plan. The webpage also links to the Council's annual report, *It's all about you*. This reports performance against indicators that the public have told the Council they are most interested in. The presentation of the report has been refreshed to take account of public requests to have a more accessible and easier to read format.

123. The Council is currently reviewing and refreshing its quarterly scorecard of performance information. Policy teams are engaging with each of their service Directorates to review performance indicators and to identify new measures for inclusion in the Council Plan scorecard and the new Corporate Management Team scorecard. The Council is also undertaking a wider audit of performance measures and are considering options for performance management software –

124. The Council has an established performance management framework that managers and Councillors clearly understand, which provides a sound base for ongoing and continuous improvement.

Statutory performance indicators (SPIs) are being monitored

125. The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

126. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

- its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

127. We have evaluated the Council's arrangements for fulfilling the above requirements and concluded that it complies with requirements.

The Council was able to maintain service performance levels despite the pandemic

128. The fallout from the pandemic continues to impact on performance measures, particularly for services which were temporarily suspended, or operated at a reduced level or have had to adapt to new ways of working. The Council has continued to monitor key performance targets throughout the year with performance being regularly reported to the Audit, Risk and Scrutiny Board.

129. The Council has highlighted areas where performance has been challenging and this has been detailed in recent reports to the respective Policy Boards. This is most acute in areas where activity had to stop as a result of the pandemic, such as non-essential housing repairs, where there is now a significant increase in demand that is being managed as the Council moves forward to address the backlog.

The Council continues to perform well in comparison to other councils

130. The Council participates in the [Local Government Benchmarking Framework](#) (LGBF). The framework aims to bring together a wide range of information about how all Scottish Councils perform in delivering better services

to local communities, including the cost of services and how satisfied citizens are with them.

131. The annual performance report to the Audit, Risk and Scrutiny Board was presented on 21 March 2022. This provided the Board and the public with a full assessment of all 101 indicators in the LGBF for 2020/21, highlighting those indicators in the top and bottom quartile, trend data and ranked position over the two years, Scottish average and the family group range for all indicators.

132. The Council continues to perform well in comparison to other councils, with 24 indicators are in the top quartile (ranked 1st to 8th) (26 indicators in 2021), however 11 indicators are in the bottom quartile (ranked 25th to 32nd) (12 indicators in 2021).

133. These represent the first full pandemic data and will compare favourably to the position in 2019/20. The 2021/22 data will be published in 2023.

National performance audit reports

134. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22, Audit Scotland published a number of reports were issued which may be of interest to the body. These are outlined in [Appendix 2](#).

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Property, plant and equipment valuations</p> <p>The Code of Practice on Local Authority Accounting requires authorities to revalue property, plant and equipment with sufficient regularity to ensure the carrying amount does not differ materially from current value, being the value that would have been obtained if revalued. Property, plant and equipment valuations within the annual accounts is supported by workings from valuers, using a rolling programme of revaluations. The valuation process could be enhanced through greater documentation of the annual valuation report and management scrutiny over the report including:</p> <ul style="list-style-type: none"> • The assets revalued in year and the methodology applied in the valuation exercise; • Key assumptions and estimates made in the valuation; • The total valuation amount reflected within the annual accounts; and 	<p>We recommend that a valuation report is prepared by the council's valuer on an annual basis outlining the details of the work undertaken, the impact on the asset values and the methodology applied in completing the revaluation programme. There should be clear evidence of how officers have challenged and scrutinised the valuation to ensure the accounts are free from material misstatement.</p> <p>Exhibit 2, Recommendation 1</p>	<p>Agreed action:</p> <p>The valuation programme and terms of engagement with valuers will be reviewed before the end of the financial year. As a minimum it is expected that all assets valued on a Depreciated Replacement Cost will be reviewed in 2022/23.</p> <p>Responsible officer:</p> <p>Head of Finance and Business Services and Head of Economy and Development</p> <p>Agreed date:</p> <p>31 March 2023</p>

Issue/risk	Recommendation	Agreed management action/timing
<ul style="list-style-type: none"> Details of compliance with industry standards <p>In addition, there should be clear assurances around how those assets not subject to revaluation would not be materially understated.</p> <p>Risk: There is a risk that the documentation to support the valuation exercise lacks detail and results in additional audit work being required to ensure appropriate assurances are obtained to support the valuations within the annual accounts.</p>		
<p>2. Related party disclosures</p> <p>The information held relating to member and officer interests could be enhanced to ensure that all relevant information is recorded to support the governance and financial reporting requirements around the disclosure of related parties. Processes and controls to consider and identify relevant relationships and transactions that require to be disclosed within the annual accounts should be reviewed for appropriateness.</p> <p>Risk: There is a risk that the council fail to identify related parties due to underlying documentation lacking sufficient detail.</p>	<p>We recommend that a review of controls and processes around related parties is undertaken. This will include the documentation of member and officer interests as well as the processes in place to identify the relevant disclosures for inclusion in the financial statements.</p> <p>Exhibit 2 Recommendation 2</p>	<p>Agreed action:</p> <p>Work is already underway to take account of best practice and IAS24 requirements in the Related Party disclosure. This note will be fully reviewed and updated for 2022/23.</p> <p>Responsible officer:</p> <p>Head of Finance and Business Services</p> <p>Agreed date:</p> <p>31 March 2023</p>
<p>3. Financial strategy to support financial sustainability</p>	<p>Develop a revised financial strategy incorporating new or temporary financial flexibilities and assess how the total balances available are best utilised to support</p>	<p>Agreed action:</p> <p>The Council's Financial Outlook is being continually reviewed in light of changing economic climate and regular reports to Council will take</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>The council face continuing financial challenges and significant uncertainty</p> <p>It is anticipated that new financial flexibilities may become available and the impact of these should be assessed within the scope of the wider financial strategy.</p> <p>Risk: There is a risk that decisions around financial flexibilities, transformation and redesign of savings are made without detailed financial impacts being available to support the decision-making process.</p>	<p>the financial sustainability of the council over the medium term.</p> <p>The council will need to actively engage with local and national partners to deliver the required level of efficiencies and savings.</p> <p>Paragraph 99</p>	<p>place over the coming months. As reported to Council in June 2022, a number of workstreams are underway to identify financial savings over and above those covered by the Right for Renfrewshire transformation programme. A further report to Council in December 2022 will detail the flexibilities being utilised to support the strategy.</p> <p>Responsible officer: Director of Finance and Resources</p> <p>Agreed date: 31 March 2023</p>

Follow-up of prior year recommendations 2020/21

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Improvement in Council House Valuation Process</p> <p>To ensure the accuracy of land and property valuations within the annual accounts, management obtain expert advice from appropriately qualified staff within the council's property services department.</p> <p>Risk: There has been a significant turnover in staff and adequate records have not been maintained to support council house valuations.</p>	<p>The Council should formalise the internal process for the request and provision of land and property valuations. In addition, appropriate staffing and resource should be deployed to improve the valuation arrangements within the Council.</p>	<p>Discussions between Finance and Property officers will take place to agree what supporting information will be provided and when.</p> <p>Responsible officers: Head of Finance and Head of Economy & Development</p> <p>Agreed date: 31 March 2022</p>
<p>2. Ensuring effective use of temporary reserves arising</p>	<p>The Council will need to continue to assess the adequacy and use of</p>	<p>These funds are earmarked in specific Covid-19 reserves and their future use will be</p>

to fund the Council's pandemic response

The Council's earmarked reserves relating to the pandemic response totalled £17.296 as at 31 March 2021.

Risk: There is a risk that this temporary funding is not used effectively.

ringfenced balances as it reviews its financial strategy; and to ensure that funding specifically allocated for the Covid-19 response is utilised in accordance with grant conditions.

appropriate and relevant in line with the Council's recovery plans and financial strategy.

Responsible officer: Director of Finance and Resources

Agreed date: 31 March 2022

3. Land and buildings valuation.

The Council revalue elements of its fixed assets over a five-year rolling programme, with different classes of asset being revalued each year.

Risk: There is a risk of large valuation movements between each year's annual accounts.

Management should consider a valuation methodology whereby 20 per cent of each class of asset is revalued each year, with all assets still being revalued once over a 5-year period.

The valuation programme is kept under review and consideration will be given to this recommendation in advance of the next year-end.

Responsible officers: Head of Finance and Head of Economy & Development

Agreed date: 31 March 2022

4. Heritage assets

The last valuation external valuation was in 2013.

Risk: There is a risk the value of heritage assets is not accurately reflected within the financial statements.

The Council should undertake a systematic valuation of heritage assets. This should be aligned with the transfer of records onto the new electronic management system.

Due to ongoing construction work in the museum service, access to these assets is limited in the short-term. This action is likely to require a longer timeline.

Responsible officer: Head of Finance

Agreed date: 31 March 2023

5. Financial sustainability

The impact of the pandemic continues to present financial challenges, with a projected deficit of up to £25 million.

Risk: The Council may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery.

The Council should develop a revised financial strategy which ensures the total balances available are used to support the financial sustainability of the Council over the medium-term. The financial strategy will require to incorporate a revised approach to service delivery and new ways of working.

To address the financial challenge, the Council will need to actively engage with local and national partners to

The Council will be setting its 2022/23 budget in March 2022 which will include plans for the available balances and an updated indication of the medium-term financial outlook. The financial strategy will continue to be regularly updated to highlight any funding gap faced by the Council and outline action required to address this.

Responsible officer: Director of Finance and Resources

deliver the required level of efficiencies and savings.

Agreed date: 30 September 2022

[Paragraph 88](#)

6. Community Impact Assessment

The findings from the community impact assessment confirm a number of key priorities.

Risk: There is a risk that priorities are not taken forward by the Council and its partners.

It is important that partners and communities continue to work together on these priorities, and that people most impacted are able to shape the actions that are taken to address the issues being experienced.

[Paragraph 116](#)

A lead officer has been appointed to implement the Council's/partner's Social Renewal Plan. Progress will be regularly reviewed by the Community Planning Partnership and reported to Leadership Board. Key priorities within the Social Renewal and Economic Recovery Plans will be embedded within the next Council Plan in 2022 and through a review of the Local Outcome Improvement Plan.

Responsible officer: Head of Policy and Commissioning

Agreed date: August 2022

Follow-up of prior year recommendations 2019/20

Issue/risk	Recommendation	Agreed management action/timing
8. Process for Identification of Internal Recharges We noted that there is scope for improvement in the Council's process to identify internal recharge transactions accurately and efficiently.	A review of the processes for internal recharging will be undertaken by Finance staff with a view to eliminating unnecessary charges. Development of the system will be undertaken to better identify internal transactions.	A new journal type has been introduced into the Financial Management System to make identification of internal recharges easier. In addition, work is ongoing to review all internal recharges by department, with a view to better understanding, re-thinking and improvement of processes where appropriate. This is now part of a wider review of processes in Finance that is still ongoing. Responsible officer: Head of Finance Revised date: 31 December 2022

9. Budgetary process

Budget reports are considered by Policy Boards throughout the year; however, the budget setting and monitoring arrangements could be more transparent.

The Council has made a number of improvements in this area:

- a year-end budget report was submitted alongside the unaudited annual accounts in June 2020.
- budget monitoring reports now clearly outline changes from the originally approved budget.

There remains an opportunity to further improve transparency through the timely publication of an amended budget to reflect decisions made by members during budget approval.

Budget monitoring reporting arrangements are subject to continuous review and development with a view to standardisation and improving transparency and ease of use. The format of the approved budget will be considered for the 2021/22 Estimates.

Responsible officer: Director of Finance and Resources

Revised date: 31 March 2022

In the 2021/22 estimates, budget motions were all to be funded from carried forward reserves, and Council Tax did not increase, meaning no substantive changes to the published Approved Revenue Estimates. A second report, if appropriate, will be considered for the 2022/23 Estimates.

10. Community Engagement

The locality plan identifies broad outcomes for improvement, but it does not refer to localities where action will be focused nor are clear timescales for achieving these set out.

Risk: There is a risk that outcomes do not focus on the correct localities.

The Council should clarify within the locality plans the localities where outcomes for improvement will be focused and specify the timescales for achieving these.

Local plans are being developed by each of the Local Partnerships, and initial priorities identified during 2019. Due to the pandemic the Local Partnerships were paused and this work did not progress at the original pace intended. Sessions are being planned for January 2021 to resume locality level discussions on local priorities in light of Covid-19.

Responsible officer: Head of Policy and Commissioning

Revised date: 30 June 2021

Work has been undertaken through the Developing Communities workstream to review Local Partnership arrangements, and to consider how to strengthen these going forward in recognition of learning we

have gained during Covid-19 in relation to community relationships, capacity and empowerment.

Resources are being identified to support the further development of the Local Partnerships, with colleagues from community learning and developing supporting work on the development of the local plans and priorities during 2022. This will be a key element of local work in relation to Covid-19 recovery.

Appendix 2. Summary of 2021/22 national performance reports and briefing papers

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

Renfrewshire Council

2021/22 Annual Audit Report: Proposed

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Date: 17 November 2022



Pauline Gillen
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Pauline

Renfrewshire Council Annual Accounts 2021/22 Letter of Representation (ISA 580)

1. This representation letter is provided about your audit of the annual accounts of Renfrewshire Council for the year ended 31 March 2022 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 Annual Governance Statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of Renfrewshire Council's annual accounts for the year ended 31 March 2022.

General

3. Renfrewshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 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 Renfrewshire Council have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (2021/22 accounting code), and in



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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.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Renfrewshire Council at 31 March 2022 and the transactions for 2021/22.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 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 Renfrewshire Council circumstances and have been consistently applied.

8. 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

9. I have assessed Renfrewshire Council'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 Renfrewshire Council's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have obtained further assurance that the carrying amount of assets at 31 March 2022 does not differ materially from that which would be determined if a revaluation had been carried out at that date. I have adjusted the accounts for any subsequent misstatement.

11. I carried out an assessment at 31 March 2022 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2022.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

16. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2022 of which I am aware where the conditions specified in the 2021/22 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 2022.

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.

17. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2022 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

18. The accrual recognised in the financial statements for holiday untaken by 31 March 2022 has been estimated on a reasonable basis.

19. The pension assumptions made by the actuary in the IAS 19 report for Renfrewshire Council have been considered and I confirm that they are consistent with management's own view.

20. 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

21. There are no significant contingent liabilities, other than those disclosed in Note xx 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 Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and IAS 37.

Fraud

22. 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

23. 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

24. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2021/22 accounting code. I have made available to you the identity of all the Renfrewshire Council's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

25. 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

26. 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

27. I confirm that Renfrewshire Council has undertaken a review of the system of internal control during 2021/22 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.

28. I confirm that the Annual 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 2022, which require to be reflected.

Group Accounts

29. I have identified all the other entities in which Renfrewshire Council has a material interest and have classified and accounted for them in accordance with the 2021/22 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Common Good Fund

30. I confirm, to the best of my ability, that all material common good assets have been identified and correctly accounted for within the common good financial statements. Where appropriate those common good assets used operationally by the Council are recognised as finance leases.

Events Subsequent to the Date of the Balance Sheet

31. All events subsequent to 31 March 2022 for which the 2021/22 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Alastair MacArthur
Section 95 Officer
Director of Finance and Resources
Renfrewshire Council



To: Council

On: 17 November 2022

Report by: Director of Finance & Resources

Heading: Audited Annual Accounts 2021/22 - Renfrewshire Council

1. Summary

- 1.1 The 2021/22 unaudited Annual Accounts were approved by Council on 30 June 2022. Each year the Council's appointed external auditors carry out an audit of the Council's financial statements and provide an opinion as to whether those statements provide a true and fair view of the financial position of the Council and its income and expenditure for the year; and also whether they have been prepared in accordance with the relevant regulations.
 - 1.2 The audit process is now substantially complete, and Audit Scotland has provided an audit opinion free from qualification.
 - 1.3 The audited Annual Accounts 2021/22 for Renfrewshire Council and its Group are now presented for approval.
 - 1.4 There were three significant adjustments made to the annual accounts over the course of the audit in relation to the valuation of property assets, agency transactions in the Comprehensive Income and Expenditure Statement, and a regulatory change to the presentation of depreciation. Further detail is included in the Audit Scotland report in agenda item 1. Other minor and presentational changes were also agreed.
-


2. Recommendations

- 2.1 The Council is asked to approve the attached audited Annual Accounts 2021/22 for signature in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

Implications of the Report

1. **Financial** – The 2021/22 Annual Accounts demonstrate the Council continues to operate services within the resources available, and in line with the relevant legislation. They are certified as providing a true and fair view of the financial position of the Council and its Group as at 31 March 2021.
2. **HR & Organisational Development** – none arising directly from this report
3. **Community/Council Planning** – none arising directly from this report
4. **Legal** – An audit opinion free from qualification demonstrates the Council's compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
5. **Property/Assets** – none arising directly from this report
6. **Information Technology** – none arising directly from this report
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none arising directly from this report
9. **Procurement** – none arising directly from this report
10. **Risk** – none arising directly from this report
11. **Privacy Impact** – none arising directly from this report
12. **Cosla Policy Position** – none arising directly from this report
13. **Climate Risk** – none arising directly from this report

Author: Christine McCourt, Head of Finance and Business Services



Renfrewshire Council

Audited Accounts

2021–2022

Contents

Management Commentary.....	1	Note 20: Debtors.....	59
Statement of Responsibilities	15	Note 21: Creditors.....	59
Annual Governance Statement.....	16	Note 22: Provisions	60
Remuneration Report	23	Note 23: Financial Instruments.....	60
Independent auditor's report	30	Note 24: Nature and extent of risks arising from Financial Instruments	64
Comprehensive Income and Expenditure Statement....	34	Note 25: External audit costs	67
Movement in Reserves Statement	35	Note 26: Agency services	67
Balance Sheet.....	36	Note 27: Related parties	68
Cashflow Statement.....	37	Note 28: Pension schemes accounted for as defined contribution schemes.....	69
Note 1: Expenditure and Funding Analysis	38	Note 29: Defined benefit pension schemes.....	70
Note 2: Prior Year Restatement.....	40	Note 30: Contingent liabilities.....	75
Note 3: Financing and investment income and expenditure	40	Note 31: Events after the balance sheet date	75
Note 4: Taxation and non-specific grant income	40	Note 32: Accounting Standards Issued not Adopted	75
Note 5: Expenditure and income analysed by nature ...	41	Note 33: Accounting Policies – Renfrewshire Council ...	76
Note 6: Grant income	41	Note 34: Judgements in Applying Accounting Policies ..	88
Note 7: Adjustment between accounting basis and funding basis under regulations.....	42	Note 35: Assumptions made about the future	89
Note 8: Usable reserves	43	Housing Revenue Account	90
Note 9: Unusable reserves.....	46	Council Tax Income Account	92
Note 10: Property, Plant and Equipment.....	50	Non-Domestic Rates Income Account	94
Note 11: Heritage Assets	53	Group Accounts.....	95
Note 12: Investment properties	53	Notes to the Group Accounts.....	98
Note 13: Assets held for sale	54	Group Accounting Policies	110
Note 14: Intangible assets.....	54		
Note 15: Capital expenditure and capital financing	55		
Note 16: Service Concession Arrangements.....	56		
Note 17: Leases	57		
Note 18: Inventories	58		
Note 19: Cash and cash equivalents	58		

Management Commentary

The purpose of the Management Commentary is to present an overview of Renfrewshire Council's performance during the 2021/22 financial year and to help readers understand its financial position at 31 March 2022. In addition, it outlines the main issues and risks that may impact the performance of the Council in the future.

The Council also works closely with the Renfrewshire Health and Social Care Partnership, which delivers care services across the region; and with OneRen, which delivers leisure and cultural services. Renfrewshire Council is organised into five directorate services, as follows:



CHIEF EXECUTIVE'S SERVICE

Responsible for the development of corporate policy, particularly in the areas of social inclusion, equalities, best value and efficient government.



CHILDREN'S SERVICES

Responsible for education services, children's social work services and criminal justice social work services.



COMMUNITIES AND HOUSING

Services include housing services (including our landlord function) public protection and community learning and development.



ENVIRONMENT AND INFRASTRUCTURE

Services include the management of roads and transportation, fleet, StreetScene and land services, waste and facilities management.



FINANCE AND RESOURCES

Core activities are geared towards providing services to the Council and its elected members, other council services and the general public.

Renfrewshire Council, one of 32 local authorities in Scotland, was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996.

It provides services to around 179,000 residents in the entire Renfrewshire area, which has a mixed geography, with many villages complementing its three main towns of Johnstone, Paisley and Renfrew.

Local Government elections take place every five years. Polling for the most recent local government election took place on Thursday 5 May 2022, resulting in 43 councillors being elected to Renfrewshire Council across 12 electoral wards, comprised as follows:

SNP	LAB	CON	LD	IND
21	15	5	1	1

The kind of services that the Council provides includes housing; nursery, primary and secondary education; roads; regeneration; and waste services.

The kind of services that the Council provides includes:



The Council is also part of a wider Group, with partnerships spanning a number of organisations to varying degrees.



Our Aims and Objectives

The Council and its community partners aim to achieve the objectives agreed in the 'Our Renfrewshire Community Plan 2017-2027' (<http://www.renfrewshire.gov.uk/communityplan>), with the overriding vision of:

“Working together to make Renfrewshire a fairer, more inclusive place where all our people, communities and businesses thrive.”

Performance against the Plan outcomes and objectives is monitored by the Community Planning Partnership Board, chaired by the Leader of the Council. The specific responsibilities and actions the Council will undertake to support the delivery of the Community Plan are detailed in the Council Plan 2017-2022, which can be found on the Council's website at: <http://www.renfrewshire.gov.uk>Your Council>Our key priorities>Council Plan>. The Community and Council Plans will be updated over the course of 2022.

The Council Plan “Thriving People, Connected Communities” was agreed in September 2017. The Plan outlines five strategic outcomes for the Council over the period to 2022:

- Reshaping our place, our economy and our future
- Building strong, safe and resilient communities
- Tackling inequality, ensuring opportunities for all
- Creating a sustainable Renfrewshire for all to enjoy
- Working together to improve outcomes

COVID-19

The COVID19 pandemic has had a continued impact on the Council over the course of 2021/22, as with every individual, community and business across Renfrewshire. In terms of service delivery, governance, financial management and outlook, the pandemic fundamentally affected how the Council operates and is likely to operate in the coming years.

The Annual Governance Statement outlines the key issues faced by the Council from a governance perspective during 2021/22.

Many of the measures taken in March 2020 to support the Council's workforce and residents were still in force during 2021/22, including home-working for office-based staff; and additional protective measures in place for frontline staff. Support was also provided to staff who tested positive or who were self-isolating.

The Council continued to support businesses, communities and vulnerable individuals with measures such as free school meal payments during school holidays, self-isolation support and discretionary grants.

The Council budget agreed for 2021/22 continued to be affected by additional costs and income losses; though as the year progressed the impact was mitigated by sound financial management and further financial support provided by the Scottish Government. Regular reporting of the financial position was provided to each Policy Board; including specific reporting of COVID-19 related pressures.

In order to manage the financial risks as they unfolded, the Council agreed a range of measures including the use of financial flexibilities agreed by the Scottish Government and COSLA, and the use of reserve balances as required.

Substantial additional funding was provided in 2020/21 and 2021/22 by the Scottish Government to support councils and the communities they serve. The funding provided was largely one-off and in many

cases was allocated for specific purposes. The ad-hoc nature of funding announcements and associated grant conditions increased the complexity of monitoring the in-year financial position. Additional funding of £40m was received from the Scottish Government to address service pressures and support communities over the past two years and, where appropriate and to continue to support services and communities, funding has been carried forward to 2022/23 through the use of ringfenced reserves.

The Council supported the administration of a large number of business support grants, low-income pandemic payments and self-isolation support grants on behalf of the Scottish Government, further adding to the complexity of financial monitoring and the associated cash management. While adding to the administrative burden for councils, the funding was vital in supporting local businesses to remain viable. The Council administered such funding of £24m to families and businesses, as detailed in Note 26: Agency services.

Capital investment plans were also significantly affected, owing to ongoing social distancing on construction sites over the year, as well as the availability and increasing cost of commodities, particularly in the latter half of the year.

Capital investment of £141.2m was agreed across both housing and non-housing programmes for 2021/22; however, a total of only £82.1m was spent. Future years' capital programmes will continue to be adjusted to reflect the rephasing of projects as required.

Financial Strategy

The financial strategy and plans of the Council support the delivery of the Council's priorities as outlined in the 2017-2022 Council Plan. In order to achieve this, the financial strategy must ensure resources are effectively and efficiently used in line with overall objectives; and ensure that resources are managed sustainably and in a way that continues to ensure the stability of service delivery.

The medium-term Financial Outlook 2022-25 was reported to the Council on 30 September 2021, with updates in December 2021 and March 2022, and the following range of financial planning principles from previous financial strategies persist:

- i) The Council has an ongoing commitment to efficiency, modernisation of service delivery and prioritisation of resources on the delivery of key strategic outcomes;
- ii) The Council strives to maximise income, grow its tax base and attract external funding;
- iii) Investment in service transformation and early intervention / prevention, including lifecycle maintenance to protect existing investments in our assets, is given appropriate priority;
- iv) Any new borrowing decisions taken by the Council are capable of repayment on a sustainable basis and overall debt levels are contained within affordable long-term parameters;
- v) The Council's core budget is not underwritten by the use of general reserves or speculative capital receipts;
- vi) Council reserves are maintained at a level which provides appropriate financial resilience to the Council and the core services it provides and should be subject to ongoing annual review in the context of the risk profile faced by the Council.

The Financial Outlook 2022-25 highlighted that the Council was in a financially stable position in 2021/22, due mainly to additional and carried forward COVID-19 funding to support service delivery and recovery from the pandemic. However, it also highlighted the fact that the 2021/22 budget was approved with a recurring budget deficit of £1.7m and an estimate of pay inflation that has subsequently been exceeded by the pay settlement.

The Council continues to monitor the impact of the pandemic on its services and residents.

Our Performance

Progress in delivering the 2017-2022 Council Plan is reported biannually to the Council's Leadership Board; the latest report was considered on 22 June 2022 and is available on the Council Committee Management Information System at:

<https://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>. The report details progress against actions under the five Council Plan outcomes as well as providing the latest data for a suite of 49 performance indicators.

The current Council Plan covers the period 2017-2022 and therefore is nearing the end of its term. Of the 55 actions within it, 49 have been completed. The remaining actions will be carried forward into the new Council Plan and are linked to longer-term strategic priorities. Of the 49 performance indicators reported in June 2022, 36 have a target set and, of those, 64% (23 indicators) met or exceeded their target for 2021/22.

A summary of activity against the five outcomes is given below:

Outcome 1: Reshaping our place, our economy, and our future

Good progress continues to be made on the Advanced Manufacturing Innovation District Scotland (AMIDS) at Inchinnan. The two anchor facilities will open in 2022 and £38.7m of Levelling Up funding has been secured to support the AMIDS South project.

The Cultural Infrastructure programme is also making good progress, with contractors on site at Paisley Town Hall, the new Paisley Learning and Cultural Hub and Paisley Museum. All three facilities are scheduled to open in 2023.

The Employability Service has delivered on ambitious targets. Renfrewshire has the second highest youth employment rate in Scotland, and the Kickstart Gateway placed just over 400 young people into roles across Renfrewshire.

Following an easing of restrictions, work on new build council housing has restarted with new homes being completed in Johnstone and Bishopton and works commencing in Ferguslie Park and at another site in Johnstone. Work on the new Paisley Grammar campus is also underway, with the design team and main contractor being recently appointed.

The major events programme was disrupted by the pandemic and a hybrid programme was delivered in 2021. In 2022, a number of successful in-person events, including Unboxed 2022 and the Paisley Food Festival, have already taken place.

Outcome 2: Building strong, safe and resilient communities

During 2021/22, local authorities continued to provide a COVID-19 response as well as focusing on recovery. This response included assisting Public Health Scotland with contact tracing in educational settings, delivering community testing sites, supporting vaccination programmes, providing support to local businesses on compliance, and running the Local Assistance Team (which handled more than 26,000 calls in 18 months).

The Neighbourhood Hub model operated in partnership with other public sector and third sector organisations, supported by a network of local volunteers, and provided a wide range of support to residents having to shield or self-isolate during the pandemic.

A participatory budgeting process ran in autumn 2021 and awarded funding to groups for activities for 12-25 year olds. This has been followed by the #youdecide programme, which generated almost 3,000 ideas from local residents, and a pilot in schools. A framework for mainstreaming participatory budgeting is in development.

A new multi-agency service, Ren10, has launched and is designed to improve families' access to health and wellbeing support. It is intended to bridge the gap between universal and highly specialist services. To

date, over 1,000 children and young people have been directly supported.

Early intervention work on health improvement has continued in schools and covered areas such as emotional literacy, substance misuse, relationships, harmful language, alcohol, consent and coercive control, tailored as appropriate to age.

Outcome 3: Tackling inequality, ensuring opportunities for all

Actions identified in the Social Renewal Plan have been progressed, with particular focus on food and fuel insecurity. Activity includes the allocation of Community Food Funding through the third sector, the establishment of a Fair Work service to provide employment advice, running affordable credit sessions, and agreeing funding for a Digital Champions programme.

Renfrewshire Council has continued to support the Connecting Scotland programme, with services across the council applying on behalf of individuals and organisations resulting in 999 devices secured for service users and 1,602 devices for public sector and community-based organisations, to help them access the benefits of getting online.

Although the pandemic has been shown to have an effect on attainment across the whole country, Renfrewshire continues to perform well in comparison with the national average and areas with a similar demographic profile. We continue to deliver successful outcomes in literacy, numeracy and health and wellbeing.

There has been a continued drive towards meeting the aims of The Promise, an initiative in Scotland for care experienced young people and their families. Engagement has taken place with a wide range of staff teams and partners, and a dedicated Promise Manager is being recruited to lead and co-ordinate the council's work in this area.

The Alcohol and Drugs Change Programme is making good progress and current activity is focused on recognising and responding to trauma, and on tackling stigma.

Outcome 4: Creating a sustainable Renfrewshire for all to enjoy

The climate emergency remains a key priority for the Council and work is continuing on the Plan for Net Zero. Alongside this, the Climate Change Action Fund has allocated £978,000 to 14 projects, each of them aiming to reduce or mitigate the impact of climate change.

The Council's climate goals are also evident in broader policies and initiatives, such as the creation of a district heating network, the development and delivery of zero energy social housing, and switching part of the Council's fleet to electric vehicles.

The Team Up to Clean Up programme grew considerably during the pandemic and remains highly successful. Almost 9,000 volunteers took part during 2021, collecting over 18,000 bags of litter.

Outcome 5: Working together to improve outcomes

Supporting staff wellbeing has been a key priority during the course of the pandemic, and during 2021/22 there were a number of enhancements to this support. This included additional mental health training, the launch of an Employee Benefits portal, and a renewed focus on health promotion.

Service redesigns identified in Phase 1 of the Right for Renfrewshire transformation programme were progressed during the pandemic. The remainder of the programme is currently being reviewed to ensure that planned work remains appropriate in a post-pandemic context and aligns with the Council's approach to financial sustainability.

Council Services Key Performance Indicators

As well as reporting against measures in the Council Plan, each service also reports on a suite of actions and performance indicators highlighted in its Service Improvement Plan. These are three-year plans outlining upcoming improvement activity and detailing how progress will be assessed through action planning and performance targets. The latest Service Improvement Plans, covering the period 2022/23 to 2024/25, were approved by the relevant Policy Boards during June 2022. Each service will report on progress in the autumn and again at the end of the financial year. The mid-year reports will also reflect on any changed priorities identified in the new Council and Community Plans.

Local Government Benchmarking Framework

Each year the Audit, Risk and Scrutiny Board considers the latest data available through the Local Government Benchmarking Framework (LGBF). The latest report was approved in March 2022 and provided updated data on 75 of the 101 indicators that make up the LGBF.

Detailed commentary is provided for those indicators where Renfrewshire's performance against other local authorities is ranked in the bottom 25% or where there has been a significant shift in the ranking.

The 2020/21 LGBF data showed that Renfrewshire Council had:

- 24 indicators in the top 25% of councils in terms of performance;
- 11 indicators in the bottom 35% of councils in terms of performance;
- 8 indicators where the ranked position was static;
- 35 indicators that had improved their ranked position since the previous year; and
- 32 indicators where the ranked position had declined since the previous year.

Public Performance Reports

One of the Council's approaches to Public Performance Reporting is the 'It's all about you' story map, which provides an overview of performance for the LGBF indicators and the key priority areas for the Council. It includes case studies, infographics, and performance indicators. Performance information can be found on the Council's website at the following path: [Your Council>Information, performance and statistics>Council Performance](#).

Service Update Reports, Service Delivery Plans and Operational Performance Reports are reported to the relevant Policy Board and can be found on the Council Committee Management Information System at: <https://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

LGBF data can be found at:

<https://www.improvementservice.org.uk/benchmarking/explore-the-data>

Key Financial Ratios

The following tables provide information regarding the financial performance of the Council in 2021/22 and the affordability of its ongoing commitments:

Financial Indicator	2021/22		2020/21	Commentary
	Estimate	Actual	Actual	
Reserves				
Uncommitted General Fund reserves as a % of budgeted net expenditure	2.2%	2.3%	2.5%	Reflects the level of funding available to meet unplanned expenditure and manage financial risk.
Movement in uncommitted General Fund balance	n/a	-0.9%	65.0%	Reflects maintenance of the 20/21 commitment to increase uncommitted reserves to £10m per the Financial Strategy.
Council Tax				
In-year collection rate	95.9%	95.5%	95.0%	Reflects the Council's effectiveness in collecting Council Tax debt
Council Tax income as a proportion of total taxation and non-specific grant income	19.3%	19.5%	19.1%	Reflects the Council's ability to vary expenditure by raising Council Tax, the principal local authority controlled source of finance
Debt/Long term borrowing				
Capital Financing Requirement (CFR)	£375.0m	£360.5m	£347.1m	The information in this section demonstrates that the level of external debt (driven by the capital programme) is affordable, owing to the low proportion of our budget spent on servicing debt. Further information, including descriptions of these terms and their significance, is available in the Treasury Management Annual Report, presented to Council on 30 June 2022.
External debt	£375.0m	£320.5m	£329.1m	
Ratio of financing costs to net revenue stream (General Fund)	3.9%	3.1%	4.7%	

Financial Performance

Primary Financial Statements

The annual accounts summarise the Council's transactions for the year, its financial position at 31 March 2022 and its cashflows. 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").

The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), Movement in Reserves Statement (MIRS), Balance Sheet and Cashflow Statement. 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 Council.

The Comprehensive Income and Expenditure Statement (CIES) presents the total cost of providing Council services in 2021/22 along with the income available to fund those services.

The outturn explained in the following section differs from the accounting deficit of £21.6m shown in the CIES due to accounting adjustments required to comply with proper accounting practice, but which under statute should not impact on local taxpayers. A reconciliation of these figures can be found in the Note 1: Expenditure and Funding Analysis.

General Fund

The General Fund is funded by government grant and Council Tax revenues and the Council is also able to apply usable reserves from the General Fund Balance to fund expenditure. After adjusting for planned carry forwards, the General Fund had a surplus of income over expenditure in 2021/22 of £16.2m. The budgeted position was a surplus of £16.3m, which results in an overspend of £0.1m compared to budget.

The main reasons for the variance against the approved budget were unsurprisingly related to the response and subsequent recovery actions for COVID-19, as well as the increasing cost of materials.

The Right for Renfrewshire transformation programme recommenced in 2021/22, predominantly continuing earlier reviews that were paused during 2020/21. Over the course of the year significant additional revenue support totalling £40m was provided to the Council by the Scottish Government. This support was generally targeted to address specific cost pressures; however, this support was crucial in allowing the Council to deliver the financial outturn reported. Further detail on budget variances can be found in the Unaudited Annual Accounts 2021/22 report to Council on 30 June 2022.

The Council fell just short of its target in-year council tax collection rate of 95.9% in 2021/22, instead returning a creditable 95.5% in light of the pandemic impact and emerging cost of living crisis on household finances. Income from Council Tax actually over-recovered owing to prior years arrears being collected over a longer period following delayed collection during 2020. The result was almost £3m being earmarked to provide for future cost of living impacts on collection and debt.

2021/22	Revised Budget £m	Actual £m	Variance £m
Chief Executive's Service	28.011	28.009	0.002
Children's Services	217.870	217.871	(0.001)
Communities and Housing	11.158	11.109	0.049
Environment and Infrastructure	55.698	55.880	(0.182)
Finance and Resources	40.050	40.045	0.005
Miscellaneous Services	28.145	28.094	0.051
Adult Services	79.974	79.974	0.000
Net Expenditure	460.906	460.982	(0.076)
Revenue Support Grant	(309.064)	(309.064)	0.000
Council Tax Income	(86.467)	(86.464)	(0.003)
Non-Domestic Rates Income*	(81.663)	(81.663)	0.000
Funding	(477.194)	(477.191)	(0.003)
Use of General Fund Balances	(16.288)	(16.209)	(0.079)

*The Council was originally due £102.8m of Non-Domestic Rate Income from the Scottish Government as its share of the national pool; however, this figure was reduced to £81.7m (with a corresponding uplift in general revenue grant) to mitigate the impact of the COVID-19 pandemic on businesses.

The Council collected £84.9m directly from local businesses with £3.2m due back to the Scottish Government's National Non-Domestic Rates Pool.

The Council's Reserves

The Council holds the following balances in reserve. Further details can be found in Note 8: Usable reserves.

As at 31 March 2021 £m	Usable Reserves	As at 31 March 2022 £m
88.458	General Fund Balance	104.667
6.497	Housing Revenue Account	6.497
8.638	Capital Receipts Reserve	7.594
90.500	Other Statutory Funds	95.699
194.093	Total	214.457

The General Fund balance of £104.7m will be carried forward to 2022/23. Of this balance, £93.9m has been earmarked for a particular purpose, as outlined in Note 8: Usable reserves. This leaves unallocated reserves of £10.8m (2.3% of the Council's net annual running costs), which is in line with levels agreed by the Council under its revised financial planning principles.

It is viewed that this balance is appropriate to the financial risk environment the Council is facing both in light of the ongoing response and recovery from the pandemic, but also to mitigate adverse risks anticipated in public finances generally over the medium to longer term.

Housing Revenue Account

The balance on the Housing Revenue Account (HRA) as at 31 March 2022 has been maintained at £6.5m. This remains a prudent level of unallocated reserves for the HRA to mitigate the impact of any unforeseen risks and to provide an element of mitigation against forecast pressures related to Coronavirus.

The year-end deficit position is in line with projections reported during 2021/22 and reflects the net effect of underspends in employee and transport costs that have been used to fund an overspend related to

COVID-19 driven response and recovery costs and increased debt repayment as part of the overall housing debt smoothing strategy.

Infrastructure Assets

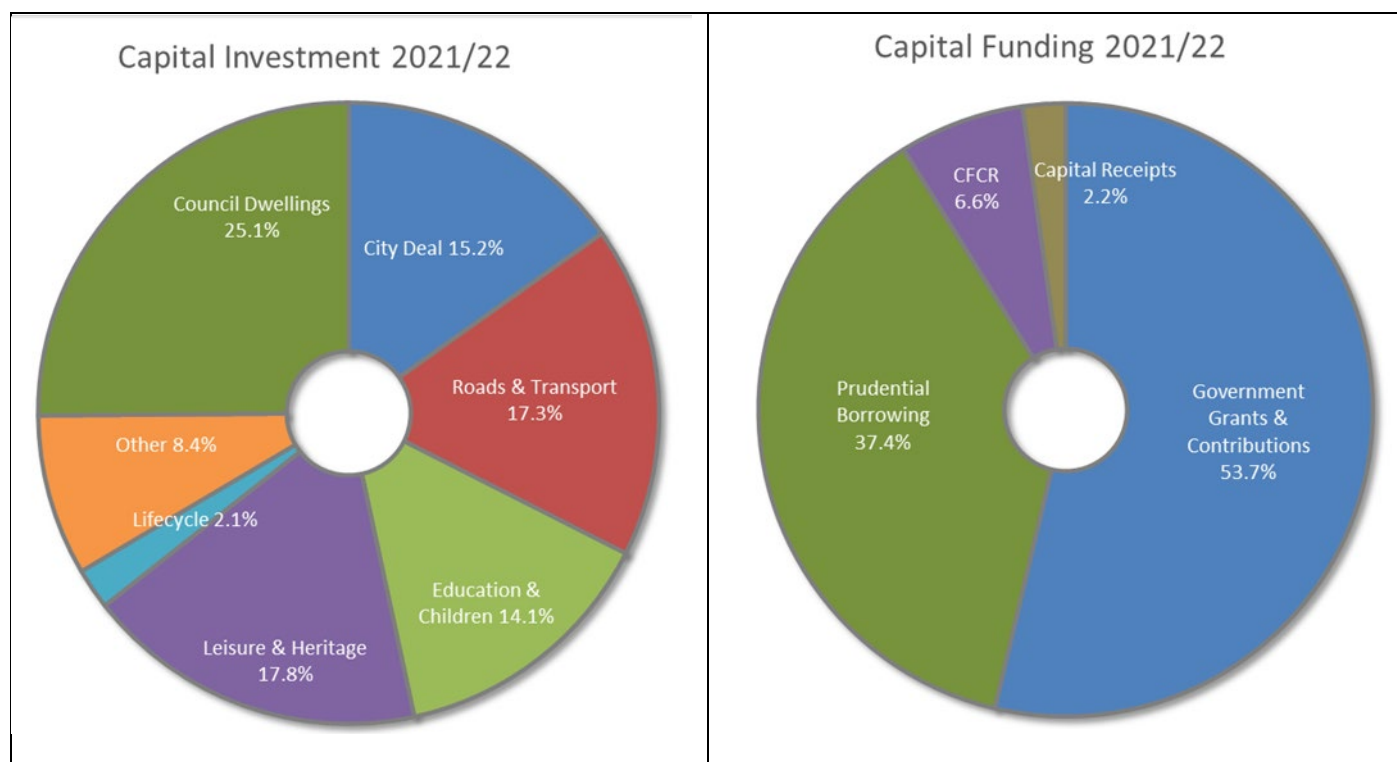
The Scottish Government published a Statutory Override in August 2022, to allow councils to continue the current accounting treatment for Infrastructure assets until 31 March 2024. Further detail is provided at Note 10.

Capital and Borrowing

Renfrewshire Council continues to make significant capital investment in council housing, schools, culture, roads and the town centre estate. On 4 March 2021, the Council approved the housing capital investment programme for 2021/22 of £25.6m; and the General Fund capital investment programme of £115.7m.

The capital investment programmes were still affected by the pandemic in 2021/22, mainly related to requirements to maintain social distancing on building sites. There was also significant delay due to global supply chain issues, as well as increasing cost pressures arising from the price of materials. Programmes have therefore been re-profiled during the year to reflect the planned expenditure timescales of individual projects or where project completion dates have been delayed, resulting in actual capital spend for the year of £20.7m for housing capital investment and £61.5m for the General Fund. Further detail is provided in Note 15: Capital expenditure and capital financing.

The following charts show the actual expenditure incurred and income received in relation to the 2021/22 capital programme.



During the course of 2021/22 there was no new external borrowing (excluding Group transactions). The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans. The decrease in cash balances compared to 31 March 2021 is attributable to additional COVID-19 specific funding received from the Scottish Government in 2020/21.

The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities.

The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided in Note 23: Financial Instruments.

For a number of years an important element of the Council's medium-term financial planning has been the strategy of debt smoothing, which ensures the Council's debt profile remains appropriate and sustainable over the medium term. This process involves the planned repayment of debt over the medium term as part of the Council's planned budget, capital investment and treasury management strategies. During 2021/22 debt repayments of £1.9m

were accelerated within Housing. There was no General Fund debt smoothing in 2021/22. The Council will continue to explore options to deliver short-term financial capacity, including employing the financial flexibilities permitted by the Scottish Government specifically in relation to COVID-19. The Council did not utilise these flexibilities in 2021/22 given the additional funding secured and the limited additional benefit these flexibilities would derive.

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year in its Treasury Management Strategy Statement (TMSS), approved by the Council on 4 March 2021 and revised on 16 December 2021. The TMSS for 2021/22 can be found on the Council Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

The CFR is a prudent assessment of the aggregate external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The actual CFR at 31 March 2022 was £360.5m, which is within the approved limit of £375.0m.

The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £320.5m at 31 March 2022 compared to the operational boundary of £375.0m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable and match the Council's medium to long-term financial strategy.

The Council's non-housing financing costs were 3.1% as a proportion of the Council's non-housing net revenue stream, including an element of additional debt repayment. Housing related financing costs as at 31 March 2022 were 40.6% of net housing revenues, higher than the forecast of 39.9% again due to additional debt repaid in the year. Excluding these repayments, the actual position was 36.7%.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 28 and 29. The appointed actuaries, have confirmed a decrease of £166.3m in their assessment of the Council's share of the actuarial deficit position of the local government pension fund as at 31 March 2022. This can be attributed to a higher level of investment returns and a higher discount rate of inflation, which serves to reduce the value placed on pension obligations.

The assessment provides only a snapshot as at 31 March 2022 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view 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.

Provisions and Contingencies

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 22: Provisions.

In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 8, the Council has also set aside £2.6m for uninsured claims. While the Council has financial monitoring arrangements in place with regards costs being incurred in response to and recovery from the Coronavirus pandemic, the Council cannot know with certainty the full costs and income loss which may arise over the medium term.

The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with five subsidiaries:

- Renfrewshire Leisure Limited, trading as OneRen, a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire;
- the Common Good Funds;
- the Coats Observatory Trust;
- Park Lane Developments (Renfrewshire) LLP; and
- Paisley Museum Reimagined Limited.

The Group Accounts also consolidate the Council's share of four other entities treated as associates or joint ventures:

- Strathclyde Partnership for Transport;
- Strathclyde Concessionary Travel Scheme Joint Committee;
- Renfrewshire Valuation Joint Board; and
- Renfrewshire Health and Social Care Integration Joint Board.

The Council has non-material interests in a number of other entities namely Scotland Excel; Glasgow and the Clyde Valley Strategic Development Planning Authority; and Glasgow City Region – City Deal Cabinet.

Financial Outlook and Key Risks

The Financial update report to Council in September 2022 outlined continued and considerable uncertainty for local government finances. In 2020, the Council agreed to replenish unallocated reserves to a threshold of £10m in order to address the risks of significant and unplanned cost pressures which may emerge over the medium term, and this has been maintained in 2021/22.

The impact to the Scottish and UK economies of the COVID-19 pandemic is still being felt, with continued support to businesses, communities and individuals resulting in government borrowing levels which have reached a peacetime high. The impact of this level of debt on public finances will take many years to unwind. However, borrowing has been undertaken at historically low interest rates, mitigating some of the impact of the borrowing required.

On the cost of materials and particularly construction costs following the height of the pandemic, what is now unfolding is a level of demand that the construction industry is struggling to keep pace with and where labour and skill shortages within the industry are now impacting on overall capacity. Coupled with this, supply chain issues initially linked to the UK's exit from the EU have now escalated globally following Russia's invasion of Ukraine.

The Scottish Government published its Resource Spending Review on 31 May 2022, which outlines at a high level its revenue spending programme over the next five years to 2026/27. It indicates a flat cash position for the local government core settlement from 2022/23 to 2025/26, with a £100m increase in 2026/27. Given current heightened levels of inflation, this is forecast to amount to a real-terms reduction in revenue funding for local government, estimated at 7-8% over the review period.

The Resource Spending Review also emphasised key priority areas for the Scottish Government spending programme, such as the commitment to increase the NHS front line budget by 20% over the course of this

Parliament; and to create a new National Care Service, with an increase of 25% in social care investment.

A significantly increased level of spend on social security is also outlined, with spend anticipated to increase from £3.9bn in 22/23 to £6.4bn in 26/27, reflecting increased spend in relation to the Scottish Child Payment and adult disability payments.

In addition, and as has been highlighted in previous commentaries, as the transition of powers moves the Scottish budget towards almost 50% of spending being supported by devolved tax raising powers, the economic performance of the Scottish economy relative to that of the UK becomes a key determinant in the overall level of resources that will be available to the Scottish Government's budget each year.

It is expected that growth in the Scottish economy will mirror, but lag slightly, that of the UK. Decisions by the Scottish Government to provide continuing support to some areas of the economy, e.g., through business rates relief over the course of 2022/23, will continue to put pressure on Scottish Government finances.

The local government grant settlement for 2022/23 (a single year settlement) reflects a 0.4% decrease on a like-for-like basis in the general revenue grant received in 2022/23 compared to 2021/22. The Council decided to increase Council Tax by 3% in 2022/23.

A balanced budget position moving into 2022/23 was agreed by the Council on 4 March 2021, reflecting well on the previous budget decisions taken by the Council towards addressing the medium-term savings requirement it is facing. Minimal savings decisions were included in the agreed budget for 2022/23, reflecting the temporary pause of the Council's Right for Renfrewshire programme in 2020/21.

Existing service and cost pressures arising from pay settlements, demographic and socio-economic factors will continue to play a major role in driving spending pressures for the Council; however, the predominant focus of the Council in the short term will be fully

understanding and assessing the financial impact of recovery from the pandemic, cost pressures arising from Brexit, the war in Ukraine and other global supply issues, as well as the emerging cost-of-living crisis, which is expected to drive higher levels of pay claims.

This is expected to manifest itself in additional costs of supplies and contracts, as well as the cost of services adapting to pandemic recovery models and related behavioural changes, such as homeworking for both staff and residents. While reduced levels of council tax income were anticipated, actual income levels in 2021/22 were healthier than expected. This is likely, however, to become more challenging to maintain as the cost-of-living crisis unfolds.

In the face of these challenges, it remains critical that the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. The Council has agreed a capital programme including spend of £160m in 2022/23 across public infrastructure, schools, nurseries, public buildings and council housing. These will run alongside the Glasgow and Clyde Valley City Deal programme that is planned to be delivered during the course of this decade, generating 29,000 new jobs.

The Council continues to mitigate treasury risks, including those associated with the security of cash deposits, by actively considering debt restructuring as outlined in the Council's agreed Treasury Management Strategy. The Council also continually reviews, in consultation with its treasury advisors, the criteria for placing deposits with financial institutions on the Council's approved counterparty list.

As part of the Council's treasury strategy, it continues to utilise internal cash balances, deferring or minimising external borrowing with the dual objectives of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in net interest costs.

This strategy is monitored carefully in order to ensure that the Council retains sufficient cash balances to

support its ongoing requirements and remains alert to any anticipated adverse movement in future borrowing rates.

The Council's most recent Financial Outlook, reported to Council on 29 September 2022, indicates increased levels of cost and uncertainty driven by pandemic recovery, high levels of inflation and a forecast real-terms reduction in local government funding as outlined in the Scottish Government's Resource Spending Review. Additional earmarked balances have been set aside to support inflation and construction cost pressures, and new measures to improve the Council's financial sustainability will be progressed during 2022/23 to help mitigate these risks.

Charitable Funds

The Council administers the Common Good Funds for the areas of Paisley, Renfrew and Johnstone. Each of these Funds is a registered charity. In addition, the Council controls the Coats Observatory Charitable Trust. In order to comply with the Code, Audit Scotland and the Office of the Scottish Charity Regulator (OSCR) requirements, the Council separately prepares the financial statements of the three Common Good Funds and the Coats Observatory Trust, with the balances included in the Group Accounts. Audit Scotland is the appointed auditor for the Council's charitable funds.

Overall, the Common Good Funds incurred a combined in-year surplus of £0.4m which is added to the previous surplus brought forward. The total net asset value increased by £1.7m, with investments increasing by £4.5m. Both the market values of investments and income generated from dividends are likely to be subject to ongoing volatility as the economy recovers from the pandemic and is subject to increased inflationary risk.

The total net asset value of the Observatory Trust decreased by £0.073m owing to depreciation and the revaluation of one of the assets at Oakshaw Street. There were no other transactions in the year.

On 5 September 2018 the Finance, Resources and Customer Service Policy Board of Renfrewshire Council agreed that a formal application be submitted to OSCR requesting the de-registration of all three Common Good Funds.

In March 2022, OSCR intimated to the Council that, following inquiry, the Common Good Funds did not meet the 'charity test' and agreed that they should be removed from the OSCR charitable register.

The Council received notice from OSCR on 23 August 2022 advising that de-registration process had been completed. This means that as of that date, the Common Good Funds of Paisley, Renfrew and Johnstone are no longer registered charities.

The final set of audited annual accounts of the Common Good Funds and Observatory Trust are reported to the Council on 17 November 2022 and can be accessed on the Committee Management Information System at:
<https://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>.

In future years, the financial performance of the Common Good Funds will be reported in the Council's Annual Accounts.

Conclusion and Acknowledgements

We would like to acknowledge efforts by the whole Finance team in producing the annual accounts, as well as colleagues in other services for their continued hard work and support.

Further information on the annual accounts or on the Council's general finances can be obtained on the Council website (www.renfrewshire.gov.uk), or by telephoning 0141 618 7363.

Cllr Iain Nicolson
Leader of the Council

Alan Russell
Chief Executive

Alastair MacArthur
Director of Finance and Resources

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

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

I can confirm that these annual accounts were approved for signature by the Council at its meeting on 17 November 2022.

Signed on behalf of Renfrewshire Council.

Cllr Iain Nicolson
Leader of the Council

The Director of Finance and Resources' Responsibilities

The Director of Finance and Resources is responsible for the preparation of the Authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Director of Finance and Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates which were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Director of Finance and Resources has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2022.

Alastair MacArthur
Director of Finance and Resources

Annual Governance Statement

Scope of responsibility

Renfrewshire Council 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 Council 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 Council's members and the corporate management team 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 Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework; Delivering Good Governance in Local Government. A copy of the Local Code is available on our website at: www.renfrewshire.gov.uk > Your Council > Information, performance and statistics > Information Governance

This statement explains how Renfrewshire Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives set out in the Council plan.

The system of internal control is a significant part of that framework and is 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 Council'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 governance framework

The main features of our governance arrangements are described in the Local Code but are summarised below:

The overarching strategic priorities and vision of the Council are set out in the Council Plan 2017-2022 and the Renfrewshire Community Plan 2017-2027. The Council Plan is aligned to the Community Plan and sets out 5 strategic outcomes that the organisation will work to achieve over a 5-year period with specific priorities relating to tackling inequality, promoting economic and cultural regeneration, attainment and sustainability. Renfrewshire's Community Plan (which also acts as Renfrewshire's Local Outcome Improvement Plan as required by the Community Empowerment (Scotland) Act 2015) details how community planning partners will work together to achieve the key priorities identified for Renfrewshire.

- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan;
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under regular review by the Council;
- The Council facilitates policy and decision making through a policy board structure;

- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly including six monthly updates to the Leadership Board on progress against the implementation of the Council Plan;
- Prior to COVID-19, the Corporate Management Team monitored a quarterly scorecard of performance information which is now being refreshed to ensure this is fit for purpose. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually. An annual benchmarking report on the performance of the Council is submitted to the Audit, Risk and Scrutiny Board;
- The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol for Relationships between Political Groups, Elected Members and Officers;
- The Council's approach to risk management is set out in the risk management strategy and is well embedded. Risks are reported regularly to the Audit, Risk and Scrutiny Board;
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups. The Managing Solicitor (Information Governance) is the statutory Data Protection Officer;
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development;
- Registers of interests for elected members and senior officers are maintained and published on the Council's website;
- The Council complies with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and the Council's arrangements for fraud prevention, detection and investigation are managed through the corporate counter fraud service;
- The Council's approach to 'whistleblowing' is outlined in the policy for expressing concerns outwith line management;
- A range of multi layered Cyber Security controls are in place and are tested annually to check standards in line with Government guidance. Industry cyber security standards are followed and explicitly those belonging to Public Sector Network (PSN), National Cyber Security Centre (NCSC) guidance, Scottish Government Public Sector Cyber Resilience Plan and Payment Card Industry (PCI) data security standards. The O365 security and compliance toolset provides a wide range of protection against cyber-attacks including identity theft and phishing. The Council holds a current Certificate of Compliance for PSN standards. ICT network and digital services are monitored monthly through our cyber security partner. These are all monitored and managed through the Cyber Security team which is headed up by a CISM qualified Cyber Security Architect (Cyber Information Security Manager);
- Clear and independent governance arrangements are in place with One Ren and the Renfrewshire Health and Social Care Partnership with oversight from the Head of Policy and Commissioning (Council's Designated Monitoring Officer) and the Council's Leadership Board.
- Seven Local Partnerships have been established and have identified initial local priorities. Decision making including that relating to relevant grants is delegated to each Local Partnership through a Lead Officer appointed by the Council.

This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2022, subject to the impact of the COVID-19 pandemic, as disclosed in the section on review of effectiveness and continuous improvement below.

Within the 2020/21 report, Audit Scotland concluded that "The Council has appropriate governance

arrangements in place. We recognise that in responding to the COVID-19 pandemic the Council revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability. There is effective scrutiny, challenge and informed decision making.”

The system of internal financial control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. The system includes:

- Guidance on financial management supported by comprehensive financial regulations and codes;
- Comprehensive budgeting systems, and detailed guidance for budget holders;
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- The preparation of regular financial reports that indicate actual expenditure against the forecasts;
- Clearly defined capital expenditure guidelines;
- As appropriate, formal project management principles;
- The Chief Finance Officer is the Director of Finance and Resources who complies with the CIPFA Statement on the Role of The CFO in Public Services.

The role and responsibilities of the Audit Committee and the Chief Auditor

The role of the audit committee is under the remit of the Audit, Risk and Scrutiny Board, which is chaired by a member of the opposition. Its role is:

- to approve the internal audit charter and annual internal audit plans;
- to review internal and external audit reports and the main issues arising, including those relating to

the annual accounts and seek assurance that action has been taken and make recommendations to the Council where appropriate;

- to receive and consider the Chief Auditor’s annual report, summarising internal audit activity and the level of assurance this provides over the arrangements for internal control, risk management and governance within the Council;
- monitor the performance of internal audit;
- to consider the annual review of the Local Code of Corporate Governance.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Risk and Scrutiny Board. Internal audit undertakes an annual programme of work, approved by the Board, based on a strategic risk assessment. The Council’s Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control. The Council conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Audit, Risk and Scrutiny Committee complies with the CIPFA guidance Audit Committees: Practical Guidance for Local Authorities and Police. The Council’s Chief Auditor has responsibility to review independently and report to the Audit, Risk and Scrutiny Board annually, to provide assurance on the adequacy and effectiveness of the Local Code and the extent of compliance with it. The Audit, Risk and Scrutiny Board performs a scrutiny role in relation to the application of the Local Code of Corporate Governance and regularly monitors the performance of the Council’s internal audit service.

Internal Audit reporting arrangements include communication of finalised audit engagements, monitoring the progress of agreed management actions and communication of any unacceptable risk identified to the Board.

Review of effectiveness and continuous improvement

Renfrewshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Auditor's annual report, and reports from the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of an annually updated self-assessment tool covering six key areas of governance (including the impact on governance of the coronavirus pandemic), as follows:

- Business Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity
- Conflicts of Interest, Whistleblowing and Gifts and Hospitality
- Impact of Coronavirus (COVID-19).

This self-assessment indicated the governance framework is being complied with in all material respects. In addition, the review of the effectiveness of the governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Council has a well embedded approach to continuous improvement through self-assessment. Registered services within education, social care and housing undertake regular self-assessment as part of the delivery of their services, including aspects such as multi agency file reading and practice and improvement groups in place. Staff from across services are also invited to participate in improvement sessions linked to the service improvement plans on

an annual basis, or in relation to specific exercises such as the "Our Values" staff engagement process in 2019. The Council previously utilised the Public Services Improvement Framework and is considering options for a future self-assessment activity.

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities, and has robust financial control and financial planning processes in place. The CIPFA Financial Management (FM) Code was adopted in June 2021 and work is underway to disseminate the results and establish an action plan to address any required improvements.

Throughout this year, there continued to be unprecedented challenges facing the Council in responding to the ongoing COVID-19 pandemic which significantly altered the way in which the organisation operates and significantly changed the delivery of services. Reduced capacity and competing priorities as well as an upturn in demand in some areas due to the easing of restrictions continue to be actively managed on a daily basis. The following should be specifically noted:

- emergency governance arrangements remained in operation throughout 2021/22 and amended regularly to take account of the prevailing COVID-19 regulations. These amendments were approved by Council. A protocol was established during the year to facilitate the conduct of hybrid meetings which were broadcast live with the option available to the Convenor of each Board to hold the meeting remotely by teams if they wish and this protocol continues to be in operation;
- the Council is progressing with its economic and social renewal and recovery plans in recent months, along with partners in response to the COVID-19 pandemic over the short to medium term. The Corporate Management Team continue to have a specific focus on recovery from the COVID-19 pandemic;
- regular performance reports have been prepared for policy boards throughout the period of the pandemic in the form of service update reports.

Each service has developed a Service Delivery Plan for 2021/22 in place of the usual service improvement plans, in order to focus on activities linked to recovery over this year in particular. Services are currently preparing 3 year Service Improvement Plans for approval by policy boards prior to Summer 2022;

- tranche 2 of the Right for Renfrewshire programme was commenced over the second half of 2021. This was on a smaller scale than originally planned and the service redesigns progressed were in those areas where it was anticipated that there would be potentially less direct impact from the pandemic recovery process and where the greatest opportunity exists for appropriate management and service capacity to be directed towards the Right for Renfrewshire agenda;
- financial management across the Council has remained strong, with continued additional reporting in place to clearly distinguish COVID-19 related costs and income losses from core operating costs. Over the course of the year significant amounts of additional non-recurring income has been secured from the Scottish Government in order to ensure local government continues to provide support to local communities and businesses. Funding has been provided both to support Council expenditure, but also on an “agency” basis whereby the Council administers grant schemes designed by the Scottish Government. Ensuring compliance with the various grant conditions has entailed considerable work by Council officers throughout 2021/22. Any potential fraudulent grant applications were referred to the Council’s Corporate Fraud Team for investigation and referral on to the Procurator Fiscal or Police, as appropriate;
- all essential services have continued to be delivered throughout the pandemic and business continuity arrangements are in place and operating highly effectively. Some areas of service activity were stopped or deferred; others were delivered through different processes. There have been no significant changes to internal controls although significant numbers of new and

amended processes and services have been put in place to allow the Council to appropriately respond to the impact of the pandemic and to support local communities and businesses. The Council has now developed service recovery programmes to reopen services and catch up on deferred work, moving towards more normal levels of service activity and service priority. This is a process and programme of work that is likely to continue into 2022/23 and beyond;

- although the Council’s cyber security arrangements are considered to be robust and are regularly tested, recognition of the ever increasing criminal cyber activity and the recognition that cyber- attacks are becoming more and more frequent and sophisticated and that there is an increased reliance on electronic systems resulted in a focused review of the Council’s cyber environment being undertaken. This led to the decision that the cyber -related elements within the Organisation Resilience risk would benefit from being a separate corporate risk for a period of time, with the further scrutiny that this affords;
- the Council commenced planning for Brexit during 2019/20 and identified risks have been incorporated into the Strategic and Corporate Risk Registers. A number of significant areas of risk remain for the organisation and for communities that have been deferred due to a combination of COVID-19 impacts, particularly in relation to employment constraints related to closure of hospitality and retail establishments masking the impact of the end of freedom of movement and the deferral of the introduction of required import checks and restrictions which when introduced will lead to increased restrictions, delays and cost increases on products and services from the European Union and a significant and ongoing regulatory burden for Environmental Health Officers and Trading Standards Officers. Some of these risks will be further exacerbated by the ongoing conflict in Ukraine and the associated sanctions on Russia which will place additional cost and supply pressures on some products and materials that are likely to increase and continue into 2022/23.

Regular reviews of the Council's arrangements are undertaken by internal audit and overall, the Council's internal financial control arrangements are considered to be sound.

As part of the ongoing relationship which is in place under the new best value methodology, Audit Scotland continuously engage with the Council in relation to the improvement plan, regularly attending Council and board meetings and reviewing information provided. Each year Audit Scotland provide an assessment of the ongoing position in relation to best value, within the Annual Audit Report. The Annual Audit Report for 2020/21 was published in November 2021 noted that the Council continues to make positive progress addressing the recommendations contained in our 2016/17 Best Value Assurance Report.

Audit Scotland provided an unqualified and unmodified audit opinion on the 2020/21 annual accounts.

The programme of work undertaken by internal audit identified 2 occasions where a limited assurance level was given in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. The following areas are those identified as requiring improvement:

- A review of the procedures in place for identifying and dealing with unsafe memorials in cemeteries was undertaken and it was identified that insufficient progress had been made in this area due to capacity issues, mainly as a result of the service having other priorities arising from the pandemic. Management agreed to allocate additional resource to this area and progress will be monitored through the internal audit follow-up process. Although this area requires to be

addressed there is no significant impact on the Council's overall system of internal control.

- The operation of Purchase Cards was reviewed to ensure that the correct procedures were being followed during the pandemic and whilst there were adequate procedures in place covering the purchase of goods with Purchase Cards, issues were identified regarding compliance and the timeliness of approval of transactions. Management agreed to implement the improvement actions required and progress will be monitored through the internal audit follow-up process.

Internal Audit undertakes an annual exercise to ensure that recommendations arising from internal audit engagements have been implemented by service management and the results are reported to the Audit, Risk and Scrutiny Board (ARSB). This work highlighted that 82% of recommendations were implemented by the due date. 17% had passed their original due date and revised implementation dates have now been set and 1% were superseded. Of the 21 recommendations followed up that were deemed to be critical, 18 have been fully implemented and 3 have been partially implemented. Revised implementation dates have been agreed for each of these recommendations.

It is our view that the Council has in place a sound system of governance, risk management and internal control and that appropriate mechanisms are in place to identify any areas of weakness. This is corroborated by an Annual Assurance Statement prepared by the Council's Chief Auditor stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the Council's governance.

Agreed action	Responsible person	Date
Prepare 3-year Improvement Plans for each service	Service Director	August 2022
Review and refresh quarterly scorecard of performance information	Head of Policy and Commissioning	September 2022
Establish an action plan arising from the CIPFA FM Code	Head of Finance and Business Services	31 December 2022

The agreed actions will be subject to review to identify the progress being made in implementing them.

Update on the 2020/21 Action Plan

The 2020/21 Governance Statement identified areas of continuous improvement activities to be taken forward to improve the overall governance, risk management and internal control environment. Progress over the last 12 months against the agreed action plan is detailed below.

Agreed action	Progress Update	Responsible person	Date	Revised Date
Ongoing Actions				
Review and update where necessary the policy for expressing concerns outwith line management 'whistleblowing' for approval by Board.	The update was delayed due to other priorities, but the policy is now in its final draft and has been submitted for consultation to senior management and other appropriate parties, prior to being submitted to Board for approval.	Chief Auditor	September 2021	December 2022
Review and refresh the Council Plan.	The new Council Plan was approved by Council on 29 September 2022.	Head of Policy and Commissioning	September 2022	N/A

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2021/22 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Cllr Iain Nicolson
Leader of the Council

Alan Russell
Chief Executive

Remuneration Report

The Local Authority Accounts (Scotland) Amendment Regulations 2014 (SSI No. 2014/200) amend the Local Authority Accounts (Scotland) Regulations 2011 (SI No 2011/64) and requires local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. All information disclosed in sections three to eight in this Remuneration Report has been audited by the Council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

1. Remuneration Policy for Senior Employees

The salary of senior employees is set by 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 salaries of the Corporate Directors and Heads of Service are based on a spinal column point model as agreed by the Finance and Resources Policy Board on 14 May 2014. Senior employees received a flat £800 pay award in 2021/22 and no other benefits.

2. Remuneration policy for the Leader of the Council, the Provost and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2021. The salary for the Leader of the Council in 2021/22 was £37,111 per annum (£35,617 in 2020/21) and the salary for the Provost was £27,834 per annum (£26,713 in 2020/21).

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to 14 senior councillors (in addition to

the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in 2021/22 being £325,593 per annum; and whose salaries individually must be on a specified scale, in 2021/22 £18,604 to £27,910. In May 2017, the Council approved that Renfrewshire would have 12 senior councillors: four Policy Board Conveners (salary of £27,512 per annum in 2021/22); four Regulatory Board Conveners (salary of £22,690 in 2021/22); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £22,690 in 2021/22).

3. Remuneration of Senior Employees

The regulations define a senior employee as any employee who meets one or more of the following criteria:

- has responsibility for the management of the local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.
- holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989.
- whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

The Council has interpreted the above criteria as including the Chief Executive, Directors and the Chief Executive of OneRen.

The term 'remuneration' means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2022, whether or not those amounts were actually paid to, or received by, those persons within that period. There were no non-consolidated bonuses or performance-related payments made to any senior officer in 2021/22.

2020/21	Senior employees		2021/22		
Total Remuneration £	Name	Post held	Annual Salary £	Election Allowances £	Total Remuneration £
150,438	Sandra Black	Chief Executive until 15 December 2021 <i>(full year equivalent £151,238)</i>	107,317	13,613	120,930
122,540	Alan Russell	Director of Finance and Resources until 15 December 2021; Chief Executive from 16 December 2021; <i>(full year equivalent : £151,328)</i>	131,520	5,445	136,965
122,540	Mary Crearie	Director of Communities and Housing Services	123,340	0	123,340
n/a	Alastair MacArthur	Acting Director of Finance and Resources from 16 December 2021 to 15 February 2022; Director of Finance and Resources from 16 February 2022: <i>(full year equivalent : £116,870)</i>	40,985	0	40,985
122,540	Gordon McNeil	Director of Environment and Infrastructure Services	123,340	3,403	126,743
122,540	Steven Quinn	Director of Children's Services	123,340	0	123,340
640,598	Total		649,842	22,461	672,303

2020/21	Senior Employees of Subsidiary Bodies		2021/22
Total Remuneration £	Name	Post held	Total Remuneration £
103,235	Victoria Hollows	Chief Executive, OneRen	104,035
103,235	Total		104,035

In 2021/22, some Senior Employees received remuneration connected to election activities; this was nil in 2020/21. There were no non-consolidated bonuses or performance-related payments made to any senior officer in 2021/22.

4. Remuneration of Senior Councillors

Under the regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Head and any councillor designated a Senior Councillor by the Council. The table below shows the relevant amounts, before tax and other deductions, due to each of the persons named for the year to 31 March 2022, whether or not those amounts were actually paid or received within that period and relate only to the Senior Councillor posts indicated.

2020/21	Senior Councillors		2021/22
Total Remuneration £	Name	Position held	Total Remuneration £
35,617	Iain Nicolson	Leader Of the Council	37,111
26,713	Lorraine Cameron	Provost	27,834
26,405	Cathy McEwan	Policy Board Convener	27,512
26,405	Marie McGurk	Policy Board Convener	27,512
26,405	Jim Paterson	Policy Board Convener	27,512
26,405	John Shaw	Policy Board Convener	27,512
21,776	John McNaughtan	Regulatory Board Convener	22,690
21,776	Bill Binks	Regulatory Board Convener	22,690
21,776	Jennifer Adam-McGregor	Regulatory Board Convener	22,690
21,776	Andy Steel	Regulatory Board Convener	22,690
26,405	Lisa-Marie Hughes	Chair Renfrewshire Leisure	27,512
26,405	Jacqueline Cameron	Chair/Vice Chair IJB	27,512
21,776	Eddie Devine	Leader of largest opposition group	22,690
10,588	Neill Graham	Leader of 2nd largest opposition group from 6 Oct 2020	22,690
11,188	James MacLaren	Leader of 2nd largest opposition group until 5 Oct 2020	0
351,416	Total		366,157

No payments were made in connection with loss of employment or office, nor were any other payments made that are not included in the table.

5. Pension Entitlement

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

From 1 April 2015 benefits for local government employees 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 of each member.

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

Tiered contribution rates on whole time pay 2021/22		Equivalent bandings for 2020/21
Up to £22,300	5.5%	Up to £22,200
£22,301 to £27,300	7.25%	£22,201 to £27,100
£27,301 to £37,400	8.5%	£27,101 to £37,200
£37,401 to £49,900	9.5%	£37,201 to £49,600
Over £49,901	12%	Over £49,601

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of 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 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 entitlements for Senior Employees and Senior Councillors for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Any senior employees and councillors omitted from the following tables are not members of the Local Government Pension Scheme (LGPS).

Name	Post held	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2022		Change in accrued pension benefits since 31 March 2021	
		2021/22 £	2020/21 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Senior Employees							
Sandra Black	Chief Executive until 15 December 2021	20,750	28,955	86	159	3	11
Alan Russell	Director of Finance and Resources until 15 December 2021;	25,784	23,586	64	91	12	17
	Chief Executive from 16 December 2021						
Mary Crearie	Director of Communities and Housing Services	23,778	23,586	57	82	3	1
Alastair MacArthur	Acting Director of Finance and Resources from 16 December 2021 to 15 February 2022;	19,893	n/a	48	66	n/a	n/a
	Director of Finance and Resources from 16 February 2022						
Gordon McNeil	Director of Environment and Infrastructure Services	23,778	23,586	38	32	3	0
Steven Quinn	Director of Children's Services	23,778	23,586	20	0	3	0
Total		137,761	123,299	313	430	24	29

Senior Employees of Subsidiary Bodies							
Victoria Hollows	Chief Executive, OneRen	20,062	19,870	37	46	2	1
Total		20,062	19,870	37	46	2	1

Leader of the Council, Provost, Senior Councillors							
Name	Post held	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2022		Change in accrued pension benefits since 31 March 2021	
		2021/22 £	2020/21 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Iain Nicolson	Leader Of the Council	7,162	6,874	9	3	1	1
Cathy McEwan	Policy Board Convener	5,310	5,096	5	0	1	0
Marie McGurk	Policy Board Convener	5,310	5,096	3	0	0	0
Jim Paterson	Policy Board Convener	5,310	5,096	3	0	1	0
John Shaw	Policy Board Convener	5,310	5,096	3	0	1	0
Lisa-Marie	Chair Renfrewshire Leisure	5,310	5,096	3	0	1	0
Jacqueline Cameron	Chair/Vice Chair Integration Joint Board	5,310	5,096	3	0	1	0
John McNaughtan	Regulatory Board Convener	4,379	4,203	2	0	0	0
Jennifer Adam-McGregor	Regulatory Board Convener	4,379	4,203	2	0	0	0
Andy Steel	Regulatory Board Convener	4,379	4,203	2	0	0	0
Eddie Devine	Leader of largest opposition group	4,379	4,203	7	1	1	0
Neill Graham	Leader of 2nd largest opposition group from 6 October 2020	4,379	3,809	2	0	0	0
James MacLaren	Leader of 2nd largest opposition group until 5 October 2020	n/a	3,830	0	0	n/a	n/a
Total		60,917	61,901	44	4	7	1

6. Councillors' remuneration

The Council paid the following amounts to its elected members (councillors) during the year.

2020/21 £		2021/22 £
872,251	Salaries	892,271
970	Travel costs – reimbursed	1,187
0	Travel costs – paid directly by the Council	1,420
174	Subsistence expenses - accommodation	0
0	Training and Conferences	230
167	Telephone and information technology expenses – reimbursed	0
5,351	Telephone and information technology expenses – paid directly by the Council	6,030
878,913	Total	901,138

The public record of members' salaries, allowances and expenses for 2021/22 is available for inspection on the Register of Councillors' Interests page of the Council's website and navigating to: [Your Council>Councillors> Record of councillor salaries, allowances, expenses and training register.](#)

7. 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 2021/22, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2021/22. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above. Note that leavers may be included due to retirement or redundancy costs. Bands with nil employees for both years are not shown.

2020/21			Remuneration band	2021/22		
Teachers	Non-teachers	Total		Teachers	Non-teachers	Total
151	64	215	£50,000 to £54,999	146	73	219
84	63	147	£55,000 to £59,999	97	55	152
58	20	78	£60,000 to £64,999	56	22	78
16	24	40	£65,000 to £69,999	17	32	49
3	15	18	£70,000 to £74,999	2	8	10
4	2	6	£75,000 to £79,999	3	4	7
4	6	10	£80,000 to £84,999	1	3	4
1	3	4	£85,000 to £89,999	1	1	2
2	11	13	£90,000 to £94,999	1	8	9
0	2	2	£95,000 to £99,999	0	2	2
0	3	3	£100,000 to £104,999	0	4	4
0	1	1	£105,000 to £109,999	0	1	1
0	4	4	£120,000 to £124,999	0	3	3
0	0	0	£130,000 to £134,999	0	1	1
0	0	0	£140,000 to £144,999	0	1	1
0	1	1	£150,000 to £154,999	0	0	0
323	219	542		324	218	542

Of the staff noted above, five left during the year and their termination payments are included in the above analysis; however, they would have been included as an over-£50k earner in a normal year. In 2020/21, eight people were only included because they left, and their termination payments pushed their remuneration over the £50k threshold.

8. Exit Packages

The Council has agreed a number of exit packages in 2021/22 as detailed in the table below. The exit packages agreed were all on a voluntary basis; there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

The total exit package costs in the table below include redundancy, pension strain and compensatory lump sum payments; and also, the notional capitalised costs of compensatory added years. These notional costs are not based on actual costs, but are the estimated present value of projected costs over the lifetime of the individuals in receipt of the exit package, based on the following assumptions:

	2021/22	2020/21
Future Life expectancy at age 65 – males	21.0 years	21.2 years
Future Life expectancy at age 65 – females	24.5 years	24.7 years
Pension increase rate	3.2%	2.9%
Discount Rate	2.7%	2.0%

Exit Package Cost	2021/22		2020/21	
	Number of Employees	Value £m	Number of Employees	Value £m
£0 - £20,000	10	0.120	8	0.089
£20,001 - £40,000	3	0.093	2	0.050
£40,001 - £60,000	6	0.285	0	0.000
£60,001 - £80,000	4	0.270	0	0.000
£80,001 - £100,000	1	0.092	1	0.083
£100,001 - £150,000	4	0.479	5	0.578
£150,001 - £200,000	6	1.140	0	0.000
£200,001 - £250,000	3	0.668	0	0.000
£250,001 - £300,000	3	0.815	1	0.258
£300,001 - £350,000	2	0.632	0	0.000
Total	42	4.594	17	1.058

9. Trade Union Facility Time

Renfrewshire Council recognises that it is to the mutual benefit of the Council and its employees that employees are represented by Trade Unions. The Council is committed to the principle of collective bargaining at both national and local level. The Council recognises the key role of Trade Unions in promoting and developing good employee relations and health and safety practices.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires public sector employers to publish information relating to facility time taken by union representatives.

Trade Union (TU) representative	
Number of employees who were relevant union officials during the period	42
FTE employee number	41.3

Percentage of pay bill spent on facility time	
Total cost of facility time	£279,517
Total pay bill	£306,592,048
Percentage of the total pay bill spent on facility time	0.09%

Percentage of time spent on facility time	
Number of representatives	% time
7.00	0%
28.00	1% - 50%
4.00	51% - 99%
3.00	100%

Paid Trade Union activities	
Time spent on paid TU activities as a percentage of total paid facility time hours	41.47%

Cllr Iain Nicolson
Leader of the Council

Alan Russell
Chief Executive

Independent auditor's report to the members of Renfrewshire Council and the Accounts Commission

Reporting 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 Renfrewshire Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account, the Council Tax Income Account, and the Non-Domestic Rates Account 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 UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the Council and its group as at 31 March 2022 and of the income and expenditure of the Council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 by the Accounts Commission on 26 September 2022. The period of total uninterrupted appointment is 1 year. I am independent of the Council and its group 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 Council. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the Council and its group. However, I report on the Council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Director of Finance and Resources and the Audit, Risk and Scrutiny Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Finance and Resources 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 Director of Finance and Resources 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 Director of Finance and Resources is responsible for assessing the ability of the Council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the Council and its group.

The Audit, Risk and Scrutiny Board 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the Council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the Council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Other information

The Director of Finance and Resources is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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 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; or
- there has been a failure to achieve a prescribed financial objective.

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.

Pauline Gillen FCPFA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing the Council during the year. It includes, on an accruals basis, all of the Council'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 Councils need to take into account when setting the annual council tax charge. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

2020/21 (restated)			Note	2021/22		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m		£m	£m	£m
246.606	(38.531)	208.075	Children's Services	253.334	(41.446)	211.888
56.764	(53.414)	3.350	Communities and Housing Services	57.024	(54.169)	2.855
90.889	(14.265)	76.624	Environment and Infrastructure	104.227	(12.804)	91.423
105.499	(53.203)	52.296	Finance and Resources	106.841	(48.250)	58.591
34.624	(8.808)	25.816	Chief Executive's Service	41.418	(7.783)	33.635
15.103	(14.887)	0.216	Miscellaneous Services	12.708	(13.850)	(1.142)
222.661	(148.864)	73.797	Adult Services	233.939	(147.843)	86.096
772.146	(331.972)	440.174	Cost of Services	809.491	(326.145)	483.346
0.136	0.000	0.136	(Gain)/Loss on the disposal of non-current assets	(0.175)	0.000	(0.175)
24.027	(0.565)	23.462	Financing and investment income and expenditure	25.222	(0.631)	24.591
0.000	(481.232)	(481.232)	Taxation and non-specific grant income	0.000	(486.210)	(486.210)
796.309	(813.769)	(17.460)	Deficit/(Surplus) on the Provision of Services	834.538	(812.986)	21.552
		(47.608)	(Surplus)/Deficit on the revaluation of non-current assets		9	(165.905)
		(0.452)	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income		9	(0.058)
		37.341	Actuarial (gain)/loss on pension assets and liabilities		29	(214.582)
		(10.719)	Other comprehensive (income) and expenditure			(380.545)
		(28.179)	Total comprehensive (income) and expenditure			(358.993)

Figures shown in brackets represent income or gains and figures without brackets represent expenditure or losses.

For details of the 2020/21 restatement, please refer to Note 2: Prior Year Restatement.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (those reserves that can be applied to fund expenditure or to reduce local taxation) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax-setting and dwellings rent-setting purposes. The net increase or (decrease) before transfers to other statutory reserves line shows the statutory General Fund Balance and the Housing Revenue Account Balance before any discretionary transfers to or from the other statutory reserves of the Council.

2021/22		General Fund Balance £m	Housing Revenue Account £m	Revenue statutory funds £m	Capital Funds £m	Total Usable Reserves £m	Unusable Reserves £m	Total reserves £m
	Note							
Balance at 1 April 2021		100.142	6.497	2.864	96.274	205.777	962.930	1,168.707
Movement in reserves during the year								
Total Comprehensive Income and Expenditure		(15.516)	(6.036)	0.000	0.000	(21.552)	380.545	358.993
Adjustments to Usable Reserves permitted by accounting standards		14.295	11.178	0.000	0.000	25.473	(25.473)	0.000
Transfers to / (from) other statutory reserves	8	(0.110)	0.000	0.110	0.000	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	7	17.540	(5.142)	0.000	4.045	16.443	(16.443)	0.000
Increase / (Decrease) in year		16.209	0.000	0.110	4.045	20.364	338.629	358.993
Balance at 31 March 2022		116.351	6.497	2.974	100.319	226.141	1,301.559	1,527.700

Comparative movements in 2020/21		General Fund Balance £m	Housing Revenue Account £m	Revenue statutory funds £m	Capital Funds £m	Total usable reserves £m	Unusable reserves £m	Total reserves £m
	Note							
Balance at 1 April 2020		54.811	6.807	2.858	95.145	159.621	946.924	1,106.545
Movement in reserves during the year								
Total Comprehensive Income and Expenditure		24.618	(7.158)	0.000	0.000	17.460	10.719	28.179
Adjustments to Usable Reserves permitted by accounting standards		11.754	10.545	0.000	0.000	22.299	0.000	22.299
Transfers to / (from) other statutory reserves	8	(0.006)	0.000	0.006	0.000	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	7	(2.719)	(3.697)	0.000	1.129	(5.287)	5.287	0.000
Increase / (Decrease) in year		33.647	(0.310)	0.006	1.129	34.472	16.006	50.478
Balance at 31 March 2021		88.458	6.497	2.864	96.274	194.093	962.930	1,157.023

Balance Sheet

The balance sheet shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category comprises usable reserves, which are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold differences shown as 'adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement.

As at 31 March 2021 £m		Note	As at 31 March 2022 £m
1,484.243	Property, plant and equipment	10	1,663.152
39.303	Heritage assets	11	44.186
1.467	Investment property	12	1.479
4.177	Intangible assets	14	3.349
4.344	Long-term investments	23	9.513
2.682	Long-term debtors	20	2.966
1,536.216	Long-term assets		1,724.645
0.625	Assets held for sale	13	0.922
135.881	Short-term investments	23	183.583
0.879	Inventories	18	1.032
81.940	Short-term debtors	20	82.106
46.271	Cash and cash equivalents	19	18.817
265.596	Current assets		286.460
(91.021)	Short-term borrowing	23	(92.034)
(74.685)	Short-term creditors	21	(75.843)
(0.212)	Short-term provisions	22	(0.240)
(165.918)	Current liabilities		(168.117)
(73.261)	Long-term creditors	21	(69.152)
(5.078)	Long-term provisions	22	(5.117)
(201.297)	Long-term borrowing	23	(219.781)
(221.534)	Other long-term liabilities	29	(55.221)
(501.170)	Long-term liabilities		(349.271)
1,134.724	Net assets		1,493.717
(194.093)	Usable reserves	8	(214.457)
(940.631)	Unusable reserves	9	(1,279.260)
(1,134.724)	Total reserves		(1,493.717)

Alastair MacArthur
Director of Finance
and Resources

The unaudited accounts were issued on 30 June 2022 and the audited accounts were authorised for issue on 17 November 2022.

Cashflow Statement

This statement shows the changes in cash and cash equivalents of the Council during the year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Council.

2020/21 £m		2021/22 £m
17.460	Net surplus/(deficit) on the provision of services	(21.552)
	Adjustment for non-cash movements:	
76.736	Depreciation, amortisation, impairment and revaluations	63.319
12.448	Increase/(decrease) in creditors	0.729
(32.848)	(Increase)/decrease in debtors	(0.450)
0.110	(Increase)/decrease in inventories	(0.153)
21.670	Pension (liability)/asset	48.269
0.594	Carrying amount of non-current assets sold	0.610
0.826	Other non-cash items charged to the net surplus or deficit on the provision of services	0.232
(46.299)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(42.875)
50.697	Net cash flows from operating activities	48.129
	Net cash flows from investing activities :	
(69.125)	Purchase of property, plant and equipment, investment property and intangible assets	(82.237)
(0.458)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(0.785)
(43.095)	Proceeds from short-term and long-term investments	(52.871)
46.757	Other receipts from investing activities	43.660
	Net cash flows from financing activities	
(2.795)	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	(2.847)
51.594	Repayment of short-term and long-term borrowing	19.497
33.575	Net increase/(decrease) in cash and cash equivalents	(27.454)
12.696	Cash and cash equivalents at the beginning of the reporting period	46.271
46.271	Cash and cash equivalents at the end of the reporting period	18.817

The Net cash flow from operating activities above includes the following elements of interest paid and received:

2020/21 £m	Interest Paid and Received	2021/22 £m
(0.565)	Interest received	(0.631)
10.372	Interest paid	10.895
5.525	Interest element of finance lease and PPP payments	5.525
15.332		15.789

Note 1: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and non-domestic rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service departments. Income and expenditure accounted for under generally accepted account practices is presented more fully in the CIES.

2021/22	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Depreciation charged to Revaluation Reserve £m	Net Expenditure in the CIES £m
Children's Services	217.871	(16.333)	10.350	211.888
Communities and Housing Services	11.109	(19.432)	11.178	2.855
Environment & Infrastructure	55.880	34.833	0.710	91.423
Finance & Resources	40.045	17.258	1.288	58.591
Chief Executive's Service	28.009	3.822	1.804	33.635
Miscellaneous Services	28.094	(29.379)	0.143	(1.142)
Adult Services	79.974	6.122	0.000	86.096
Net cost of services	460.982	(3.109)	25.473	483.346
Other income and expenditure	(477.191)	15.507	0.000	(461.794)
(Surplus) / Deficit	(16.209)	12.398	25.473	21.552
Opening General Fund and HRA balance	(94.955)			
Less (Surplus) / Deficit in the year	(16.209)			
Closing General Fund and HRA at 31 March*	(111.164)			

* For a split of this balance between the General Fund and the HRA, see the Movement in Reserves Statement.

2021/22	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	2.064	12.728	(31.125)	(16.333)
Communities and Housing Services	0.366	3.497	(23.295)	(19.432)
Environment & Infrastructure	9.795	9.319	15.719	34.833
Finance & Resources	2.944	7.771	6.543	17.258
Chief Executive's Service	1.939	2.677	(0.794)	3.822
Miscellaneous Services	(8.264)	0.477	(21.592)	(29.379)
Adult Services	0.000	6.893	(0.771)	6.122
Net cost of services	8.844	43.362	(55.315)	(3.109)
Other income and expenditure	(43.835)	4.907	54.435	15.507
Total adjustments between accounting basis and funding basis	(34.991)	48.269	(0.880)	12.398

- Adjustments for capital purposes: adds in depreciation, impairment and revaluation gains and losses to the service net expenditure including income on the disposal of assets and the amounts written off for those assets and the statutory charges for capital financing and capital grants which are not chargeable under generally accepted accounting practices.

- Net change for the pensions adjustments: removes employer pension contributions as allowed by statute and replaces with the current and past service costs within the IAS 19 employee benefits pension related expenditure and income. The net interest on the defined benefit liability is also included as charged to the CIES.
- Other differences: any other differences between those amounts debited or credited to the CIES and amounts payable or receivable to be recognised under statute, including those primarily involved in the financial instruments adjustment account, the employee statutory adjustment account and other statutory funds. Any other non-statutory adjustments would also be included here.

2020/21 (restated)	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Depreciation charged to Revaluation Reserve £m	Net Expenditure in the CIES £m
Children's Services	203.835	(4.189)	8.429	208.075
Communities and Housing Services	11.615	(18.810)	10.545	3.350
Environment & Infrastructure	55.652	20.310	0.662	76.624
Finance & Resources	39.198	12.003	1.095	52.296
Chief Executive's Service	21.640	2.774	1.402	25.816
Miscellaneous Services	28.598	(28.548)	0.166	0.216
Adult Services	72.251	1.546	0.000	73.797
Net cost of services	432.789	(14.914)	22.299	440.174
Other income and expenditure	(466.132)	8.498	0.000	(457.634)
(Surplus) / Deficit	(33.343)	(6.416)	22.299	(17.460)
Opening General Fund and HRA balance	(61.618)			
Less (Surplus) / Deficit in the year	(33.343)			
Add other items not charged to the Surplus	0.006			
Closing General Fund and HRA at 31 March*	(94.955)			

* For a split of this balance between the General Fund and the HRA, see the Movement in Reserves Statement.

2020/21 (restated)	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	18.036	5.247	(27.472)	(4.189)
Communities and Housing Services	(2.473)	1.684	(18.021)	(18.810)
Environment & Infrastructure	10.807	3.550	5.953	20.310
Finance & Resources	2.889	3.491	5.623	12.003
Chief Executive's Service	1.938	1.069	(0.233)	2.774
Miscellaneous Services	(12.659)	(0.629)	(15.260)	(28.548)
Adult Services	0.000	2.985	(1.439)	1.546
Net cost of services	18.538	17.397	(50.849)	(14.914)
Other income and expenditure	(46.615)	4.273	50.840	8.498
Total adjustments between accounting basis and funding basis	(28.077)	21.670	(0.009)	(6.416)

Note 2: Prior Year Restatement

The Council overstated interest payable in 2020/21 and understated the Net Cost of Services in the CIES by £3.599m. This occurred due to a miscoded contingent rental and service charge that forms part of the Service Concession Agreement for the Bargeddie waste facility. The result is that the charge to the Net Cost of Services has increased by £3.599m and the charge to Financing and Investment Income and Expenditure has reduced by £3.599m. There has been no change to the overall total Deficit/(Surplus) on the Provision of Services.

The following table shows the relevant extracted lines from the CIES that have been affected by the restatement. No other primary statements are affected by the restatement. Note 3 is also restated on the interest payable line.

Effect on the CIES

	Originally Stated 2020/21 £m	Restated 2020/21 £m	Amount of Restatement £m
Environment and Infrastructure	73.025	76.624	3.599
Net Cost of Services	436.575	440.174	3.599
Financing and investment income and expenditure	27.061	23.462	(3.599)
Deficit/(Surplus) on the Provision of Services	(17.460)	(17.460)	(0.000)

A change to disclosure requirements in the Code in relation to depreciation charged on revalued assets has resulted in a purely presentational change in the Movement in Reserves Statement and Unusable Reserves notes. A value of £22.299m was moved between rows in each of these tables, but there is no change to overall balances.

Note 3: Financing and investment income and expenditure

2020/21 (restated) £m		2021/22 £m
19.754	Interest payable and similar charges	20.315
4.273	Net interest on the net defined benefit liability	4.907
(0.565)	Interest receivable and similar income	(0.631)
23.462	Total	24.591

Note 4: Taxation and non-specific grant income

2020/21 £m		2021/22 £m
(83.037)	Income from Council Tax and community charge	(86.464)
(73.841)	Distribution from the national non-domestic rate pool	(81.663)
(277.597)	General Revenue Grant from the Scottish Government	(274.423)
(46.757)	Capital grants and contributions	(43.660)
(481.232)	Total	(486.210)

Note 5: Expenditure and income analysed by nature

This note presents the subjective analysis of expenditure and income shown by operational service area in the CIES.

2020/21 (restated) £m		Note	2021/22 £m
	Expenditure		
321.450	Employee benefits expenses		356.167
373.960	Other service expenses		390.005
76.736	Depreciation, amortisation, impairment		63.319
24.027	Interest Payments	3	25.222
0.136	Loss on the disposal of assets	9	(0.175)
796.309	Total expenditure		834.538
	Income		
(331.972)	Fees, charges and other service income		(326.145)
(0.565)	Interest and investment income	3	(0.631)
(156.878)	Income from council tax and non-domestic rates	4	(168.127)
(324.354)	Government grants and contributions	4	(318.083)
(813.769)	Total income		(812.986)
(17.460)	(Surplus) or deficit on the provision of services		21.552

Note 6: Grant income

The Council credited the following grants, contributions and donations direct to services in the CIES during 2021/22.

2020/21 £m		2021/22 £m
48.162	Housing benefit	43.434
0.700	Housing benefit and Council Tax administration	0.549
0.215	Discretionary Housing Payment	1.203
0.500	Private sector housing grant	0.200
0.685	Education Maintenance Allowance	0.579
0.017	Gaelic Education	0.016
0.000	School Milk	0.015
4.360	Pupil Equity Fund	4.276
19.528	Early Years Expansion	21.860
8.681	Other Education	9.265
3.078	Children's Services	3.163
12.254	Adult Services	12.322
3.173	Employability	1.436
3.105	Other grants	8.011
104.458	Total	106.329

Note 7: Adjustment between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The first table outlines the current year position, and the second table outlines the comparative prior year position.

2021/22	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items charged to the CIES:					
Charges for depreciation and impairment of non-current assets	(21.812)	(15.158)	0.000	0.000	36.970
Amortisation of intangible assets	(0.876)	0.000	0.000	0.000	0.876
Capital grants and contributions applied	36.513	7.147	0.000	0.000	(43.660)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	0.169	0.006	0.000	0.000	(0.175)
Insertion of items not charged to the CIES:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	3.451	15.087	0.000	0.000	(18.538)
Capital expenditure charged against the General Fund and HRA Balances	10.464	0.000	(5.089)	0.000	(5.375)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	0.000	0.000	0.000	(0.785)	0.785
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	1.829	(1.829)
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.289	0.203	0.000	0.000	(0.492)
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(80.312)	(0.215)	0.000	0.000	80.527
Employer's pension contributions and direct payments to pensioners payable in the year	34.168	(1.910)	0.000	0.000	(32.258)
Adjustment primarily involving the Employee Statutory Adjustment Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.406	(0.018)	0.000	0.000	(0.388)
Total adjustments	(17.540)	5.142	(5.089)	1.044	16.443

2020/21 (restated)	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items charged to the CIES:					
Charges for depreciation and impairment of non-current assets	(37.536)	(15.995)	0.000	0.000	53.531
Amortisation of intangible assets	(0.906)	0.000	0.000	0.000	0.906
Capital grants and contributions applied	45.332	1.425	0.000	0.000	(46.757)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	(0.150)	0.014	0.000	0.000	0.136
Insertion of items not charged to the CIES:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	10.933	19.217	0.000	0.000	(30.150)
Capital expenditure charged against the General Fund and HRA Balances	5.743	0.000	(1.944)	0.000	(3.799)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	0.000	0.000	0.000	(0.458)	0.458
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	1.273	(1.273)
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.271	0.222	0.000	0.000	(0.493)
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(55.368)	(0.188)	0.000	0.000	55.556
Employer’s pension contributions and direct payments to pensioners payable in the year	34.856	(0.970)	0.000	0.000	(33.886)
Adjustment primarily involving the Employee Statutory Adjustment Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.456)	(0.028)	0.000	0.000	0.484
Total adjustments	2.719	3.697	(1.944)	0.815	(5.287)

Note 8: Usable reserves

Usable reserves are those reserves the Council is able to apply to fund expenditure or reduce taxation and comprise both capital and revenue reserves. Movements in the revenue reserves during the year are outlined in the Movement in Reserves Statement and a summary is shown in below.

More information about the Housing Revenue Account can be found on page 90.

As at 31 March 2021 £m	Usable Reserves	As at 31 March 2022 £m
(88.458)	General Fund Balance	(104.667)
(6.497)	Housing Revenue Account Balance	(6.497)
(8.638)	Capital Receipts Reserve	(7.594)
(90.500)	Other Statutory Funds	(95.699)
(194.093)	Total	(214.457)

This note sets out the amounts set aside from the General Fund Balance in statutory funds established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for specific areas of expenditure, and the amounts transferred back from these funds to meet General Fund expenditure in 2021/22.

	Balance at 1 April 2020 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2021 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2022 £m
Insurance Fund	2.543	0.000	0.000	2.543	0.000	0.110	2.653
Reservoir Repair Fund	0.315	0.000	0.006	0.321	0.000	0.000	0.321
Revenue statutory funds	2.858	0.000	0.006	2.864	0.000	0.110	2.974
Education Capital Items Fund	1.057	(0.213)	0.556	1.400	(0.224)	1.093	2.269
Investment Capital Fund	84.635	(0.987)	2.588	86.236	(0.680)	4.900	90.456
Capital statutory funds	85.692	(1.200)	3.144	87.636	(0.904)	5.993	92.725
Total	88.550	(1.200)	3.150	90.500	(0.904)	6.103	95.699

- The Insurance Fund is the funding mechanism for the control of insurable risk and covers the main classes of insurance. It is earmarked for premiums and self-funded insurance costs.
- The Reservoir Repair Fund is funding received from a contractor for repairs in perpetuity to the Thornly Dam.
- The Education Capital Items Fund is earmarked funding for specific schools to be used in future years for planned purchases of a capital nature, such as computers and information communication technology equipment.
- The Investment Capital Fund represents planned funding earmarked to support the Council's investment programme and the wider strategic management of the Council's associated debt profile.
- In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. The Capital Receipts Reserve holds cash receipts from asset sales and is used to fund planned capital expenditure.

	Balance at 1 April 2020 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2021 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2022 £m
Capital Receipts Reserve	9.453	0.458	(1.273)	8.638	0.785	(1.829)	7.594

Ring-fenced elements of the General Fund Balance

The following note sets out the amounts within the General Fund Balance that the Council has ring-fenced for future expenditure plans. The unallocated balance of £10.788m represents 2.3% of the Council's net annual running costs.

	Balance at 1 April 2020 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2021 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2022 £m
Alcohol and Drugs Commission	1.000	0.000	1.000	2.000	(0.196)	0.000	1.804
British Sign Language	0.095	(0.014)	0.000	0.081	(0.080)	0.000	0.001
City Deal	1.181	(0.522)	0.000	0.659	(1.094)	2.185	1.750
Climate Change Action Fund	0.000	0.000	0.742	0.742	(0.131)	0.000	0.611
Community Empowerment Fund	0.432	(0.057)	0.000	0.375	(0.036)	0.000	0.339
Community Safety	0.031	(0.031)	0.000	0.000	0.000	0.000	0.000
COVID-19 Construction Recovery Fund	0.000	0.000	0.000	0.000	0.000	10.000	10.000
COVID-19 Education Recovery	0.000	0.000	6.149	6.149	(3.534)	3.713	6.328
COVID-19 General Recovery Fund	0.000	0.000	11.390	11.390	(16.412)	14.182	9.160
Culture Bid Legacy	2.920	0.000	0.612	3.532	(0.225)	0.260	3.567
Development Contribution – Paisley Town Centre	1.057	0.000	0.000	1.057	0.000	0.000	1.057
Digital Infrastructure	0.410	(0.035)	0.000	0.375	0.000	2.014	2.389
Discretionary business grants	0.000	0.000	2.303	2.303	(1.911)	0.000	0.392
Early Years Change Fund	1.900	0.000	0.000	1.900	0.000	0.000	1.900
Employability	4.704	0.000	3.391	8.095	(1.704)	3.090	9.481
Environment & Infrastructure	2.000	(0.500)	0.000	1.500	(0.500)	0.015	1.015
Inflation Mitigation	0.000	0.000	0.000	0.000	0.000	4.990	4.990
Invest in Renfrewshire	1.829	(3.237)	1.984	0.576	(0.576)	0.000	0.000
Leisure: Inclusive Play Facility	0.050	0.000	0.000	0.050	0.000	0.000	0.050
Memorial Headstone Safety	0.000	0.000	0.987	0.987	(0.362)	0.000	0.625
Paisley Town Centre Heritage Asset Strategy	1.895	0.000	1.100	2.995	(1.895)	0.154	1.254
PPP Schools Replacement Fund	12.670	0.000	0.000	12.670	0.000	0.000	12.670
Private Sector Housing Grant	2.573	0.000	0.059	2.632	(0.851)	0.425	2.206
Pupil Equity Fund	1.470	(0.245)	0.000	1.225	0.000	0.034	1.259
Response to Commission on Tackling Poverty	3.004	(0.773)	0.190	2.421	(1.019)	0.000	1.402
School Music Participation Funding	0.375	0.000	0.000	0.375	(0.125)	0.035	0.285
Service Modernisation and Reform Fund	6.828	0.000	0.153	6.981	(0.124)	4.202	11.059
Social Renewal Plan	0.000	0.000	2.706	2.706	(0.911)	0.000	1.795
Town Centre Public WiFi	0.202	(0.109)	0.000	0.093	(0.060)	0.000	0.033
Villages Improvement Fund	0.370	(0.078)	0.000	0.292	(0.159)	0.000	0.133
Welfare Reform	0.198	(0.010)	0.424	0.612	(0.291)	0.712	1.033
Year end flexibility:							
Children's Services	1.018	0.000	1.780	2.798	(0.220)	2.713	5.291
General Fund Ring-fenced Total	48.212	(5.611)	34.970	77.571	(32.416)	48.724	93.879
Unallocated element of the General Fund Balance	6.599	0.000	4.288	10.887	(0.099)	0.000	10.788
Total General Fund Balance	54.811	(5.611)	39.258	88.458	(32.515)	48.724	104.667

Note 9: Unusable reserves

Unusable reserves are those reserves that the Council is not able to utilise to provide services, and comprise:

- Reserves that hold unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment and financial instruments, where amounts will only become available to provide services (or limit resources in the case of losses) once the gains or losses are realised as the assets are disposed of. This category of reserves comprises the Revaluation Reserve and the Financial Instruments Revaluation Reserve.
- Adjustment accounts that deal with situations where income and expenditure are recognised according to statutory regulations against the General Fund Balance and the Housing Revenue Account Balance on a different basis from that expected by generally accepted accounting practices. These adjustment accounts will carry either a debit balance (showing that the Council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the Council has set resources aside under statute earlier than accounting standards require). The adjustment accounts effectively offset the General Fund Balance and the Housing Revenue Account Balance to give the Council more or less spending power in the short term than proper accounting practices would allow. The adjustment accounts comprise the Capital Adjustment Account, the Financial Instruments Adjustment Account, the Capital Receipts Reserve, the Pension Reserve and the Employee Statutory Adjustment Account.

As at 31 March 2021 (restated) £m	Unusable Reserves	As at 31 March 2022 £m
(565.557)	Revaluation Reserve	(705.624)
221.533	Pension Reserve	55.220
(615.667)	Capital Adjustment Account	(646.978)
11.929	Financial Instruments Adjustment Account	11.437
(0.939)	Financial Instruments Revaluation Reserve	(0.997)
8.070	Employee Statutory Adjustment Account	7.682
(940.631)	Total Unusable Reserves	(1,279.260)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007, which was the date that the Revaluation Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

As at 31 March 2021 (restated) £m	Revaluation Reserve	As at 31 March 2022 £m
(540.348)	Balance at 1 April	(565.557)
(47.608)	Upward revaluation of non-current assets	(165.905)
22.299	Difference between fair value depreciation and historic cost depreciation	25.473
0.100	Accumulated (gains) / losses on disposal of non-current assets transferred to the Capital Adjustment Account	0.365
(25.209)	Movement in Year	(140.067)
(565.557)	Balance at 31 March	(705.624)

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions or regulations. The Council accounts for post-employment benefits in the CIES 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 Council 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 Council's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

As at 31 March 2021 £m	Pension Reserve	As at 31 March 2022 £m
162.522	Balance at 1 April	221.533
37.341	Actuarial (gains) / losses on pension assets and liabilities	(214.582)
55.556	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	80.527
(33.886)	Employer's pension contributions payable in the year	(32.258)
221.533	Balance at 31 March	55.220

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Capital Adjustment Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Capital Adjustment Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council, and also revaluation gains accumulated on property, plant and equipment before 1 April 2007. The Revaluation Reserve was created to hold such gains arising from 1 April 2007 onwards.

As at 31 March 2021 £m	Capital Adjustment Account	As at 31 March 2022 £m
(588.619)	Balance at 1 April	(615.667)
	Reversal of items relating to capital expenditure charged to the CIES:	
53.531	Charges for depreciation, impairment and revaluation losses of non-current assets	36.970
0.906	Amortisation of intangible assets	0.876
0.458	Non-current assets sale proceeds	0.785
0.136	(Gain)/Loss on disposal of non-current assets charged to the CIES	(0.175)
(0.100)	Adjusting amounts written out of the Revaluation Reserve	(0.365)
54.931	Net written out amount of non-current assets consumed in the year	38.091
	Capital financing applied in the year:	
(1.273)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1.829)
(46.757)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(43.660)
(30.150)	Loans Fund and Finance Lease principal repayments	(18.538)
(3.799)	Capital expenditure charged against the General Fund and Housing Revenue Account balances	(5.375)
(81.979)		(69.402)
(615.667)	Balance at 31 March	(646.978)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments, and for bearing losses or benefiting from gains in accordance with statutory provisions [or regulations]. The Council uses the Financial Instruments Adjustment Account to:

- Manage premiums incurred on the early repayment of borrowings. Generally accepted accounting practices require that premiums are debited to the CIES when they are incurred (except where the loan debt being repaid is exchanged for new loan debt on substantially similar terms). However, statutory arrangements or regulations allow any premiums that would normally require to be taken immediately to the surplus or deficit on the provision of services, to be amortised to the General Fund Balance over the various periods of time as specified in the regulations/statutory guidance. Furthermore, statutory arrangements [or regulations] require that any premiums that were on the Council's balance sheet at 31 March 2007 be amortised to the General Fund Balance over the unexpired term that was outstanding on the associated loans when they were redeemed. The Council had various premiums totalling £17.630m at 31 March 2007 and, under the statutory arrangements, these will be fully amortised to the General Fund Balance by financial year 2053-2054.

- Manage borrowings that were on the Council's balance sheet at 31 March 2007 and that have a stepped interest rate feature. These borrowings comprise five 'lender option borrower option' (LOBO) loans for which the interest rate was fixed for an initial period, and at a pre-agreed later date the interest rate changed. Generally accepted accounting practices require that interest charges relating to borrowings that have a stepped interest rate feature are debited to the CIES on the basis of a single effective interest rate (EIR) over the expected life of the loans, rather than based on the contractual cash outflows of interest. However, statutory arrangements [or regulations] allow such borrowings that were on the Council's balance sheet at 31 March 2007 to be charged to the General Fund Balance in accordance with the accounting treatment prior to 1 April 2007, which did not require the use of the effective interest rate as the basis for the interest charge.
- Manage 'soft loans' that were on the Council's balance sheet at 31 March 2007. Soft loans are loans advanced by the Council at nil or below prevailing interest rates. Generally accepted accounting practices require that the discounted interest rate is recognised as a reduction in the fair value of the loan, with the difference being debited to the CIES as service expenditure. However, statutory arrangements [or regulations] require that, for soft loans on the Council's balance sheet at 31 March 2007, the reduction in value and corresponding charge to be reversed, so that there is no impact on the General Fund Balance. As at 31 March 2007 interest free loans amounting to £0.156m had been advanced to employees who had had changes implemented to their pay cycle. These loans are repayable when employees leave the Council's employment.

Financial Instruments Adjustment Account	Refinancing premiums and discounts £m	Borrowing on stepped interest rate loans £m	Loans to third parties at less than market rate £m	Total £m
Balance at 1 April 2021	11.022	0.883	0.024	11.929
Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(0.472)	0.000	0.000	(0.472)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.000	(0.017)	(0.003)	(0.020)
Balance at 31 March 2022	10.550	0.866	0.021	11.437

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income.

The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; or
- disposed of and the gains are realised.

As at 31 March 2021 £m	Financial Instruments Revaluation Reserve	As at 31 March 2022 £m
(0.487)	Balance at 1 April	(0.939)
(0.452)	Downward/(Upward) revaluation of investments	(0.058)
(0.939)	Balance at 31 March	(0.997)

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for short-term accumulating compensated absences at the end of the financial year.

As at 31 March 2021 £m	Employee Statutory Adjustment Account	As at 31 March 2022 £m
7.586	Balance at 1 April	8.070
(7.586)	Settlement or cancellation of accrual made at the end of the prior year	(8.070)
8.070	Amounts accrued at the end of the current year	7.682
8.070	Balance at 31 March	7.682

Note 10: Property, Plant and Equipment

The Code requires that where a component of an asset is replaced, the carrying amount (i.e. net book value) of the old component shall be derecognised to avoid double counting and the new component is reflected in the carrying amount of the infrastructure asset. However, due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, most local authorities have been unable to comply with the requirement to assess the net book value of the replaced component and have treated the amount of the replaced component as zero, because the replaced component is considered to have been fully used up at the point that it is replaced.

In recognition of this difficulty, the Scottish Government issued a Statutory Override in August 2022. Renfrewshire Council has elected to apply both of the following provisions:

- **Statutory Override 1:** For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.
- **Statutory Override 2:** For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is required to be a nil amount, and no subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Note 10: Property, Plant and Equipment (continued)

Movements in 2021/22	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PFI £m
Balance sheet net carrying amount at 31 March 2021	579.608	296.670	350.381	173.012	62.874	21.698	1,484.243	107.052
Reclassified (to)/ from Assets Held for Sale	0.000	0.000	0.000	0.000	0.000	(0.822)	(0.822)	0.000
Other Reclassifications	2.018	2.938	7.964	35.218	(48.797)	0.659	0.000	0.064
Additions	5.168	4.485	14.953	12.933	43.709	0.000	81.248	2.122
Disposals	0.000	0.000	(2.050)	0.000	0.000	0.000	(2.050)	0.000
Depreciation	0.000	6.594	26.735	(6.995)	0.000	0.016	26.350	5.621
Revaluation adjustments taken to the Revaluation Reserve	32.010	23.221	25.238	0.000	0.000	0.856	81.325	10.156
Revaluation adjustments recognised in the CIES	0.000	7.411	(14.404)	0.000	0.000	(0.149)	(7.142)	0.404
Balance sheet net carrying amount at 31 March 2022	618.804	341.319	408.817	214.168	57.786	22.258	1,663.152	125.419
Gross carrying amount at 31 March 2022	618.804	353.451	620.666	n/a	58.064	27.290	1,678.275	133.326
Accumulated depreciation at 31 March 2022	(0.000)	(12.132)	(211.849)	n/a	(0.278)	(5.032)	(229.291)	(7.907)
Infrastructure Assets	0.000	0.000	0.000	214.168	0.000	0.000	214.168	0.000
Balance sheet net carrying amount at 31 March 2022	618.804	341.319	408.817	214.168	57.786	22.258	1,663.152	125.419

2020/21	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PFI £m
Gross carrying amount at 1 April 2020	570.519	306.663	572.577	317.986	57.153	27.227	1,852.125	118.671
Assets reclassified (to)/from the "held for sale" category	0.000	0.000	0.000	0.000	0.000	0.075	0.075	0.000
Other asset reclassifications	14.600	2.211	2.389	0.000	(19.488)	0.288	0.000	0.000
Additions	4.300	4.102	9.823	9.989	25.487	0.000	53.701	1.909
Disposals	(0.189)	(0.317)	(0.255)	0.000	0.000	(0.093)	(0.854)	0.000
Revaluation increases/(decreases) taken to the Revaluation Reserve	(9.622)	5.767	8.560	0.000	0.000	0.242	4.947	0.000
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	0.000	(3.030)	(4.129)	0.000	0.000	(0.993)	(8.152)	0.000
Gross carrying amount at 31 March 2021	579.608	315.396	588.965	327.975	63.152	26.746	1,901.842	120.580
Accumulated depreciation and impairment at 1 April 2020	0.000	17.993	221.199	148.243	0.278	5.169	392.882	9.020
Depreciation on other reclassifications	0.000	(0.141)	0.092	0.000	0.000	0.049	0.000	0.000
Depreciation charge for the year	19.017	7.753	37.291	6.720	0.000	0.087	70.868	4.508
Depreciation and impairment on disposals	(0.006)	0.000	(0.254)	0.000	0.000	0.000	(0.260)	0.000
Depreciation written out to the Revaluation Reserve	(19.011)	(6.469)	(17.060)	0.000	0.000	(0.121)	(42.661)	0.000
Depreciation written out to the surplus or deficit on the provision of services	0.000	(0.410)	(2.684)	0.000	0.000	(0.136)	(3.230)	0.000
Impairment losses taken to the Revaluation Reserve	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Impairment losses recognised in the surplus or deficit on the provision of services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accumulated depreciation and impairment at 31 March 2021	0.000	18.726	238.584	154.963	0.278	5.048	417.599	13.528
Balance sheet net carrying amount at 31 March 2021	579.608	296.670	350.381	173.012	62.874	21.698	1,484.243	107.052
Balance sheet net carrying amount at 1 April 2020	570.519	288.670	351.378	169.743	56.875	22.058	1,459.243	109.651

Note 11: Heritage Assets

2020/21 £m	Heritage Assets	2021/22 £m
39.303	Balance at 1 April	39.303
0.000	Revaluations to CIES	(0.046)
0.000	Revaluations to Revaluation Reserve	4.929
39.303	Balance at 31 March	44.186

A valuation of the fair value of the Council's Heritage Assets was carried out by an external valuer between October 2021 and March 2022, resulting in the revaluations shown above. In the four years prior to 2021/22, there were no acquisitions, donations, or disposals of Heritage Assets. The only revaluations over this period (in 2017/18) amounted to £0.326m.

The combined collections managed by the Renfrewshire Arts and Museums Service number in excess of 350,000 objects and it is impractical to undertake a full valuation of all the items in the collection. The balances above reflect the valuation of materials examined by the external valuer during 2021/22. Further detail on the valuation of each category of asset is outlined in Accounting Policy K on page 83.

The details of the valuations of the assets are as follows:

- Archaeology items
- Natural history and science book collections
- Art collection
- Ceramics
- Natural history and Numismatics
- Science and social history collections
- Special collections
- Textiles
- Transport collection
- World cultures

Note 12: Investment properties

The following items of income and expense have been accounted for in the 'Financing and Investment income and expenditure' line in the CIES.

2020/21 £m	Investment Properties	2021/22 £m
(0.141)	Rental income from investment property	(0.118)
(0.141)	Net Loss / (Gain)	(0.118)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property, nor does it have contractual obligations in relation to repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties during the year:

2020/21 £m	Fair Value of Investment Properties	2021/22 £m
1.502	Opening balance at 1 April	1.467
(0.035)	Net gains or (losses) from fair value adjustments	0.012
0.000	Transfers from inventories and property, plant and equipment	0.000
1.467	Closing balance at 31 March	1.479

Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2022 are as follows:

	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Other significant unobservable inputs (level 3)	Fair Value as at 31 March 2022
	£m	£m	£m	£m
Commercial Units	0.000	0.400	0.000	0.400
Office Units	0.000	0.085	0.000	0.085
Commercial Sites	0.000	0.866	0.000	0.866
Other	0.000	0.128	0.000	0.128
Total	0.000	1.479	0.000	1.479

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Sufficient title and lease information is available in the respect of Investment Properties. This, coupled with knowledge of the rent being achieved, or likely to be achieved, has enabled the market approach to be used in respect of the fair value measurement of Investment Properties.

Market knowledge, through sales evidence of surplus development sites within Renfrewshire has also been factored into the fair value measurement. Therefore, the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy.

Note 13: Assets held for sale

The following table summarises the movement in the fair value of assets held for sale during the year:

2020/21 £m	Assets Held for Sale	2021/22 £m
0.700	Opening balance at 1 April	0.625
	Assets reclassified as held for sale:	
(0.075)	Surplus Assets	0.822
0.000	Assets sold	(0.525)
0.625	Closing balance at 31 March	0.922

Note 14: Intangible assets

The Council accounts for purchased software licences as intangible assets. The cost of the licences is amortised on a straight-line basis over the expected life of the licences, which is three to five years for all ICT systems. Amortisation charges are initially charged to ICT services and then absorbed as an overhead across all the service headings in the net expenditure of services.

The movement on intangible asset balances during the year is shown in the following table.

2020/21 £m	Purchased Software Licences	2021/22 £m
	Balance at 1 April	
6.082	Gross carrying amount	6.124
(1.045)	Accumulated amortisation	(1.947)
5.037	Net carrying amount at 1 April	4.177
0.048	Additions: purchases	0.048
(0.006)	Disposals	(0.111)
0.004	Disposal amortisation	0.111
(0.906)	Amortisation for the year	(0.876)
4.177	Net carrying amount at 31 March	3.349
	Comprising:	
6.124	Gross carrying amount	6.061
(1.947)	Accumulated amortisation	(2.712)
4.177	Balance at 31 March	3.349

There are no individual intangible assets that are material to the financial statements and there are currently no contractual commitments for the acquisition of intangible assets.

Note 15: Capital expenditure and capital financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future council tax and non-domestic rate payers. It is financed from borrowing and capital income (sales receipts), and so the cost of the asset is effectively borne over a number of years.

The Council's overall capital investment programme is sub-divided into two programmes: housing and non-housing. In 2021/22 total spending on capital projects was £82.757m (£53.749m in 2020/21) and was within the overall prudential limits approved by Council.

Capital receipts of £1.829m (£1.273m in 2020/21) were used to fund spending on capital projects.

The net capital expenditure for the year of £31.941m (£12.730m in 2020/21) was financed from external borrowing, credit arrangements and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, including the value of assets acquired under finance leases and Service Concession Arrangements.

Also shown are the resources that have been used to finance this capital expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in the CFR during the year is also analysed in the table below.

As at 31 March 2021 £m		As at 31 March 2022 £m
375.262	Opening Capital Financing Requirement	347.082
	Capital investment:	
0.000	Opening Balance adjustment	1.509
53.694	Property, plant and equipment	81.248
0.007	Credit Arrangements (Finance Lease/PPP)	0.000
0.048	Intangible assets	0.048
	Sources of finance:	
(0.197)	Capital receipts – sale of council houses	0.000
(1.076)	Capital receipts – sale of other council assets	(1.829)
(46.757)	Government grants and other contributions	(43.660)
(3.799)	Sums set aside from revenue – direct revenue contributions	(5.375)
(30.100)	Loans Fund/Finance Lease principal repayments	(18.538)
347.082	Closing Capital Financing Requirement	360.485
	Explanation of movements in year:	
(25.307)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	16.254
(0.108)	Reduction in finance leases obligations	(0.111)
(2.765)	Increase/(decrease) in PPP finance lease creditor	(2.740)
(28.180)	Increase/(Decrease) in Capital Financing Requirement	13.403

At 31 March 2022 the Council had commitments on capital contracts for non-housing projects of £58.987m (£140.251m in 2020/21) and for housing projects of £25.933m (£35.263m in 2020/21). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 16: Service Concession Arrangements

The Council entered into a Public Private Partnership on 1 July 2006 for the provision and maintenance of educational buildings and other facilities. This agreement provides the Council with replacement buildings such as primary and secondary schools and community education premises. The provider is required to ensure the availability of these buildings to a pre-agreed standard, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standard.

When the agreement ends in 2038, the buildings will be handed to the Council at nil consideration with a guarantee of no major maintenance requirements for a five-year period. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the course of the remainder of the contract. The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are shown in the movement on the Property, Plant and Equipment balance in Note 10.

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards. Under the agreement the Council is committed to paying the following sums (assuming an average inflation rate of 2.5% per annum and excluding any performance/availability deductions). The discount rate used in this calculation is the interest rate implicit in the PFI agreement, which was fixed at the outset at 7.6%.

Future Repayment Periods - Schools	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Contingent Rentals £m	Total £m
Payable within 1 year	6.044	2.947	4.924	4.227	18.142
Payable within 2-5 years	27.204	12.224	17.420	18.791	75.639
Payable within 6-10 years	35.101	20.447	16.046	30.267	101.861
Payable within 11-15 years	41.903	26.215	7.109	35.410	110.637
Payable within 16-20 years	6.473	4.464	0.228	5.753	16.918
Total	116.725	66.297	45.727	94.448	323.197

In 2019/20, the Council entered into a Service Concession Agreement for the use of a waste materials recovery facility at Bargeddie. Residual waste is then processed at a thermal treatment plant in Dunbar. North Lanarkshire Council is the lead authority and is contracted to Viridor.

Five councils, including Renfrewshire, have an inter-authority agreement with North Lanarkshire Council. Renfrewshire Council's share of the contract is 20%.

The discount rate used in this calculation is the interest rate implicit in the agreement, which was fixed at the outset at 5.68%.

Future Repayment Periods - Waste Facility	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Total £m
Payable within 1 year	3.650	0.158	0.285	4.093
Payable within 2-5 years	15.645	0.601	1.055	17.301
Payable within 6-10 years	22.061	0.777	1.101	23.939
Payable within 11-15 years	25.082	0.893	0.921	26.896
Payable within 16-20 years	28.201	1.570	0.567	30.338
Payable within 21-25 years	16.677	1.018	0.113	17.808
Total	111.316	5.017	4.042	120.375

Although the payments made to the contractors under these arrangements are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay for capital expenditure (the outstanding finance lease obligation) is as follows:

Outstanding Service Concession Arrangements	Schools £m	Waste Facility £m	Total £m
Balance at 1 April 2020	(71.438)	(5.294)	(76.732)
Additions during the year	0.000	(0.007)	(0.007)
Payments during the year	2.543	0.144	2.687
Balance at 31 March 2021	(68.895)	(5.157)	(74.052)
Additions during the year	0.000	0.000	0.000
Payments during the year	2.598	0.141	2.739
Balance at 31 March 2022	(66.297)	(5.016)	(71.313)

Note 17: Leases

Renfrewshire Council as Lessee

Operating Leases

The Council has 32 properties and 6 vehicles classed as operating leases, with average lives of 13 years. The future minimum lease payments due under non-cancellable leases in future years are:

As at 31 March 2021 £m		As at 31 March 2022 £m
0.862	Not later than one year	0.897
2.341	Between one and five years	1.873
3.620	Later than five years	3.146
6.823		5.916

During 2021/22, there was £0.975m expenditure charged to the CIES in relation to these leases (£1.023m in 2020/21).

Finance Leases

Finance leases, which have substantially transferred to the Council the benefits and risks of ownership of a non-current asset, are treated as if the asset had been purchased outright.

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under creditors. The lease rentals comprise capital and interest elements; the capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue over the terms of the lease. The Council has 44 electric vehicles under a finance lease agreement over a period of 5 years

beginning during 2019/20. As at 31 March 2022, outstanding obligations to make payments under finance leases are as follows:

As at 31 March 2021 £m		As at 31 March 2022 £m
0.111	Not later than one year	0.115
0.270	Between one and five years	0.155
0.381		0.270

Renfrewshire Council as Lessor

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

As at 31 March 2021 £m		As at 31 March 2022 £m
0.178	Not later than one year	0.169
0.655	Between one and five years	0.611
6.464	Later than five years	6.339
7.297		7.119

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Note 18: Inventories

2020/21 £m	Inventories	2021/22 £m
0.989	Balance at 1 April	0.879
6.341	Additions during the year	7.454
(6.443)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(7.294)
(0.028)	Recognised as an expense during the year: inventories written down	(0.025)
0.020	Reversals during the year of previous inventory write-downs	0.018
0.879	Balance at 31 March	1.032

Note 19: Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following components. With the exception of imprest accounts held at Council establishments, the balances in all of the categories listed below are used together to manage the Council's overall cash balances on a day-to-day basis.

2020/21 £m		2021/22 £m
(5.781)	Current account balances with the council's banker	(11.049)
0.000	Euro account balances with the council's banker - sterling equivalent	2.954
12.998	Callable deposits with UK banks and building societies	1.561
39.000	Callable deposits in money market funds and ultra-short bond funds	25.299
0.054	Imprest accounts held at council establishments	0.052
46.271	Total cash and cash equivalents	18.817

Note 20: Debtors

Amounts due to be received by the Council at 31 March are set out below. This is analysed by type of debtor to provide greater transparency of the sums due.

As at 31 March 2021			As at 31 March 2022	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
33.033	0.000	Central government bodies (non-NHS)	20.790	0.000
21.580	1.170	Central government bodies (NHS)	30.832	1.080
1.865	0.000	Other local authorities	2.939	0.000
3.546	0.000	HM Revenue and Customs	4.564	0.000
0.002	0.034	Employees	0.061	0.032
17.102	0.000	Council Tax arrears	18.056	0.000
(10.353)	0.000	less impairment	(10.973)	0.000
3.773	0.000	Rent arrears	4.757	0.000
(1.964)	0.000	less impairment	(2.214)	0.000
32.659	5.830	Other entities and individuals	30.820	6.265
(19.303)	(4.352)	less impairment	(17.526)	(4.411)
81.940	2.682	Total Debtors	82.106	2.966

Note 21: Creditors

Amounts due to be paid by the Council as at 31 March are set out below. This is analysed by type of creditor to provide greater transparency of the sums due.

As at 31 March 2021			As at 31 March 2022	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
(15.786)	(1.169)	Central government bodies (non-NHS)	(8.943)	(0.157)
(0.439)	0.000	Central government bodies (NHS)	(0.430)	0.000
(0.955)	0.000	Other local authorities	(2.629)	0.000
(5.738)	0.000	HM Revenue and Customs	(6.231)	0.000
(5.889)	0.000	Strathclyde Pension Fund and Scottish Public Pensions Agency	(5.677)	0.000
(11.156)	0.000	Employees	(12.150)	0.000
(2.598)	(66.297)	Service concession arrangements: schools	(2.947)	(63.350)
(0.141)	(5.016)	Service concession arrangements: waste facility	(0.158)	(4.859)
(0.111)	(0.270)	Finance lease liabilities	(0.115)	(0.155)
(4.206)	0.000	Council Tax refundable to taxpayers	(4.182)	0.000
(0.877)	0.000	Council Tax receipts in advance	(0.795)	0.000
0.000	(0.008)	Financial guarantees	0.000	(0.005)
(26.789)	(0.501)	Other entities and individuals	(31.586)	(0.626)
(74.685)	(73.261)	Total Creditors	(75.843)	(69.152)

Note 22: Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Teacher's maternity pay is a short-term provision, made to reflect the changes in European legislation that allow teachers to accrue all holidays during parental leave.

The movement in these short-term provisions is detailed below:

Short-term Provisions	Teachers' maternity pay £m	Other £m	Total £m
Balance at 1 April 2021	(0.112)	(0.100)	(0.212)
Additional provisions made during the year	(0.120)	(0.120)	(0.240)
Reversal of existing provisions	0.112	0.100	0.212
As at 31 March 2022	(0.120)	(0.120)	(0.240)

A summary of the movements in the long-term provisions made by the Council is detailed below, along with an explanation of the reason for the provision:

Long-term Provisions	Holiday pay compensation £m	Insurance claims £m	Total £m
Balance at 1 April 2021	(0.445)	(4.633)	(5.078)
Additional provisions made during the year	0.000	(1.307)	(1.307)
Amounts used during the year	0.000	1.268	1.268
As at 31 March 2022	(0.445)	(4.672)	(5.117)

Holiday pay compensation payments

The Council has received a number of claims arising from a European Court of Justice ruling in relation to holiday pay. A provision has been made to reflect the potential outcome of known claims. A contingent liability is recognised in Note 30 for potential claims that have not yet materialised.

Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The Council has increased its net assessment by £1.307m on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

Note 23: Financial Instruments

Categories of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer-term investments. The following categories of financial instrument are carried in the balance sheet.

As at 31 March 2021		Financial Liabilities	As at 31 March 2022	
Long-term £m	Current £m		Long-term £m	Current £m
(201.297)	(0.834)	Principal sum borrowed	(199.427)	(1.869)
0.000	(2.708)	Accrued interest	0.000	(2.698)
(201.297)	(3.542)	Total Public Works Loan Board (PWLB) borrowing	(199.427)	(4.567)
0.000	(52.916)	Principal sum borrowed	(20.000)	(32.916)
0.000	(0.884)	Accrued interest	0.000	(0.871)
0.000	(0.883)	EIR adjustments	(0.354)	(0.512)
0.000	(54.683)	Total non-PWLB borrowing ("market debt")	(20.354)	(34.299)
0.000	(32.796)	Borrowing from group entities	0.000	(53.168)
(201.297)	(91.021)	Total Borrowing	(219.781)	(92.034)
0.000	(43.969)	At amortised cost trade payables	0.000	(43.590)
(71.581)	(2.851)	Service Concession and Finance Lease liabilities	(68.362)	(3.219)
(0.008)	0.000	Financial guarantees	(0.005)	0.000
(71.589)	(46.820)	Financial Liabilities included in Creditors	(68.367)	(46.809)

As at 31 March 2021		Financial Assets	As at 31 March 2022	
Long-term £m	Current £m		Long-term £m	Current £m
0.000	135.720	At amortised cost:	5.001	183.499
0.000	0.161	Principal	0.000	0.084
4.344	0.000	Accrued interest	4.512	0.000
		At fair value through other comprehensive income - designated equity instruments		
4.344	135.881	Total Investments	9.513	183.583
0.000	7.273	At amortised cost:	0.000	(9.437)
0.000	0.001	Principal	0.000	0.002
0.000	(0.003)	Accrued interest	0.000	(0.001)
0.000	39.000	Loss allowance	0.000	28.253
0.000	46.271	At fair value through profit or loss	0.000	18.817
		Total Cash and cash equivalents		
1.184	92.825	At amortised cost:	1.437	90.077
4.996	0.087	Trade receivables	5.027	0.065
0.854	0.000	Loans made for service purposes	0.913	0.000
(4.352)	(21.267)	Accrued interest	(4.411)	(19.740)
2.682	71.645	Loss allowance	2.966	70.402
		Financial Assets included in Debtors		

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275m (2020/21 £0.275m), a loan to Kilbarchan Amateur Athletic Club of £0.076m (2020/21 £0.077), home loans of £0.413m (2020/21 £0.551m), soft loans to service users of £0.030m (2020/21 £0.030m), soft loans to employees of £0.022m (2020/21 £0.023m),

social care charging order debtors of £0.749m (2020/21 £0.587m) and property charging order debtors of £0.027m (2020/21 £0.040m). Note that these balances are not principle amounts owed, rather valued at amortised cost based on a notional (effective) interest rate.

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the Insurance Fund at fair value through other comprehensive income because it is a long-term strategic holding and changes in its fair value is not considered to be part of the Council's annual financial performance. The Insurance Fund is invested in the Phoenix Fund, managed on behalf of the Council by abrdn Capital Limited.

The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The fair value of the investment is £4.512m at 31 March 2022 (£4.344m as at 31 March 2021). Income from the Fund is reinvested.

Fair value of financial instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including money market funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022.

The Council's 'Fair value through other comprehensive income' assets comprise its insurance fund investments. The fair value of the insurance fund investments equates to the market value of those investments, and this valuation has been provided by the Council's investment manager, abrdn Capital Limited.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- For 'lender option borrower option' (LOBO) loans, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt

redemption procedures. The PWLB redemption rates provide a reasonable proxy for rates and a number of market participants have used this basis when considering early redemption costs for market loans. It is likely that lenders will only exercise their options when market rates have risen above the contractual loan rate. The interest rate risk associated with the Council's LOBOs is not deemed to be significant and the potential penalties charged may make the redemption of the loans an uneconomic option.

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of service concession (PFI) scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair value for each category of financial instrument is shown below, with the balance sheet carrying amount shown for comparison.

As at 31 March 2021		Financial Liabilities	Fair value level	As at 31 March 2022	
Carrying Amount £m	Fair value (restated) £m			Carrying Amount £m	Fair value £m
(204.839)	(280.699)	Financial liabilities measured at amortised cost:			
(54.683)	(80.525)	Public Works Loan Board borrowing	2	(203.994)	(254.715)
		Non-PWLB borrowing ("market debt")	2	(54.653)	(73.852)
		Other liabilities:			
(74.432)	(121.485)	Service Concession and Finance Lease liabilities	3	(71.581)	(102.940)
(0.008)	(0.008)	Financial guarantees	3	(0.005)	(0.005)
(333.962)	(482.717)	Total financial liabilities for which fair value is disclosed		(330.233)	(431.512)
		Financial liabilities measured at amortised cost:			
(32.796)	n/a	Borrowing from group entities		(53.168)	n/a
(44.922)	n/a	Trade payables: short-term		(43.590)	n/a
(77.718)		Total financial liabilities for which fair value is not disclosed		(96.758)	

Fair Values for 2020/21 have been restated for Service Concessions (specifically the Bargeddie waste facility), as this information is only now available. This is a presentational change only and does not affect the carrying values in the Balance Sheet.

As at 31 March 2021		Financial Assets	Fair value level	As at 31 March 2022	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
39.000	39.000	Callable deposits in money market funds and ultra-short bond funds	1	25.299	25.299
0.000	0.000	Euro current account balances with the council's banker	2	2.954	2.954
4.344	4.344	Investments in pooled funds (insurance fund)	1	4.512	4.512
43.344	43.344	Total Financial assets measured at fair value		32.765	32.765
135.881	135.989	Fixed term deposits with UK local authorities	2	188.584	187.713
7.217	7.217	Callable deposits with UK banks and building societies (including sterling current account balances with the Council's banker)	2	(9.488)	(9.488)
0.054	0.054	Imprest accounts held at council establishments	2	0.052	0.052
1.583	1.687	Loans made for service purposes	3	1.592	1.707
144.735	144.947	Total Financial assets measured at amortised cost		180.740	179.984
188.079	188.291	Total financial assets for which fair value is disclosed		213.505	212.749
		Financial assets measured at amortised cost:			
1.183	n/a	Trade receivables and prepayments: long-term		1.437	n/a
71.561	n/a	Receivables and prepayments: short-term		70.339	n/a
72.744		Total financial assets for which fair value is not disclosed		71.776	

Items of income, expense, gain and loss relating to financial instruments

The following items of income, expense, gain and loss relating to financial instruments are included within the lines 'Financing and investment income and expenditure' and '(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income' in the CIES.

2020/21 £m		Financial Assets			Financial liabilities at amortised cost £m	2021/22 £m
		Amortised cost £m	Elected to Fair Value through Other Comprehensive Income £m	Fair Value through Profit or Loss £m		
15.897	Interest expense	0.000	0.000	0.000	16.420	16.420
2.565	Impairment losses	0.000	0.000	0.000	0.000	0.000
0.012	Fee expense	0.000	0.000	0.000	0.000	0.000
18.474	Total expense in the Surplus / Deficit on the Provision of Services	0.000	0.000	0.000	16.420	16.420
(0.691)	Interest income	(0.337)	0.000	(0.016)	0.000	(0.353)
(0.103)	Dividend income	0.000	(0.110)	0.000	0.000	(0.110)
(0.003)	Other income	(0.260)	0.000	0.000	0.000	(0.260)
(0.797)	Total income in the Surplus/Deficit on the Provision of Services	(0.597)	(0.110)	(0.016)	0.000	(0.723)
(0.452)	Net (gain) or loss on revaluation	0.000	(0.057)	0.048	0.000	(0.009)
(0.452)	(Surplus)/Deficit on the revaluation of financial assets	0.000	(0.057)	0.048	0.000	(0.009)
17.225	Net (Gain)/Loss for the year	(0.597)	(0.167)	0.032	16.420	15.688

Note 24: Nature and extent of risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council complies with CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy

before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with Scottish Government guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield.

The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to financial institutions and local authorities, as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with other local authorities and a limited number of high-quality banks, building societies and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each entity. The Treasury Management Strategy outlines the limits placed on investments with any counterparty. The table below summarises the credit risk exposures of the Council's treasury investment portfolio (including accrued interest) by credit rating.

2020/21 £m	Total Investment Portfolio by Credit Rating	2021/22 £m
39.000	AAA (money market funds and and ultra-short bond funds)	25.299
5.001	A+	0.000
8.000	A	0.500
0.000	A-	1.062
135.881	UK local authorities	188.584
187.882	Total	215.445

The Council does not generally allow credit for customers such that, at 31 March 2022, £8.131m of sundry income debt is past its due date for payment (£21.249m as at 31 March 2021). The past due amount can be analysed by age as follows:

2020/21 £m	Sundry Income Debt Past Due	2021/22 £m
14.999	Less than three months	2.125
0.500	Three to six months	1.019
0.660	Six months to one year	0.429
5.090	More than one year	4.558
21.249	Total	8.131

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default, adjusted for current and

forecast economic conditions. Receivables are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due. Receivables are written off to the Surplus or Deficit on the Provision of Services when there is no reasonable prospect of payment, or when they become prescribed; but steps are still taken to collect sums owing when information becomes available which suggests the debtor can make payment.

Collateral

Renfrewshire Council occasionally provides loans to residents who wish to buy their homes under Right to Buy legislation. In such cases the Council takes a standard security over the property. As at 31 March 2022 the outstanding value of home loans advanced by the Council was £0.413m (£0.551m as at 31 March 2021).

Liquidity risk

The Council's main source of borrowing is HM Treasury's Public Works Loan Board, but the Council also has loans classed as 'lender option borrower option' (LOBO). There is no significant risk that the Council will be unable to raise finance to meets its commitments under financial instruments.

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

The Council's policy is to ensure that not more than 15% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of the principal element of borrowing is as follows:

As at 31 March 2021		Principal Borrowing Maturity Analysis	As at 31 March 2022	
£m	%		£m	%
53.750	21.08%	Less than one year*	34.785	13.68%
1.869	0.73%	Between one and two years	20.835	8.20%
10.851	4.25%	Between two and five years	10.023	3.94%
188.577	73.94%	More than five years	188.569	74.18%
255.047	100.00%	Total	254.212	100.00%

*The principal maturing in less than one year exceeded the 15% target in 2020/21 due to the technical possibility that the call option on LOBO loans could have been called by the lender.

Market risk: interest rate risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer. Changes in market rates also affect the notional 'fair value' of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council's finances:

- it is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 25% of what it borrows;
- during periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt;
- the Council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.

To illustrate the notional impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher during 2021/22, with all other variables held constant.

Interest rate risk	As at 31 March 2022 £m
Increase in interest receivable on deposits placed during the year	(2.879)
Notional impact on the Surplus/Deficit on the Provision of Services	(2.879)
Share of this impact which would be attributable to the Housing Revenue Account	(1.195)
<i>Other changes that would have no impact on the Surplus/Deficit on the Provision of Services or Other Comprehensive Income and Expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.739
Decrease in the fair value of fixed rate borrowing	62.952

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.

Market risk: price risk

The Council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the Council by abrdn Capital Limited in the Phoenix Fund. The objective of the fund is to achieve long-term growth with low volatility, through a widely diversified portfolio. The benchmark return is SONIA+2% per annum. During 2021/22 the book cost of investments increased by £0.110m (£0.103m increase during 2020/21). The investment is classified as fair value through other comprehensive income, meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is an accounting requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the Council, an increase or fall of 5% in the general price of shares at 31 March 2022 would have resulted in a £0.070m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2021/22.

Market risk: foreign exchange risk

As at 31 March 2022 the Council had a foreign currency deposit of €3.500m with the Council's banker (nil as at 31 March 2021). This sum was being held in order to mitigate the foreign exchange risk associated with a contract being entered into as part of the Glasgow and Clyde Valley City Deal programme. The sterling valuation of this deposit as at 31 March 2022, based on the euro to sterling exchange rate at that time, was £2.954m. To illustrate the impact of changes in foreign exchange rates upon the Council, a relative increase or decrease of 1% in the euro to sterling exchange rate at 31 March 2022 would have resulted in a £0.030m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2021/22.

Note 25: External audit costs

2020/21 £m	Audit Fees	2021/22 £m
0.362	Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.369
0.362	Total	0.369

Note 26: Agency services

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Renfrewshire Council and East Renfrewshire Council. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water. In addition, the Council received a number of funding streams from the Scottish Government in 2021/22 to support third parties (individuals and businesses) impacted by the COVID-19 pandemic. The Council had no discretion over the terms of the funding and could not use it for service delivery. This means the Council acted as agent only and the grant funding received and paid out are not included in the Council's reserves, CIES or Balance Sheet. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

2020/21 £m	Agency Services	2021/22 £m
73.841	Scottish Government - Contributions (to)/from the non-domestic rates pool	81.663
5.008	Non-domestic rates collected: East Renfrewshire	10.434
0.061	Service income from East Renfrewshire Council for collection of non-domestic rates	0.063
(5.069)	Cost of collection of Non-domestic rates from East Renfrewshire	(10.497)
30.472	Domestic water and sewerage charges collected	32.136
(30.472)	Domestic water and sewerage charges paid over to Scottish Water	(32.136)
0.637	Service income from Scottish Water for collection of domestic water and sewerage	0.637
1.674	COVID-19 PPE and Testing kits issued to external providers	3.318
(1.674)	COVID-19 PPE and Testing kits received from Scottish Government	(3.318)
1.069	Financial Hardship and Self-Isolation grants paid out	8.437
0.000	Financial Hardship and Self-Isolation funding received from Scottish Government as part of Revenue Support Grant	(4.372)
0.000	Financial Hardship and Self-Isolation funding received from Scottish Government (specific funding)	(4.065)
0.000	Additional payments to Health and Social Care staff (£500)	0.933
0.000	Additional payments to Secondary Teachers (£400)	0.375
(1.069)	Additional payments to Health and Social Care staff and Teachers funding received from Scottish Government	(1.308)
27.227	Business Grant Scheme paid out	0.000
(27.227)	Business Grant Scheme funding received from Scottish Government	0.000
14.861	Strategic Framework grants paid out	8.122
(14.861)	Strategic Framework funding received from Scottish Government	(8.122)
3.646	Other support for businesses (including furlough support) paid out	5.984
(3.646)	Other support for businesses (including furlough support) funding received from Scottish Government	(5.984)

Note 27: Related parties

The Council's related parties are those bodies or individuals that have the potential to control or significantly influence the Council, or to be controlled or significantly influenced by the Council, or where those individuals or bodies and the Council are subject to common control. The Council 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 Council 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 Council.

Scottish Government

The Scottish Government has the potential to influence the general operations of the Council, being responsible for providing the statutory framework within which the Council operates. The Scottish Government provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties such as Council tax billing.

Grants received from the Scottish Government are set out in the analysis in Note 4: Taxation and non-specific grant income.

Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests can be accessed from each councillor's page on the Council website, at: www.renfrewshire.gov.uk/councillors. Services totalling £0.496m (£0.416m* at 31 March 2021) were commissioned from organisations in which three elected members had a financial interest. The relevant members played no role in the decision relating to services commissioned and contracts were entered into in full compliance with contract standing orders. Payments for services and grants totalling £0.512m (£0.740m* at 31 March 2021) were paid to organisations in which five elected members had a non-financial interest. The relevant members did not take part in discussions regarding grant awards or commissioning of services.

* Both of these totals include £0.347m relating to an organisation in which one elected member had a financial interest and another elected member had a non-financial interest.

Officers

The Chief Executive holds a position of director of Park Lane Developments (Renfrewshire) LLP. There is no remuneration associated with this post.

Details of the Council's interests in Park Lane Developments (Renfrewshire) LLP are outlined in the Notes to the Group Accounts from page 98.

For further details of Senior Officers' interests, please check the register of interests on the Council website at: www.renfrewshire.gov.uk > Your Council > Information, performance and statistics > Council structure.

Entities controlled or significantly influenced by the Council

The Council also has interests in several Joint Boards and Committees as outlined in the Group Accounts Notes G1 and G2.

Note 28: Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020, which set the contribution rate payable from 1 April 2020 to 31 March 2023.

Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. While the employee rate applied is variable, it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3bn was identified in the notional fund, which will be repaid by the increased rate of employers' pension contribution, effective from 1 September 2019, of 23%.

Based on the proportion of employer contributions paid in 2020/21, Renfrewshire Council's level of participation in the scheme is 2.8%. The Council paid £18.487m (£17.546m in 2020/21) for employer's contributions to the Scottish Public Pensions Agency. £0.349m of expenditure (£0.404m in 2020/21) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.4% of teachers' pensionable

pay (0.5% in 2020/21). The estimated contribution for 2022/23 is £17.385m.

Note 29: Defined benefit pension schemes

29a: Participation in pension schemes

The pension scheme for teachers (the Scottish Teachers' Superannuation Scheme) is explained in the previous note, whilst this note relates exclusively to the pension scheme for all other employees: the Local Government Pension Scheme.

The Local Government Pension Scheme in Scotland (LGPS) is a funded, defined benefit, statutory occupational pension scheme. It is regulated by the Scottish Public Pensions Agency but is administered locally by fund administering authorities through regional pension funds. For Renfrewshire Council, the fund administering authority is Glasgow City Council and the regional pension fund is the Strathclyde Pension Fund. As a funded scheme, the Council and employees pay contributions into the fund, calculated at a level intended to balance the scheme's pension liabilities with the scheme's investment assets. The statutory nature of the fund means that the post-employment benefits are defined and set out in law. The Strathclyde Pension Fund is a multi-employer fund, and it is possible for each employer to identify its own share of the assets and liabilities of the fund on a consistent and reasonable basis.

The principal risks to the scheme are assumptions relating to longevity, inflation, and investment performance; in addition, statutory changes to the scheme. These risks are mitigated to an extent by statutory requirements limiting charges to the Council's general fund. The Council has additional liabilities for unfunded discretionary pension payments outside the main schemes such as arrangements for the award of discretionary post-employment benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made.

However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

29b: Transactions relating to post-employment benefits

The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and accounting for investment returns on any resources set aside to meet the costs. However, the charge according to statutory regulations that is required to be made against the General Fund Balance and the Housing Revenue Account Balance is based upon the employer contributions payable by the Council to the pension fund in the year. This requires an adjustment to be made in the movement in reserves statement to remove the cost (according to generally accepted accounting practices) of post-employment benefits and replace that cost with the value of employer contributions payable to the fund in the year.

The following transactions have been made in the CIES and the General Fund Balance via the movement in reserves statement during the year:

2020/21 £m		2021/22 £m
	Included within net cost of services:	
47.102	Current service cost	70.497
4.182	Past service cost/(gain)	5.123
	Included within Financing and Investment income and expenditure:	
33.052	Interest cost	35.942
(28.779)	Expected return on scheme assets	(31.035)
55.557	Total of Post-employment benefits charged to the Surplus/Deficit on the Provision of Services	80.527
	Included within Other Comprehensive Income and Expenditure:	
(284.985)	Return on Assets excluding amounts included in net interest	(88.246)
(37.247)	Actuarial gains and losses arising on changes in Demographic Assumptions	(10.729)
361.101	Actuarial gains and losses arising on changes in Financial Assumptions	(122.672)
(1.528)	Actuarial gains and losses arising on changes in Other Assumptions	7.065
92.898	Total of LGPS post-employment benefits charged to the CIES	(134.055)
	Movement in reserves statement:	
37.341	Actuarial losses or (gains)	(214.582)
0.000	Effect of business combinations and disposals	0.264
55.557	Reversal of items relating to post-employment benefits debited or credited to the Surplus/Deficit on the Provision of Services	80.527
(33.886)	Employer contributions and direct payments to pensioners payable in the year	(32.522)
59.012	Movement in the year on the Pension Reserve	(166.313)

The cumulative amount of actuarial gains and losses recognised in the CIES as at 31 March 2022 is a gain of £124.849m (£89.733m loss as at 31 March 2021).

29c: Assets and liabilities relating to post-employment benefits

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2022, the defined benefit obligation exceeded scheme assets by £55.221m (£221.534m as at 31 March 2021). The defined benefit obligation is valued on an actuarial basis using the "projected unit credit" method, which estimates the pensions that will be payable in future years (dependent on assumptions about mortality rates, salary levels and other factors) discounted to their present value. The

discount rate used at 31 March 2022 was 2.7% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2020.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2022, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension position of £55.221m represents a decrease in liability of £166.313m between 31 March 2021 and 31 March 2022. The net pension liability has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position

of the Council remains assured. The deficit on the Strathclyde Pension Fund will be made good by contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

Local government legislation provides that local authorities have an obligation to meet the expenditure of the joint boards of which they are constituent members. As a consequence, Renfrewshire Council has additional liabilities arising from the pension scheme deficits of the Renfrewshire Valuation Joint Board. In accordance with accounting regulations, the group accounts include a share of the post-employment benefits transactions, defined

benefit obligations and scheme assets of this joint board. Further information can be found in the annual report and accounts of each joint board. The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

29d: Movement in defined benefit obligation (scheme liabilities)

The following is a reconciliation of the 2021/22 opening and closing balances of the present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation (that is, scheme liabilities).

2020/21 £m		2021/22 £m
1,414.424	Balance at 1 April	1,767.336
47.102	Current service cost	70.497
4.182	Past service cost (including curtailments)	5.123
33.052	Interest cost	35.942
8.234	Member contributions	8.426
0.000	Effect of business combinations and disposals	6.649
303.739	Actuarial losses or (gains)	(126.336)
	<i>Losses or (gains) on curtailment</i>	
(4.627)	Estimated benefits paid: unfunded	(4.605)
(38.770)	Estimated benefits paid: other	(37.171)
1,767.336	Balance at 31 March	1,725.861

29e: Movement in scheme assets

The following is a reconciliation of the 2021/22 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2020/21 £m		2021/22 £m
1,251.902	Balance at 1 April	1,545.802
28.779	Expected return on scheme assets	31.035
8.234	Member contributions	8.426
29.259	Employer contributions	27.917
4.627	Contributions in respect of unfunded benefits	4.605
0.000	Effect of business combinations and disposals	6.385
266.398	Actuarial (losses) or gains	88.246
(4.627)	Estimated benefits paid: unfunded	(4.605)
(38.770)	Estimated benefits paid: other	(37.171)
1,545.802	Balance at 31 March	1,670.640

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy as provided by the administering authority. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets from 1 April 2021 to 31 March 2022 was 7.7%.

The fair value of the assets held in the scheme may be analysed as follows:

As at 31 March 2021				As at 31 March 2022		
Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m		Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m
361.033	1.662	362.695	Equity instruments	367.318	0.794	368.112
0.000	276.483	276.483	Private Equity	0.000	327.050	327.050
0.000	125.243	125.243	Real Estate	0.000	140.891	140.891
14.548	740.603	755.151	Investment Funds	9.268	782.810	792.078
0.279	0.000	0.279	Derivatives	0.000	0.000	0.000
24.903	1.048	25.951	Cash and cash equivalents	41.946	0.563	42.509
400.763	1,145.039	1,545.802	Fair value of scheme assets	418.532	1,252.108	1,670.640

29f: Scheme history: analysis of defined benefit obligation and scheme assets

The Council's share of the accumulated deficit or surplus in the scheme is shown below. The analysis shows the nature of various elements of the Council's share of the scheme's defined benefit:

As at 31 March 2021 £m		As at 31 March 2022 £m
(884.966)	Current employee members	(895.339)
(75.644)	Pre-local government reorganisation (1996) liabilities	(69.073)
(194.861)	Deferred pensioners	(182.553)
(517.516)	Pensioners	(488.130)
(1,672.987)	Total Present Value of the Defined Benefit Obligation - Funded liabilities	(1,635.095)
(84.227)	Retirals from Renfrewshire Council	(82.127)
(10.122)	Retirals pre-local government reorganisation (1996)	(8.639)
(94.349)	Total Present Value of the Defined Benefit Obligation - Unfunded liabilities	(90.766)
(1,767.336)	Present value of defined benefit obligation	(1,725.861)
1,545.802	Fair value of scheme assets	1,670.640
(221.534)	Net liability arising from defined benefit obligation	(55.221)

Basis for estimating assets and liabilities

The following table shows the principal assumptions used by Hymans Robertson LLP, the Fund's independent actuaries, to estimate the Council's post-employment benefits transactions for 2021/22, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2022:

2020/21		2021/22
2.0%	Discount rate for defined benefit obligation	2.7%
2.0%	Long-term expected rate of return on scheme assets*	2.7%
3.6%	Rate of increase in salaries	3.9%
2.9%	Rate of increase in pensions	3.2%
2.9%	Rate of inflation	3.2%
	Mortality assumptions (years):	
	<i>Longevity at age 65 for current pensioners:</i>	
19.8	Men	19.6
22.6	Women	22.4
	<i>Longevity at age 65 for future pensioners:</i>	
21.2	Men	21.0
24.7	Women	24.5
	Take up of option to convert annual pension into retirement lump sum	
50%	For Pre-April 2009 service	50%
75%	For Post-April 2009 service	75%

*The expected rates of return are set equal to the discount rate as per IAS19

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period. The limitations of methods and assumptions used are associated with any changes in market conditions that affect the net discount rate. These can have a significant effect on the value of the obligations reported.

Impact on the Defined Benefit Obligation on the Scheme	%	£m
0.1% decrease in the Real Discount Rate	2%	33.013
1 year increase in the member life expectancy	4%	69.034
0.1% increase in the Salary Increase Rate	0%	4.408
0.1% increase in the Pension Increase Rate	2%	28.322

In addition, a one-year increase in life expectancy is estimated to increase the Defined Benefit Obligation by 3-5%.

Guaranteed Minimum Pension (GMP)

The Fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Renfrewshire Council for financial reporting purposes, and this has been built into the Pension disclosures. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the

interim solution to all members reaching state pension age from 6 April 2016 onwards.

The 2021/22 Pension Fund liability position has been restated to now include the estimated impact of GMP indexation changes (£4.178m). Pension disclosures had previously not included this adjustment given the uncertainty over the permanent solution that might eventually be agreed upon.

Impact on the Authority's cash flows

An objective of the Fund is to keep employers' 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 2021/22 to 2022/23. The total contribution expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2023 is £26.678m. The weighted average duration of the defined benefit obligation is 19 years.

Note 30: Contingent liabilities

- i) The Coronavirus pandemic has had a global impact in health, economic and financial terms. The Council has incurred significant costs in relation to the initial response to the pandemic and is likely to incur considerable further costs as the full implications of the pandemic become clear. The Council recognises a contingent liability in terms of the costs of ongoing additional services which have been put in place to support individuals, communities and businesses; the reconfiguration of services to enable new and emerging delivery models. It is amplified by resulting global supply chain issues and very high inflation levels and is likely to result in continued loss of income to both the Council and its subsidiaries, and the increased costs of capital

projects. It is not considered practicable at this stage to estimate the financial effect.

- ii) The Council has been notified of a number of contractor claims for additional costs incurred on construction contracts. The Council disputes the claims, which may be referred for arbitration. The Council recognises a contingent liability for potential costs, which may be incurred to resolve this dispute. It is not considered practicable at this stage to estimate the financial effect.
- iii) Following two court cases, including *Mrs Goodwin v Department for Education*, it is expected that proposed changes to public service pension schemes will be required, to ensure that surviving same-sex spouses and civil partners receive benefits equivalent to those received by the surviving spouses of opposite-sex marriages.

Strathclyde Pension Fund's actuary estimates that the potential impact may be in the range of 0.1%-0.2% of gross obligations, which equates to between £1.767m and £3.535m for the Council. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

Note 31: 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 32: 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 2022/23 Code:

- IFRS 16 *Leases*
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes the following relevant standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code; however during the Code consultation process, CIPFA/LASAAC did not envisage a significant effect on local authority financial statements.

The Code allows implementation from 1 April 2022 and there is therefore no impact on the 2021/22 accounts. There is no material impact anticipated in future years from the implementation of these standards, other than IFRS 16 *Leases*. The impact of this standard is that many long-term rented assets will now be disclosed in the Balance Sheet along with their associated liability and be subject to depreciation.

CIPFA LASAAC has since issued a formal decision to defer the implementation of IFRS 16 until 1 April 2024 (i.e., in the 2024/25 accounts), with the option to adopt earlier if local authorities wish to do so.

Renfrewshire Council will look to adopt the new standard in the 2023/24 accounts if it is deemed practical to do so at that time.

Note 33: Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2022 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, 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 Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

A 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 or provision of services is recognised when the performance obligation relating to the transaction has been satisfied, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- ii) 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. Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.

- iii) Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- 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) Supplier 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 31 March 2022 or relate to services associated with the prior financial year.

B Business Improvement District

Following the formation of the Paisley First BID company on 15 January 2015, the Council has entered into an agreement to act as the billing body for the purposes of the Planning etc. (Scotland) Act 2006 and the Regulations and is responsible for the administration, collection and recovery of the BID Levy. As the Council is acting as agent for the BID company, no transactions in relation to the BID levy or BID Revenue Account are included in the CIES with the exception of any contribution made by the Council to the BID project, the costs and income related to the collection of the BID levy or any income from the BID company in relation to services provided.

C Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are defined as call accounts, money market funds and instant deposits. Fixed term deposits are not classified as cash or cash equivalents

as these are held for investment purposes rather than for meeting short-term cash commitments.

D Charges for the Use of Assets

Services are charged for the use of assets no matter how they are financed, and this charge includes a provision for depreciation where appropriate.

E Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements but are disclosed as a note to the accounts where they are deemed material.

F Employee Benefits

Benefits payable during employment

All salaries and wages earned up to 31 March 2022 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday entitlements earned by employees, but not taken before the year end and which employees may carry forward into the next financial year; along with any pay inflation agreed for the year and not yet paid.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the CIES when the Council is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy. The Council is only demonstrably committed to a termination when it has a detailed formal plan for the termination, and it is without realistic possibility of withdrawal.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the

relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

The Council participates in two formal pension schemes: the Local Government Pension Scheme which is administered by Strathclyde Pension Fund; and the Scottish Teachers' Superannuation Scheme. Liabilities for the Scottish Teachers' Superannuation Scheme cannot be identified specifically to the Council; therefore, the scheme is accounted for as a defined contributions scheme.

The Local Government Pension Scheme is accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS19) (as revised in 2011). Renfrewshire Council's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The CIES 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. Liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method. Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

G Events after the Balance Sheet date

Events after the Balance Sheet date are those events 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.

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

H Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied prospectively. 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.

I Financial Instruments

Financial Assets

Financial assets are classified into three categories of valuation:

- At amortised cost;
- At fair value through other comprehensive income – designated equity instruments; and
- At fair value through profit or loss.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and

Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans made by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES. The Council has assets such as investments and debtors which are classified as financial assets measured at amortised cost.

Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Investment income is credited to Financing and Investment Income and Expenditure in the CIES when it becomes receivable by the Council. Where an equity instrument is designated as FVOCI, changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve (an unusable reserve).

When the asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services. The Council has made an irrevocable election to designate these assets as FVOCI on the basis that they are held for non-contractual benefits, not for trading, but for strategic purposes.

Financial assets measured at fair value through profit and loss

Assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured

and carried at fair value. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CIES when it becomes receivable by the Council.

Assets values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the CIES. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Expected Credit Loss Model

Where assets are identified as impaired as a result of an expected credit loss, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate

is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Income and Expenditure Account in the year of extinguishment. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Guarantees

Financial guarantees are recognised at fair value assessed as the probability of the guarantees being called and the likely amount payable under the guarantees.

Loans Fund

The Council operates a Loans Fund and all loans raised are paid into the Fund. Advances are made to departments to finance capital expenditure during the year. Repayments to the Loans Fund are calculated using the annuity method.

The local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016 - loans fund accounting came into force on 1 April 2016 and replaced the statutory provisions for local authority borrowing, lending and loans funds as set out in Schedule 3 of the local Authority (Scotland) Act 1975. The regulations contain the following provisions in respect of the loans fund:

- Regulation 12 places a duty on a local authority to maintain a loans fund, which is to be administered in accordance with the proper accounting practices and prudent financial management,
- Regulation 13 requires a local authority to make loans fund advances each year for expenditure of or lending to third parties by, the local authority which it has determined should be met from borrowing, and
- Regulation 14 requires a local authority to determine for each loans fund advance the period over which it will be repaid and the amount of each repayment. Both the period and the annual amounts must be considered by the authority to be prudent.

Interest is calculated and allocated to the CIES in accordance with Local Authorities Scotland Accounts Advisory Committee's (LASAAC) Guidance Note 2: Statement on the Calculation and Allocation of Loans Fund Interest and Expenses.

Financial Instruments - Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or

transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

J Government Grants and other Contributions

Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

K Heritage Assets

The Council's heritage assets are held in the museums operated by OneRen (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and The Secret Collection).

The purpose of holding these assets according to the Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. Purchased acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the approved Acquisition and Disposal Policy. The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Shawl and textile design	The museums hold a collection of approximately 1,000 Paisley-type shawls, and a considerable collection of original designs for shawl manufacture. The collection is included in the balance sheet at insurance valuation which is based on market values. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Natural History	The collection includes vertebrate and invertebrate zoology, botany, geology and microslide collections; in addition to a library of natural history books. The collection is included in the balance sheet at insurance valuation which is based on market values. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Human History	The museums hold collections relating to social history, transport, science (including an important collection of astronomical apparatus in Coats Observatory), archaeology, arms, local archives, numismatics, photography, textiles, ethnography and Egyptology. The collection is included in the balance sheet at insurance valuation which is based on market values. However, where an external valuation or cost information is available, or a valuation may be secured at a cost which is not prohibitive relative to the value of the item, then the Council will recognise the asset in the balance sheet at this value. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore, no depreciation is charged.

In addition to the museum collections, there are a number of public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout Renfrewshire. These assets are not generally recognised in the balance sheet. The Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets and the lack of comparable data. However, where reliable cost information can be reasonably obtained, the asset will be included in the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and

measured in accordance with the Council's general policies on impairment. Heritage assets will occasionally be disposed of in accordance with the approved Acquisitions and Disposal Policy (a copy of which is available). Assets are only disposed of for curatorial reasons (eg the item has deteriorated to such an extent it is no longer suitable for public display) and not with the aim of generating funds. Any proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. Expenditure incurred in preserving individual items is recognised in the CIES.

L Intangible Assets

The Council accounts for purchased software licences as Intangible Assets. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Items costing less than £9,000 are not treated as Intangible Assets.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

M Interests in Companies and Other Entities

The Council has material interests in two charitable companies, a limited liability partnership and Joint Boards and Committees that have the nature of subsidiaries and associates under accounting conventions, requiring it to prepare group accounts. In the Council's own single-entity accounts, these interests are not recorded as the Council has no shares in, or ownership of, any of these organisations. Reflected in the Council's single-entity balance sheet is a 50% share in an Integration Joint Board, which is recorded as an investment.

N Inventories

Inventories (generally consumable stock) are included in the Balance Sheet at weighted average cost. The Code requires inventories to be held at lower of cost or Net Realisable Value. Weighted average cost is used as the measure of cost.

O Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

P 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.

The Council as Lessee

Finance Leases

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

Operating Leases

Rentals paid under operating leases are charged to the CIES. Title to the property, plant or equipment remains with the lessor.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received); and
- finance income (credited to the CIES).

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the CIES.

Q Overheads and Central Support Costs

Where internal costs are allocated to user departments, the basis of allocation varies by originating department, for example the cost of Payroll Services may be allocated on the number of payslips per service. In many instances the allocation is time-based. Internal transactions are no longer present in the income and expenditure figures reported in the CIES.

R Service Concession Arrangements – School Buildings and Other Facilities

The Council carries the assets used under PFI or Service Concession contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The accounting treatment of the contractual arrangements are in accordance with IFRIC12 *Service Concession Arrangements*.

S Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is

capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value. The valuation of work-in-progress is based on cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the CIES. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH). Council dwellings are valued using a Beacon Principle (adjusted vacant possession) methodology in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance;
- Vehicles, plant, furniture and equipment – depreciated replacement cost;

- Other land and buildings – fair value, determined as the market value amount that would be paid for the asset in its existing use (existing use value – EUV). Operational assets are shown at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets are shown at the lower of net current replacement cost or net realisable value.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of any revaluation is 31 March. Valuations are undertaken by the Council Valuer who is MRICS qualified. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices in active markets for identical assets that the authority can access at the measurement date;

- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly;
- Level 3 - unobservable inputs for the asset.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated, and an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged

on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, investment properties and assets that are not yet available for use (i.e., assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property of between 10 and 50 years as estimated by the Council Valuer
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer based on useful lives of between 3 and 30 years.
- infrastructure – straight-line allocation over 40 years.

General Fund services are charged with depreciation where appropriate for the use of assets no matter how they are financed. Depreciation on the Council's

non-operational assets is not charged to service revenue accounts. It is however reflected in the CIES through non-distributable costs.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Significance is determined by comparing a component's cost against the overall cost of an asset, and a component is deemed significant if its cost is 20% or more of the total asset cost. The de-minimis threshold for componentisation is £1m.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

T Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits 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 CIES. 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.

U Reserves

The Council has various reserve funds. The two capital reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former of these represents the store of gains on revaluation of fixed assets not yet realised through sales and the latter relates to

amounts set aside from capital resources to meet past expenditure.

The two accounting reserves arising from the restatement of financial instruments to "fair value" are the Financial Instruments Adjustment Account and the Financial Instruments Revaluation Reserve. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending & borrowing by the Council. The Financial Instruments Revaluation Reserve is a store of gains or losses on revaluation of the investments of the Insurance Fund not yet realised through sales.

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

V Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the

Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

W Value Added Tax

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 34: Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a 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.

Item	Judgement
Public Sector Funding	The Council has assessed that anticipated levels of local government funding over the medium term do not provide sufficient indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. This is discussed further in the Management Commentary.
Service Concession Arrangements	The Council is deemed to control the services provided under the agreement for the provision of schools. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Bargeddie Waste Facility is shared by a number of Scottish councils with North Lanarkshire Council taking the lead. The apportionment of costs and liabilities over the life of the facility, which was funded by a service concession agreement, has been agreed between the councils involved and the local external audit team. Note 16 provides further details.
Council acting as Agent, not Principal	'Agent' is where the Council is acting as an intermediary and 'Principal' is where the Council is acting on its own behalf. In 2020/21 and 2021/22, the Council received funding from the Scottish Government relating to grants and subsidies in support of hardship experienced by third parties from the impact COVID-19. In many cases, the Council had no discretion over the terms of the grants awarded and any unspent grant was repaid to the Scottish Government; these have been treated as Agent transactions and excluded from the CIES, Balance Sheet and related Notes. Cashflows have, however, been included in the Cashflow Statement. CIPFA and the Local Authority (Scotland) Accounts Advisory Committee issued guidance in relation to the funding streams administered by Scottish local authorities in terms of their treatment as Agent or Principal activities and this guidance has been followed. Further detail on the sums involved can be found in Note 26.
Rolling Valuation Programme	<p>The Council employs professional valuers who are registered with the Royal Institution of Chartered Surveyors. These valuers carry out regular reviews of the value of assets reported in the Balance Sheet and any significant changes in value are processed as asset revaluations or impairments. These values are based on their professional opinion using available market information at the time of assessment. Due to the high number of assets, a rolling programme of asset valuation has been established for many years, with the aim of revaluating one fifth of the portfolio each financial year.</p> <p>This carries inherent risk that assets not valued in-year have been subject to material changes in value.</p> <p>The highest risk in this respect relates to assets valued using the Depreciated Replacement Cost (DRC) method, which for Renfrewshire Council, includes schools and leisure centres. To mitigate for this risk, a desktop exercise was undertaken during the 2021/22 audit to estimate the potential increase in value of all DRC assets not valued in-year. This was based on the average annual increase in value for different types of asset that were valued in-year. An adjustment was made in the audited accounts of £m to reflect this estimate. This was an estimate and not a formal asset valuation.</p> <p>The Council will seek to value all DRC assets in its portfolio in 2022/23.</p>

Item	Judgement
Impairment of financial assets	In line with IFRS9: Financial Instruments, the approach to impairment of financial assets depends on the type of asset being assessed, either using a 'historic loss rate' approach, or a 'probability of default' approach, whereby historical experience of default rates across a similar class of instrument and credit rating is used to estimate 12-month expected credit losses. Further detail can be found at Note 23: Financial Instruments.
Determination of Contingent Liabilities and Provisions	A Provision is defined by the Code as a liability of uncertain timing or amount. A Contingent Liability is a possible obligation whose timing or value cannot be reliably measured and the Council makes a judgement on which is appropriate based on information available at the Balance Sheet date.

Note 35: Assumptions made about the future

The Annual Accounts contains estimated figures that are based on assumptions made by the Council 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 Council's Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	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 Council with expert advice about the assumptions to be applied. The carrying value of the pension liability was £55.2m as at 31 March 2022. Further detail can be found in Note 29: Defined Benefit Pension Schemes.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £33.0m. However, the assumptions interact in complex ways. At 31 March 2022, the Council's actuaries advised that the net pensions liability had increased by £7.1m as a result of estimates being corrected as a result of experience; decreased by £10.7m as a result of updating demographic assumptions; and decreased by £122.7m as a result of updating financial assumptions.
Debt Impairment	At 31 March 2022, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £84.3m. A review of significant balances suggested that an impairment of doubtful debts of £30.7m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. Over 2021/22, the principal debt impairment decrease related to sundry debtors, which reduced by £1.7m.	Based on experience, the bad debt provision is considered adequate; however, if collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional £3.1m to be set aside as an allowance.

Housing Revenue Account

Income and expenditure statement

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing (Scotland) Act 1987. The Housing Revenue Account income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the movement on the Housing Revenue Account statement.

2020/21 (restated) £m		2021/22 £m
13.743	Repairs and maintenance	16.244
13.398	Supervision and management	17.160
26.540	Depreciation and impairment of non-current assets	26.336
0.460	Increase/(Decrease) in the allowance for bad debts	0.671
0.829	Other expenditure	1.300
54.970	Total Expenditure	61.711
(47.945)	Dwelling rents	(48.622)
(1.448)	Non-dwelling rents	(1.438)
(1.520)	Other income	(2.996)
(50.913)	Total Income	(53.056)
4.057	Net Cost of HRA services as included in the CIES	8.655
	HRA share of the operating income and expenditure included in the CIES:	
(0.014)	(Gain)/Loss on sale of HRA non-current assets	(0.006)
4.435	Interest payable and similar charges	4.478
(0.083)	Interest and investment income	(0.159)
0.188	Pensions interest cost and expected return on pensions assets	0.215
(1.425)	Taxation and non specific grant income	(7.147)
7.158	Deficit for the year on HRA services	6.036

Note: the 2020/21 restatement is presentational only and affects a movement between the Supervision and Management row and the allowance for bad debt charge row.

Movement on the Housing Revenue Account statement

This statement shows the movement in the year on the Housing Revenue Account (HRA) Balance. The surplus or deficit for the year on the HRA income and expenditure statement represents the true economic cost of providing the Council's HRA services, more details of which are shown in the HRA income and expenditure statement itself.

The adjustments between accounting basis and funding basis under regulations detail the adjustments that are made to the HRA income and expenditure, as recognised by the Council in the year in accordance with proper

accounting practice, to the statutory amounts required to be charged to the HRA Balance for dwellings rent setting purposes. An analysis of these adjustments can be found in Note 7: Adjustment between accounting basis and funding basis under regulations on page 42.

2020/21 £m		2021/22 £m
(6.807)	Balance on the HRA at 1 April	(6.497)
7.158	Deficit for the year on the HRA income and expenditure statement	6.036
3.697	Adjustments between accounting basis and funding basis under statute	5.142
(10.545)	Adjustments to Usable Reserves permitted by accounting standards	(11.178)
0.310	Net (Increase)/Decrease before transfers to or from reserves	0.000

Notes to the Housing Revenue Account income and expenditure statement

1. The number and types of dwelling in the Council's housing stock

The Council was responsible for managing 12,216 dwellings during 2021/22 (12,212 in 2020/21). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

As at 31 March 2021		Type of dwelling	As at 31 March 2022	
Number	Average weekly rent		Number	Average weekly rent
416	£63.46	One-apartment	416	£64.48
3,684	£71.73	Two-apartment	3,685	£72.84
5,863	£81.12	Three-apartment	5,864	£82.37
2,038	£90.65	Four-apartment	2,040	£92.06
211	£97.50	Five-apartment	211	£98.94
12,212		Total	12,216	

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£1.142m in 2021/22 and £0.895m in 2020/21) but excludes irrecoverable and bad debts. Average rents were £81.01 per week in 2021/22 (£79.72 in 2020/21). The total rent income for 2021/22 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

3. Amount of rent arrears

At 31 March 2022 total rent arrears amounted to £4.367m (£3.604m at 31 March 2022). This is 8.84% of the total value of rents due at 31 March 2022.

4. Provision for uncollectable rent arrears

In 2021/22 the rents bad debt provision was increased by £0.671m (£0.460m in 2020/21). The provision to cover the potential loss of income stands at £2.214m at 31 March 2022 (£1.964m at 31 March 2022). This is 4.48% of the total value of annual rents due.

5. Share of corporate costs

In the financial year 2021/22 the HRA share of Corporate and Democratic Core costs amounted to £0.056m (£0.035m in 2020/21).

Council Tax Income Account

The Council Tax income account shows the gross income raised from Council Taxes levied and deductions made under statute. Councils raise taxes from residents through Council Tax, which is a tax linked to property values. The Council Tax Reduction Scheme represents a discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's Welfare Reform programme. The resultant net income is transferred to the Council's CIES.

2020/21 £m		2021/22 £m
116.525	Gross council tax levied	118.049
(16.382)	Other discounts and reductions	(16.199)
(14.404)	Council tax reduction scheme	(13.433)
(2.783)	Write-off of uncollectable debts and allowance for impairment	(2.476)
0.081	Adjustment to previous years' community charge and council tax	0.523
83.037	Transfer to the Comprehensive Income and Expenditure Statement	86.464

Calculation of the Council Tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest "A" to the highest "H".

The band D Council Tax charge is calculated using the Council Tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2021/22 was £1,315.42 (£1,315.42 in 2020/21).

2020/21 £	Council Tax Band	2021/22 £
876.95	A	876.95
1,023.11	B	1,023.10
1,169.27	C	1,169.26
1,315.42	D	1,315.42
1,728.32	E	1,728.32
2,137.55	F	2,137.56
2,576.04	G	2,576.03
3,222.79	H	3,222.78

If a property is occupied by only one person over 18, a discount of 25% is applied.

Since 15 July 2016, unoccupied and unfurnished properties have been exempted from Council Tax for the first six months. A discount of 10% is then available for the next six months and 100% additional Council Tax levy is then payable for as long as the property remains empty, although the 10% discount may be extended by a further 12 months if the property is being actively marketed for sale or let.

Certain persons are disregarded for Council Tax purposes, including students, people who are in detention and those who are severely mentally impaired. Reductions in Council Tax are available for people with disabilities.

Charges for water and sewerage services are the responsibility of Scottish Water. Renfrewshire Council collects total monies and makes a precept payment to Scottish Water on the basis of collection levels based on a pre-determined formula. The figures below exclude the water and sewerage charges.

Calculation of the Council Tax base

The Council Tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings.

Band	Number of dwellings	Number of exemptions	Disabled relief	Discounts	Council Tax Reduction	Total equivalent dwellings	Ratio to Band D	2021/22 Band D equivalent	2020/21 Band D equivalent
A	13,503	2,122	8	1,966	3,638	5,849	0.67	3,899	3,690
B	25,880	1,604	80	3,330	5,551	15,375	0.78	11,958	11,548
C	15,123	486	60	1,599	1,961	11,063	0.89	9,834	9,640
D	12,972	309	46	1,172	694	10,820	1.00	10,820	10,528
E	11,472	185	69	712	417	10,137	1.31	13,319	13,061
F	6,826	75	48	289	123	6,309	1.63	10,252	9,888
G	4,108	80	18	133	52	3,825	1.96	7,491	7,231
H	216	11	0	9	2	194	2.45	475	483
	90,100	Band A dwellings subject to disabled relief						8	7
		Class 17 and 24 dwellings						79	77
		Sub-total						68,135	66,153
		Less: Provision for non-payment and future award of discounts and reliefs						(4,675)	(2,836)
		Council Tax Base						63,460	63,317

Non-Domestic Rates Income Account

This account is an agent's statement that reflects the statutory obligation for those councils who issue bills to non-domestic rate payers to maintain a separate non-domestic rate account. The account shows the rates collected from non-domestic rate payers during the year. Any difference between the rates collected and the amount the Council is guaranteed to receive under the national pooling arrangements is adjusted via the Scottish Government's general revenue grant to the Council. Non-domestic rate income is redistributed from the national non-domestic rate pool in proportions based on the prior year mid-year income returns net of prior year adjustments. In 2012/13 the Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) which allows councils, where an agreed target income figure is exceeded, to retain 50% of the 'above target' income.

2020/21 £m		2021/22 £m
145.690	Gross rates levied	145.727
(65.753)	Reliefs and other deductions	(55.765)
(5.226)	Write-off of uncollectable debts and allowance for impairment	(4.306)
74.711	Net Non-Domestic Rates income	85.656
(8.029)	Adjustment to previous years' non-domestic rates	(0.759)
7.159	Contribution (to)/from the National Non-Domestic Rate pool	(3.234)
0.000	Non-domestic rate income retained by authority (BRIS)	0.000
73.841	Transfer to the Comprehensive Income and Expenditure Statement	81.663

The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the Scottish Government. For 2021/22 the charge was 49.0 pence in the pound, with a 1.3 pence supplement for properties with a rateable value over £51,000 and a 2.6 pence supplement for properties with a rateable value above £95,000.

Under the Small Business Bonus Scheme (SBBS) relief is available to businesses where the combined rateable value of all business premises is £35,000 or less and the rateable value of individual premises is £18,000 or less. Properties with a total rateable value up to and including £15,000 are entitled to a 100% reduction in their business rates on each individual property and properties with a rateable value of between £15,001 to £35,000 receive a 25% reduction on each individual property with a rateable value of £18,000 or less.

Analysis of Renfrewshire Council's rateable values

Analysis of Rateable Values	2021/22 £m
Commercial	109.720
Industrial and freight transport	48.804
Education and public service	32.314
Communications	0.010
Others	111.110
Rateable Value at 1 April	301.958
Adjustments (Full Year Rateable Value)	(16.153)
Rateable Value at 31 March	285.805
Less: Wholly Exempt Subjects	(1.375)
Net Rateable Value at 31 March	284.430

Group Accounts

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing operations during the year. It includes, on an accruals basis, all day-to-day expenses and related income. 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 councils need to take into account when setting the annual council tax charge. The required adjustments between accounting basis and funding basis under regulations are shown in the group movement in reserves statement.

2020/21 (restated)			Note	2021/22		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
246.606	(38.531)	208.075	Children's Services	253.334	(41.446)	211.888
56.764	(53.414)	3.350	Communities and Housing	57.024	(54.169)	2.855
90.889	(14.265)	76.624	Environment and Infrastructure	104.227	(12.804)	91.423
105.499	(53.203)	52.296	Finance and Resources	106.841	(48.250)	58.591
38.794	(11.518)	27.276	Chief Executive's Service	50.220	(13.059)	37.161
15.965	(14.616)	1.349	Miscellaneous Services	13.135	(13.523)	(0.388)
222.661	(148.864)	73.797	Adult Services	233.939	(147.843)	86.096
777.178	(334.411)	442.767	Cost of Services	818.720	(331.094)	487.626
0.136	0.000	0.136	(Gain)/Loss on the disposal of non-current assets	(0.175)	0.000	(0.175)
24.007	(1.888)	22.119	Financing and investment income and expenditure G6	25.222	(1.615)	23.607
0.000	(481.232)	(481.232)	Taxation and non-specific grant income 4	0.000	(486.210)	(486.210)
801.321	(817.531)	(16.210)	Deficit/(Surplus) on the Provision of Services	843.767	(818.919)	24.848
		(9.723)	Share of the (surplus) / deficit on the provision of services by associates and joint ventures G3			(12.454)
		(25.933)	Group Deficit/(Surplus)			12.394
		(48.460)	(Surplus)/Deficit on the revaluation of non-current assets			(166.292)
		0.000	Impairment (gain)/loss on non-current assets			0.000
		(3.584)	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income G15			(0.873)
		44.983	Actuarial (gain)/loss on pension assets and liabilities			(226.812)
		(0.393)	Share of other comprehensive (income) and expenditure of associates and joint ventures G4			(4.215)
		(7.454)	Other comprehensive (income) and expenditure			(398.192)
		(33.387)	Total comprehensive (income) and expenditure			(385.798)

For details of the 2020/21 restatement, please refer to Note 2: Prior Year Restatement.

Group Movement in Reserves Statement

The group movement in reserves statement shows the movement in the year on the different reserves held by the Council's group, analysed into the Council's usable reserves, the Council's unusable reserves and the Council's share of the reserves of the subsidiaries, associates and joint ventures within the group.

Note	Council's Usable Reserves £m	Council's Unusable Reserves £m	Council's Total Reserves £m	Council's share of Reserves of Subsidiaries, Associates and Joint Ventures £m	Total Reserves £m
Balance at 1 April 2021	216.392	918.332	1,134.724	77.589	1,212.313
Movement in reserves during the year					
Total Comprehensive Income and Expenditure	(9.256)	380.545	371.289	14.509	385.798
Adjustments between Group accounts and Council accounts G5	(12.296)	0.000	(12.296)	12.296	0.000
Adjustments to Usable Reserves permitted by accounting standards	25.473	(25.473)	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations 7	16.443	(16.443)	0.000	0.000	0.000
Increase / (Decrease) in year	20.364	338.629	358.993	26.805	385.798
Balance at 31 March 2022	236.756	1,256.961	1,493.717	104.394	1,598.111

Comparative movements in 2020/21 (restated)					
Note	Council's Usable Reserves £m	Council's Unusable Reserves £m	Council's Total Reserves £m	Council's share of Reserves of Subsidiaries, Associates and Joint Ventures £m	Total Reserves £m
Balance at 1 April 2020	159.621	946.924	1,106.545	72.381	1,178.926
Movement in reserves during the year					
Total Comprehensive Income and Expenditure	31.117	10.719	41.836	(8.449)	33.387
Adjustments between Group accounts and Council accounts G5	(13.657)	0.000	(13.657)	13.657	0.000
Adjustments to Usable Reserves permitted by accounting standards	22.299	(22.299)	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations 7	17.012	(17.012)	0.000	0.000	0.000
Increase / (Decrease) in year	56.771	(28.592)	28.179	5.208	33.387
Balance at 31 March 2021	216.392	918.332	1,134.724	77.589	1,212.313

Group Balance Sheet

The group balance sheet shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the Council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the group movement in reserves statement.

As at 31 March 2021 (restated) £m		Note	As at 31 March 2022 £m
1,498.582	Property, plant and equipment	G11	1,677.555
39.522	Heritage assets	G10	44.405
1.993	Investment property	G9	1.906
4.177	Intangible assets	14	3.349
25.180	Long-term investments	G15	34.848
49.034	Investments in associates and joint ventures	G3	64.835
2.407	Long-term debtors	20	2.691
1,620.895	Long-term assets		1,829.589
0.625	Assets held for sale	13	0.922
135.881	Short-term investments	G15	183.583
0.953	Inventories		1.106
81.707	Short-term debtors	G12	81.322
47.163	Cash and cash equivalents	G15	19.819
266.329	Current assets		286.752
(87.793)	Short-term borrowing	G15	(92.005)
(73.628)	Short-term creditors	G13	(74.206)
(0.212)	Short-term provisions	22	(0.240)
(161.633)	Current liabilities		(166.451)
(73.261)	Long-term creditors	21	(69.152)
(5.078)	Long-term provisions	22	(5.117)
(201.297)	Long-term borrowing	G15	(219.781)
(0.868)	Liabilities in associates and joint ventures	G3	0.000
(232.774)	Other long-term liabilities		(57.729)
(513.278)	Long-term liabilities		(351.779)
1,212.313	Net assets		1,598.111
(221.219)	Usable reserves	G7	(241.905)
(991.094)	Unusable reserves	G8	(1,356.206)
(1,212.313)	Total reserves		(1,598.111)

Alastair MacArthur
Director of Finance and
Resources

The unaudited accounts were issued on 30 June 2022 and the audited accounts were authorised for issue on 17 November 2022.

Group Cashflow Statement

The group cash flow statement shows the changes in cash and cash equivalents of the Council's group during the year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Council. The Council's share of the cash flows of its associates and joint ventures is disregarded for the purpose of this statement because the Council's share of the associates' and joint ventures' reserves is unusable and cannot be used to fund services.

2020/21 (restated) £m		2021/22 £m
25.933	Group surplus/(deficit)	(12.394)
71.510	Adjustment for non-cash movements	103.508
(46.299)	Adjustments for items included in the group surplus/deficit that are investing and financing activities	(42.875)
51.144	Net cash flows from operating activities	48.239
(65.921)	Net cash flows from investing activities	(92.233)
48.799	Net cash flows from financing activities	16.650
34.022	Net increase/(decrease) in cash and cash equivalents	(27.344)
13.141	Cash and cash equivalents at the beginning of the reporting period	47.163
47.163	Cash and cash equivalents at the end of the reporting period	19.819

Notes to the Group Accounts

The Council's share of Group entities is reviewed on an annual basis and some prior year figures are adjusted as a result, when compared to the prior year audited accounts.

Note G1: Details of the group's combining entities

Renfrewshire Council is represented on the board of a number of organisations. The extent of the Council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the group accounts. Those organisations, which have a significant impact on the Council's operations, are listed below. The accounting period for all of these bodies is the year to 31 March 2022. In addition to the information included in the group accounts on the preceding pages the

accounting regulations require specific disclosures about the combining entities and the nature of their business.

OneRen, the Paisley, Renfrew and Johnstone Common Good Funds, Paisley Museum Reimagined Limited, Park Lane Developments (Renfrewshire) LLP and the Coats Observatory Trust administered by Renfrewshire Council (as sole trustee) are treated as subsidiaries in the Council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Renfrewshire Leisure Limited, trading as **OneRen**, is a company limited by guarantee formed in 2014 and registered as a charity in Scotland. Its principal place of business is the Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB. The charity provides leisure and culture facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within Renfrewshire plus a range of cultural

service buildings, libraries and community halls. The objectives of the charity are to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire. Any surplus generated by the charity is applied solely to its continuation and development. During 2021/22 Renfrewshire Council provided additional funding of £0.249m to OneRen to mitigate the financial impact of reduced revenue arising from national and local restrictions implemented by the Scottish Government in response to the COVID-19 crisis. The accounts of the charity are published separately and may be obtained from the Chief Executive, Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB.

Paisley Museum Reimagined Limited was formed in 2019 by Renfrewshire Council, with the objective of managing the development and delivery of the fundraising strategy for Paisley Museum and to drive the capital appeal for the redevelopment of Paisley Museum and furthering Paisley's cultural regeneration. The company is treated as a subsidiary within the Group Accounts. Copies of the financial statements may be obtained from its registered office at 5a High Street, Paisley PA1 2AE.

Park Lane Developments (Renfrewshire) LLP was formed in 2010 by Renfrewshire Council and Park Lane Real Estate LLP in order to facilitate the regeneration of Paisley town centre through the transformation of the town's former Arnotts store into a mixed-use retail, office and residential development. The Partnership is treated as a subsidiary within the Group Accounts. Copies of the financial statements for the partnership may be obtained from its registered office at 87 Port Dundas Road, Cowcaddens, Glasgow G4 0HF.

The **group comprehensive income and expenditure statement (CIES)** includes total net comprehensive income for the year of £8.732m (2020/21 net comprehensive expenditure of £9.081m) for OneRen, total net comprehensive income for the year of £1.681m (2020/21 £4.158m) for the Paisley, Renfrew and Johnstone Common Good Funds, total net comprehensive expenditure for the year of £0.052m (2020/21 £0.016m restated) for Park Lane

Developments (Renfrewshire) LLP, total net comprehensive expenditure for the year of £0.152m (2020/21 £0.149m) for Paisley Museum Reimagined Limited and total net comprehensive expenditure for the year of £0.073m (2020/21 net comprehensive income of £0.180m) for the Coats Observatory Trust.

The **group balance sheet** includes net liabilities of £2.140m (2020/21 £10.872m) for OneRen, net assets of £41.461m (2020/21 £39.780m) for the Common Good Funds, net assets of £0.114m (2020/21 £0.166m restated) for Park Lane Developments (Renfrewshire) LLP, net liabilities of £0.573m (2020/21 £0.421m) for Paisley Museum Reimagined Limited and net assets of £0.697m (2020/21 £0.770m) for the Coats Observatory Trust.

Strathclyde Concessionary Travel Scheme Joint Committee comprises the twelve councils in the west of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the twelve constituent councils and by direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the scheme on behalf of the committee. In 2021/22, Renfrewshire Council contributed £0.325m or 7.99% of the committee's estimated running costs (2020/21 £0.322m or 7.96%) and its share of the year-end net asset was £0.367m (2020/21 £0.276m) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.861m

or 8.00% to the committee's estimated running costs in 2021/22 (2020/21 £2.828m or 7.97%) and its share of the year-end net asset was £38.643m (2020/21 £35.255m) and is included in the group balance sheet.

Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Strathclyde Partnership for Transport £m	Renfrewshire Council's Share £m		Strathclyde Partnership for Transport £m	Renfrewshire Council's Share £m
As at 31 March 2021		Balance Sheet Summary	As at 31 March 2022	
283.824	22.633	Long-term assets	321.591	25.713
180.712	14.410	Current assets	181.166	14.485
(22.420)	(1.788)	Current liabilities	(19.454)	(1.555)
0.000	0.000	Long-term liabilities	0.000	0.000
442.116	35.255	Net assets	483.303	38.643
2020/21		Income and Expenditure Summary	2021/22	
74.012	5.902	Income	76.706	6.133
65.328	5.210	Expenditure	69.538	5.560
8.684	0.692	Surplus for the year	7.168	0.573

Renfrewshire Valuation Joint Board was formed in 1996 at local government re-organisation by Act of Parliament. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. The board's running costs are met by the three member councils. Surpluses or deficits on the board's operations are shared between the councils. In 2021/22, Renfrewshire Council contributed £1.561m or 56.3% of the board's estimated running costs (2020/21 £1.467m restated, 56.4%) and its share of the year-end net asset was £0.300m (2020/21 net liability of £0.868m restated) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire Council, Renfrewshire House, Paisley PA1 1JB.

The following additional disclosures are required under accounting regulations for Renfrewshire Valuation Joint Board because it is a related party to the Council.

Renfrewshire Valuation Joint Board (restated) £m	Renfrewshire Council's Share £m		Renfrewshire Valuation Joint Board £m	Renfrewshire Council's Share £m
As at 31 March 2021		Balance Sheet Summary	As at 31 March 2022	
0.214	0.121	Long-term assets	0.182	0.102
0.881	0.497	Current assets	0.693	0.390
(0.285)	(0.161)	Current liabilities	(0.087)	(0.049)
(2.349)	(1.325)	Long-term liabilities	(0.255)	(0.143)
(1.539)	(0.868)	Net assets/(liabilities)	0.533	0.300
2020/21		Income and Expenditure Summary	2021/22	
2.972	1.677	Income	2.802	1.577
2.849	1.608	Expenditure	3.215	1.809
0.123	0.069	Surplus/(deficit) for the year	(0.413)	(0.232)

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. On 27 June 2015, Scottish Ministers legally established the **Renfrewshire Health and Social Care Integration Joint Board (IJB)** as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde.

The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements. Copies of the financial statements for the IJB may be obtained from Chief Officer, Renfrewshire Health and Social Care Integration Joint Board, Renfrewshire House, Cotton Street, Paisley, PA1 1WB.

Renfrewshire Integration Joint Board (restated) £m	Renfrewshire Council's Share £m		Renfrewshire Integration Joint Board £m	Renfrewshire Council's Share £m
As at 31 March 2021		Balance Sheet Summary	As at 31 March 2022	
27.006	13.503	Current assets	51.049	25.525
27.006	13.503	Net assets	51.049	25.525
2020/21		Income and Expenditure Summary	2021/22	
350.078	175.039	Income	367.251	183.626
332.589	166.295	Expenditure	343.208	171.604
17.489	8.744	Surplus for the year	24.043	12.022

Note G2: Non-material interest in other entities

In addition to the combining entities detailed in note G1, the Council has a "significant interest" in a number of joint committees. The Council's share of the net assets or liabilities of these joint committees is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the group accounts do not include these organisations. In the interest of transparency, the following disclosures are made concerning the business nature of each organisation.

Scotland Excel is formed by agreement among local authorities throughout Scotland and is maintained through a joint committee comprising representatives from all of the member councils. Launched on 1 April 2008 as a centre of procurement expertise for the local government sector, it is the largest non-profit making purchasing agency in Scotland. Its aim is to help improve the efficiency and effectiveness of public sector procurement. Renfrewshire Council contributed £0.122m (3.2%) to the committee's

estimated running costs in 2021/22 (£0.118m in 2020/21).

Glasgow and the Clyde Valley Strategic Development Planning Authority. The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.052m (12.5%) to the committee's estimated running costs in 2021/22 (£0.072m in 2020/21).

Glasgow City Region – City Deal Cabinet is a Joint Committee, the purpose of which is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The

City Deal programme aims to deliver a £1.13 billion investment programme through 20 infrastructure projects and will drive innovation and growth through the support of the key sectors, including delivery of labour market and innovation programmes.

The committee operates in an administrative / project management capacity and does not hold any assets or liabilities developed from the City Deal programme.

Note G3: Associates and joint ventures

The aggregate value of the assets, liabilities, income and expenditure of the Council's associates and joint ventures are shown in the two tables which follow.

The net asset figure from these two tables combined (£25.525m + £39.310m = £64.835m) equates to the figure disclosed in the group balance sheet as 'Investments in associates and joint ventures.'

Aggregate of Joint Venture results (restated) £m	Renfrewshire Council's Share £m	Joint ventures	Aggregate of Joint Venture results £m	Renfrewshire Council's Share £m
As at 31 March 2021		Balance Sheet Summary	As at 31 March 2022	
27.006	13.503	Current assets	51.049	25.525
27.006	13.503	Net assets	51.049	25.525
2020/21		Income and Expenditure Summary	2021/22	
350.078	175.039	Income	367.251	183.626
332.589	166.295	Expenditure	343.208	171.604
17.489	8.744	Surplus for the year	24.043	12.022

Aggregate of Associate results (restated) £m	Renfrewshire Council's Share £m	Associates	Aggregate of Associate results £m	Renfrewshire Council's Share £m
As at 31 March 2021		Balance Sheet Summary	As at 31 March 2022	
284.038	22.754	Long-term assets	321.773	25.815
185.252	15.199	Current assets	186.993	15.285
(22.904)	(1.965)	Current liabilities	(20.079)	(1.647)
(2.349)	(1.325)	Long-term liabilities	(0.255)	(0.143)
444.037	34.663	Net assets	488.432	39.310
2020/21		Income and Expenditure Summary	2021/22	
81.030	7.902	Income	83.591	8.036
69.490	6.923	Expenditure	75.700	7.604
11.540	0.979	Surplus for the year	7.891	0.432

Note on contingent assets, contingent liabilities and capital commitments

The Council is unaware of any material contingent asset or contingent liability as at 31 March 2022 in relation to any of its associates or joint ventures. The Council is unaware that any capital commitments have been entered into by any of its associates or joint ventures as at 31 March 2022, either with the Council itself or with other parties.

Note G4: Material items of group income and expenditure

In order to assist the reader in a better understanding of the impact of the inclusion of the results of the associates and joint ventures, the following tables provide an analysis of the Council's share of the material amounts of income and expenditure disclosed in the group CIES.

2020/21 (restated) £m	Material items of group income and expenditure	2021/22 £m
	Share of (surplus) or deficit:	
	Subsidiaries:	
(0.375)	Paisley, Renfrew and Johnstone Common Good Funds	(0.434)
0.021	Coats Observatory Trust	0.028
1.439	OneRen	3.498
0.016	Park Lane Developments (Renfrewshire) LLP	0.052
0.149	Paisley Museum Reimagined Limited	0.152
	Associates:	
(0.692)	Strathclyde Partnership for Transport	(0.573)
(0.218)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.091)
(0.069)	Renfrewshire Valuation Joint Board	0.232
	Joint Ventures:	
(8.744)	Renfrewshire Health and Social Care Integration Joint Board	(12.022)
(8.473)	Aggregate share of (surplus) or deficit	(9.158)
	Share of other comprehensive (income) and expenditure:	
3.658	Subsidiaries:	(13.432)
(3.783)	Paisley, Renfrew and Johnstone Common Good Funds	(1.247)
(0.201)	Coats Observatory Trust	0.045
7.642	OneRen	(12.230)
(0.393)	Associates:	(4.215)
(0.608)	Strathclyde Partnership for Transport	(2.815)
0.000	Strathclyde Concessionary Travel Scheme Joint Committee	0.000
0.215	Renfrewshire Valuation Joint Board	(1.400)
3.265	Aggregate share of other comprehensive (income) and expenditure	(17.647)
(5.208)	Aggregate share of total comprehensive (income) and expenditure	(26.805)

Note G5: Adjustments between group accounts and council accounts

In the group movement in reserves statement, adjustments between group accounts and council accounts are required to bring the Council's reserve balances back to the amount presented in the Council-only figures (before adjustments between accounting basis and funding basis under regulations). This is because intra-group transactions are eliminated when total comprehensive income and expenditure is calculated for the group.

The adjustments between group accounts and council accounts can be analysed as follows:

2020/21 £m	Adjustments between Group accounts and Council accounts	2021/22 £m
0.120	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.148
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059
(0.020)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.003)
(14.279)	Service charge and other expenditure payable by Renfrewshire Council to OneRen	(12.941)
0.292	Expenditure payable by OneRen to Renfrewshire Council	0.297
0.171	Expenditure payable by Paisley Museum Reimagined Limited to Renfrewshire Council	0.144
(13.657)	Total adjustments between Group accounts and Council accounts	(12.296)

Note G6: Group financing and investment income and expenditure

2021/22 (restated) £m	Group financing and investment income and expenditure	2021/22 £m
19.734	Interest payable and similar charges	20.312
4.273	Net interest on the net defined benefit liability	4.907
(0.565)	Interest receivable and similar income	(0.631)
(0.329)	Income and expenditure in relation to investment properties and changes in their fair values	(0.208)
(0.994)	Other investment income	(0.773)
22.119	Total financing and investment income and expenditure	23.607

Note G7: Group Usable reserves

2020/21 £m	Group Usable Reserves	2021/22 £m
(194.093)	Council Usable Reserves - Note 7	(214.457)
	Group Usable Reserves:	
(23.996)	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds	(24.524)
(0.292)	Coats Observatory Trust: usable balances	(0.238)
(0.368)	OneRen	(0.368)
0.421	Paisley Museum Reimagined Limited	0.573
(2.891)	Renfrewshire Health and Social Care Integration Joint Board	(2.891)
(221.219)	Total Group Usable Reserves	(241.905)

Note G8: Group Unusable reserves

Unusable reserves are those reserves that the Council is not able to utilise to provide services. Included within the total Group Unusable Reserves are the unusable reserves of the Council's subsidiaries; also included is the Council's share of the reserves of the associates and joint ventures within the group.

2020/21 (restated) £m	Group Unusable Reserves	2021/22 £m
(940.631)	Council Unusable Reserves - Note 8	(1,279.260)
	Group Unusable Reserves:	
(6.146)	Paisley, Renfrew and Johnstone Common Good Funds: financial instruments revaluation reserve	(6.960)
(9.638)	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve	(9.977)
(0.478)	Coats Observatory Trust: revaluation reserve	(0.459)
11.240	OneRen: pension reserve	2.508
(0.166)	Park Lane Developments (Renfrewshire) LLP	(0.114)
	Council share of the Reserves of associates and joint ventures:	
(35.255)	Strathclyde Partnership for Transport	(38.643)
(0.276)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.367)
0.868	Renfrewshire Valuation Joint Board	(0.300)
(10.612)	Renfrewshire Health and Social Care Integration Joint Board	(22.634)
(991.094)	Total Group Unusable Reserves	(1,356.206)

Note G9: Group investment properties

The following items of income and expense have been accounted for in the 'Financing and investment income and expenditure' line in the group CIES:

2020/21 £m	Group Investment Properties	2021/22 £m
(0.456)	Rental income from investment property	(0.419)
(0.456)	Net (gain) or loss	(0.419)

There are no restrictions on the Council's ability to realise the value inherent in investment property, nor on the right to the remittance of income and the proceeds of disposal. With regards Common Good properties, the Council is obliged to observe the provisions of the Community Empowerment (Scotland) Act 2015 in terms of public consultation on disposal proposals; however, the right to the remittance of income and proceeds of disposal remains with the Common Good Funds. The following table summarises the movement in the fair value of investment properties during the year:

2020/21 £m	Group Investment Properties	2021/22 £m
2.020	Balance at 1 April	1.993
(0.021)	Net losses from fair value adjustments	(0.081)
(0.006)	Other changes	(0.006)
1.993	Balance at 31 March	1.906

Note G10: Group Property, plant and equipment

2021/22	Council PPE (Note 9) £m	Council share of Group PPE £m	Total Group PPE £m
Gross carrying amount at 1 April 2021	1,901.842	18.809	1,920.651
Assets reclassified (to) or from the "held for sale" category	(0.822)	0.000	(0.822)
Additions	81.248	0.000	81.248
Disposals	(2.050)	0.000	(2.050)
Revaluation increases/(decreases) taken to the Revaluation Reserve	81.325	0.208	81.533
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(7.142)	0.000	(7.142)
Gross carrying amount at 31 March 2022	2,054.401	19.017	2,073.418
Accumulated depreciation and impairment at 1 April 2021	417.599	4.470	422.069
Depreciation charge for the year	72.178	0.750	72.928
Depreciation and impairment on disposals	(1.965)	0.000	(1.965)
Depreciation written out to the Revaluation Reserve	(79.651)	(0.606)	(80.257)
Depreciation written out to the surplus or deficit on the provision of services	(16.912)	0.000	(16.912)
Accumulated depreciation and impairment at 31 March 2022	391.249	4.614	395.863
Balance sheet net carrying amount at 31 March 2022	1,663.152	14.403	1,677.555
Balance sheet net carrying amount at 1 April 2021	1,484.243	14.339	1,498.582

2020/21 (restated)	Council PPE (Note 9) £m	Council share of Group PPE £m	Total Group PPE £m
Gross carrying amount at 1 April 2020	1,852.125	18.509	1,870.634
Assets reclassified (to) or from the "held for sale" category	0.075	0.000	0.075
Additions	53.701	0.000	53.701
Disposals	(0.854)	0.000	(0.854)
Revaluation increases/(decreases) taken to the Revaluation Reserve	4.947	0.300	5.247
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(8.152)	0.000	(8.152)
Gross carrying amount at 31 March 2021	1,901.842	18.809	1,920.651
Accumulated depreciation and impairment at 1 April 2020	392.882	4.281	397.163
Depreciation charge for the year	70.868	0.741	71.609
Depreciation and impairment on disposals	(0.260)	0.000	(0.260)
Depreciation written out to the Revaluation Reserve	(42.661)	(0.552)	(43.213)
Depreciation written out to the surplus or deficit on the provision of services	(3.230)	0.000	(3.230)
Accumulated depreciation and impairment at 31 March 2021	417.599	4.470	422.069
Balance sheet net carrying amount at 31 March 2021	1,484.243	14.339	1,498.582
Balance sheet net carrying amount at 1 April 2020	1,459.243	14.228	1,473.471

Note G11: Group heritage assets

A valuation of the fair value of the Council's Heritage Assets was carried out by an external valuer between October 2021 and March 2022, resulting in an increase of £4.883m. The value at 31 March 2022 was £44.405m (£39.522m in 2020/21). Included in this value are the civic regalia and equipment of the Paisley, Renfrew and Johnstone Common Good Funds, which have been externally valued on a present value insurance basis at £0.219m as at 31 March 2022 (£0.219 at 31 March 2021).

Note G12: Group short-term debtors

The balances detailed below are composed mostly of the debtors of the Council, to which the debtors of OneRen, Park Lane Developments (Renfrewshire) LLP and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

As at 31 March 2021 £m	Group Short-term Debtors	As at 31 March 2022 £m
6.244	Trade receivables	5.532
4.480	Prepayments	5.298
70.983	Other receivables	70.492
81.707	Total	81.322

As at 31 March 2021 £m		As at 31 March 2022 £m
	Amounts owing to Renfrewshire Council:	
0.737	Other balances	0.737
0.737	Total	0.737
	Amounts owed by Renfrewshire Council:	
(27.032)	Liability for Renfrewshire Integration Joint Board's retained underspend	(51.076)
(0.841)	Other balances	(0.655)
(27.873)	Total	(51.731)

Note G13: Group short-term creditors

The balances detailed below are composed mostly of the creditors of the Council, to which the creditors of OneRen, Park Lane Developments (Renfrewshire) LLP and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

As at 31 March 2021 (restated) £m	Group Short-term Creditors	As at 31 March 2022 £m
(15.269)	Trade payables	(14.909)
(58.359)	Other payables	(59.297)
(73.628)	Total	(74.206)

Note G14: Amounts due between Renfrewshire Council and its associates and joint ventures

An analysis of the amounts owing and owed between the Council and its associates and joint ventures, analysed into amounts relating to loans and amounts relating to other balances, is shown in the table below.

Note G15: Group financial instruments

Balance sheet carrying amounts of group financial instruments

The following categories of financial instrument are carried in the group balance sheet. Additional qualitative information on the various categories of financial instruments can be found in Note 23: Financial Instruments.

As at 31 March 2021		Financial Assets	As at 31 March 2022	
Long-term £m	Current £m		Long-term £m	Current £m
0.000	135.720	At amortised cost: Principal	5.001	183.499
0.000	0.161	At amortised cost: Accrued interest	0.000	0.084
25.180	0.000	At fair value through other comprehensive income - designated equity instruments	29.847	0.000
25.180	135.881	Total Investments	34.848	183.583
0.000	8.165	At amortised cost: Principal	0.000	(8.435)
0.000	0.001	At amortised cost: Accrued interest	0.000	0.002
0.000	(0.003)	At amortised cost: Loss allowance	0.000	(0.001)
0.000	39.000	At fair value through profit or loss	0.000	28.253
0.000	47.163	Total Cash and cash equivalents	0.000	19.819
0.909	92.592	At amortised cost: Trade receivables	1.162	89.293
4.996	0.087	At amortised cost: Loans made for service purposes	5.027	0.065
0.854	0.000	At amortised cost: Accrued interest	0.913	0.000
(4.352)	(21.267)	At amortised cost: Loss allowance	(4.411)	(19.740)
2.407	71.412	Financial Assets included in Debtors	2.691	69.618

As at 31 March 2021 (restated)		Financial Liabilities	As at 31 March 2022	
Long-term £m	Current £m		Long-term £m	Current £m
(201.297)	(0.834)	Principal sum borrowed	(199.427)	(1.869)
0.000	(2.708)	Accrued interest	0.000	(2.698)
(201.297)	(3.542)	Total Public Works Loan Board (PWLB) borrowing	(199.427)	(4.567)
0.000	(52.916)	Principal sum borrowed	(20.000)	(32.916)
0.000	(0.884)	Accrued interest	0.000	(0.871)
0.000	(0.883)	EIR adjustments	(0.354)	(0.512)
0.000	(54.683)	Total non-PWLB borrowing ("market debt")	(20.354)	(34.299)
0.000	(29.568)	Borrowing from group entities	0.000	(53.139)
(201.297)	(87.793)	Total Borrowing	(219.781)	(92.005)
0.000	(42.838)	At amortised cost: Trade payables	0.000	(41.849)
(71.581)	(2.851)	Service concession and finance lease liabilities	(68.362)	(3.219)
(0.008)	0.000	Financial guarantees	(0.005)	0.000
(71.589)	(45.689)	Financial Liabilities included in Creditors	(68.367)	(45.068)

Note: the figures in this table include accrued interest where this is applicable

Fair value of group financial instruments

The fair value through other comprehensive income financial assets carried on the group balance sheet comprise the Council's insurance fund investments and the investments of the Paisley and Renfrew Common Good Funds. The fair value of these investments equates to the market value of the investments as provided by the Council's investment manager, abrdn Capital Limited. In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date, Level 2 being inputs other than quoted prices that can be accessed at the measurement date, or Level 3 being unobservable inputs e.g. cashflow forecasts or estimated creditworthiness (see table below).

As at 31 March 2021 (restated)		Financial Liabilities	Fair value level	As at 31 March 2022	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
(204.839)	(280.699)	Financial liabilities measured at amortised cost:			
(54.683)	(80.525)	Public Works Loan Board borrowing	2	(203.994)	(254.715)
		Non-PWLB borrowing ("market debt")	2	(54.653)	(73.852)
		Other liabilities:			
(74.432)	(121.485)	Service concession and finance lease liabilities	3	(71.581)	(102.940)
(0.008)	(0.008)	Financial guarantees	3	(0.005)	(0.005)
(333.962)	(482.717)	Total financial liabilities for which fair value is disclosed		(330.233)	(431.512)
		Financial liabilities measured at amortised cost:			
(29.568)	n/a	Borrowing from group entities		(53.139)	n/a
(42.838)	n/a	Trade payables: short-term		(41.849)	n/a
(72.406)		Total financial liabilities for which fair value is not disclosed		(94.988)	

As at 31 March 2021		Financial Assets	Fair value level	As at 31 March 2022	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
39.000	39.000	Callable deposits in money market funds	1	25.299	25.299
0.000	0.000	Euro account balances with the Council's banker	2	2.954	2.954
25.180	25.180	Investments in pooled funds	1	29.847	29.847
64.180	64.180	Total Financial assets measured at fair value		58.100	58.100
135.881	135.989	Fixed term deposits with UK local authorities	2	188.584	187.713
8.109	8.109	Callable deposits with UK banks & building societies*	2	(8.486)	(8.486)
0.054	0.054	Imprest accounts held at council establishments	2	0.052	0.052
1.583	1.687	Loans made for service purposes	3	1.592	1.707
145.627	145.839	Total Financial assets measured at amortised cost		181.742	180.986
209.807	210.019	Total financial assets for which fair value is disclosed		239.842	239.086
		Financial assets measured at amortised cost:			
0.908	n/a	Trade receivables and prepayments: long-term		1.162	n/a
71.328	n/a	Receivables and prepayments: short-term		69.555	n/a
72.236		Total financial assets for which fair value is not disclosed		70.717	

*includes current account balances with the Council's banker.

The short-term nature of cash and cash equivalents means that their fair value equates to their balance sheet carrying amount. Further qualitative information on the fair value of financial instruments can be found in Note 23.

Items of income, expense, gain and loss relating to group financial instruments

The following items of income, expense, gain and loss relating to group financial instruments are included within the lines 'Financing and Investment income and expenditure' and '(Surplus) or deficit from investments in equity instruments designated as 'Fair Value through Other Comprehensive Income (OCI*)' in the group CIES.

2020/21 £m		Financial Assets			Financial liabilities at amortised cost £m	2021/22 £m
		Amortised cost £m	Elected to Fair Value through OCI* £m	Fair Value through Profit or Loss £m		
15.877	Interest expense	0.000	0.000	0.000	16.417	16.417
2.505	Impairment losses	0.000	0.000	0.000	0.000	0.000
0.012	Fee expense	0.000	0.000	0.000	0.000	0.000
18.394	Total expense in the Surplus / Deficit on the Provision of Services	0.000	0.000	0.000	16.417	16.417
(0.631)	Interest income	(0.278)	0.000	(0.016)	0.000	(0.294)
(0.655)	Dividend income	0.000	(0.794)	0.000	0.000	(0.794)
(0.446)	Other income	(0.319)	(0.090)	0.000	0.000	(0.409)
(1.732)	Total income in the Surplus/Deficit on the Provision of Services	(0.597)	(0.884)	(0.016)	0.000	(1.497)
(3.584)	Net (gain) or loss on revaluation	0.000	(0.872)	0.048	0.000	(0.824)
(3.584)	(Surplus)/Deficit on the revaluation of financial assets	0.000	(0.872)	0.048	0.000	(0.824)
13.078	Net (Gain)/Loss for the year	(0.597)	(1.756)	0.032	16.417	14.096

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code") requires local authorities to consider their interests in all types of entity.

This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, for example statutory bodies such as valuation boards.

Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities.

Combining entities

Renfrewshire Council's group accounts consolidate the results of the Council with the results of the Paisley, Renfrew and Johnstone Common Good Funds; the Coats Observatory Trust administered by Renfrewshire Council; and seven other entities:

1. Renfrewshire Leisure Limited, trading as OneRen;
2. Paisley Museum Reimagined Limited;
3. Park Lane Developments (Renfrewshire) LLP;
4. Strathclyde Partnership for Transport;
5. Strathclyde Concessionary Travel Scheme Joint Committee;
6. Renfrewshire Valuation Joint Board;
7. Renfrewshire Health and Social Care Integration Joint Board.

The Council has effective control over OneRen, Paisley Museum Reimagined Limited, the Paisley, Renfrew and Johnstone Common Good Funds and the Coats Observatory Trust administered by Renfrewshire Council (as sole trustee) and, as such, these are treated as subsidiaries in the Council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

The Council also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) LLP. Under the terms of the Partnership Agreement, the Council has enhanced voting rights and Park Lane Developments (Renfrewshire) LLP has no claim on the remaining assets should the partnership be wound up; therefore, the entity is treated as a subsidiary.

Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee are included within the group accounts under the definition of associate, even though the Council holds less than 20% or more of the voting (or potential voting) power (which is the criterion normally used to confer significant influence). However, the view has been taken that the nature of the funding arrangements between the constituent Councils and these entities is sufficient to confer significant influence.

Renfrewshire Valuation Joint Board is included within the group accounts as an associate because the Council does not have a controlling interest in the body in terms of the voting rights.

Renfrewshire Council's share of each associate's net assets or liabilities is calculated based on the Council's proportionate contribution to each associate's annual revenue costs. The Council has no shares in, or ownership of, any of these three organisations, which are entirely independent of the Council under law and for taxation.

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland.

Scottish Ministers legally established the Renfrewshire Health and Social Care Integration Joint Board on 27 June 2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. This entity is included as a joint venture in the Council's group accounts. Renfrewshire Council's share of the joint venture's net liabilities is calculated based on the Council's proportionate ordinary shareholding in the joint venture.

Basis of preparation of group statements and going concern

For the associates and joint ventures detailed above, the combination has been accounted for under the accounting conventions of the acquisition basis using the equity method, with the Council's share of the net assets or liabilities of each entity incorporated and adjusted each year by the Council's share of that entity's results and the Council's share of other gains and losses (recognised in the group CIES).

For four of the combining entities the Council has a share in a net liability. The net liability position of both the Renfrewshire Valuation Joint Board and OneRen arises from the inclusion of liabilities related to the defined benefit pension schemes as required by IAS19 (which requires that pension liabilities reflect the long-term cost of paying post-employment benefits). For Park Lane Developments (Renfrewshire) LLP the net liability arises from long-term borrowing to fund regeneration work within and around the site of the former Arnott's store in Paisley. For Paisley Museum Reimagined Limited the net liability relates to sums due by the company to Renfrewshire Council for the provision of ongoing administrative support.

All of the organisations noted above prepare their annual accounts on a going concern basis. Arrangements with the Council and other funders for the longer-term funding of Park Lane Developments (Renfrewshire) LLP are considered sufficient to meet future funding requirements. The Council will continue to support Paisley Museum Reimagined

Limited until their anticipated revenue generation materialises.

Consideration for acquisition of associates' net assets or liabilities

The Council has acquired its share of the net assets of its associates for a nil consideration. There is no deferred or contingent purchase consideration. A fair value for its share of the net assets or liabilities of the three joint boards and committees at the point of acquisition and the post-acquisition results are unable to be accurately determined in view of the length of time since the transfer of these responsibilities at local government re-organisation in 1996 and the change in accounting for pensions under FRS17 in 2003/04.

It is not possible to provide the fair value of the investment in the other combining entities of the Council as there are no published price quotations for these entities. No goodwill has been included in the group balance sheet in view of the length of time since acquisition, that no consideration was involved and that a fair value at the date of acquisition cannot now be properly assessed.

Group boundary: non-material interests in other entities

The Council has a significant interest in three joint committees that have not been included in the group accounts. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. In the interest of transparency, details of the business nature of each organisation are shown in notes G1 and G2.

Inventories

Inventories (generally consumable stock) are included in the group balance sheet at weighted average cost and the lower of cost or net realisable value: weighted average cost – Council's stock; lower of cost or net

realisable value – OneRen's stock. The difference in valuation methods does not have a material effect on the results of the group given the levels of stockholdings in these entities.

Post-employment benefits

In common with Renfrewshire Council, all combining entities, except Park Lane Developments (Renfrewshire) LLP, participate in the Local Government Pension Scheme, which is administered locally by Glasgow City Council through the Strathclyde Pension Fund. The associates have accounting policies for pensions accounting that are consistent with those of the Council.

Property, plant and equipment

The basis of valuation across the combining entities is in accordance with the Code. Operational property, plant and equipment assets are shown at the lower of net replacement cost or net realisable value in existing use with the following exceptions:

- i) The Concessionary Travel Scheme Joint Committee has no fixed assets.
- ii) Strathclyde Partnership for Transport holds exceptional types of fixed assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also "third-party" assets that are rolling stock and other public assets used by other transport operators but which the partnership has the power to direct to the benefit of the travelling public within the partnership's operating area – these are held at historic cost.
- iii) OneRen uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use on a replacement cost basis. OneRen also uses depreciated historic cost for its computers, plant, furniture and fittings rather than the Council's depreciated replacement cost basis, however this is not considered to be material given the small values involved.

Restrictions on the transfer of funds

The Council's share of the reserves of its associates is unusable in that it cannot be used to fund the Council's services nor to reduce taxation. All associates are entirely independent of the Council under law and for taxation. The Council is unable to access their reserves, whether classified as usable or otherwise in the associate's own financial statements.

Value Added Tax

Value Added Tax paid by OneRen is accounted for within income and expenditure to the extent that it is irrecoverable from HM Revenue and Customs.



Renfrewshire
Council

Finance and Resources, Renfrewshire House, Cotton Street, Paisley PA1 1JB
Telephone: 0141 618 7364 www.renfrewshire.gov.uk



To: Council

On: 17 November 2022

Report by: Director of Finance & Resources

Heading: Audit Scotland Report - 2021/22 Common Good Funds and Coats
Observatory Trust Annual Accounts

1. **Summary**

1.1 Each year the Council's appointed external auditors carry out an audit of the financial statements of the Common Good Funds and Coats Observatory Trust controlled by Renfrewshire Council and provide an opinion as to whether those statements provide a fair and true view of the financial position of the charities and their income and expenditure for the year; and also whether they have been prepared in accordance with the relevant regulations.

1.2 Audit Scotland officers will attend the meeting to present their reports.

2. **Recommendations**

2.1 The Council is asked to consider the attached reports from Audit Scotland.

3. **Background**

3.2 In accordance with International Auditing Standards (ISA260), Audit Scotland is obliged to report to those charged with the governance of the organisations matters which have arisen in the course of the audit.

3.3 The attached reports from Audit Scotland outline their findings from the audit of the 2021/22 Common Good and Trust accounts.

- 3.4 Under the Local Authority Accounts (Scotland) Regulations 2014, the Council must meet to consider the Annual Accounts and aim to approve those accounts for signature no later than 30 September. For 2021/22, the Local Government Finance Circular 6/2022: Extension to Accounts Approval and Publication Dates for 2021-22 provided flexibility to this deadline, extending it to 30 November.
- 3.5 Following their removal from the charities register, this audit report covers the final set of accounts for the Common Good Funds.
-

Implications of the Report

1. **Financial** – The Annual Accounts demonstrate that the Council continues to operate the charities it controls within the resources available, and in line with the relevant legislation.
 2. **HR & Organisational Development** – none
 3. **Community/Council Planning** – none
 4. **Legal** – An audit opinion free from qualification demonstrates compliance with the relevant legislation and statutory accounting requirements.
 5. **Property/Assets** – none
 6. **Information Technology** – none
 7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety** – none
 9. **Procurement** – none
 10. **Risk** – none
 11. **Privacy Impact** – none
 12. **Cosla Policy Position** – none
 13. **Climate Risk** – none
-

Author: Christine McCourt, Head of Finance and Business Services

Audit, Risk and Scrutiny Board

14 November 2022

Common Good Funds administered by Renfrewshire Council Audit of 2021/22 annual accounts

Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now substantially complete. Subject to the satisfactory conclusion of the outstanding matters referred to later in this letter and 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 17 November 2022 (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 Audit, Risk and Scrutiny Board's consideration our draft Annual Audit Report on the 2021/22 audit for Renfrewshire Council which incorporates our findings from the audit of the Common Good Funds administered by Renfrewshire Council. 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.

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.

6. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit, Risk and Scrutiny Board, 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

8. As part of the completion of our audit, we are seeking written representations from the Director of Finance and Resources, as Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Director of Finance and Resources with the signed annual accounts prior to the independent auditor's report being certified.

Outstanding matters

10. There are one area where we still require additional information, and this is identified below:

- Query on asset transfer.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the trustees of Renfrewshire Council Common Good Funds and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Renfrewshire Council Common Good Funds for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charities as at 31 March 2022 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

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 am independent of the charities 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. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are 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 trustees 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 trustees are responsible for assessing the charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charities' operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charities are complying with that framework;
- identifying which laws and regulations are significant in the context of the charities;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charities' controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report 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 Charities SORP (FRS 102).

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements 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.

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 FCCA
Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place

Glasgow

G2 1BT

Mark Ferris is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix B: Letter of Representation (ISA 580)

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

Dear Mark

Common Good Funds administered by Renfrewshire Council Annual Accounts 2021/22

- Paisley Common Good Fund: SC019478
- Renfrewshire Common Good Fund: SC019479
- Johnstone Common Good Fund: SC019480

1. This representation letter is provided about your audit of the annual accounts of Renfrewshire Council Common Good Fund for the year ended 31 March 2022 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 annual accounts.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Trustees of the registered charities where Renfrewshire Council is the sole trustee, the following representations given to you in connection with your audit of Renfrewshire Council Common Good Fund's annual accounts for the year ended 31 March 2022.

General

3. Renfrewshire Council (as administering authority of the Common Good Funds) and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 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 Renfrewshire Council Common Good Funds have been recorded in the accounting records and are properly reflected in the financial statements.

4. I am not aware of any uncorrected misstatements.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practices, the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and directions made thereunder by the Scottish Ministers, including all relevant presentation and disclosure requirements.

6. In accordance with the regulations, I have ensured that the financial statements give a true and fair view of the financial position of Renfrewshire Council Common Good Funds at 31 March 2022 and the transactions for 2021/22.

Accounting Policies and Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the charities regulations where applicable. Where these regulations do 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 Renfrewshire Council Common Good Fund's circumstances and have been consistently applied.

8. 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

9. I have assessed Renfrewshire Council Common Good Fund'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 Renfrewshire Council Common Good Fund's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2022 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

11. I carried out an assessment at 31 March 2022 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2022.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

16. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

17. 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, and

- 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

18. 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

19. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the financial reporting framework. I have made available to you the identity of all Renfrewshire Council Common Good Fund's related parties and all the related party relationships and transactions of which I am aware.

Events Subsequent to the Date of the Balance Sheet

20. All events subsequent to 31 March 2022 for which the financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Alastair MacArthur

Section 95 Officer

Director of Finance and Resources

Renfrewshire Council

Audit, Risk and Scrutiny Board

14 November 2022

Coats Observatory Trust Fund Audit of 2021/22 annual accounts

Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now substantially complete. Subject to the satisfactory conclusion of the outstanding matters referred to later in this letter and 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 17 November 2022 (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 Audit, Risk and Scrutiny Board's consideration our draft Annual Audit Report on the 2021/22 audit for Renfrewshire Council which incorporates our findings from the audit of Coats Observatory Trust Fund. 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.

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.

6. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit, Risk and Scrutiny Board, 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

8. As part of the completion of our audit, we are seeking written representations from the Director of Finance and Resources, as Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Director of Finance and Resources with the signed annual accounts prior to the independent auditor's report being certified.

Outstanding matters

10. There is one area where we still require additional information, and this is identified below:

- Query on depreciation charged in year.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the trustees of Coats Observatory Trust Fund and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Coats Observatory Trust Fund for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2022 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

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 am independent of the charity 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report 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 Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements 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.

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 FCCA
Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Mark Ferris is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix B: Letter of Representation (ISA 580)

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

Dear Mark

Coats Observatory Trust Fund Annual Accounts 2021/22

1. This representation letter is provided about your audit of the annual accounts of Coats Observatory Trust Fund for the year ended 31 March 2022 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 annual accounts.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Trustees of the registered charity where Renfrewshire Council is the sole trustee, the following representations given to you in connection with your audit of Coats Observatory Trust Fund's annual accounts for the year ended 31 March 2022.

General

3. Renfrewshire Council (as administering authority of Coats Observatory Trust Fund) and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 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 Coats Observatory Trust Fund have been recorded in the accounting records and are properly reflected in the financial statements.
4. I am not aware of any uncorrected misstatements.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practices, the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and directions made thereunder by the Scottish Ministers, including all relevant presentation and disclosure requirements.
6. In accordance with the regulations, I have ensured that the financial statements give a true and fair view of the financial position of Coats Observatory Trust Fund at 31 March 2022 and the transactions for 2021/22.

Accounting Policies and Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the charities regulations where applicable. Where these regulations do 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 Coats Observatory Trust Fund's circumstances and have been consistently applied.

8. 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

9. I have assessed Coats Observatory Trust Fund'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 Coats Observatory Trust Fund's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2022 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

11. I carried out an assessment at 31 March 2022 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2022.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Fraud

15. 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, and
- 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

16. 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

17. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the financial reporting framework. I

have made available to you the identity of all Coats Observatory Trust Fund's related parties and all the related party relationships and transactions of which I am aware.

Events Subsequent to the Date of the Balance Sheet

18. All events subsequent to 31 March 2022 for which the financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Alastair MacArthur

Section 95 Officer

Director of Finance and Resources

Renfrewshire Council



To: Council

On: 17 November 2022

Report by: Director of Finance & Resources

Heading: Audited Financial Statements 2021/22 – Common Good Funds and Coats Observatory Trust

1. Summary

- 1.1 The 2021/22 unaudited financial statements were approved by Council on 30 June 2022. Each year the appointed external auditors carry out an audit of the financial statements of the charities controlled by the Council and provide an opinion as to whether those statements provide a true and fair view of the financial position of the charities and their income and expenditure for the year; and also whether they have been prepared in accordance with the relevant regulations.
- 1.2 The audited Annual Accounts 2021/22 for the Common Good Funds and Coats Observatory Trust are now presented for approval.
- 1.3 It should be noted that this is the final set of accounts for the Common Good Funds, now that they are removed from the charities register.
- 1.4 There was one change to the property value of Trust assets and no significant changes to the Common Good accounts over the course of the audit. Minor presentational changes were agreed.
-

2. Recommendations

- 2.1 The Council is requested to approve the attached 2021/22 audited financial statements for the charities controlled by the Council.
-

Implications of the Report

1. **Financial** – The 2021/22 Annual Accounts demonstrate the Council continues to manage the charities it controls within the resources available and in line with relevant legislation.
 2. **HR & Organisational Development** – none
 3. **Community/Council Planning** – none
 4. **Legal** – An audit opinion free from qualification demonstrates compliance with the relevant legislation and statutory accounting requirements.
 5. **Property/Assets** – none
 6. **Information Technology** – none
 7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety** – none
 9. **Procurement** – none
 10. **Risk** – none
 11. **Privacy Impact** – none
 12. **Cosla Policy Position** – none
 13. **Climate Risk** – none
-

Author: Christine McCourt, Head of Finance and Business Services

RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY SC019478

RENFREW SC019479

JOHNSTONE SC019480

TRUSTEES' ANNUAL REPORT AND FINANCIAL
STATEMENTS

1 APRIL 2021 to 31 MARCH 2022



TABLE OF CONTENTS

TRUSTEES' ANNUAL REPORT.....	1
STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS7	
INDEPENDENT AUDITOR'S REPORT	8
STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2022.....	12
BALANCE SHEET AS AT 31 MARCH 2022	14
CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2022	15
NOTES TO THE FINANCIAL STATEMENTS	16
1: ACCOUNTING POLICIES	16
2: INCOME AND ENDOWMENTS.....	18
3: EXPENDITURE	19
4: TANGIBLE FIXED ASSETS.....	20
5: FIXED ASSET INVESTMENTS.....	22
6: RESERVES COVER.....	23
7: CASH FLOW STATEMENT	23
8: TRUSTEES' REMUNERATION AND EXPENSES	24
9: RELATED PARTIES	24
10: COMMITMENTS	24
11: STAFF COSTS AND EMOLUMENTS	24
12: AUDIT COSTS	24
13: SHORT-TERM DEPOSITS	25
14: DEBTORS.....	25
15: CREDITORS.....	25
16: EVENTS AFTER THE BALANCE SHEET DATE	25

Trustees' Annual Report

INTRODUCTION

Renfrewshire Council acts as sole trustee for the Common Good Funds listed below, which currently have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

SC019478	Paisley Common Good Fund
SC019479	Renfrew Common Good Fund
SC019480	Johnstone Common Good Fund

The principal address of the Common Good Funds is:

Renfrewshire Council
Finance and Resources Service
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Common Good Funds and separately accounts for them. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, social services, environmental services and housing and economic regeneration.

The Common Good Fund accounts do not form part of the Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Common Good "vest[s]" in the relevant local authority. However they are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above, or on the Council's website at www.renfreshire.gov.uk.

Auditors:

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

Investment Managers:

abrdn plc
1 George Street
Edinburgh
EH2 2LL

Investment Advisors:

Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

TRUSTEES

The Common Good is not a Trust and is not governed by trust law. Guidance provided by OSCR advises that those who have general control and management of the charity are the charity's Trustees. Decisions regarding the general control and management of the Common Good Funds are made by the Finance, Resources and Customer Services Policy Board, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. The guidance is therefore interpreted as all elected members of Renfrewshire Council being charity Trustees.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council during the 2021/22 financial year:

Alison Ann-Dowling	John Hood
Alistair Mackay	John McIntyre
Andrew Doig	John McNaughtan
Andrew Steel	John Shaw
Audrey Doig	Karen Devine-Kennedy
Carolann Davidson	Kenneth MacLaren
Catherine McEwan	Kevin Montgomery
Colin McCulloch	Lisa-Marie Hughes
Derek Bibby	Lorraine Cameron
Edward Devine	Margaret MacLaren
Edward Grady	Marie McGurk
Eileen McCartin	Michelle Campbell
Emma Rodden	Natalie Don
Iain Nicolson	Neill Graham
Jacqueline Cameron	Paul Mack (until 9 May 2021)
James MacLaren	Scott Kerr
James Sheridan	Stephen Burns
Jane Strang	Tom Begg
Jennifer Marion Adam-McGregor	William Binks
Jim Harte	William Brown
Jim Paterson	William Mylet
Jim Sharkey	

Day-to-day management of the Common Good Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All Trustees are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees. The list above does not reflect any changes following the most recent local government election on 5 May 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Each Common Good Fund is a fund of money and assets for which the Council has a statutory obligation (under Section 15(4) of the Local Government etc (Scotland) Act 1994) to administer 'having regard to the interests of the inhabitants of the area to which the Common Good formerly related' (i.e. the former burghs of Paisley, Renfrew and Johnstone).

Although the Common Good Funds are administered separately from mainstream local authority funding, they are owned outright by the Council (s222 of the Local Government (Scotland) Act 1973) and do not have an identity separate from the Council, nor a constitutional form distinct from the Council.

The charity test, set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 provides that "a body meets the charity test if:

- (a) its purposes consist of only one or more charitable purposes, and
- (b) it provides...public benefit in Scotland or elsewhere."

The Common Good Funds are not bodies separate from the Council, and the Council's purposes consist of much more than the charitable purposes listed in the Act.

In March 2022, OSCR advised that, following enquiry, the Common Good Funds do not meet the charity test and agreed that they should be removed from the OSCR charitable register. Further information is provided under 'Future Plans'.

HISTORY

The Common Good Funds comprise land granted to a Burgh by the Crown; further grants of land and buildings, mainly in the late 19th and early 20th century by local industrialists and other landowners for the common good of the inhabitants of the Burgh; and rental income and sale proceeds from such land. The bulk of the Paisley Common Good was granted to the Burgh of Paisley by the King Charles II Charter, dated 27 and 28 July 1666, and has been administered by the Burgh and its successors since that date. The bulk of the Renfrew Common Good was granted to the Royal Burgh of Renfrew by the Queen Anne Charter, dated 7 August 1703, and again has been administered by the Burgh and its successors since that date.

GOVERNANCE AND MANAGEMENT

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given that the Common Good is owned by the Council, these specific provisions are supplemented by the general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring that an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are

recorded and properly authorised, and that material errors or irregularities are either prevented or detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records that are up to date and ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006.

Decisions regarding the operation, assets, processes or policies of the Common Good Funds are delegated by the Council to the Finance, Resources and Customer Services Policy Board.

Income to the Common Good Funds is solely from investment returns (both financial investments and property rental income) and bank interest; no donations to the Funds are solicited. The only other source of income, which arises periodically, is from the sale of fixed assets.

The investment performance of the Common Good Funds is monitored regularly by Council officers and is reported bi-annually to the Investment Review Board, which is comprised of five cross-party elected members. The minutes of the Investment Review Board are submitted to the Finance, Resources and Customer Services Policy Board, whose meetings are held in public. In turn, the minutes of this Board are submitted to the full Council for ratification. Therefore, all elected members are kept informed of both the performance of the funds and any decision regarding the operation of the Funds, which would be made by the Finance, Resources and Customer Services Policy Board.

Regular training is offered to members of the Investment Review Board through the information sessions at each meeting.

RISK

The Trustees have overall responsibility for the Common Good Funds' system of internal control. The system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The main risk for the Common Good Funds relates to investment income available for disbursement through grants. As mentioned above, investment performance is monitored quarterly by officers of the Council and they receive specialist advice in this regard from Hymans Robertson LLP, appointed investment advisors. It is acknowledged that this particular risk has been heightened because of the coronavirus pandemic; however, the potential impact on income levels is closely monitored in discussion with the investment manager and advisors, and tactical changes in investment holdings are actioned as required.

An Investment Policy Statement was agreed by the Investment Review Board on 9 June 2021, incorporating strengthened restrictions with regards climate change risks. The policy is regularly reviewed to ensure the benchmark, against which performance is monitored, remains relevant and appropriate.

OBJECTIVES AND ACTIVITIES

There is no governing document for the Common Good. The assets were gifted for the common good of the inhabitants of the burghs. The most concise statement of the administration of the Common Good is contained in a judgement by Lord Kyllachy:

“The Common Good is corporate property and falls as such to be administered by the Council – and applied by them for the benefit of the community in such a manner as, and using such reasonable judgement as, they think proper”.

Therefore, the aims of the Common Good cannot be narrowed down from that detailed above, i.e. that the funds are used for the benefit of the inhabitants of the burgh to which they are related.

GRANT MAKING

There are two types of grant awarded from Common Good Funds: recurring grants (i.e. those awarded for a period of some years) or large grant awards that are agreed by the Finance, Resources and Customer Service Policy Board.

The Finance, Resources and Customer Service Policy Board also agrees the budget available to Local Partnerships for awards to community groups. Local Partnerships were set up in an effort to involve communities more directly in the decision-making of the Council, and they are comprised of elected members of the relevant wards, along with representatives from local community groups e.g. Community Councils, Elderly Forums, Youth Groups, etc. Each Local Partnership is allocated an annual budget and considers at public meetings the grant requests they have received. Only eligible grants may be considered; further information on the eligibility criteria can be obtained from the Council's website at www.renfrewshire.gov.uk/localpartnershipfunding.

ACHIEVEMENTS AND PERFORMANCE

In 2021/22 grants totalling £135,175 (£185,655 in 2020/21) were awarded by Local Partnerships to a wide variety of community organisations. Other grant expenditure totalling £147,510 (£119,435 in 2020/21) was made throughout the year. Despite the ongoing restrictions in place due to the COVID19 pandemic, the operation of the charities continued with minimal impact. Funds continued to be disbursed and investment performance was monitored through regular reporting and remote meetings as required.

INVESTMENT PERFORMANCE

The Common Good Funds have adopted a total return policy for investment income and have agreed income targets, which the Investment Manager exceeded in the year. During the year the total return on investments was 7.7% (23.9% in 2020/21). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.11% (0.37% in 2020/21).

Overall, the Common Good Funds reported a combined net increase in funds of £1.681m (£4.158m in 2020/21), which will increase the previous fund balance brought forward. The total funds held by Paisley Common Good increased by £0.173m and the funds held by Renfrew Common Good increased by £1.508m.

FINANCIAL REVIEW

The Common Good Funds have no explicit reserves policy, but as a general principle the “capital” of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year. No individual Common Good Fund is in deficit.

The main funding sources for the Common Good Funds are dividend and investment income (69.5%) [64.5% in 2020/21] and property rental income (30.5%) [35.5% in 2020/21]. The Investment Review Board has agreed an Investment Policy Statement, which regulates the relationship between the Council and the Investment Manager. It details benchmark asset class holdings and also the restrictions that the Council has agreed, e.g. no direct holdings in tobacco or fossil fuel stocks, or companies involved in the manufacture of armaments; and a minimum holding of 15% of the total funds to be held in fixed interest stocks.

FUTURE PLANS

On 5 September 2018 the Finance, Resources and Customer Service Policy Board of Renfrewshire Council agreed that a formal application be submitted to the Office of the Scottish Charity Regulator (OSCR) requesting the de-registration of all three Common Good Funds.

The Council received notice from OSCR on 23 August 2022 advising that de-registration process had been completed. This means that as of that date, the Common Good Funds of Paisley, Renfrew and Johnstone are no longer registered charities. This is the final set of annual accounts.

The Common Good Funds will continue to make grants available to local organisations through Local Partnerships and will also continue to fund recurring commitments, such as Christmas lights displays. The Council will also continue to review the funding provided by the Common Good Funds to ensure it remains appropriate and in line with the objectives of the Funds and to the benefit of the inhabitants of the relevant burghs.

The Community Empowerment (Scotland) Act 2015 places new obligations on Councils with regards the recording and use of Common Good assets. As required by the Act, the Council has published a register of all Common Good properties and will assess any responses received. The Act also requires local authorities to publish any proposals and consult with community bodies before disposing of or changing the use of Common Good assets. The asset register can be found by searching for ‘Common Good Property’ on the Council’s website, at: www.renfrewshire.gov.uk.

The Trustees wish to thank Renfrewshire Council officers involved in producing the Annual Report and Financial Statements.

Signed:

On behalf of the
Trustees:

Date:

Date:

Alastair MacArthur

Councillor John Shaw

Director of Finance and Resources,
Renfrewshire Council

Convener, Finance, Resources and Customer
Services Policy Board, Renfrewshire Council

Statement of Trustees' Responsibilities in respect of the Annual Report and Accounts

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Trustees are responsible for preparing the annual report and financial statements for each financial year in accordance with the accounting policies set out in Note 1 to the accounts and the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Accounting and Reporting by Charities: Statement of Recommended Practice (SoRP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, published on 16 July 2014. The financial statements give a true and fair view of the incoming resources and application of the resources of the charity during the year and of the charity's state of affairs at the end of the financial year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charity, and to enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The Trustees who held office at the date of approval of this annual report and accounts confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and that each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Signed:

Date:

Councillor John Shaw

Convener – Finance, Resources and Customer Services Policy Board, Renfrewshire Council

Independent Auditor's Report to the Trustees of Renfrewshire Council Common Good Funds and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Renfrewshire Council Common Good Funds for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charities as at 31 March 2022 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

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 am independent of the charities 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. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are 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 trustees 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 trustees are responsible for assessing the charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charities' operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charities are complying with that framework;
- identifying which laws and regulations are significant in the context of the charities;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charities' controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report 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 Charities SORP (FRS 102).

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements 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.

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 FCCA
Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Mark Ferris is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Statement of Financial Activities for Year Ended 31 March 2022

The Financial Statements summarise the resources that have been generated and consumed in providing services and managing the Common Good Funds during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed. It also includes the Statement of Total Recognised Gains and Losses, which brings together all of the gains and losses of the Funds for the year and shows the aggregate movement in their net worth. All Common Good Funds have unrestricted funds only; there were no restricted or endowment funds during 2021/22 or in 2020/21.

	Year to 31 March 2022				Year to 31 March 2021			
	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Income and Endowments from:								
Grants, Interest & Dividend Income (Note 2A)	0.146	0.000	0.541	0.687	0.128	0.000	0.443	0.571
Rental and Other Income (Note 2B)	0.042	0.000	0.259	0.301	0.049	0.000	0.266	0.315
Total Income and Endowments	0.188	0.000	0.800	0.988	0.177	0.000	0.709	0.886
Expenditure on:								
Raising Funds								
Fundraising Trading	0.000	0.000	0.009	0.009	0.000	0.000	0.014	0.014
Investment Management Costs	0.021	0.000	0.082	0.103	0.019	0.000	0.062	0.081
Total Raising Funds	0.021	0.000	0.091	0.112	0.019	0.000	0.076	0.095
Charitable Activities								
Charitable Activities (Note 3A)	0.101	0.000	0.181	0.282	0.121	0.000	0.184	0.305
Governance Costs (Note 3B)	0.015	0.000	0.049	0.064	0.015	0.000	0.049	0.064
Depreciation and Impairment	0.082	0.000	0.010	0.092	0.071	0.000	0.433	0.504
Total Charitable Activities	0.198	0.000	0.240	0.438	0.207	0.000	0.666	0.873
Total Expenditure	0.219	0.000	0.331	0.550	0.226	0.000	0.742	0.968
Net Income / (Expenditure) and net movement in funds before gains and losses on investments	(0.031)	0.000	0.469	0.438	(0.049)	0.000	(0.033)	(0.082)
Gains/(losses) on Investment Assets (Note 5)	0.204	0.000	0.700	0.904	0.816	0.000	2.759	3.575
Net Income/(Expenditure)	0.173	0.000	1.169	1.342	0.767	0.000	2.726	3.493

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

	Year to 31 March 2022				Year to 31 March 2021			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	SC019478	SC019480	SC019479		SC019478	SC019480	SC019479	
	£m	£m	£m	£m	£m	£m	£m	£m
Transfer between Funds	0.000	0.000	0.000		0.000	0.000	0.000	0.000
Total after funds transfer	0.173	0.000	1.169	1.342	0.767	0.000	2.726	3.493
Other Gains or Losses								
Gains/(Losses) on Revaluation of Fixed Assets	0.000	0.000	0.339	0.339	0.459	0.000	0.206	0.665
Total Other Recognised Gains or Losses	0.000	0.000	0.339	0.339	0.459	0.000	0.206	0.665
Net Movement in Funds	0.173	0.000	1.508	1.681	1.226	0.000	2.932	4.158
Total Funds Brought Forward	6.473	0.052	33.255	39.780	5.247	0.052	30.323	35.622
Total Funds Carried Forward	6.646	0.052	34.763	41.461	6.473	0.052	33.255	39.780

The notes on pages 15 onward form part of these Financial Statements.

Balance Sheet as at 31 March 2022

The Balance Sheet summarises all of the assets that the Common Good Funds own and the liabilities that they owe to others at the top of the statement. The bottom section sets out how the net assets of the Funds are allocated between usable resources and statutory reserves needed to comply with accounting rules.

At 31 March 2022					At 31 March 2021				
		Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
Note		£m	£m	£m	£m	£m	£m	£m	£m
Fixed Assets									
Tangible Fixed Assets	4	1.009	0.000	12.611	13.620	1.090	0.000	12.283	13.373
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	5.260	0.000	20.075	25.335	4.757	0.000	16.079	20.836
		6.332	0.047	32.795	39.174	5.910	0.047	28.471	34.428
Current Assets									
Debtors	14	0.000	0.000	0.026	0.026	0.000	0.000	0.040	0.040
Short term deposits	13	0.320	0.005	2.021	2.346	0.568	0.005	4.852	5.425
		0.320	0.005	2.047	2.372	0.568	0.005	4.892	5.465
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	15	(0.005)	0.000	(0.080)	(0.085)	(0.005)	0.000	(0.108)	(0.113)
		(0.005)	0.000	(0.080)	(0.085)	(0.005)	0.000	(0.108)	(0.113)
Net Current Assets		0.315	0.005	1.967	2.287	0.563	0.005	4.784	5.352
Net Assets		6.647	0.052	34.762	41.461	6.473	0.052	33.255	39.780
Funds of the Charities:									
<u>Unrestricted Funds</u>									
Income Funds		3.629	0.036	20.859	24.524	3.622	0.036	20.338	23.996
Revaluation reserve: Investments		1.581	0.000	5.379	6.960	1.415	0.000	4.731	6.146
Revaluation reserve: Other Fixed Assets		1.437	0.016	8.524	9.977	1.436	0.016	8.186	9.638
		6.647	0.052	34.762	41.461	6.473	0.052	33.255	39.780

The unaudited accounts were issued on 30 June 2022 and the audited accounts were authorised for issue on 17 November 2022.

Signed:

Signed:

Date:

Date:

Alastair MacArthur

Councillor John Shaw

Director of Finance and Resources, Renfrewshire Council

Convener, Finance, Resources and Customer Services Policy Board, Renfrewshire Council

Cash Flow Statement for Year Ended 31 March 2022

This statement summarises the inflows and outflows of cash arising from the transactions with third parties on both day-to-day revenue transactions and expenditure on capital activities. For the purposes of this statement, cash is defined as Cash in Hand, and deposits repayable on demand.

	Year ended 31 March 2022				Year ended 31 March 2021			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Net Cash Inflow from Operating Activities (Note 7)	0.051	0.000	0.465	0.516	(0.007)	0.000	0.400	0.393
Capital Expenditure and Financial Investment								
Cash paid for fixed asset investment	(1.425)	0.000	(7.477)	(8.902)	(0.641)	0.000	(2.168)	(2.809)
Receipts from sales of fixed asset: investments	1.212	0.000	4.557	5.769	0.606	0.000	2.073	2.679
Receipts from sales of fixed asset: property	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Payments to acquire tangible fixed assets	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net cash flow from capital expenditure and financial investments	(0.213)	0.000	(2.920)	(3.133)	(0.035)	0.000	(0.095)	(0.130)
(Increase) / decrease in cash held for investments	(0.086)	0.000	(0.376)	(0.462)	0.037	0.000	0.100	0.137
Increase / (decrease) in cash held in the year	(0.248)	0.000	(2.831)	(3.079)	(0.005)	0.000	0.405	0.400
Reconciliation of net cash flow to movement in net funds								
(Decrease) / increase in cash in year	(0.248)	0.000	(2.831)	(3.079)	(0.005)	0.000	0.405	0.400
Net funds at 1 April	0.568	0.005	4.852	5.425	0.573	0.005	4.447	5.025
Net funds at 31 March	0.320	0.005	2.021	2.346	0.568	0.005	4.852	5.425

Notes to the Financial Statements

1: ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2022 have been compiled in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published on 16 July 2014. They are designed to give a true and fair view of the financial performance and position of the Common Good Funds, and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of materiality and going concern have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Charities will not significantly curtail the scale of their operations. This is not affected by the charitable status of the Funds, as the activities that benefit the inhabitants of the three burghs will continue.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies reported have been reviewed following the introduction of Financial Reporting Standard 18: Accounting Policies (FRS18).

INCOME AND ENDOWMENTS

Recognition of income and endowments

These are included in the Statement of Financial Activities when:

- The charity becomes entitled to the resources;
- The trustees are virtually certain they will receive the resources; and
- The monetary value can be measured with sufficient reliability.

Grants and Donations

Grants and donations are only included in the Statement of Financial Activities when the charity has unconditional entitlement to the resources.

Gifts in Kind

Gifts in kind are not reflected in the Statement of Receipts and Payments, but are referred to when necessary in the Trustees Annual Report.

Investment Income

This is included in the Financial Statements when receivable.

Investment Gains and Losses

This includes any gain or loss on the sale of investments, and any gain or loss resulting from revaluing investments to market value at the end of the year.

EXPENDITURE

Liability Recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

Charitable Activities

Decisions regarding the way the Common Good Funds' income is spent are taken by the Finance, Resources and Customer Services Policy Board, whose membership comprises of 15 of the Trustees of the Common Good Funds. Voluntary groups are encouraged to apply for funding from the available funds allocated to Renfrewshire Council Local Partnerships.

Governance Costs

Governance costs include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters;
- cost of administering grants; and
- property maintenance.

Grants Payable without Performance Conditions

These are recognised in the accounts when the grant has been paid.

ASSETS

Valuation

Land and buildings have been valued on the basis of market value in relation to existing use, assessed either on a comparative basis or on a depreciated replacement cost basis. The valuations have been compiled by the Council valuer, who is qualified as a Member of the Royal Institute of Chartered Surveyors (MRICS). Assets under construction are shown at historic cost. Land and buildings are revalued every five years, with the last valuation being 31 March 2022. Any increases in valuation are matched by credits to the Revaluation Reserve.

Rolling valuation programmes carry a level of inherent risk with each year that passes since the most recent formal valuation, which could affect the asset values reflected in the Balance Sheet. This is mitigated to an extent by impairment reviews (noted below) that would highlight any significant adverse movements.

A de minimis level of £9,000 is applied for the capitalisation of expenditure.

The civic regalia and equipment (Heritage Assets) have been valued on a present value insurance basis.

Investments are valued at market value.

Depreciation

Depreciation is charged on a straight-line basis on all assets other than land, heritage assets and assets under construction. The Council valuer determines the useful life of property assets. Depreciation is based on expected life of costs capitalised.

Impairment

The value of each category of asset is reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a revaluation exercise, the loss is charged to the Statement of Financial Activities.

DEPARTURES FROM THE CHARITIES SoRP

Operational land and buildings have been valued on a depreciated replacement costs basis, not a historic basis as per the Charities SoRP. The main reason for this is the obligation under the Code of Practice on Local Authority Accounting to apply a depreciated replacement cost valuation basis, and it is under this Code that the Common Good Fund Accounts have been audited.

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 Financial 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 Financial Statements are adjusted to reflect such events; and
- Non-adjusting events: those that are indicative of conditions that arose after the reporting period, and for which the Financial 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 16 provides further information.

2: INCOME AND ENDOWMENTS

A INVESTMENTS

	2021/22				2020/21			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Grant income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dividend income	0.146	0.000	0.538	0.684	0.126	0.000	0.426	0.552
Interest income	0.000	0.000	0.003	0.003	0.002	0.000	0.017	0.019
Total grant and investment income	0.146	0.000	0.541	0.687	0.128	0.000	0.443	0.571

B RENTAL AND OTHER INCOME

	2021/22				2020/21			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Rental income from properties	0.042	0.000	0.259	0.301	0.049	0.000	0.266	0.315
Other Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total rental and other income	0.042	0.000	0.259	0.301	0.049	0.000	0.266	0.315

3: EXPENDITURE

A CHARITABLE ACTIVITIES

	2021/22				2020/21			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Voluntary organisation grants	0.030	0.000	0.105	0.135	0.050	0.000	0.136	0.186
Civic related grants	0.071	0.000	0.076	0.147	0.071	0.000	0.048	0.119
Total charitable activities grants	0.101	0.000	0.181	0.282	0.121	0.000	0.184	0.305

B GOVERNANCE COSTS

	2021/22				2020/21			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accountancy and Administrative Services	0.011	0.000	0.034	0.045	0.011	0.000	0.034	0.045
Property Services	0.004	0.000	0.015	0.019	0.004	0.000	0.015	0.019
Total Governance Costs	0.015	0.000	0.049	0.064	0.015	0.000	0.049	0.064

4: TANGIBLE FIXED ASSETS

A PAISLEY COMMON GOOD FUND

	Operational Land and Buildings	Non-Operational Assets: Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m
Gross Book Value				
At 1 April 2021	0.816	0.275	1.091	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.000	0.000	0.000	0.000
At 31 March 2022	0.816	0.275	1.091	0.063
Depreciation				
At 1 April 2021	0.001	0.000	0.001	0.000
Depreciation for Year	0.081	0.000	0.081	0.000
Depreciation writeback on Revaluation	0.000	0.000	0.000	0.000
At 31 March 2022	0.082	0.000	0.082	0.000
Net Book Value at 31 March 2022	0.734	0.275	1.009	0.063
Net Book Value at 31 March 2021	0.815	0.275	1.090	0.063

B RENFREW COMMON GOOD FUND

	Operational Land and Buildings £m	Plant and Equipment £m	Non- operational Assets: Investment Properties £m	Non- Operational Assets: Surplus Assets £m	Total Tangible Fixed Assets £m	Heritage Assets £m
Gross Book Value						
At 1 April 2021	9.642	3.284	0.540	0.015	13.481	0.109
Additions	0.000	0.000	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	0.000	0.000	0.000	0.000	0.000	0.000
Revaluations	0.298	0.000	(0.113)	0.000	0.185	0.000
At 31 March 2022	9.940	3.284	0.427	0.015	13.666	0.109
Depreciation						
At 1 April 2021	0.586	0.598	0.014	0.000	1.198	0.000
Depreciation for year	0.197	0.235	0.006	0.000	0.438	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation writeback on revaluations	(0.561)	0.000	(0.020)	0.000	(0.581)	0.000
Impairment losses written out on revaluation	0.000	0.000	0.000	0.000	0.000	0.000
At 31 March 2022	0.222	0.833	0.000	0.000	1.055	0.000
Net Book Value at 31 March 2022	9.718	2.451	0.427	0.015	12.611	0.109
Net Book Value at 31 March 2021	9.056	2.686	0.526	0.015	12.283	0.109

C JOHNSTONE COMMON GOOD FUND

	Heritage Assets £m
Gross Book Value	
At 1 April 2021	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
At 31 March 2022	0.047
Depreciation	
At 1 April 2021	0.000
Depreciation for year	0.000
At 31 March 2022	0.000
Net Book Value at 31 March 2022	0.047
Net Book Value at 31 March 2021	0.047

HERITAGE ASSETS

Heritage Assets include items of civic regalia and equipment formerly used by the Provost of the Council on civic occasions. The assets are now held in Renfrewshire museums.

5: FIXED ASSET INVESTMENTS

Investments are held specifically to provide the funds from which donations and civic activities can be funded.

ANALYSIS OF MARKET VALUES

	2021/22			2020/21		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1 April 2021	4.757	16.079	20.836	3.943	13.326	17.269
Additions	1.425	7.477	8.902	0.642	2.168	2.810
Disposals	(1.212)	(4.557)	(5.769)	(0.606)	(2.073)	(2.679)
Net gain/(loss) on revaluation	0.204	0.700	0.904	0.815	2.759	3.574
Increase/(decrease) in cash in bank awaiting investment	0.086	0.376	0.462	(0.037)	(0.101)	(0.138)
At 31 March 2022	5.260	20.075	25.335	4.757	16.079	20.836

ASSET ALLOCATION ANALYSIS

	2021/22			2020/21		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.275	0.950	1.225	0.247	0.833	1.080
Other UK Bonds	0.277	1.169	1.446	0.342	1.098	1.440
Overseas Bonds	0.104	0.395	0.499	0.134	0.510	0.644
Equities:						
UK Equities	1.632	6.547	8.179	1.633	5.505	7.138
Overseas Equities	2.725	10.341	13.066	2.261	7.628	9.889
Non-Region Specific	0.000	0.000	0.000	0.000	0.000	0.000
Property Investments	0.083	0.000	0.083	0.061	0.206	0.267
Cash	0.161	0.664	0.825	0.075	0.287	0.362
Accrued Interest	0.003	0.009	0.012	0.004	0.012	0.016
Total Investment Assets	5.260	20.075	25.335	4.757	16.079	20.836

All investments were held in unrestricted funds during 2021/22 and 2020/21.

6: RESERVES COVER

Funds tied up in fixed assets are represented by investments held by the Common Good Funds.

	2021/22				2020/21			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Free Reserves								
Unrestricted Funds	3.629	0.036	20.859	24.524	3.622	0.036	20.340	23.998
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.031)	0.000	0.469	0.438	(0.049)	0.000	(0.032)	(0.081)
Total Unrestricted Funds	3.598	0.036	21.328	24.962	3.573	0.036	20.308	23.917
Less Funds tied up in fixed assets	(5.260)	0.000	(20.076)	(25.336)	(4.757)	0.000	(16.079)	(20.836)
Total Free Reserves	(1.662)	0.036	1.252	(0.374)	(1.184)	0.036	4.229	3.081
Annual Running Costs exclude impairment	0.227	0.000	0.773	1.000	0.226	0.000	0.756	0.982
Number of months held in reserve	0	0	19		0	0	67	

7: CASH FLOW STATEMENT

A RECONCILIATION OF NET INCOME/EXPENDITURE TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	Year to 31 March 2022			Year to 31 March 2021		
	Paisley £m	Johnstone £m	Renfrew £m	Paisley £m	Johnstone £m	Renfrew £m
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments	(0.031)	0.000	0.469	(0.049)	0.000	(0.033)
Depreciation and impairment	0.082	0.000	0.010	0.071	0.000	0.433
Decrease/(increase) in debtors	0.000	0.000	0.014	0.000	0.000	(0.032)
Increase/(decrease) in creditors	0.000	0.000	(0.028)	(0.029)	0.000	0.032
Net cash (inflow)/outflow from operating activities	0.051	0.000	0.465	(0.007)	0.000	0.400

B ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2021	Movement in net funds	At 31 March 2022	At 1 April 2020	Movement in net funds	At 31 March 2021
Short term deposits	£m	£m	£m	£m	£m	£m
Paisley	0.568	(0.248)	0.320	0.573	(0.005)	0.568
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	4.852	(2.831)	2.021	4.447	0.405	4.852
	5.425	(3.079)	2.346	5.025	0.400	5.425

8: TRUSTEES' REMUNERATION AND EXPENSES

Neither the Trustees of the Common Good Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during 2021/22 (nil 2020/21).

9: RELATED PARTIES

During the year, the Common Good Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. The costs of this are disclosed in note 3B: Governance Costs. The Council also acts as banker for the Common Good Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor, as detailed in the respective Funds' balance sheets.

There are no outstanding balances due to or from Renfrewshire Council other than those that appear in the balance sheet.

There were no transactions with any of the Trustees during the year.

10: COMMITMENTS

As at 31 March 2022, no Common Good Fund had outstanding commitments on capital contracts. There were no outstanding commitments for operating lease rentals.

11: STAFF COSTS AND EMOLUMENTS

No members of staff were employed directly by the Common Good Funds during 2021/22 (2020/21 nil). All costs were incurred by Renfrewshire Council and recharged as detailed in note 3B: Governance Costs. There are therefore no employees with emoluments above £60,000 (2020/21 nil).

12: AUDIT COSTS

Costs of £5,000 were incurred in relation to the audit of the 2021/22 financial statements (£4,660 for 2020/21).

13: SHORT-TERM DEPOSITS

Short-term deposits are held with Renfrewshire Council, who process receipts, payments and accounting entries on behalf of the Common Good Funds.

14: DEBTORS

	Year to 31 March 2022				Year to 31 March 2021			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accrued Income	0.000	0.000	0.026	0.026	0.000	0.000	0.040	0.040
Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Debtors	0.000	0.000	0.026	0.026	0.000	0.000	0.040	0.040

15: CREDITORS

	Year to 31 March 2022				Year to 31 March 2021			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Trade Creditors	0.005	0.000	0.067	0.072	0.005	0.000	0.104	0.109
Rents in Advance	0.000	0.000	0.013	0.013	0.000	0.000	0.004	0.004
Total Creditors	0.005	0.000	0.080	0.085	0.005	0.000	0.108	0.113

16: EVENTS AFTER THE BALANCE SHEET DATE

Events taking place after the authorised 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events.

RENFREWSHIRE COUNCIL

COATS OBSERVATORY TRUST FUND

SC019454

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

1 APRIL 2021 to 31 MARCH 2022



Table of Contents

TRUSTEES' REPORT1

INDEPENDENT AUDITOR'S REPORT5

TRUST ACCOUNTS FINANCIAL STATEMENTS OVERVIEW8

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022 .9

STATEMENT OF BALANCES AS AT 31 MARCH 2022.....9

NOTES TO THE FINANCIAL STATEMENTS10

Trustees' Report

INTRODUCTION

Renfrewshire Council acts as sole trustee for the Coats Observatory Trust Fund ("the Trust Fund"), which has charitable status and is registered with the Office of the Scottish Charity Regulator (OSCR):

The financial statements of the Trust Fund are included in this report:

The principal address of the Trust Fund is:

Renfrewshire Council
Finance and Resources
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Trust Fund and separately accounts for it. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, social services, environmental services, council housing and economic regeneration.

The Trust Accounts do not form part of Renfrewshire Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trust Fund "vest[s]" in the relevant local authority. However, the Trust Fund accounts are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above, or on the Council's website at www.renfrewshire.gov.uk.

Independent Auditors:

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

TRUSTEES

Guidance provided by OSCR advises that those who have general control and management of the charity are the charity's Trustees. Decisions regarding the general control and management of the Trust Fund are made by the Finance, Resources and Customer Services Policy Board (FRCSPB), which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members at Renfrewshire Council. The guidance is therefore interpreted as all elected members of Renfrewshire Council being charity Trustees.

The following individuals were Trustees of the Coats Observatory Trust Fund in their capacity as elected members of Renfrewshire Council during the 2021/22 financial year:

Alison Ann-Dowling	John Hood
Alistair Mackay	John McIntyre
Andrew Doig	John McNaughtan
Andrew Steel	John Shaw
Audrey Doig	Karen Devine-Kennedy
Carolann Davidson	Kenneth MacLaren
Catherine McEwan	Kevin Montgomery
Colin McCulloch	Lisa-Marie Hughes
Derek Bibby	Lorraine Cameron
Edward Devine	Margaret MacLaren
Edward Grady	Marie McGurk
Eileen McCartin	Michelle Campbell
Emma Rodden	Natalie Don
Iain Nicolson	Neill Graham
Jacqueline Cameron	Paul Mack (until 9 May 2021)
James MacLaren	Scott Kerr
James Sheridan	Stephen Burns
Jane Strang	Tom Begg
Jennifer Marion Adam-McGregor	William Binks
Jim Harte	William Brown
Jim Paterson	William Mylet
Jim Sharkey	

Day-to-day management of the Trust Fund is delegated to the Director of Finance and Resources of Renfrewshire Council. All Trustees are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees. The list above does not reflect any changes following the most recent local government election on 5 May 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council, as Trustees, owns the buildings comprising the Coats Observatory. These buildings are leased to OneRen Ltd for nil consideration.

HISTORY

The original purpose of the Trust Fund when it was set up was: "for the upkeep of Coats Observatory equipment". This purpose was relevant while cash funds were available; however, these funds have now been exhausted, and only the property assets remain.

GOVERNANCE AND MANAGEMENT

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given that the Trust Fund is controlled by the Council, these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring that an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented, or detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records that are up to date and ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SoRP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014.

Decisions regarding the operation, assets, processes or policies of the Trust Fund are delegated by the Council to the Finance, Resources and Customer Services Policy Board (FRCSPB).

Risk

The Trustees have overall responsibility for the Trust Funds' system of internal control. This system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

FINANCIAL REVIEW

The Trust Fund has no explicit reserves policy. The Trust Fund is not in deficit and no donations to the Fund are solicited.

FUTURE PLANS

Given that there are no cash funds remaining, nor anticipated, the Council is currently exploring with OSCR the future of the charity, always considering the ongoing sustainability of the Observatory and ensuring appropriate governance arrangements remain in place.

Renfrewshire Council Coats Observatory Trust Fund Trustees' Report



The Trustees wish to thank Renfrewshire Council officers involved in producing the Report and Financial Statements.

Signed:

Date:

Alastair MacArthur
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor John Shaw
Convener – Finance, Resources and Customer Services Policy Board
Renfrewshire Council

Independent auditor's report to the trustees of Coats Observatory Trust Fund and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Coats Observatory Trust Fund for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2022 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

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 am independent of the charity 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report 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 Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements 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.

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 FCCA
Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Mark Ferris is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Trust Accounts Financial Statements Overview

INTRODUCTION

The following pages detail the Statement of Receipts and Payments, the Statement of Balances and relevant Notes to the Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as the charity is classified as a small charity as defined in the Charities Statement of Recommended Practice (SoRP) and therefore is exempt from producing a Cash Flow Statement.

STATEMENT OF RECEIPTS AND PAYMENTS

The Statement of Receipts and Payments provides an analysis of the incoming and outgoing cash and bank transactions for the period. If applicable, the Statement would also show any cash movements in relation to fixed assets. In the case of the Trust Fund, there have been no purchases or sales of fixed assets.

STATEMENT OF BALANCES

The Statement of Balances reconciles the cash and bank balances at the beginning and end of the financial year with the surpluses or deposits shown in the Statement of Receipts and Payments. The Statement of Balances also summarises final closing balances at the end of the period.

NOTES TO THE ACCOUNTS

Notes to the accounts expand on or explain the information contained in the Statement of Receipts and Payments and the Statement of Balances.

Statement of Receipts and Payments for the year ended 31 March 2022

2021 Total £		Unrestricted £	Restricted £	2022 Total £
0	Total receipts	0	0	0
0	Total payments	0	0	0
0	Surplus / (deficit) for period	0	0	0

Statement of Balances as at 31 March 2022

2021 Total £		Unrestricted £	Restricted £	2022 Total £
	Cash funds			
	<i>Balances held with Renfrewshire Council:</i>			
0	Opening balance	0	0	0
0	Surplus / (deficit) for period	0	0	0
0		0	0	0
	Other assets (at current valuation)			
	<i>Land and buildings:</i>			
770,227	Coats Observatory, Paisley	0	700,213	700,213
0	Long Term Investments	0	0	0
770,227		0	700,213	700,213

The unaudited accounts were issued on 30 June 2022 and the audited accounts were authorised for issue on 17 November 2022.

Signed:

Signed:

Date:

Date:

Alastair MacArthur

Councillor John Shaw

Director of Finance and Resources
Renfrewshire Council

Convenor, Finance, Resources and Customer
Services Policy Board
Renfrewshire Council

Notes to the Financial Statements

ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2022 have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust Fund and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of materiality and going concern have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities' operations; however, it is anticipated that the Trust Fund will not continue indefinitely. This has no impact on the financial statements, as the assets of the fund comprise solely of the Observatory buildings, which are independently valued.

The accounting concept of accruals is not relevant to these statements, which have been prepared on a receipts and payments basis.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The accounting policies reported have been reviewed following the introduction of Financial Reporting Standard 18: Accounting Policies (FRS18).

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor, or when funds are raised for particular restricted purposes.

Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

Audited 2020/21 comparative figures have been brought forward unchanged.

INCOMING/OUTGOING RESOURCES

Recognition of incoming resources

All income is recognised and included in the Statement of Receipts and Payments when the money is actually received.

Recognition of expenditure

Expenditure is recognised and included in the Statement of Receipts and Payments when it is paid out.

Charitable Activities

Decisions regarding the way the Trust Funds' income is spent are taken by the Finance, Resources and Customer Services Policy Board, whose membership comprises 15 of the Trustees of the Trust Fund.

Costs of Generating Funds

The cost of administering the Trust Fund, including the audit fee of £340, is borne entirely by Renfrewshire Council.

Governance Costs

Governance costs, where applicable, include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters; and
- cost of administering grants.

ASSETS

The Fund includes the land and buildings of Coats Observatory, Paisley. The valuation is based on fair value, determined as the market value that would be paid for the asset in its current use. Valuation is provided by the Council Valuer, who is MRICS qualified, and updated as a minimum every five years. The latest valuation of the Observatory building was 31 March 2021, and it is depreciated on a straight-line basis over 30 years.

ANALYSIS OF RECEIPTS/PAYMENTS

No income was received in the year.

TRUSTEES' REMUNERATION AND EXPENSES

Neither the trustees of the Trust Fund, nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during the year (2020/21 nil).

RELATED PARTIES

During the year, Renfrewshire Council acted as banker for the Trust Fund, and all transactions, incoming and outgoing, were made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council at 31 March 2022, nor were there any cash transactions during the year.

There were no transactions with any of the Trustees during the year.