

Notice of Meeting and Agenda Clyde Muirshiel Park Authority Joint Committee.

Date	Time	Venue
Friday, 21 June 2019	11:30	Council Chamber (North Ayrshire), Cunninghame House, Irvine KA12 8EE,

KENNETH GRAHAM
Clerk

Membership

Councillor Andy Steel: Councillor Andy Doig: Councillor Tom Begg and Councillor Bill Binks (Renfrewshire Council): Councillor Innes Nelson and Councillor David Wilson (Inverclyde Council): and Councillor Donald L Reid and Councillor Todd Ferguson (North Ayrshire Council).

Councillor Andy Steel (Chair): Councillor David Wilson (Vice Chair): Councillor Donald L Reid (Vice Chair).

To Follow Item

I refer to the agenda for the meeting of the Clyde Muirshiel Park Authority Joint Committee to be held on 21 June 2019 at 11.30 am and enclose the undernoted reports relative to items 3 and 4 previously marked 'to follow':

Items of business

- | | | |
|----------|---|----------------|
| 3 | Unaudited Annual Accounts 2018/19 | 1 - 36 |
| | Report by Treasurer. | |
| 4 | Revised Revenue Estimates 2019/20 to 2020/21 | 37 - 44 |
| | Report by Treasurer. | |

CLYDE MUIRSHIEL PARK AUTHORITY

To: Joint Committee

On: 21 June 2019

Report by: The Treasurer

Heading: Unaudited Annual Accounts 2018-19

1. Summary

- 1.1 The attached Annual Accounts for the year ended 31 March 2019 have been completed and forwarded to Audit Scotland for audit.
- 1.2 The accounts show a deficit for the year of £2,276 against a budgeted breakeven position. Further comments on the Accounts are shown on pages 4 to 6 of the report.
- 1.3 In accordance with the Local Authority Accounts (Scotland) Regulations 2014, the unaudited accounts have only been signed by the Treasurer as proper officer. The audited accounts will be signed by the Convener and Lead Officer as well as the Treasurer, in accordance with the guidelines.

2 Recommendations

- 2.1 The Joint Committee is asked to note the Accounts and that, once the audit has been completed, the audited Accounts will be further presented to the Joint Committee for approval.
- 2.2 To approve the Annual Government Statement on pages 8 to 10 of the financial statements.
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Clyde Muirshiel Park Authority Joint Committee

Annual Financial Statements 2018/19



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Management Commentary

Introduction

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

Park Strategy and Action Plan 2016-2021

Clyde Muirshiel Regional Park Strategy and Action Plan was approved by Joint Committee in September 2016. This document sets out three priorities which focus activity in the Park over a period of five years. The priorities are:

- Leisure activity and health;
- Education and outdoor learning;
- Environmental management.

The strategic priorities sit within the wider aspirations of the constituent Local Authorities that comprise the Joint Committee, particularly in relation to inclusion, health and wellbeing and skills development.

The associated Action Plan sets out the objectives for each priority and a series of realistic actions to be delivered over life of the strategy. The actions are grouped into short, medium and long term and inform the Park's annual workplan, and all have either been satisfied or are on track.

A copy of the Park Strategy and Action Plan 2016-2021 can be found at the link below.

<https://renfrewshire.cmis.uk.com/renfrewshire/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1323/Committee/74/Default.aspx>

The Park Workplan

The Park produces an annual workplan which sets out how it will meet its strategic aims. Staff resource is apportioned in line with these aims and service demand. Demand for outdoor activities continues to grow and is a key income stream for the Park.

Looking ahead to 2019-20 the Park hopes to continue to build on the suite of projects and events currently being delivered to raise the Park profile. The Park will also look to secure further funding to deliver projects to meet the strategic aims of the Park.

Financial Performance

Revenue

The Comprehensive Income and Expenditure Statement on page 15 summarises the total costs of providing services and the income available to fund those services.

Excluding accounting adjustments relating to pensions and short term accumulating absences, the Joint Committee has returned a deficit of £2,276 for the financial year 2018/19, compared to a budgeted breakeven position. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure statement is due to accounting adjustments for pension costs £99,000 and accrued employee benefits (£3,493).

A summary of the outturn position against the agreed budget is shown below:

	Budget £	Actual £	Variance £
Employee Costs	704,000	727,082	(23,082)
Property Costs	39,900	38,634	1,266
Supplies and Services	143,200	134,825	8,375
Contractors & Others	14,800	25,369	(10,569)
Transport Costs	46,500	34,946	11,554
Administrative Costs	72,600	61,107	11,493
Payments to Other Bodies	1,700	1,804	(104)
Total Expenditure	1,022,700	1,023,767	(1,067)
Requisition Income	(576,500)	(576,500)	-
Sales, Fees and Charges	(363,200)	(338,515)	(24,685)
Other Income	(83,000)	(106,476)	23,476
Total Income	(1,022,700)	(1,021,491)	(1,209)
(Surplus)/Deficit for Year	-	2,276	(2,276)

The overspend within Employee Costs is due to the additional staffing costs relating to the Tag and Track programme. The costs relating to the external funding period of the programme are fully recovered within Other Income, however it was agreed that the programme would be extended from January 2019 to March 2019 and this was funded by core budgets.

The underspend in Supplies and Services and Administration Costs is due to the careful management of the individual expenditure budgets within these categories. These underspends have been used to partly offset the £60k unallocated saving that was set in 2018/19.

Contractors and Others is overspent due to the costs associated with the work in the re-investment in woodland management in Muirshiel Forestry. These costs are fully recovered within Sales, Fees and Charges.

The underspend in Transport Costs is due to decreased vehicle lease payment costs.

The under recovery in Sales, Fees and Charges relates to the decreased levels of income generated by the café and shop.

As mentioned above, the over recovery in Other Income relates to the funding received from the Tag and Track programme, in addition to the income received from filming that took place within the Park this financial year.

Capital and Reserves

The Joint Committee has no legal power conferred upon it to hold assets. Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains that have a deferred impact on the Joint Committee.

There has been a change in accounting policy regarding asset recognition, however a review has taken place and no assets are to be recognised at this point.

Provisions, Contingencies and Write-offs

The Joint Committee is not aware of any eventualities which may have a material effect on the financial position of the Joint Committee and has made no provisions for such eventualities.

In general, any contingent liabilities known to the Joint Committee are covered by insurance arrangements.

There were no debt write-offs during the year.

The Balance Sheet 31 March 2019

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

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 16. The appointed actuaries have confirmed a net deficit position of £0.527 million, a deterioration of £0.365 million in their assessment of the position of the pension fund. This can be attributed to a reduction in corporate bond yields as 31 March 2019 over the previous year, which increase the value of future obligations. This is partially offset by investment returns being greater than the 31 March 2018 rate. The net deficit position of the pension reserve impacts on the net asset position of the Joint Committee as a whole, however the funding of these future liabilities will be met from future requisitions from members.

The appointed actuaries remain of the view 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.

Service changes and Future Developments

The adopted Park Strategy and Action Plan seeks to build upon the strengths of the Park and make full use of its assets. The short, medium and long term activities prescribed by the Action Plan will help simplify work streams, maximise end user benefit and capitalise on income generating opportunities for sustainable financial stability.

A process is underway to modernise and streamline the Park's governance. It is anticipated that from April 2020 the Park will be a more efficient and more proactive organisation better poised to take advantage of opportunities to enhance its services. The Park will remain receptive to change and embraces opportunities for improved ways of working within the context of maintaining and gaining the full value of the landscape and natural environment that residents across the three constituent authorities and beyond enjoy from Clyde Muirshiel.

Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration.

Impact of Economic Climate

The Joint Committee recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. The requisition income available to the Park Authority has reduced in recent years, acknowledging the financial pressures that councils have been facing and also an increasingly commercial approach to the operations of the Park. The 2019/20 revised estimates will be presented for approval at the meeting on 21 June 2019.

A voluntary redundancy / early retirement exercise was carried out during 2018/19 and it was agreed that six staff would leave during 2019/20. The costs related to the early release of these staff will be part funded by reserves and also part funded by each authority in proportion to their requisition level in 2017/18, as approved by the Joint Committee.

Conclusion

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support.

Statement of Responsibilities for the Annual Accounts

The Joint Committee's Responsibilities

The Joint Committee is required:

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

The Treasurer's Responsibilities

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

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates which were reasonable and prudent;
- complied with legislation;
- complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

Alan Russell CPFA
Treasurer
21 June 2019

Governance Statement

Scope of Responsibility

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

The Joint Committee's Governance Framework

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

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

The main features of our governance arrangements are summarised below:

- Minute of Agreement between the member councils of the Joint Committee, setting out the arrangement for governance of the Park Authority;
- Clearly defined Procedural Standing Orders, Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts. The financial regulations are currently being reviewed;
- Comprehensive business planning arrangements and continuous improvement arrangements including, setting key performance targets and developing work plans designed to achieve our corporate objectives. The Park Strategy 2016 – 2021, sets out the organisational objectives and the actions required to implement those objectives;
- Regular communication and engagement with stakeholders through the Consultative Forum and other local community groups;
- Regular review of performance and public performance reporting through the Annual Report;
- Comprehensive arrangements for monitoring health and safety;
- Policies to regulate employee related matters, including the employee code of conduct and disciplinary procedures;
- Arrangements to manage risk are included in the Park Authority Annual Work Plan, supported by a risk management framework and comprehensive risk register which is reported to the Joint Committee twice per year;
- Clear customer complaints procedures;
- Comprehensive policies and procedures for data protection and information security;
- An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines.

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

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

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

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

Review of Effectiveness

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

The effectiveness of the governance framework is reviewed annually by the Interim Park Co-ordinator / Lead Officer using a self-assessment tool involving completion of a 30 point checklist covering four key areas of governance:

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

This self-assessment indicated that the governance framework is being complied with in all material respects, although it is acknowledged that reduced resources may impact on the control environment in the medium term.

The Park has successfully delivered operational efficiencies and accommodated reductions in financial requisitions. A revised staff structure has been implemented to provide strategic direction and a review of the Park's assets and activities has identified several opportunities to improve the Park's financial sustainability in the longer term.

At its meeting on the 7th September 2018 the Joint Committee considered the Annual Audit Report 2017/18 by Audit Scotland. The report stated the Park's governance arrangements "remain out of date and may not reflect the current legislative requirements and CMPA's current situation". The Joint Committee agreed to revise the existing governance framework, including the Minute of Agreement and supporting governance documents. The revised suite of proposed governance documents will be presented to the three Council Boards between September and December 2019 and then to the Joint Committee for approval by March 2020.

The Joint Committee's internal audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process.

The Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's governance framework, risk management and internal control.

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
Review and update where necessary the existing governance framework including the Minute of Agreement for approval by the constituent Local Authorities and the Joint Committee.	Head of Planning and Housing Services	March 2020

Assurance

In conclusion, it is our opinion that the annual review of governance together with the work of internal and external auditors and certification of assurance from the Interim Park Co-ordinator / Lead Officer provide sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions arising from the review of governance arrangements will be taken as necessary to maintain and further enhance the Joint Committee's governance arrangements.

Remuneration report

All information disclosed in sections two to five in this Remuneration Report will be 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 elected members

The Joint Committee makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members.

2. Remuneration policy for senior employees

All Park staff are employees of Renfrewshire Council as the lead authority for the Park Authority. There are no Park Authority staff remunerated according to the Chief Officers' salary scales.

2017/18	Senior Employees		2018/19
Total Salary, fees and allowances	Name	Post Held	Total Salary, fees and allowances
£			£
29,973	David Gatherer *	Park Manager	6,591
29,973	Total		6,591

*The Park Manager resigned and left on 10 June 2018.

The above 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 2019, whether or not those amounts were actually paid to, or received by, those persons within that period.

3. Pension rights

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

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

From 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.

2017/18	Member contribution rates on earnings in the bands below	2018/19
Up to £20,700	5.5%	Up to £21,300
£20,701 to £25,300	7.25%	£21,301 to £26,100
£25,301 to £34,000	8.5%	£26,101 to £35,700
£34,701 to £46,300	9.5%	£35,701 to £47,600
Over £46,301	12%	Over £47,601

**Clyde Muirshiel Park Authority Joint Committee
Annual Accounts 2018-19**

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

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

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

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government employment. The Park Manager resigned and left on 10 June 2018, the pension accrued has been deferred and the post has remained vacant.

Senior Employees		Accrued Pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018		Pension contributions made by Joint Committee during 2018-2019 (ii)
Name	Post Held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
David Gatherer(i)	Park Manager	0.017	0.036	+0.001	+0.001	1,135
Total		0.017	0.036	+0.001	+0.001	1,135

(i) includes any contributions that Clyde Muirshiel Park Authority has agreed to pay in respect of the relevant person at a later date. The park Manager resigned and left 10 June 2018.

4. Remuneration of Employees

In terms of the regulations, the Joint Committee is obliged to provide a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2018/19, in bands of £5,000.

There were no employees whose salary exceeded £50,000 during 2018/19.

5. Exit Packages

Clyde Muirshiel Park Authority agreed no exit packages in 2018-19.

Independent Auditor's Report

Annual Accounts 2018-19

Under arrangements approved by the Accounts Commission, the auditor with responsibility for the audit of the accounts of the Clyde Muirshiel Park Authority for the year ended 31 March 2019 is:

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

Movement in Reserves Statement for the year ended 31 March 2019

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

		Usable reserves	Unusable reserves	Total Reserves
	Note	£	£	£
Balance at 31 March 2017 carried forward		80,607	(1,107,639)	(1,027,032)
<i>Movement in reserves during 2017-18 (restated)</i>				
Surplus or (deficit) on the provision of services		19,514	-	19,514
Net charges for employment short-term accumulating absences	8	-	(3,281)	(3,281)
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	16a	-	930,000	930,000
Increase or (decrease) in 2017-18		19,514	926,719	946,233
Balance at 31 March 2018 carried forward		100,121	(180,920)	(80,799)
<i>Movement in reserves during 2018-19</i>				
Surplus or (deficit) on the provision of services		(2,276)	-	(2,276)
Net charges for employment short-term accumulating absences	8	-	3,493	3,493
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	16a	-	(365,000)	(365,000)
Increase or (decrease) in 2018-19		(2,276)	(361,507)	(363,783)
Balance at 31 March 2019 carried forward		97,845	(542,427)	(444,582)

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

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

2017/18			2018/19
£		Note	£
849,994	Employee Costs		822,589
57,101	Property Costs		38,634
195,182	Supplies & Services		134,825
11,807	Contractors		25,369
43,387	Transport		34,946
63,455	Administration Costs		61,107
1,749	Payments to Other Bodies		1,804
1,222,675	Cost of Services		1,119,274
(73,822)	Grants From Other Organisations		(32,863)
(165,268)	Sales, Fees & Charges		(188,063)
(148,051)	Charges to Users		(150,452)
(54,258)	Miscellaneous Income		(70,664)
28,291	Financing & Investment Income and Expenditure	9	2,051
(692,800)	Requisitions from Members Authorities	14	(576,500)
116,767	(Surplus) or deficit on the provision of services		102,783
(1,063,000)	Actuarial (Gains) or losses on pension assets and liabilities	16a	261,000
(1,063,000)	Other Comprehensive Income & Expenditure		261,000
(946,233)	Total Comprehensive Income & Expenditure		363,783

Balance Sheet as at 31 March 2019

The **balance sheet** shows the value as at 31 March 2019 of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

2016/17 (restated) £	2017/18 (restated) £		Note	2018/19 £
<u>Current Assets</u>				
376,549	300,166	Funds held by Renfrewshire Council		357,409
132	1,139	Debtors and Prepayments	12	1,788
8,994	8,061	Inventories	11	7,017
1,700	1,700	Cash in Hand		1,700
<u>387,375</u>	<u>311,066</u>			<u>367,914</u>
<u>less Current Liabilities</u>				
(322,407)	(229,865)	Creditors And Accruals	13	(285,496)
<u>Long Term Liabilities</u>				
(1,092,000)	(162,000)	Pension (Liability)/Asset	7a	(527,000)
<u>(1,027,032)</u>	<u>(80,799)</u>	Net (Liabilities)/Asset Including Pension		<u>(444,582)</u>
<u>Represented by:</u>				
Useable Reserves				
80,607	100,121	Revenue Reserve		97,845
Unuseable Reserves				
(15,639)	(18,920)	Employee Statutory Adjustment Account	7b	(15,427)
(1,092,000)	(162,000)	Pension Reserve	7a	(527,000)
<u>(1,027,032)</u>	<u>(80,799)</u>			<u>(444,582)</u>

The unaudited accounts were authorised for issue on 21 June 2019.
Balance Sheet signed by:

Alan Russell CPFA
Treasurer
21 June 2019

Cash flow Statement for the year ended 31 March 2019

This statement shows the changes in cash and cash equivalents during the year. It shows how the Joint Committee 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 Joint Committee are funded by way of requisition income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Joint Committee'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 Joint Committee.

2017/18 £		2018/19 £
	Operating Activities	
	Cash Inflows	
(979,876)	Sale of goods and rendering of services	(982,171)
(100,626)	Grants	(91,128)
(10,425)	Other receipts from operating activities	(17,872)
(1,709)	Interest received	(2,949)
(1,092,636)	Cash inflows generated from operating activities	(1,094,120)
	Cash Outflows	
634,769	Cash paid to and on behalf of employees	612,371
432,670	Cash paid to suppliers of goods and services	325,149
101,580	Other payments for operating activities	99,357
1,169,019	Cash outflows generated from operating activities	1,036,877
76,383	Net (increase)/decrease in cash and cash equivalents	(57,243)
378,249	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	301,866
301,866	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	359,109
76,383	Net (inflow)/outflow in cash and cash equivalents in year	(57,243)

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

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

Expenditure Funding Analysis

2018/19	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2019	2,276			2,276
Employee Statutory Adjustment		(3,493)		(3,493)
Pension Cost			99,000	99,000
Pension Interest			5,000	5,000
(Surplus) or deficit on the provision of service				102,783

2017/18	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2018	(19,514)			(19,514)
Employee Statutory Adjustment		3,281		3,281
Pension Cost			103,000	103,000
Pension Interest			30,000	30,000
(Surplus) or deficit on the provision of service				116,767

Note 2 Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

Accruals of Expenditure and Income

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

- i. Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- ii. Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- iii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by the Balance Sheet date.

Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

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.

Employee Benefits

Benefits payable during employment

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

Post employment benefits

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

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

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

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

Note 16 to the Core Financial Statements provides further information.

Events after the Balance Sheet date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 6 provides further information.

Material Items and Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

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

Government Grants and other Contributions

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

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

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

Inventories

Inventories (generally consumable stock) are included in the Balance Sheet at original cost.

Note 11 to the Core Financial Statements provides further information.

Leases

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

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

Operating Leases

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

Property, Plant and Equipment

Clyde Muirshiel Park Authority is a Joint Committee as constituted under s106(1) of the Local Government (Scotland) Act 1973 and it has no legal power conferred upon it to hold assets. Any cash assets held by the Joint Committee are matched by a usable reserve that is ultimately repayable to its members.

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 plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Plant and Equipment is capitalised on an accrual's basis. Expenditure that merely maintains the condition of an asset (i.e. repairs and maintenance) 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.

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 an approved capital programme.

Assets are then carried in the Balance Sheet using the depreciated replacement cost.

Impairment

Assets are assessed at each year-end to determine 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, an impairment loss is recognised for the shortfall and the carrying amount of the asset is written down in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to 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 an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Any receipts from disposals 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).

Depreciation

Depreciation is provided for on all Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. For ICT equipment, this is calculated on a straight-line basis over 5 years.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance, but are controlled by the Joint Committee as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Joint Committee.

Intangible assets are measured initially at cost. Amounts are revalued where the fair value of the assets held can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life on a straight-line basis in the CIES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted in the CIES. 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 Revenue Reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and a Capital Receipts Reserve.

All capital expenditure is charged to the constituent authorities, meaning that the Joint Committee has no requirement to borrow. A notional capital grant is applied to the CIES in the year of spend and removed from affecting the Revenue Reserve through the Movement in Reserves Statement.

Software costing less than £9,000 is not treated as an intangible asset and is charged to the CIES. This de minimis does not apply where certain categories of assets are grouped together.

Reserves

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

Usable Reserve

The Revenue Reserve represents surplus funds held by the Joint Committee, which are ultimately repayable to the member authorities.

Unusable Reserve

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

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

VAT

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

Note 3 Accounting Standards Issued not Adopted

There are no accounting standards relevant to the financial statements of the Joint Committee which have not been adopted.

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below.

Leases	The Park Authority does not own any assets – the land and properties the Park Authority manages are owned by the respective councils across whose boundaries the Park Authority crosses. No payment is made to the councils for the use of these land and property assets and there is no lease agreement in place, therefore in terms of applying the adopted accounting policies it has been assumed no lease arrangement is in place.
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Note 5 Assumptions made about the future

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

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

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £583,000. However, the assumptions interact in complex ways. During 2018/19, the appointed actuaries advised that the net pension liability had increased by £261,000 attributable to updating of the financial assumptions.

Note 6 Events after the balance sheet date

Events taking place after the authorised for issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

Note 7 Details of Movement in Unusable Reserves

a. Pension Reserve

2017/18		2018/19
£		£
(1,092,000)	Balance as at 1 April	(162,000)
1,063,000	Actuarial Gains and (Losses) (see note 16)	(261,000)
	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	
(133,000)		(104,000)
(162,000)	Balance as at 31 March	(527,000)

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Joint Committee accounts for post-employment benefits in the comprehensive income and expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds. The credit balance on the Pension Reserve shows a surplus in the benefits earned by past and current employees and the Joint Committee'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.

b. Employee Statutory Adjustment Account

2017/18		2018/19
£		£
(15,639)	Balance as at 1 April	(18,920)
	Reversal of prior year accrual for short-term accumulating compensated absences	
15,639		18,920
	Recognition of the accrual for short-term accumulating compensating absences at 31 March	
(18,920)		(15,427)
(18,920)	Balance as at 31 March	(15,427)

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

Note 8 Reconciliation of the Balance on the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement

The deficit for the year on the Revenue Reserves was £100,507 less than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2017/18 £		2018/19 £
	Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement	
(237,000)	Net charges made for retirement benefits in accordance with IAS19	(203,000)
(3,281)	Net charges for employment short-term accumulating absences	3,493
<u>(240,281)</u>		<u>(199,507)</u>
	Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement	
<u>104,000</u>	Employers contributions payable to the Strathclyde Pension Fund	<u>99,000</u>
<u>(136,281)</u>	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	<u>(100,507)</u>

Note 9 Financing & Investment Income

2017/18 £		2018/19 £
(1,709)	Interest on Balances	(2,949)
30,000	Pension Interest Cost	5,000
<u>28,291</u>	Total Financing and Investment Income	<u>2,051</u>

Note 10 Operating Leases

Clyde Muirshiel Park entered into an operating lease for the hire of vehicles from December 2017 until December 2020. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £22,200 (2017-18 £28,904 – 7 vehicles). In 2017/18 the operating lease was only reported until December 2018, therefore this has been restated.

2017/18 (restated) £		2018/19 £
	Future Minimum Lease Payments	
22,887	- not later than one year	20,127
39,192	- later than one year and not later than five years	14,338
<u>62,079</u>	Total	<u>34,465</u>

Note 11 Inventories

2017/18		2018/19
£		£
8,994	Carrying amount at 1 April	8,061
60,128	Additions during the year	65,329
(58,238)	Recognised as an expense during the year : inventories sold, exchanged or distributed	(64,546)
(2,823)	Recognised as an expense during the year : inventories written down	(1,827)
<u>8,061</u>	Total	<u>7,017</u>

Note 12 Debtors and Prepayments

2017/18		2018/19
£		£
1,139	Other Entities and Individuals	1,788
<u>1,139</u>	Total short term debtors	<u>1,788</u>

Note 13 Creditors

2017/18 (restated)		2018/19
£		£
10,200	Other local authorities	-
36,918	Deferred Income	92,735
29	Lunderston Play Area	-
3,174	SRANI Loch Footpath Project	2,883
13,335	CMP Access Project	10,543
2,011	Paths Development Officer	2,011
35,626	Branching Out Project	32,972
32,126	Race To The Games	23,444
11,320	Juniper Footpath Project	6,967
22,102	Windows on Wildlife	22,102
18,920	Short Term Accumulating Absences	15,427
41,751	Accrued Payrolls	57,105
2,353	Other entities and individuals	19,307
<u>229,865</u>	Total short term creditors	<u>285,496</u>

Note 14 Related parties

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

The member authorities of the Joint Committee have contributed requisitions in the following proportions to enable the Joint Committee to carry out its objectives.

2017/18			2018/19
£	Council	Percentage	£
420,700	Renfrewshire	66.04%	380,700
171,000	Inverclyde	26.83%	154,700
101,100	North Ayrshire	7.13%	41,100
692,800	Total	100.00%	576,500

The Joint Committee in turn pays Renfrewshire Council for support services. The amount paid in respect of these services for the year ended 31 March 2019 was £34,600 (2017/18 £34,600).

Note 15 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2018-2019 were £1,804 (£1,749 in 2017-2018). There were no fees paid to Audit Scotland in respect of any other services.

Note 16 Retirement Benefits

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

16a. Transactions relating to retirement benefits

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

**Clyde Muirshiel Park Authority Joint Committee
Annual Accounts 2018-19**

The following transactions have been made in the accounting statements in 2018/19:

2017/18 £		Note	2018/19 £
	Comprehensive Income & Expenditure Statement		
	Cost of Services		
207,000	Current service cost	(i)	198,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
<u>207,000</u>			<u>198,000</u>
	Financing & Investment Income & Expenditure		
30,000	Net Interest	(iv)	5,000
<u>30,000</u>			<u>5,000</u>
<u>237,000</u>	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services		<u>203,000</u>
	Other post employment benefit charged to the Comprehensive Income and Expenditure Statement		
354,000	Return on assets excluding amounts included in net interest		(173,000)
(1,417,000)	Actuarial (gains) and losses arising on changes in financial assumptions		434,000
<u>(1,063,000)</u>	Total Actuarial (gains) and losses		<u>261,000</u>
<u>(826,000)</u>	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		<u>464,000</u>
	Movement in Reserves Statement	(v)	
(930,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code		365,000
<u>104,000</u>	Employers Contributions paid to Strathclyde Pension Fund		<u>99,000</u>

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees.
- ii. Past service cost is the cost of discretionary pension benefits to former employees who retired on the grounds of efficiency etc or savings made for commuting part of the pension for additional cash.
- iii. Curtailments are the pension costs to employees retired under redundancy terms.
- iv. The net Interest Cost is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.
- v. The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year (£104,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2018/19 these amounted to £8,513 (2017/18 £8,476).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £0.261 million are included in the Movement in Reserves Statement (2017/18 £1.063 million gain).

16b. Assets and liabilities in relation to retirement benefits

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

2017/18		2018/19
£000		£000
6,650	Opening present value	5,488
207	Current service cost	198
174	Interest Cost	149
30	Employee Contributions	29
-	Remeasurement (gains)/losses:	-
(1,417)	Actuarial losses/(gains) arising from changes in financial assumptions	434
(156)	Benefits Paid	(134)
5,488	Balance as at 31 March	6,164

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

2017/18		2018/19
£000		£000
5,558	Opening Fair Value	5,326
144	Interest Income	144
-	Remeasurement gain/(loss):	-
(354)	Return on assets excluding amounts included in net interest	173
104	Contributions from employer	99
30	Contributions from employees	29
(156)	Benefits Paid	(134)
5,326	Closing fair value of scheme assets	5,637

16c. Fund history

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Present Value of Liabilities	(5,266)	(5,064)	(6,650)	(5,488)	(6,164)
Fair value of assets	4,257	4,449	5,558	5,326	5,637
Surplus/(deficit) in the scheme	(1,009)	(615)	(1,092)	(162)	(527)

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

The net liability position of £527,000 has a significant impact on the net worth of the Joint Committee as recorded in the balance sheet. However, any deficit on Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

16d. Basis for estimating assets and liabilities

The Joint Committee's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2017.

The principal assumptions used by the actuary have been:

2017/18	Financial Year:	2018/19
Mortality assumptions		
	Longevity at 65 for current pensioners	
21.4 years	• Men	21.4 years
23.7 years	• Women	23.7 years
	Longevity at 65 for Future pensioners	
23.4 years	• Men	23.4 years
25.8 years	• Women	25.8 years
3.6%	Rate of increase in salaries	3.7%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.4%
	Take-up of option to convert annual pension into retirement lump sum:	
50.0%	Pre April 2009 service	50.0%
75.0%	Post April 2009 service	75.0%

**Clyde Muirshiel Park Authority Joint Committee
Annual Accounts 2018-19**

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

2017/18			2018/19
£000		Percentage	£000
	Equity Securities		
342	Consumer	6.4%	362
277	Manufacturing	5.2%	293
71	Energy and Utilities	1.3%	75
230	Financial Institutions	4.3%	243
136	Health and Care	2.6%	144
176	Information Technology	3.3%	186
1,232	Total Equity	23.1%	1,303
	Debt Securities		
167	Corporate Bonds (investment grade)	3.1%	177
167	Total Debt Securities	3.1%	177
	Private Equity		
637	All	11.9%	674
637	Total Private Equity	11.9%	674
	Real Estate		
482	UK Property	9.1%	510
482	Total Real Estate	9.1%	510
	Investment Funds & Unit Trusts		
1,644	Equities	30.9%	1,740
617	Bonds	11.6%	653
3	Commodities	0.1%	3
-	Infrastructure	0.0%	-
7	Other	0.1%	7
2,270	Total Investment Funds & Unit Trusts	42.7%	2,403
	Derivatives		
-	Other	0.0%	-
-	Total Derivatives	0.0%	-
	Cash & Cash Equivalents		
538	All	10.1%	570
538	Total Cash & Cash Equivalents	10.1%	570
5,326	Total	100%	5,637

16e. Impact on cashflows

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

The total contributions expected to be made by the Joint Committee to Strathclyde Pension Fund in the year to 31 March 2020 is £0.099 million.

Note 17 Contingent Liabilities and Assets

As at the Balance Sheet date the Joint Committee had no material contingent assets or liabilities.

CLYDE MUIRSHIEL PARK AUTHORITY

To: Joint Committee

On: 21 June 2019

Report by: The Treasurer

Heading: Revised Revenue Estimates 2019/20 to 2021/22

1. Summary

- 1.1 The following report has been prepared by the Park Treasurer to present revised Revenue Estimates for 2019/20 and associated requisitions of the Clyde Muirshiel Park Authority (CMPA).
-

2 Recommendations

- 2.1 It is recommended that members:

- (a) approve the revised Revenue Estimates of the Joint Committee for the financial year 2019/20 per Appendix 2, and agree the revised requisitions payable by each member council per Appendix 1
 - (b) approve the one-off contributions payable by each member council in relation to the voluntary early release of Park staff as detailed in paragraph 5.3
 - (c) note the indicative estimates of costs for 2020/21 and 2021/22
-

3 Background

- 3.1 The Annual Revenue Estimates for 2019/20 were agreed by the Joint Committee in February 2019. It was further agreed that owing to an ongoing service review and an associated voluntary redundancy exercise, that revised revenue estimates would be presented to the Joint Committee in June 2019 once the above processes were concluded.

- 3.2 The general financial environment in which the Park Authority and member authorities operate continues to be characterised by cost and income pressures, and the Park Authority will continue to seek operational savings and alternative income sources to ensure financial sustainability.

4 Budget Assumptions

- 4.1 The revised budget has been constructed on the basis of the following assumptions:-

- A budget provision of 3% in relation to the 2019/20 pay award has been included in the budget forecast, with a further 3% also assumed in the indicative 2020/21 and 2021/22 forecasts.
- Staff costs have been adjusted to reflect the interim management arrangements in place and the early release of those staff who have indicated they wish to accept the VR/VER offer.
- no inflation adjustment to all non-pay expenditure lines as per the practise adopted in previous years; and
- adjustments to budget lines to reflect operational experience and historic trends;
- the one-off costs associated with the voluntary early release of staff are also detailed. These costs will require to be met through both the use of reserves and directly by each member authority.

- 4.2 Revised requisitions are proposed as per the financial principles agreed by the Joint Committee in February 2019 ie:

- The one-off costs of the early release of staff will be funded from reserves in the first instance; with a minimum level of reserves equivalent to 8% of turnover (broadly £75,000) being held in order to mitigate against future financial risks. Early release costs over and above this level to be funded by each authority in proportion to their requisition level in 2017/18
- Reduced costs from the early release of staff will be utilised to address the recurring deficit currently being operated
- Any opportunity for further reductions in requisition flowing from the VR exercise to be allocated between Inverclyde Council (30%) and Renfrewshire Council (70%) (those proportions being based on 2019/20 requisition). No further requisition reduction to be allocated to North Ayrshire Council on the basis that a 60% reduction in requisition was agreed in 2018/19, with Inverclyde and Renfrewshire Council's reduction being 9.5% respectively.

- 4.3 The Interim Park Co-ordinator and Lead Officer will continue to control expenditure on a "bottom line" basis in order that the effective management of the Park's operational finances continues. Any significant factors which affect either expenditure or income would be reported to Members at the earliest opportunity.

5 Financial Overview

- 5.1 The requisition income available to the Park Authority has reduced in recent years, acknowledging the financial pressures that councils have been facing and also an increasingly commercial approach to the operations of the Park.
- 5.2 The budget agreed by the Joint Committee in February 2019 included a service redesign saving which was required in year to balance forecast income and expenditure. The Park Coordinator has now concluded the associated voluntary release exercise which underpins the service review, and expenditure forecasts have now been revised taking account of the release dates of the staff concerned. It is anticipated that recurring savings of £140,000 will be achieved through the release of 6 members of staff, of which approximately £80,000 will be realised in 2019/20 owing to the release dates possible for the staff concerned.
- 5.3 The unaudited accounts for the year ended 31 March 2019 outline the level of working balances as £97,845. This balance will carry forward into 2019/20 and represents 9.9% of the Park's turnover. As detailed above, the minimum level of reserves recommended by the Treasurer to mitigate financial risks is 8% of turnover, or an absolute figure of £75,000. It is proposed therefore that £20,000 of reserves is used to fund one-off release costs, with the balance of £48,761 being funded by each member council as per the financial principles previously agreed:

Renfrewshire Council	£29,257
Inverclyde Council	£12,190
North Ayrshire Council	£7,314

6 2019/20 Member Authority Requisitions

- 6.1 The revised Member Authority requisitions for 2019/20 and the date of drawdown for the requisitions are summarised in Appendix 1. The indicative level of requisition for 2020/21 and 2021/22 have been increased in line with the assumed level of pay award.

Estimates of Expenditure and Income for the Year Ended 31st March 2020

Clyde Muirshiel Park Authority

Requisition Payable by Member Authorities

		2019/2020 £	2019/2020 £
		Agreed	Proposed
RENFREWSHIRE	66%	380,700	359,700
INVERCLYDE	27%	154,700	145,700
NORTH AYRSHIRE	8%	41,100	41,100
		576,500	546,500

Requisition Payment 2019/20	
£	£
1st April 2019	1st July, 1st October & 31st December 19
95,100	88,200
38,600	35,700
10,200	10,300

Due Dates	
01-Apr-19	01-Jul-19 01-Oct-19 31-Dec-19

Clyde Muirshiel Park Authority

Revised Revenue Estimates for 2019/20 to 2021/22

	Approved 2019/20	Recommended 2019/20	Indicative 2020/21	Indicative 2021/22
	£	£	£	£
Expenditure				
Employee costs	709,600	624,900	586,100	607,200
One Off VR/VER Costs	0	20,000	0	0
Property Costs	39,900	39,900	39,900	39,900
Supplies & Services	132,400	142,400	135,400	135,400
Contractors	14,800	14,800	14,800	14,800
Transport	35,500	35,500	35,500	35,500
Administration Costs	64,400	64,400	64,400	64,400
Payments to Other Bodies	1,800	1,800	1,800	1,800
Required Saving	-65,900	0	-44,000	-50,800
Total Budgeted Expenditure	932,500	943,700	833,900	848,200
Income				
Shop Retail Income	157,700	157,700	157,700	157,700
Sales, fees & charges	187,400	187,400	187,400	187,400
Other Income	10,900	32,100	10,900	10,900
Total Generated Income	356,000	377,200	356,000	356,000
Requisition Payable by Member Councils	576,500	546,500	477,900	492,200
Total Budgeted Income	932,500	923,700	833,900	848,200
Budgeted (Surplus)/Deficit for Year	0	20,000	0	0
Reserves				
Reserves brought forward	97,845	97,845	77,845	77,845
One Off VR/VER Costs	0	-20,000	0	0
Budgeted surplus/(deficit) for year	0	0	0	0
Reserves carried forward	97,845	77,845	77,845	77,845

