

## Notice of Meeting and Agenda Audit, Risk and Scrutiny Board

Date	Time	Venue
Monday, 15 November 2021	10:00	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM  
Head of Corporate Governance

### Membership

Councillor Tom Begg: Councillor Stephen Burns: Councillor Michelle Campbell:  
Councillor Jim Harte: Councillor John Hood: Councillor Emma Rodden: Councillor  
Jane Strang:

Councillor Bill Binks (Convener): Councillor Jim Sharkey (Depute Convener):

### 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.

### Recording of Meeting

This meeting will be recorded for subsequent broadcast via the Council's internet site. If you have any queries regarding this please contact Committee Services on 07734358719

To find the recording please follow the link which will be attached to this agenda once the meeting has concluded.

## **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.

## **AUDIT**

- |          |   |                  |
|----------|---|------------------|
| <b>1</b> | <b>Audit Scotland Report to those Charged with Governance - 2020/21 Renfrewshire Council Annual Accounts</b>                          | <b>1 - 60</b>    |
|          | Report by Director of Finance & Resources.  |                  |
| <b>2</b> | <b>Audited Annual Accounts 2020/21 - Renfrewshire Council</b>   | <b>61 - 180</b>  |
|          | Report by Director of Finance & Resources.  |                  |
| <b>3</b> | <b>Audit Scotland Report to those Charged with Governance - 2020/21 Common Good Funds and Coats Observatory Trust Annual Accounts</b> | <b>181 - 198</b> |
|          | Report by Director of Finance & Resources.  |                  |
| <b>4</b> | <b>Audited Financial Statements 2020/21 - Common Good Funds and Coats Observatory Trust</b>   | <b>199 - 240</b> |
|          | Report by Director of Finance & Resources.  |                  |

## **MONITORING & REVIEWING SERVICE DELIVERY PERFORMANCE POLICIES AND PRACTICE**

- |          |   |                  |
|----------|---|------------------|
| <b>5</b> | <b>Scottish Information Commissioner – Annual Report and Accounts 2020-21: FOI during the Covid-19 Pandemic</b> | <b>241 - 244</b> |
|          | Report by Director of Finance & Resources.  |                  |

- 6 Scottish Public Services Ombudsman (SPSO) Annual Report 2020/2 245 - 254**

Report by Director of Finance & Resources.

## **ANNUAL PROGRAMME**

- 7 Audit, Risk & Scrutiny Annual Programme 2021/22 – Request for Review 255 - 258**

Report by Director of Finance & Resources.





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**To:** Audit, Risk and Scrutiny Board

**On:** 15 November 2021

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**Report by:** Director of Finance & Resources

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**Heading:** Audit Scotland Report to those charged with governance - 2020/21  
Renfrewshire Council Annual Accounts

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**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), Audit Scotland are obliged to report to those charged with the governance of the organisation matters which have arisen in the course of the audit.
- 1.3 The attached ISA260 reports from Audit Scotland outline their findings from the audit of the 2020/21 the Renfrewshire Council accounts.
- 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 2020/21, the Coronavirus (Scotland) Act 2020 provided flexibility to this deadline, extending it to 30 November.
- 1.5 Audit Scotland officers will attend the Audit, Risk and Scrutiny Board meeting to present their reports.
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2. **Recommendations**
  - 2.1 Members are requested to consider the attached report from Audit Scotland.
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### **Implications of the Report**

1. **Financial** – The 2020/21 Annual Accounts demonstrate the Council continues to operate services 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 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**
  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**
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**Author:** Alastair MacArthur, Ext 7363

## Audit, Risk and Scrutiny Board

15 November 2021

### Renfrewshire Council Audit of 2020/21 annual accounts

#### Independent auditor's report

1. Our audit work on the 2020/21 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 19 November 2021 (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 2020/21 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual report and 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 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.



## 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 2021 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the council and its group as at 31 March 2021 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 28 January 2019. The period of total uninterrupted appointment is 3 years. 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 council's 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.

### **Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), 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 the 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 council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The 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 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 council is complying with that framework;
- identifying which laws and regulations are significant in the context of the council;
- 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](http://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.

### **Statutory other information**

The Director of Finance and Resources is responsible for the statutory other information in the annual accounts. The statutory 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 statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory 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 the 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 the 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.

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

# Renfrewshire Council

2020/21 Annual Audit Report – Proposed



 AUDIT SCOTLAND

Prepared for the Members of Renfrewshire Council and the Controller of Audit  
November 2021

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# Contents

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Key messages	3
Introduction	6
1. Audit of 2020/21 annual accounts	9
2. Financial management	16
3. Financial sustainability	23
4. Governance and transparency	26
5. Best Value	29
Appendix 1	34
Appendix 2	41
Appendix 3	45

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# Key messages

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## 2020/21 annual accounts

- 1 We recognise that the 2020/21 financial year has been characterised by the significant impact of the Covid-19 pandemic which created 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 revised statutory deadline of 30 November 2021 to publish the audited 2020/21 annual accounts. The Council prepared its annual financial statements for the year within agreed timescales and the annual accounts and associated working papers have been prepared to a high standard.
- 2 Our audit identified four significant adjustments that impact on the Council's annual accounts, which have been corrected in the financial statements:
  - An error occurred in the elimination of intra-group transactions through the group consolidation process and the adjustment to correct this decreased creditors by £3.782 million and debtors by £0.275 million. This resulted in an increase in the group surplus and reserves by £3.507 million. The equivalent adjustment was also made to the 2019/20 comparative figures.
  - PPE and testing kits provided directly to the Council or via the Health and Social Care Partnership (HSCP) amount to £9.037 million. An assessment has been undertaken to confirm the level of PPE and testing kits that were used directly by the Council and the value that was provided to third party organisations. This has resulted in an adjustment of £7.363 million in Gross Expenditure and Gross Income in the Comprehensive and Expenditure Statement (CIES). There is no impact on the Net Cost of Services.
  - As part of our testing of internal recharges, we identified £4.9 million of staff costs had been appropriately capitalised to reflect the cost of the asset being constructed. However, this was not removed as a revenue expense within the CIES. Instead, for areas where staff are involved in capital projects, the Council will journal income to those areas and staff time is recharged to capital projects as professional fees. Although the net position is correct; both staff costs and income are overstated on the CIES. Both income and expenditure have therefore been adjusted by this amount and there is no impact on the Net Cost of Services.
  - Our audit work noted that management had used the incorrect average weekly charge when valuing the council dwellings in both 2020/21 and



2019/20. Updating for the correct figure resulted in an increase of £2.487 million in the value of council dwellings for 2020/21, with a corresponding increase in the revaluation reserve. The prior year restatement figure resulted in a decrease of £12.304 million in the value of council dwellings with a corresponding decrease in the revaluation reserve.

- 3 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 2020/21 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**

- 4 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 continues to add additional pressure and uncertainty.
- 5 The Covid-19 pandemic had a significant impact on the Council's finances during 2020/21. Additional budget pressures totalled £20.743 million for the year and these were addressed through a combination of using Council reserves and additional Scottish Government funding.
- 6 The Council reported a year-end general fund surplus of £33.4 million for 2020/21, which was largely due to the receipt of additional funding to meet Covid-19 pressures in future years. This has resulted in a large increase in the Council's reserves, with £17.296 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 will require to incorporate a revised approach to service delivery and new ways of working.

### **Governance and transparency**

- 9 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.

- 10** There is effective scrutiny, challenge and informed decision making.

## **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's performance management arrangements remained effective during the pandemic.

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# Introduction

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**1.** This report summarises the findings arising from the 2020/21 audit of Renfrewshire Council (the Council) and its group.

**2.** The scope of the audit was set out in our [2020/21 Annual Audit Plan](#) presented to the Audit, Risk and Scrutiny Board meeting on 22 March 2021. This report comprises the findings from:

- an audit of the annual accounts
- 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 2020/21 have been:

- an audit of the Council and its group 2020/21 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
- 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)
- consideration of the four audit dimensions.

**4.** The global coronavirus pandemic has had a considerable impact on the Council during 2020/21 which has significantly altered the way in which the Council operates, with new services being provided in response to the pandemic and significant changes to the delivery of existing services. Risks related to the pandemic were included in our Annual Audit Plan, and we have adapted our planned work to address any new emerging risks.

## Adding value through the audit

**5.** We add value to the Council through the audit by:

- having regular dialogue with senior officers as the strategic and operational impact of Covid-19 developed and presenting to Audit, Risk and Scrutiny Board on key challenges in the Covid-19 environment
- sharing learning from our experiences working with other bodies and agreed a clear, no surprises, approach for the remote audit of the

2020/21 annual accounts within a revised annual accounts and audit timetable

- reporting our findings and conclusions in public and sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides.

**6.** 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

**7.** 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.

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

**9.** 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.

**10.** 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.

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

**12.** 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.

**13.** 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

**14.** 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 2020/21 audit fee of £367,010 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**15.** 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](http://www.audit-scotland.gov.uk) in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit. This is especially appreciated during the ongoing challenging circumstances arising due to the Covid-19 pandemic.

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# 1. Audit of 2020/21 annual accounts

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

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## Main judgements

Our audit opinions on the annual accounts of the Council and its group are unqualified and unmodified and confirm that the 2020/21 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 four significant adjustments that impact on the Council's annual accounts, which have been corrected in the financial statements. These are detailed at [Exhibit 2](#).

Covid-19 created additional challenges for both Council and audit staff, with key dates in the financial reporting and auditing process updated to reflect the revised statutory deadlines. These revised deadlines have been achieved.

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## Our audit opinions on the annual accounts are unmodified

**16.** The annual accounts for Renfrewshire Council and its group for the year ended 31 March 2021 were approved by the Council on 18 November 2021. 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
- 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

**17.** As a result of the continuing impact of Covid-19, the submission deadlines for Local Government audited annual accounts and Annual Audit Reports have

been set at 30 November 2021. The unaudited annual accounts were received in line with our agreed audit timetable on 25 June 2021.

**18.** Remote working continues to bring additional challenges to the audit process. This affected how we were able to work as an audit team and with council staff. Our planned audit work has adapted to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit. Working arrangements with officers continue to be reviewed to deliver an efficient and effective audit that meets our quality standards. Despite these challenges we were able to deliver the audit in line with the revised statutory deadline.

## **Our audit opinions on Section 106 charities were unmodified**

**19.** 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.

**20.** 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.

**21.** The Common Good Funds continue to make grants available to local organisations and will continue to fund recurring commitments. The Council will 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.

**22.** 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
- the trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

**23.** These were approved by the Council on 18 November and signed by the statutory deadline of 30 November.

## **There were no objections raised to the annual accounts**

**24.** The Local Authority Accounts (Scotland) Regulations 2014 require a local authority 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 2020/21 accounts.

## Whole of Government Accounts has been delayed at a UK level

**25.** 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.

**26.** Appointed auditors in 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.

**27.** The NAO has advised that, due to the late completion of 2019/20 WGA, the process for 2020/21 is running late. HM Treasury has advised that the OSCAR system will not be open for 2020/21 submissions before December 2021. The 2020/21 WGA component data will therefore not be available for auditors to review until after that. Group Audit Instructions from the NAO and the timetable for 2020/21 will necessarily follow any changes the Treasury make to the Data Collection Tool (DCT) and process.

**28.** We will work with the Council to progress the audit of the 2020/21 return when the issues at a UK level are resolved.

## Overall materiality is £8.3 million

**29.** 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 assessing materiality values.

**30.** 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.

**31.** 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	£8.3 million
Performance materiality	£5.4 million
Reporting threshold	£0.250 million

Source: Audit Scotland, Annual Audit Plan 2020/21

## Appendix 2 identifies the main risks of material misstatement and our audit work performed to address these

**32.** [Appendix 2](#) provides our assessment of the risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

## All identified misstatements have been corrected in the audited accounts

**33.** 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.

**34.** 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.

**35.** Management have agreed to correct all misstatements and there are no uncorrected errors arising from our audit.

**36.** 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 the financial statements**

Issue	Resolution
<b>Adjusting findings</b>	
<p><b>1. Correction of consolidation error</b></p> <p>As part of the preparation of the group accounts, transactions and balances between group components are eliminated through consolidation adjustments.</p> <p>Park Lane Developments was formed in 2010 by Renfrewshire Council and Park Lane Real Estate LLP in order to facilitate the regeneration of a key development site within Paisley town centre. The Council's group accounts disclose a long-term creditors balance of £3.782 million which represents the contractual value of the loan from Renfrewshire Council to Park Lane Developments (Renfrewshire) Limited. The Council single entity accounts correctly disclose the loan as impaired.</p> <p>The Council has agreed to remove the intercompany balance from the group balance sheet.</p> <p>The equivalent adjustment was also made to the 2019/20 comparative figures.</p>	<p>This was corrected within the audited annual accounts.</p>
<p><b>2. Recognition of Personal Protective Equipment</b></p> <p>A national issue emerged during the course of the audit in relation to the Personal Protective Equipment (PPE) and testing kits which had been distributed to councils directly by Scottish Government or via the HSFC. This matter required changes to be made to the financial statements and additional audit procedures to be undertaken to obtain the necessary assurances to support the adjustments and the associated accounting treatment.</p> <p>PPE and testing kits provided directly to the Council or via the HSFC amount to £9.037 million. An assessment has been undertaken to confirm the level of PPE and testing kits that were used directly by the Council and the value that was provided to third party organisations.</p>	<p>This was corrected within the audited annual accounts.</p>

Issue	Resolution
<p>This has resulted in an adjustment of £7.363 million.</p> <p>There is no impact on the Council's net result for the year.</p>	
<p><b>3. Capitalisation of staff costs</b></p> <p>As part of our testing of internal recharges, we identified £4.9 million of staff costs had been appropriately capitalised to reflect the cost of the asset being constructed. However, this was not removed as a revenue expense within the CIES. Instead, for areas where staff are involved in capital projects, the Council journal income to those areas and staff time is recharged to capital projects as professional fees.</p> <p>Although the net position is correct, both staff costs and income are overstated in the CIES. Both income and expenditure have therefore been adjusted by £4.9 million and there is no impact on the Net Cost of Services.</p>	<p>This was adjusted within the audited annual accounts.</p>
<p><b>4. Council Dwellings Audit Adjustment</b></p> <p>The Council owns a number of council dwellings which are valued for inclusion in the annual accounts based on a number of factors, including the average weekly rent charge.</p> <p>Our audit work noted that management had used the incorrect average weekly charge when valuing the council dwellings in both 2020/21 and 2019/20.</p> <p>Updating for the correct figure resulted in an increase of £2.487 million in the value of council dwellings for 2020/21, with a corresponding increase in the revaluation reserve.</p> <p>The prior year restatement figure resulted in a decrease of £12.304 million in the value of council dwellings with a corresponding decrease in the revaluation reserve.</p>	<p>This was corrected within the audited annual accounts.</p> <p>See Recommendation 1 below.</p>

Source: Audit Scotland

**37.** Our audit also identified four non-significant adjustments to the annual accounts and these are:

- A reclassification of £1.069 million between income and expenditure in the Miscellaneous Services line on the CIES. This adjustment has no impact on the Net Cost of Services.
- Removal of £0.710 million of property, plant and equipment additions and associated creditors which were incorrectly recognised in 2020/21. This adjustment results in a £0.710 million reduction in the total value of the Balance Sheet.
- Recognition of £0.243 million of grant income which had previously been deferred until 2021/22. This adjustment results in a £0.243 million increase on the Net Cost of Services Surplus.
- A reclassification of £0.084 million in 2020/21 and £0.143 million in 2019/20 between the Supervision and Management line and the Increase / Decrease in the Allowance for Bad Debts line on the housing revenue account Income and Expenditure Statement. This adjustment has no impact on the Net Cost of Services.

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## Recommendation 1

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.

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## Good progress was made on prior year recommendations

**38.** 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](#).

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## 2. Financial management

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

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### 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 Covid-19 pandemic had a significant impact on the Council's finances during 2020/21. Additional budget pressures totalled £20.743 million for the year and these were addressed through a combination of using Council reserves and additional Scottish Government funding.

The Council reported a year-end general fund surplus of £33.4 million for 2020/21, which was largely due to the receipt of additional funding to meet Covid-19 pressures in future years. This has resulted in a large increase in the Council's reserves with £17.296 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.

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### The Council reported a surplus, but the Covid-19 pandemic had a significant impact on the 2020/21 financial year

**39.** The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing 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.

**40.** 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.

**41.** Due to the challenges resulting from the pandemic, the three-year SIPs were replaced by Service Delivery Plans (SDPs) that focus on a single year (2021/22) and outline what each service plans to do to mitigate the effects of the pandemic and associated restrictions, as well as actions to support recovery and renewal. Each service's SDP was approved by Policy Boards from March 2021.

**42.** The Covid-19 pandemic had a significant impact on the Council's 2020/21 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.

**43.** The Council approved its 2020/21 budget in March 2020. Budgeted net expenditure was £433.379 million and estimated total income was £435.744 million, resulting in a projected budget surplus of £2.365 million. This projected underspend was then applied to additional commitments resulting in a breakeven budget being agreed.

**44.** As the impact of the pandemic developed regular reporting of the financial position was provided to each Policy Board, including specific reporting of Covid-19 related pressures. The Council continued to revise its financial position with the final budget forecasting net expenditure of £433.887 million and estimated total income was £463.035 million, resulting in a projected budget surplus of £29.148 million.

**45.** The Council reported a final surplus of £33.4 million in 2020/21 against a budgeted break even position.

**46.** Over the course of the year additional revenue support of £41.5 million was provided to the Council by the Scottish Government to address service pressures over the course of 2020/21 and 2021/22. Additional Covid-19 related funding received from Scottish Government for future years resulted in council reserves increasing by £34.229 million in 2020/21.

**47.** Overall, the council reported an underspend of £4.256 million on its "business as usual" budget. This is after Covid-19 costs of £20.743 million, which were funded through a mixture of reserves and additional funding from Scottish Government.

**48.** As expected, the main reasons for variances against the approved budget in March 2020 related to the response and subsequent recovery actions for Covid-19. The most significant variances were:

- additional costs incurred in household waste collection and disposal, additional cleaning across all council facilities, additional teaching resource and support to Renfrewshire Leisure
- a significant impact on income streams with parking income, trade waste income and commercial income to both the Council and Renfrewshire Leisure being particularly affected.

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

**49.** 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.

**50.** The overall level of usable reserves held by the Council increased by £34.229 million from £159.621 million in 2019/20 to £193.850 million in 2020/21. A table showing all reserves movements is included in [Exhibit 3](#).

### Exhibit 3

#### Movements in useable reserves in 2020/21

	Opening £m	Used £m	Added £m	Closing £m
General Fund (Unallocated)	6.559	-	4.288	10.887
General Fund (Ring-fenced)	48.212	5.611	34.727	77.328
Housing Revenue Account	6.807	0.310	-	6.497
Revenue Statutory Funds	2.858	-	0.006	2.864
Capital Receipt Reserve	9.453	1.076	0.261	8.638
Capital Statutory Funds	85.692	1.200	3.144	87.636
<b>Total</b>	<b>159.621</b>	<b>8.197</b>	<b>42.426</b>	<b>193.85</b>

Source: Audited annual accounts 2020/21

**51.** The general fund reserve is the largest reserve, with a balance of £88.215 million. Although the general fund reserve has no restrictions on its use, £77.328 million has been ring-fenced for future expenditure plans including £17.296 million specifically for Covid-19 recovery which arose due to additional funding from Scottish Government.

**52.** 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 the 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 2020/21 the Council's unallocated reserves were £10.887 million.

### Recommendation 2

Continue to assess the adequacy and use of 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 funding conditions.

## Capital expenditure reduced in 2020/21 as the Council paused its capital investment projects

**53.** Plans for capital expenditure are approved by the Council as part of the budget setting process each year. In March 2020, the Council approved a capital budget of £127.45 million for 2020/21 (including £30.215 million of spend on housing related projects). A table setting out capital budget and spend is included in [Exhibit 4](#).

### Exhibit 4

#### Analysis of capital spend in 2017/18 to 2020/21

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	£48.2	£67.5
2018/19	£88.0	£21.5	£43.2	£64.7
2019/20	£99.9	£7.8	£77.6	£85.3
2020/21	£127.4	£2.1	£51.6	£53.7

\*Includes spend approved by committee during the year

**54.** Planned spend on the capital programme was significantly impacted by the pandemic, initially as the construction sector was shut down and then by ongoing social distancing requirements over the remainder of the financial year.

**55.** The Council's total spending on capital projects was £53.749 million (£85.3 million in 2019/20), with non-housing capital expenditure of £44.823 million and housing capital expenditure of £8.926 million. Capital receipts of £1.273 million (£0.704 million in 2019/20) were used to fund spending on capital projects.

**56.** The Council continues to adjust future years capital programmes to reflect the rephasing of projects. As at 31 March 2021, the Council had commitments on capital contracts for non-housing projects of £140.251 million (£35.742 million in 2019/20) and for housing projects of £35.263 million (£39.072 million in 2019/20).

**57.** 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 £126 million. The Council has planned total capital expenditure of £142.3 million for 2021/22 with £115.7 million allocated non-housing and £25.6 million to housing.

**58.** 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.

### **The Council administered Covid-19 support grants on behalf of Scottish Government**

**59.** The Council administered the distribution of Covid-19 support grants on behalf of the Scottish Government. The total value of grants issued in 2020/21 was £46.632 million.

**60.** As described in the Management Commentary of the Council's annual accounts, these grants were judged to be on an agency basis meaning that they are not included within the CIES.

**61.** Our audit work considered management's judgments on the classification of all Covid-19 related funding as agency or principal and we concluded that it was materially accurate.

### **Housing revenue account incurred an overspend in line with forecast**

**62.** 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.

**63.** The HRA recorded expenditure in 2020/21 of £56.526 million (2019/20: £57.635 million). Overall, the HRA recorded an overspend of £0.310 million in line with forecast figure for the year and reflects the net effect of variances in employee costs and repairs costs.

**64.** 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 assist mitigate the impact of future capital borrowing costs arising from the delivery of investment in housing stock.

**65.** Unallocated HRA reserves have reduced to £6.497 million. This 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**

**66.** 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.



**67.** Last year we reported that our work highlighted that the controls in place to carry out quality checks on awarded Non-Domestic Rates (NDR) and Council Tax reliefs were not carried out from late March 2020 through to late June 2020 due to the Covid-19 lockdown. The lack of this quality check process increased the risk of reliefs being awarded inappropriately.

**68.** As a result, we carried out additional substantive testing over NDR and Council Tax reliefs, however no issues were highlighted from the sample of reliefs that we tested.

### Land and buildings valuations

**69.** 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.

**70.** The Council revalues elements of its fixed assets over a 5-year rolling programme, with different classes of asset being revalued each year. This can lead to significant movements in value, particularly if a large class of asset is due for revaluation in a particular year. 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. This would reduce the likelihood of uneven valuation movements arising as a result of the specific class of assets due for revaluation in a given year.

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## Recommendation 3

Consider a valuation methodology whereby 20 per cent of each class of asset is revalued each year

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**71.** The Council's heritage assets are held in the museums operated by Renfrewshire Leisure (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum and The Secret Collection).

**72.** The combined collections managed by the Renfrewshire Arts and Museums Service number in excess of 350,000 objects and the Council notes that it is impractical to undertake a full valuation of all the items in the collection. The value of heritage assets in the annual accounts reflect a combination of external valuations and those undertaken by museum curators for insurance purposes. The last valuation external valuation was in 2013.

**73.** The annual account state that the insurance value of heritage assets is based on market value but it is unclear how the Council know the insurance value is appropriate without a recent valuation being undertaken.

**74.** The inventory of objects is currently held in a variety of manual and electronic formats. The Council has procured a centralised electronic collections management system and work is underway to transfer records to this new system.

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## Recommendation 4

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.

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

**75.** 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.

**76.** The risk profile of public bodies during 2020/21 has been significantly affected by the Covid-19 pandemic. This is likely to have increased the risk of fraud and error as control environments and internal controls have had to change 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.

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## 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

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### 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 will require to incorporate a revised approach to service delivery and new ways of working.

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

**77.** 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 higher staff costs to cover the delivery of services.

**78.** 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.

**79.** A balanced budget position moving into 2021/22 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.

**80.** No new savings decisions were included in the agreed budget for 2021/22, reflecting the decision to temporarily pause of the Council's Right for Renfrewshire programme. 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.

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

**81.** 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.

**82.** While the Council's financial stability remains secure in the short-term, the Council has reported that there is an unaddressed structural budget deficit estimated to be between £4 - £5 million as it moves into the 2022/23 financial year. The Council's medium-term financial outlook continues to be subject to financial challenges, with future government grant prospects and the scale of pay pressures in future years continuing as the most significant areas of uncertainty.

**83.** The Council forecasts that in the period to 2025, in gross terms, 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.

**84.** To address the medium and longer-term challenges, the Council has continued to invest in a range of measures. As noted at paragraph 57 above, the Council has agreed a capital programme of £142.3 million in 2021/22 across public infrastructure, schools, nurseries, public buildings and council housing. These will run alongside the Glasgow City Region City Deal programme.

**85.** As part of the budget planning for 2022/23, 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.

**86.** 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.

**87.** Due to the additional challenges presented by the Covid-19 pandemic and the medium to longer-term impact this may have on planned public sector spending across the UK and Scotland, the Council's existing financial outlook plan is subject to significantly greater uncertainty.

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

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## Recommendation 5

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 deliver the required level of efficiencies and savings.

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## Transformational planning has been significantly disrupted by the pandemic

**89.** The Right for Renfrewshire transformation programme was temporarily suspended during 2020/21 in order for the Council to focus resources on the Covid-19 response and recovery. However, some elements within the programme of work have continued and other project activities are progressing only where there is employee capacity and a business need. The Council's Financial Strategy will inform the scope, timelines and savings targets for future stages of the programme; however, a limited level of transformation activity and associated financial savings are anticipated as part of the 2022/23 budget planning arrangements.

## City Deals

**90.** 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 January 2022, with capital expenditure of £32.2 million to 31 March 2021.
- **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. The design and construction contract is due to commence in the third quarter of 2021. Capital expenditure to 31 March 2021 was £15.7 million.

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# 4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

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## Main Judgements

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.

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

**91.** The Covid-19 pandemic began in the weeks prior to the start of the 2020/21 financial year. Initially, all of the Council and Board meetings were suspended. The Chief Executive was given temporary powers to make urgent business decisions in their absence. Additionally, the Emergencies Board continued to meet and monitor council performance.

**92.** The temporary emergency governance arrangements that were put in place in March 2020 remained in operation throughout 2020/21, with the exception that Board cycles recommenced in August 2020, which allowed the role of the Emergencies Board to be scaled back and the emergency delegations given to the Chief Executive came to an end.

**93.** The Emergencies Board last met in September 2020. There continues to be weekly Emergency Management Team meetings and the Corporate Management Team also meet weekly with a specific focus on recovery. A cross party briefing meeting is scheduled fortnightly with group leaders to provide ongoing updates on the Covid-19 response.

**94.** The installation of the Public-i system created the opportunity for the Council to hold hybrid Board meetings in Renfrewshire House, with some elected members and officers being present and others accessing the meeting remotely.

**95.** 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.

**96.** 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 2021.

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

## Openness and transparency

**98.** 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.

**99.** 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.

**100.** 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.

**101.** 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 is encouraging the public to sign up for e-alerts. The service became available from 1 August 2018 and allows the public sign-up to news they want to receive on the website and get it delivered straight to their inbox.

**102.** 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.

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

## Standards of conduct

**104.** During the year it was reported to the Council that the Standards Commission of Scotland imposed a sanction of disqualification on an elected member to reflect their findings that the Councillor had breached several paragraphs of the Councillors' Code of Conduct.

**105.** The Standards Commission's decision was the subject of an appeal and the appeal was heard by the Sheriff Principal on 31 August 2021. On 21

October 2021, the judgement confirmed the disqualification was upheld and a by-election has been set for 14 December 2021.



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# 5. Best Value

Using resources effectively and continually improving services.

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## 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's performance management arrangements remained effective during the pandemic.

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## The Council is making good progress in securing Best Value

**106.** 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.

**107.** 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.

**108.** We also highlighted key areas where the Council should focus its improvement activities on 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.

**109.** 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 2021.

**110.** The Council continues to make positive progress in implementing the recommendations from the 2017 BVAR. We will continue to monitor the Council's progress against the improvement actions.

## The Council has implemented a new People Strategy to support transformational change

**111.** Our BVAR recommended that the Council should develop a detailed medium and long-term workforce strategy and plan and implement its organisational development strategy.

**112.** The People Strategy entitled **Our People Our Future 2021-2026** integrates the earlier strategies into a five-year framework, with three strategic outcomes. However, the Council recognises that the immediate priorities over the short-term will focus primarily on supporting the workforce in the response to and recovery from the pandemic.

**113.** In the longer-term the intention is that the strategy will support the Council's transformation plans with progress being reviewed annually. It is intended that the People Strategy will be re-aligned as required to support the new Council Plan in 2022/23.

### **The Council has undertaken a community impact assessment**

**114.** In September 2020, the Council undertook a community impact assessment to understand the impact that Covid-19 has had on local people and communities. It was recognised that although the process would primarily focus on the impact of the pandemic, there was an opportunity to tackle some of the existing inequalities that exist within local communities.

**115.** Between December 2020 and February 2021 officers worked with partners across sectors and communities to finalise this first phase of the community impact assessment in Renfrewshire. The key areas of activity included:

- analysis of the findings from the 2020 Covid-19 Impact survey of the Renfrewshire Public Services Panel
- engagement with all seven Local Partnerships on the impact of the pandemic at a community level
- engagement with local representative groups and organisations on issues impacting people from Black and Minority Ethnic (BME) communities, women and people with a disability in Renfrewshire
- analysis of national policy developments and research in relation to the pandemic with a specific focus at a local level on housing and children and young people.

**116.** The findings from the community impact assessment confirm a number of key priorities which partners and communities should address jointly. These have been used to inform the development of an initial Social Renewal Plan for Renfrewshire. Initial priorities targeted by the Council relate to income, poverty and financial insecurity, and funding has been allocated specifically to support low-income households to manage financially over Winter 2021 as an immediate priority.

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## **Recommendation 6**

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.

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## Performance management arrangements provide a sound base for improvement

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

**118.** 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.

**119.** As noted at paragraph 41, due to the challenges resulting from the pandemic, the three-year SIPs were replaced by Service Delivery Plans (SDPs) that focus on a single year (2021/22) and outline what each service plans to do to mitigate the effects of the pandemic and associated restrictions, as well as actions to support recovery and renewal. Each service's SDP was approved by Policy Boards from March 2021. The reports provide information on backlogs and the increased demands being experienced on services, and how these are being addressed.

**120.** 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.

**121.** The Council has launched a new digital news service which provides a variety of updates covering all of council services, schools and nurseries, what's on in the area, the town centre investment and news for businesses. The digital news service is being rolled out by the Council for residents and businesses.

**122.** The Council has an established performance management framework that managers and Councillors clearly understand, which provides a sound base for ongoing and continuous improvement. However, due to the current pandemic there have been delays in reporting performance management with updated information is due to be reported later in the year.

## Statutory performance indicators (SPIs) are being monitored

**123.** 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.

**124.** 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.

**125.** Information is publicly available on the Council website, with the main SPI report published as well as a summary version.

**126.** 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**

**127.** The pandemic is expected to have had a substantial impact on performance measures, particularly for services which have been temporarily suspended, are operating at a reduced level or have had to adapt to new ways of working. The Council have continued to monitor key performance targets throughout the year with performance being regularly reported to the Audit, Risk and Scrutiny Board.

**128.** The Council have 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**

**129.** 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.

**130.** The annual performance report to the Audit, Risk and Scrutiny Board was presented on 22 March 2021. This provided the Board and the public with a full assessment of all 97 indicators in the LGBF for 2019/20, 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.

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

**132.** These represent pre-pandemic data and will provide a benchmark for future years. The 2020/21 data will be published in 2022.

### **National performance audit reports**

**133.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21, Audit Scotland published a number of reports which may be of interest to the Council. These are outlined in [Appendix 3](#).

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Improvement in Council House Valuation Process</b></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><b>Risk: There has been a significant turnover in staff and adequate records have not been maintained to support council house valuations.</b></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><a href="#">Paragraph 36</a></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 &amp; Development</p> <p>Agreed date: 31 March 2022</p>
<p><b>2. Ensuring effective use of temporary reserves arising to fund the Council's pandemic response</b></p> <p>The Council's earmarked reserves relating to the pandemic response totalled £17.296 as at 31 March 2021.</p> <p><b>Risk: There is a risk that this temporary funding is not used effectively.</b></p>	<p>The Council will need to continue to assess the adequacy and use of 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.</p> <p><a href="#">Paragraph 52</a></p>	<p>These funds are earmarked in specific Covid-19 reserves and their future use will be appropriate and relevant in line with the Council's recovery plans and financial strategy.</p> <p>Responsible officer: Director of Finance and Resources</p> <p>Agreed date: 31 March 2022</p>
<p><b>3. Land and buildings valuation.</b></p> <p>The Council revalue elements of its fixed assets over a five-year rolling programme, with</p>	<p>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.</p>	<p>The valuation programme is kept under review and consideration will be given to this recommendation in advance of the next year-end.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>different classes of asset being revalued each year.</p> <p><b>Risk: There is a risk of large valuation movements between each year's annual accounts.</b></p>	<p><a href="#">Paragraph 70</a></p>	<p>Responsible officers: Head of Finance and Head of Economy &amp; Development</p> <p>Agreed date: 31 March 2022</p>
<p><b>4. Heritage assets</b></p> <p>The last valuation external valuation was in 2013.</p> <p><b>Risk: There is a risk the value of heritage assets is not accurately reflected within the financial statements.</b></p>	<p>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.</p> <p><a href="#">Paragraph 74</a></p>	<p>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.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date: 31 March 2023</p>
<p><b>5. Financial sustainability</b></p> <p>The impact of the pandemic continues to present financial challenges, with a projected deficit of up to £25 million.</p> <p><b>Risk: The Council may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery.</b></p>	<p>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.</p> <p>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.</p> <p><a href="#">Paragraph 88</a></p>	<p>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.</p> <p>Responsible officer: Director of Finance and Resources</p> <p>Agreed date: 30 September 2022</p>
<p><b>6. Community Impact Assessment</b></p> <p>The findings from the community impact assessment confirm a number of key priorities.</p> <p><b>Risk: There is a risk that priorities are not taken forward by the Council and its partners.</b></p>	<p>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.</p> <p><a href="#">Paragraph 116</a></p>	<p>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</p>



Issue/risk	Recommendation	Agreed management action/timing
		<p>embedded within the next Council Plan in 2022 and through a review of the Local Outcome Improvement Plan.</p> <p>Responsible officer: Head of Policy and Commissioning</p> <p>Agreed date: August 2022</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>4. Accounting for Clyde Valley Waste Facility</b></p> <p>Alongside four other local authorities, Renfrewshire Council entered into an agreement with partners in the private sector to improve and run Clyde Valley Waste Facility.</p> <p>An interim model has been applied in 2019/20 as the accounting treatment has not yet been agreed between partners.</p> <p><b>Risk</b></p> <p>There is a risk that there is an inconsistent accounting treatment between different local authorities.</p>	<p>Management should prioritise reaching an agreement over the accounting treatment for Clyde Valley Waste Facility with partners and ensure that processes are put in place to ensure that the accounting treatment for future projects are considered prior to these becoming operational.</p>	<p>Discussions with partner authorities will be pursued with a view to reaching a consistent accounting treatment using the finalised financial model commissioned by the lead authority.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date: 31 March 2021</p> <p>North Lanarkshire Council, as lead authority has undertaken to share annually the spreadsheet model to ensure consistent accounting treatment across all constituent local authorities. For the 2020/21 Accounts, an updated model was shared in May 2021, and this was used for Renfrewshire Council's 2020/21 Accounts.</p>
<p><b>5. Review of Controls Environment</b></p> <p>Our work highlighted that the controls in place to carry out quality checks on awarded NDR and Council Tax reliefs did not take place for a number of months at the outset of 2019/20 due to</p>	<p>The Council should review its systems of internal control to ensure these are operating as intended despite the changes to council working arrangements resulting from the Covid-19 pandemic.</p>	<p>The Chief Auditor has engaged with the Corporate Management team about reviewing the internal control environment and proposed amendments to the Audit Plan for 20/21 will be submitted for approval to the</p>



Issue/risk	Recommendation	Agreed management action/timing
<p>other on-going work. The same checks were also not carried out from late March 2020 to late June 2020 due to the Covid-19 lockdown.</p> <p><b>Risk</b></p> <p>There is a risk that controls in other areas have been disrupted by the change in working arrangements as a result of Covid-19.</p>		<p>Audit, Risk and Scrutiny Board in November.</p> <p>Responsible officer: Chief Auditor</p> <p>Agreed date: 31 March 2021</p> <p>Following discussions with members of the CMT, revisions to the Audit Plan for 2020/21 were approved by the Audit, Risk and Scrutiny Board in November 2020.</p>
<p><b>6. Improvement of Valuation Process</b></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><b>Risk</b></p> <p>While we noted no issues with the advice provided, the process should be formalised.</p> <p>Valuation work provided by the valuer will not fully meet the annual accounts requirements.</p>	<p>Management should improve the internal process for the request and provision of land and property valuations to include a formal engagement letter specifying the nature of the work to be carried out, including the valuation methods for each class of asset.</p>	<p>Management will work towards the establishment of a formal process.</p> <p>Responsible officer: Director of Finance and Resources</p> <p>Agreed date: 31 March 2021</p> <p>Due to the timing of this recommendation during the financial year, it has been difficult to establish a fully updated process, however we have set up the formal meeting arrangements. Two of these meetings have already taken place, with the next two being scheduled for before and after Christmas.</p>
<p><b>7. Financial Sustainability</b></p> <p>The Covid-19 pandemic has introduced further financial challenges, with a projected deficit of up to £25 million.</p> <p><b>Risk</b></p> <p>The Council may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery.</p>	<ol style="list-style-type: none"> <li>1. Continue to update the Medium-Term Financial Plan as more clarity on the financial impact of Covid-19 obtained.</li> <li>2. Work with key partners to identify opportunities to deliver service transformation.</li> </ol>	<p>An updated Financial Outlook report covering the period 2021 to 2023 was presented to the Council on 24 September 2020. This outlined the scale of the financial challenge and the potential impact of Covid-19. The Corporate Management Team will continue to seek ways of transforming services with a view to mitigating the potential deficit.</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>Responsible officer: Director of Finance &amp; Resources</p> <p>Agreed date: Ongoing (31 March 2025)</p> <p>A revised Financial Outlook report covering the period 2022 to 2025 was presented to the Council on 30 September 2021. This outlined an updated position relating to Covid-19 funding as well as progress in the Right for Renfrewshire transformation programme and savings achieved to date. It also advised that, assuming an indicative 3% per annum council tax increase, the deficit over the three-year period would be reduced to approximately £17 million.</p>
<p><b>8. Process for Identification of Internal Recharges</b></p> <p>We noted that there is scope for improvement in the Council's process to accurately and efficiently identify internal recharge transactions.</p>	<p>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.</p>	<p>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.</p> <p>Responsible officer: Head of Finance</p> <p>Revised date: 31 December 2022</p>
<p><b>9. Budgetary process</b></p> <p>Budget reports are considered by Policy Boards throughout the year; however, the budget setting</p>	<p>The Council has made a number of improvements in this area:</p> <ul style="list-style-type: none"> <li>• a year-end budget report was submitted alongside the</li> </ul>	<p>Budget monitoring reporting arrangements are subject to continuous review and development with a view to standardisation and improving transparency and</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>and monitoring arrangements could be more transparent.</p>	<p>unaudited annual accounts in June 2020.</p> <ul style="list-style-type: none"> <li>• budget monitoring reports now clearly outline changes from the originally approved budget.</li> </ul> <p>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.</p>	<p>ease of use. The format of the approved budget will be considered for the 2021/22 Estimates.</p> <p>Responsible officer: Director of Finance and Resources</p> <p>Revised date: 31 March 2022</p> <p>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.</p>
<p><b>10. Community Engagement</b></p> <p>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.</p> <p><b>Risk</b></p> <p>There is a risk that outcomes do not focus on the correct localities.</p>	<p>The Council should clarify within the locality plans the localities where outcomes for improvement will be focused and specify the timescales for achieving these.</p>	<p>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.</p> <p>Responsible officer: Head of Policy and Commissioning</p> <p>Revised date: 30 June 2021</p> <p>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</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>relationships, capacity and empowerment.</p> <p>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.</p>

# Appendix 2

## Significant audit risks identified during planning

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Management override of controls</b></p> <p>ISA 240 require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Reviewed accounting estimates and judgements.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluated significant transactions that are outside the scope of normal business.</p>	<p>Our audit work did not highlight any instances of management override of controls for the Council or the charities.</p>
<p><b>2. Estimates and judgements in the valuation of the pension liability</b></p> <p>Renfrewshire Council recognised a net liability of £162.522 million relating to its share of Strathclyde Pension Fund at 31 March 2020. 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, and changes can result in material changes to the valuation.</p>	<p>Assessed the pension fund actuary and information they provide in accordance with ISA 500.</p> <p>Reviewed the estimates used, and assumptions made in calculating the pension fund liability.</p> <p>Assessed the completeness and accuracy of information submitted by the council to Strathclyde Pension Fund to support the triennial valuation exercise.</p>	<p>We noted no issues with:</p> <ul style="list-style-type: none"> <li>the reliability of the actuary or the reasonableness of estimates they provided</li> <li>the controls management put in place or the accuracy of the information provided for the valuation.</li> </ul>

Audit risk	Assurance procedure	Results and conclusions
<p>Additionally, the triennial valuation exercise will take place for the pension fund and impact on the 2020/21 annual accounts. This exercise is more detailed than the annual valuations and will also set employer contributions rates for the next three years.</p>		
<p><b>3. Estimates and judgements in the valuation of land and buildings</b></p> <p>Renfrewshire Council held land and buildings with a net book value (NBV) greater than £850 million at 31 March 2020. 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.</p> <p>The Council's valuer reported a material uncertainty, caused by Covid-19, in the valuation of land and buildings in 2019/20. We understand the latest guidance issued by the Royal Institute of Surveyors (RICS) suggests this will not be required in 2020/21, but recognise this position may change in the coming months.</p>	<p>Assessed the internal valuer and information they provide in accordance with ISA 500.</p> <p>Reviewed the revaluations performed by the valuer in year, assessing whether they have been performed using an appropriate and relevant valuation basis / methodology by suitably qualified individuals.</p> <p>Reviewed the information provided to the valuer and assess whether this was complete and included all Renfrewshire Council's land and buildings relevant for the 2020/21 revaluation exercise.</p> <p>Reviewed and assessed the reasonableness of revaluations.</p> <p>Assessed the Council's response to any changes in guidance issued by RICS.</p>	<p>We have made recommendations in relation to valuations at points 1,3 and 4 at <a href="#">Appendix 1</a>. In addition, the Council are continuing to progress recommendation 6 from our 2019/20 Annual Audit Report. We will continue to monitor progress as part of our 2021/22 audit.</p>
<p><b>4. Impact of additional funding due to Covid-19 on the financial statements</b></p> <p>The Covid-19 pandemic has resulted in significant financial pressures for the Council. The Scottish and UK governments have</p>	<p>Assessed how the Council has processed and controlled the additional funding and associated expenditure.</p> <p>Assessed how the additional funding and associated</p>	<p>We concluded that Covid-19 related expenditure was processed through existing control processes and was correctly presented within normal Council expenditure.</p> <p>We reviewed management's process for identifying and</p>



Audit risk	Assurance procedure	Results and conclusions
<p>announced a range of additional funding streams for the Council to support frontline services and help the Council manage the financial pressures caused by Covid-19. This has also resulted in an associated increase in expenditure, with some new expenditure streams. Total additional funding in 2020/21 is expected to be around £25 million.</p>	<p>expenditure impacts on the financial statements.</p> <p>Reviewed the Management Commentary in the annual accounts and consider how the additional funding and associated expenditure has been reported.</p>	<p>recording Covid-19 related income (£41.5 million). We noted no issues in how this was classified within the accounts.</p> <p>We concluded that the impact of Covid-19 income and expenditure was clearly reported within the Management Commentary of the annual accounts.</p>

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>5. Financial Sustainability</b></p> <p>The Council approved the 2020/21 budget in early March 2020, prior to the impact of the Covid-19 pandemic. Following the impact of decisions at the Council meeting, net expenditure was expected to be £435.744 million and a breakeven position was forecast.</p> <p>However, Covid-19 has had a significant impact on the Council's finances. The Council's Financial Outlook 2021 – 2023 paper outlines additional pressure on the general fund budget in 2020/21 in the region of £20-£22 million. Additional funding of around £25 million from the Scottish Government has been confirmed to date.</p> <p>Consequently, the latest report to Council (4 March) indicates a projected</p>	<p>We reviewed and assessed</p> <ul style="list-style-type: none"> <li>• Financial reports and papers including, budget monitoring reports, 2021/22 budget, medium and long-term savings plans and financial outlook papers.</li> <li>• Assumptions and judgements in financial reports and papers for reasonableness.</li> <li>• The impact on the Council's reserves against its stated reserves policy and the adequacy of plans in place to replenish unallocated reserves in the event they are exhausted by the end of 2020/21.</li> </ul>	<p>The Council continues to forecast a challenging medium to long-term financial position.</p> <p>We confirmed assumptions and judgements used by the Council in its forecasting are reasonable.</p> <p>The Covid-19 pandemic adds additional pressure and uncertainty.</p> <p>We recommend the Council updates its medium-term financial plan as soon as more clarity on the financial impacts of Covid-19 is obtained.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>underspend on the core budget, with a level of Covid-19 related funding streams now being carried forward into 2021/22.</p>		
<p><b>6. Budget monitoring</b></p> <p>A recommendation was made in our <a href="#">2019/20 Annual Audit Report</a> around budget monitoring arrangements. A number of improvements had been made over the year, but transparency could be further improved through the timely publication of an amended budget to reflect decisions made by members during budget approval.</p> <p>In addition to our work, internal audit work also identified issues with operational budget monitoring arrangements. Their work concluded a fundamental review of budget monitoring documentation was required in a small number of services.</p>	<p>Followed up of prior year recommendation and review of updates to budget monitoring arrangements.</p> <p>Discussed with internal audit around progress against their recommendations.</p>	<p>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.</p> <p>The Council has advised that a second report, if appropriate, will be considered for the 2022/23 Estimates.</p>



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# Appendix 3

## Summary of national performance reports 2020/21

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### April

[Affordable housing](#)

### June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

### July

[The National Fraud Initiative in Scotland 2018/19](#)

### January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

### February

[NHS in Scotland 2020](#)

### March

[Improving outcomes for young people through school education](#)

# Renfrewshire Council

## Proposed 2020/21 Annual Audit Report

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**My Ref:** AR/CB  
**Contact:** Alan Russell  
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**E Mail:** alan.russell@renfrewshire.gov.uk  
**Date:** 15 November 2021



John Cornett  
Audit Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear John

## Renfrewshire Council Annual report and Accounts 2020/21

1. This representation letter is provided about your audit of the annual accounts of Renfrewshire Council for the year ended 31 March 2021 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 2021.

### General

3. Renfrewshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 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.



**Finance & Resources**  
**Director: Alan Russell CPFA**  
Renfrewshire House, Cotton Street, Paisley PA1 1TT  
[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)



## 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 2020/21 (2020/21 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and the Local Authority Accounts (Scotland) Regulations 2014.
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 2021 and the transactions for 2020/21.

## 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 2020/21 accounting code where applicable. Where the accounting 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'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'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 satisfied myself that the carrying amount of assets at 31 March 2021 does not differ materially from that which would be determined if a revaluation had been carried out at that date. I am satisfied that all revaluations carried out in 2020/21 have been done so on an appropriate basis and these are free from material misstatement.
11. I carried out an assessment at 31 March 2021 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 2021.



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 2021 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 2021 of which I am aware where the conditions specified in the 2020/21 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 2021. 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 2021 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 2021 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 30 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 2020/21 accounting code 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; 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

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 2020/21 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) 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 the Renfrewshire Council has undertaken a review of the system of internal control during 2020/21 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 2021, 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 2020/21 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.



## Events Subsequent to the Date of the Balance Sheet

30. All events subsequent to 31 March 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

## Additional COVID-19 funding

31. Additional funding streams have been received from the Scottish and UK government within the financial year to help support frontline services and manage the financial pressures caused by the pandemic. This resulted in associated new expenditure streams. This funding and associated expenditure have been accounted for within 2020/21 financial statements in line with the LASAAC guidance published in May 2021 on accounting for coronavirus grants.

## Prior Rear Restatements

32. I confirm that all restatements to correct or update 2019/20 comparative figures in the 2020/21 financial statements have been accurately processed.

This Letter was considered at the meeting of the Audit, Risk and Scrutiny Board held on 15 November 2021.

Yours sincerely

Alan Russell  
Director of Finances and Resources



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Renfrewshire House, Cotton Street, Paisley PA1 1TT  
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**To:** Audit, Risk and Scrutiny Board

**On:** 15 November 2021

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**Report by:** Director of Finance & Resources

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**Heading:** Audited Annual Accounts 2020/21 - Renfrewshire Council

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**1. Summary**

- 1.1 The 2020/21 unaudited Annual Accounts were approved by Council on 24 June 2021. 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 audited annual accounts are now presented for members' noting and further recommendation to the Council that the audited accounts be approved.
- 1.3 There were four significant changes made to the annual accounts over the course of the audit in relation to the disclosure of Personal Protective Equipment, the elimination of intra-group transactions, disclosure of capitalised salaries and the valuation of Council Dwellings. Further detail on this is included in the Audit Scotland report in agenda item 1. Other reclassification and presentational changes were also agreed.
-

## 2. **Recommendations**

- 2.1 Members are requested to note the attached 2020/21 Audited Annual Accounts; and to recommend to Council that they be approved.
- 

### **Implications of the Report**

1. **Financial** – The 2020/21 Annual Accounts demonstrate the Council continues to operate services 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 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**
  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:** Alastair MacArthur, Ext 7363

# Renfrewshire Council

## Audited Accounts

2020–2021



Renfrewshire  
Council

## Contents

Management Commentary.....	1	Note 24: Nature and extent of risks arising from Financial Instruments.....	66
Statement of Responsibilities .....	16	Note 25: Agency services .....	69
Annual Governance Statement.....	17	Note 26: External audit costs .....	70
Remuneration Report .....	24	Note 27: Related parties .....	70
Independent Auditor's Report .....	31	Note 28: Pension schemes accounted for as defined contribution schemes .....	71
Comprehensive Income and Expenditure Statement...	35	Note 29: Defined benefit pension schemes.....	71
Movement in Reserves Statement .....	36	Note 30: Contingent liabilities .....	76
Balance Sheet.....	37	Note 31: Events after the balance sheet date .....	77
Cashflow Statement.....	38	Note 32: Accounting Standards Issued not Adopted ....	77
Note 1: Expenditure and Funding Analysis .....	39	Note 33: Accounting Policies – Renfrewshire Council ..	77
Note 2: Prior Year Restatement.....	41	Note 34: Judgements in Applying Accounting Policies .	89
Note 3: Financing and investment income and expenditure.....	42	Note 35: Assumptions made about the future .....	91
Note 4: Taxation and non-specific grant income .....	42	Housing Revenue Account .....	92
Note 5: Expenditure and income analysed by nature ..	42	Council Tax Income Account .....	94
Note 6: Grant income .....	43	Non-Domestic Rates Income Account .....	95
Note 7: Adjustment between accounting basis and funding basis under regulations.....	44	Group Accounts.....	97
Note 8: Usable reserves .....	45	Notes to the Group Accounts.....	100
Note 9: Unusable reserves.....	48	Group Accounting Policies .....	113
Note 10: Property, Plant and Equipment.....	53		
Note 11: Heritage Assets .....	55		
Note 12: Investment properties .....	55		
Note 13: Assets held for sale .....	56		
Note 14: Intangible assets.....	57		
Note 15: Capital expenditure and capital financing .....	57		
Note 16: Service Concession Arrangements.....	58		
Note 17: Leases .....	60		
Note 18: Inventories .....	61		
Note 19: Debtors.....	61		
Note 20: Cash and cash equivalents .....	61		
Note 21: Creditors.....	61		
Note 22: Provisions .....	62		
Note 23: Financial Instruments.....	62		

## Management Commentary

The purpose of the Management Commentary is to present an overview of Renfrewshire Council's performance during the 2020/21 financial year and to help readers understand its financial position at 31 March 2021. 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 Renfrewshire Leisure, which delivers leisure and cultural services. Renfrewshire Council is organised into five directorate services, as follows:



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.

The Council is governed by 43 elected members, or councillors, comprised as follows:

SNP	19	LD	1
LAB	13	IND	2
CON	8		

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



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 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 COVID-19 pandemic has had a profound impact on the Council over the course of 2020/21, as it has on 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 which were encountered from a governance perspective; and how the Council quickly adapted its decision-making processes including delegating additional decision-making power to the Chief Executive and initiating an Emergencies Board over the first half of 2020/21; through to the re-establishment albeit on a remote basis of the Council's substantive Policy and Regulatory Board structures from August 2020.

Prior to the initial lockdown at the end of March 2020, the Council had already taken significant measures to enable home-working for those staff who are office based; and to put additional protection in place for frontline staff such as additional PPE, social distancing measures at operational sites and revised operating processes for staff involved in community services such as waste collection, housing support and social care. No council staff were furloughed; however, some staff who could not carry out their substantive roles due to office closures volunteered to be redeployed to other areas of support to communities. Support was also provided to staff who tested positive or who were self-isolating.

The Council put substantial support in place for communities and vulnerable individuals such as food and home essentials deliveries, pharmacy deliveries; other support to those shielding and measures to support social distancing in the community eg footway widening. The impact of the pandemic has been felt particularly in schools and nurseries; where both remote learning and in-classroom learning was facilitated over the course of the year.

The Council budget agreed for 2020/21 was heavily impacted, with both additional costs and income losses becoming evident early in the year; although as the year progressed the initial estimates of these costs and losses were moderated both through sound financial management but also from additional 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 the Convention of Scottish Local Authorities (COSLA), and to the use of reserve balances if required. In light of the heightened levels of financial risk both in year and in the medium term, the Council also agreed to replenish unallocated revenue balances to a minimum of £10 million.

Substantial additional funding has been provided 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 £41.5 million was received from the Scottish Government to address service pressures and support communities over the course of 2020/21 and 2021/22. Where appropriate, funding has been carried forward to 2021/22 through the use of ringfenced reserves.

The Council also supported the administration of a large number of business 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 funding of around £46m to local businesses and this is detailed in Note 25: Agency services.

Capital investment plans were also significantly affected, initially as the construction sector was shut

down in early summer; and then owing to ongoing social distancing on construction sites over the remainder of the financial year. Capital investment of £132.2 million was agreed across both housing and non-housing programmes for 2020/21; however, a total of only £53.7 million was spent. Future years capital programmes will continue to be adjusted to reflect the rephrasing 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 Council Plan. In order to achieve this, the financial strategy must ensure resources are effectively and efficiently deployed in line with corporate objectives; and ensure resources are managed sustainably and in a way that continues to ensure the stability of council services.

The medium-term Financial Outlook 2021-23 was reported to the Council on 24 September 2020, and the following range of financial planning principles from the existing Financial Strategy were confirmed:

- 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.

In light of the Coronavirus pandemic and the significant costs the Council has incurred and continues to incur in response, the financial strategy will require to be fundamentally reviewed over the course of 2021. The above principles, however, remain sound.

The financial strategy will require to incorporate a revised approach to service transformation given the lasting impact of the pandemic on service delivery, with both difficulties and opportunities arising from new ways of working.

## Our Performance

The Council Plan outlines priorities and actions against which progress is reported bi-annually to the Council's Leadership Board, most recently on 16 June 2021. The report can be found on the Council Committee Management Information System at:

<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>

Overall, for the 55 actions within the Council Plan, 31 actions have already been completed and the remaining 24 are in progress, reflecting that this is a 5-year plan and some actions relate to long-term programmes.

Whilst 53% of the Council Plan indicators improved in performance since last reported and of the indicators with a target 66% achieved target for 2021/21.

An extract of some areas of progress are highlighted for the 5 outcomes, including areas where planned activities did not proceed or were not undertaken in the same way due to COVID-19, performance information is also provided.

## Outcome 1: RESHAPING OUR PLACE, OUR ECONOMY AND OUR FUTURE

- The Council coordinated, administered and delivered business grants and support to business impacted by the pandemic restrictions. This represents a significant ongoing resource pressure for the organisation but a vital activity to support Renfrewshire's businesses, with around £47m funding allocated to over 3,000 businesses over the last year.
- To improve infrastructure, a total of £8m was invested in roads, drainage and footpaths infrastructure during 2020/21 delivering improvements to both strategic and local roads. Work commenced in July following the COVID-19 lockdown. Despite the impact of the pandemic and the loss of the first three and a half months of the 7-month programme, 52 carriageways were resurfaced, with further dressing, patching and resurfacing on footpaths and carriageways completed.
- Tenants have moved into the new build housing at Johnstone Castle. While at Dargavel Village, Bishopton, 80 new Council homes across two sites are now complete and tenanted. Work has commenced at Ferguslie Park where 101 new homes will be built by spring 2023 and South West Johnstone where 39 new homes in Auchengreoch Road are anticipated to be complete by summer 2022.
- Due to COVID-19, the events programme for 2020/21 was cancelled and indicators relating to events have been revised for 2021/22. In addition, a number of the business support indicators were also significantly impacted over the last year, such as number of new business start-ups, as the Business Development Team concentrated on supporting existing businesses through the administration of the COVID-19 grants.





## Outcome 2: BUILDING STRONG, SAFE AND RESILIENT COMMUNITIES

- In terms of community resilience, the Neighbourhood Hub model, which was put into place as part of the initial pandemic response, continues to develop with colleagues across the Council and partners. The hubs operate on a partnership basis with Renfrewshire Leisure, Renfrewshire Health and Social Care Partnership (HSCP), Engage Renfrewshire, local groups and community organisations and are supported by local volunteers. The hub teams have provided support services to over 1,000 households since the start of the lockdown period.
- Staff across the Council were redeployed to establish a Local Assistance Team to support shielding and vulnerable residents to access practical support and resources including access to food and medicines. At one stage over 2,600 residents were receiving practical support each week – mainly food provided by Catering and Building Services employees from Environment and Infrastructure. The Local Assistance Team conducted all welfare calls and ensured that vulnerable residents were matched with the services they needed. Over 6,500 people on the shielding list were contacted (over 99%) and each received personal advice and support as required.
- Another round of ‘Celebrating Renfrewshire’, the youth-led participatory budgeting exercise, was successfully completed in December 2020 in partnership with Youth Services and Renfrewshire Youth Voice. Over 1,700 young people voted on the 80 project ideas that were submitted and £124k was awarded to youth projects across Renfrewshire, with 68 projects receiving funding across the seven Local Partnership areas.

## Outcome 3: TACKLING INEQUALITY, ENSURING OPPORTUNITIES FOR ALL

- Throughout the pandemic, the needs of those who were homeless or in housing need have continued to be met. There has been a total of 851 new statutorily homeless households from the initial lockdown to the end of March 2021. Staff from Homeless Services and the Housing Support team have continued to offer a wide range of support services throughout 2020/21 and have helped almost 300 homeless households move to settled accommodation, including assistance with Community Care Grant applications, provision of furniture items and assistance with benefit applications.
- The Tackling Poverty Programme has continued to operate throughout the year, adapting where appropriate to deliver vital projects throughout COVID-19 restrictions and by March 2021 approximately £759k income was maximised in Tackling Poverty projects. The Tackling Poverty Programme investment continues to form a significant part of Renfrewshire’s local response to tackling child poverty.
- Over 2,080 children and young people, who were vulnerable or whose parents are key workers, participated in the Childcare Hubs and Street Play Initiatives delivered by the Community Learning and Development team over the summer school holidays. Whilst 800 home learning and activity packs were delivered to targeted young people over the year, who then took part in campaigns, as well as the Renfrewshire Youth Voice survey on the pandemic, and accessed online digital and mental health and wellbeing activities.

## Outcome 4: CREATING A SUSTAINABLE RENFREWSHIRE FOR ALL TO ENJOY

- A Climate Change Sub-Committee has now been established within the Council's governance structure to oversee this programme of work and immediate priorities, including the establishment of a Community Climate Panel to listen to the voices of citizens across Renfrewshire and further business and stakeholder engagement.
- Social landlords are reporting on the first milestone target for Energy Efficiency Standard for Social Housing (EESH) and after applying allowable exemptions, the Council is 93% compliant with the EESH 2020 target.
- In terms of active travel, Phase 2 of the £300k segregated shared cycle way project from Bishopton to Glasgow Airport was completed in March 2021. This is an important element in the Council's cycling strategy network and will connect to City Deal's proposals for around the airport.



## Outcome 5: WORKING TOGETHER TO IMPROVE OUTCOMES

- The Health and Safety team have been an integral part of the Council's emergency management team, providing clear guidance in response to Government, NHS and Health Protection Scotland policies throughout the COVID-19 pandemic. The team has revised and developed new policies as part of the organisational response to suppressing COVID-19 and to support our workforce to work safely in new ways including homeworking guidance; schools' checklists; and COVID-19 age risk assessments.
- People Strategy: 'Our People Our Future 2021-2026', was launched in Spring 2021, the new strategy will integrate the Council's approach to organisational development and workforce planning into one strategy. It will support services and employees during the Council's recovery from

COVID-19 and during transformation programmes over the coming years.

- The importance of digital services and connectivity to our resilience as an organisation and as a place, has been emphasised by the experiences of the lockdown and Renfrewshire's new Digital Plan was approved by Leadership Board in September 2020, reflecting this. Registered MyAccount users increased to 74,223 as at March 2021, representing more than 4 out of every 5 households in Renfrewshire. This has been delivered primarily by the Digital First team who created a digital solution and process for all Business grants, free school meal payments, and licencing applications.
- All Council Services, the HSCP and Renfrewshire Leisure have worked together for our PCR testing programme for key workers, asymptomatic test centres and the roll out of the COVID-19 vaccination programme across Renfrewshire.

## Key Performance Indicators

The Council Plan covers the period 2017 to 2022 and sets the direction of the organisation. Service Plans for each Council service sit under this framework and describe in more detail how these priorities will be achieved, supplemented by a detailed action plan and performance scorecard.

The COVID-19 pandemic and lockdown has meant that regular reporting on progress towards Council and service level priorities was interrupted during 2020. Service improvement plans for each service were not all approved by the relevant Policy Boards, due to boards being cancelled for a period during the pandemic. Over 2020/21 a series of service update reports were provided to the relevant Policy Boards on:

- the impact of the COVID-19 pandemic on services since March 2020;
- how services responded to the pandemic; and
- the identified key priorities and areas of risk for the service.

Due to the unprecedented nature of events in 2020/21, the three-year Service Improvement Plans were replaced by Service Delivery Plans that focus on a single year (2021/22) and outline what each service plans to do to mitigate the effects of the pandemic and associated restrictions, as well as actions to support recovery and renewal. Each Service's Service Delivery Plan was approved by Policy Boards from March 2021.

In the most recent service updates, from May to June 2021, an outturn position or overview on performance indicators and actions for 2020/21 was provided to Policy Boards. These reports provided detailed explanation on all relevant actions and performance indicators, including details of any actions delayed or cancelled as a result of COVID-19 restrictions and/or the need to refocus service priorities in order to manage the pandemic response.

## 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.

The Performance section can be found on the Council's website at:

[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)>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: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

## Local Government Benchmarking Framework

The annual performance report to Audit, Risk and Scrutiny Board was presented on 22 March 2021. This provided the Board and the public with a full assessment of all 97 indicators in the Local Government Benchmarking Framework (LGBF) for 2019/20, 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.

Renfrewshire Council LGBF performance overview for 2019/20 was:

- 38 indicators have improved since last year
- 9 have remained the same
- 32 indicators have declined in performance
- 18 have no current data available
- 26 indicators are in the top quartile (ranked 1st to 8th)
- 12 indicators are in the bottom quartile (ranked 25th to 32nd)

These represent pre-pandemic data and will provide a benchmark for future years. The 2020/21 data will be published in 2022.

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 2020/21 and the affordability of its ongoing commitments:

Financial Indicator	2020/21		2019/20	Commentary
	Estimate	Actual	Actual	
<b>Reserves</b>				
Uncommitted General Fund reserves as a % of budgeted net expenditure	1.9%	2.5%	1.6%	Reflects the level of funding available to meet unplanned expenditure and manage financial risk.
Movement in uncommitted General Fund balance	n/a	65.0%	-7.5%	Reflects the commitment to increase uncommitted reserves to £10m per the Financial Strategy.
<b>Council Tax</b>				
In-year collection rate	96.0%	95.0%	96.0%	Reflects the Council's effectiveness in collecting Council Tax debt
Council Tax income as a proportion of total taxation and non-specific grant income	19.2%	19.1%	20.1%	Reflects the Council's ability to vary expenditure by raising Council Tax, the principal local authority controlled source of finance
<b>Debt/Long term borrowing</b>				
Capital Financing Requirement (CFR)	£392.0m	£347.1m	£375.3m	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 24 June 2021.
External debt	£330.3m	£329.1m	£292.7m	
Ratio of financing costs to net revenue stream (General Fund)	4.0%	4.7%	4.0%	

## Financial Performance

### Primary Financial Statements

The annual accounts summarise the Council's transactions for the year, its financial position at 31 March 2021 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 2020/21 along with the income available to fund those services.

The outturn explained in the following section differs from the accounting deficit of £17.5m 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 and debt repayments, the General Fund had a surplus of income over expenditure in 2020/21 of £33.6m. The revised budgeted position was a surplus of £29.4m, which results in an underspend of £4.2m against budget.

The main reasons for the variance against the approved budget were unsurprisingly related to the response and subsequent recovery actions for COVID-19. The most significant additional costs were incurred in household waste collection and disposal, additional cleaning across all council facilities, additional teaching resource and support to

Renfrewshire Leisure. The pandemic also had a significant impact on some income streams with parking income, trade waste income and commercial income to Renfrewshire Leisure being particularly affected.

The Right for Renfrewshire transformation programme was temporarily suspended over the course of 2020/21, impacting on the delivery of planned savings however some efficiencies from reviews commenced in 2019/20 were delivered.

Over the course of the year significant additional revenue support totalling £41.5m was provided to the Council by the Scottish Government. This support was generally targeted to address specific cost pressures, particularly in schools, 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 2020/21 report to Council on 24 June 2021.

The Council did not meet its target in-year council tax collection rate of 96% in 2020/21, instead returning a creditable 95% in light of the pandemic impact on household finances.

2020/21	Revised Budget £m	Actual £m	Variance £m
Chief Executive's Service	21.956	21.640	0.316
Children's Services	204.055	203.835	0.220
Communities, Housing & Planning	10.996	11.305	(0.309)
Environment & Infrastructure	48.002	52.053	(4.051)
Finance & Resources	38.593	39.198	(0.605)
Miscellaneous Services	38.034	28.598	9.436
Adult Services	72.251	72.251	0.000
<b>Net Expenditure</b>	<b>433.887</b>	<b>428.880</b>	<b>5.007</b>
Revenue Support Grant	(305.649)	(305.649)	0.000
Council Tax Income	(83.788)	(83.037)	(0.751)
Non-Domestic Rates Income*	(73.841)	(73.841)	0.000
<b>Funding</b>	<b>(463.278)</b>	<b>(462.527)</b>	<b>(0.751)</b>
<b>Use of General Fund Balances</b>	<b>(29.391)</b>	<b>(33.647)</b>	<b>4.256</b>

\*The Council was originally due £112.3 of Non-Domestic Rate Income from the Scottish Government as its share of the national pool; however, this figure was reduced to £73.8m (with a corresponding uplift in general revenue grant) as the impact of the COVID-19 pandemic on businesses unfolded.

The Council collected £66.7m directly from local businesses with a further £7.2m due from the Scottish Government.

## 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 2020 £m	Usable Reserves	As at 31 March 2021 £m
54.811	General Fund Balance	88.458
6.807	Housing Revenue Account	6.497
9.453	Capital Receipts Reserve	8.638
88.550	Other Statutory Funds	90.500
<b>159.621</b>	<b>Total</b>	<b>194.093</b>

The General Fund balance of £88.5m will be carried forward to 2021/22. Of this balance, £77.6m has been earmarked for a particular purpose, as outlined in Note 8: Usable reserves. This leaves unallocated reserves of £10.9m (2.5% 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 2021 has reduced to £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 2020/21 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.

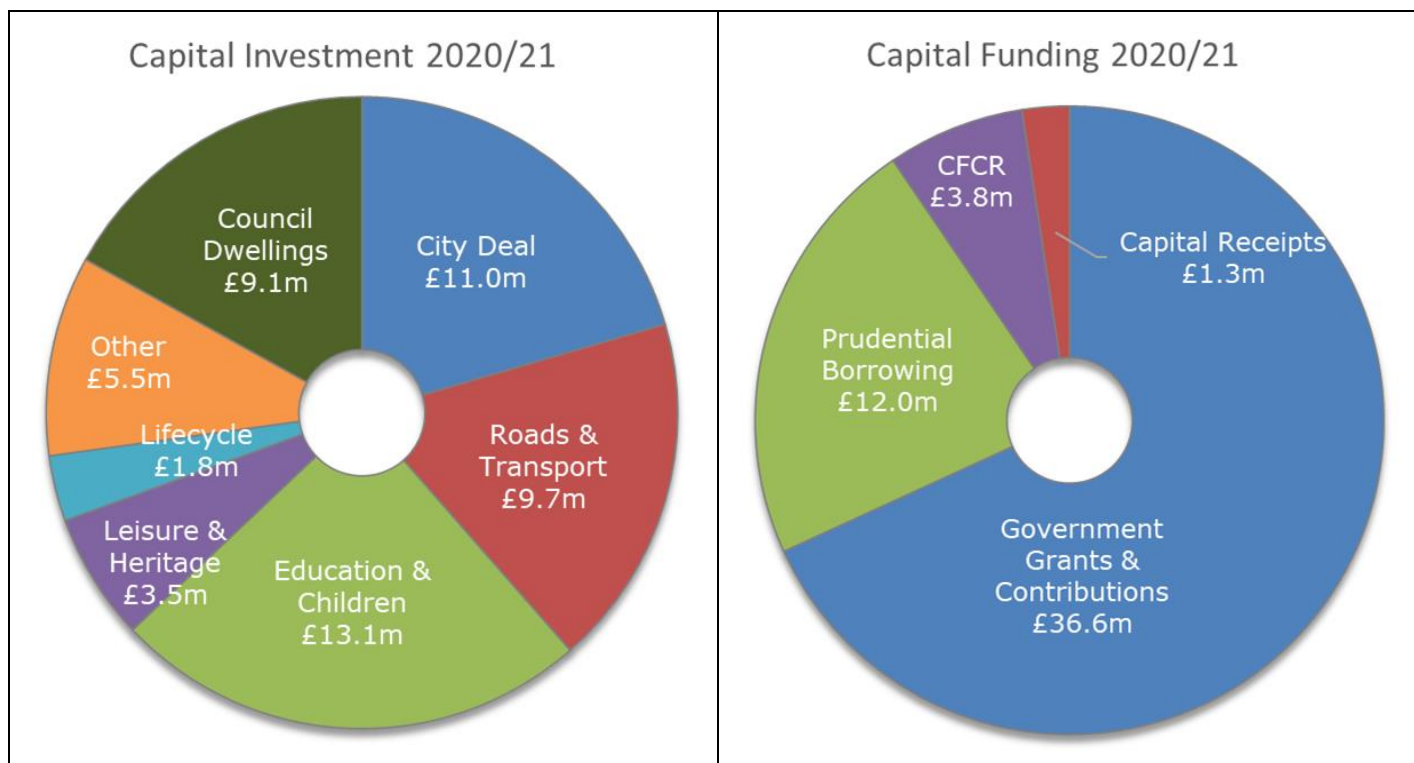
### Capital and Borrowing

Renfrewshire Council continues to make significant capital investment in council housing, schools, culture, roads and the town centre estate. On 9 March 2020, the Council approved the housing capital investment programme for 2020/21 of £30.2m; and the General Fund capital investment programme of £102.0m.

The capital investment programmes were significantly affected by the pandemic, mainly related to lengthy construction lockdown periods and subsequent requirements to maintain social distancing on building sites. The 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 £8.2m for housing capital investment and £45.5m 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 2020/21 capital programme.





During the course of 2020/21 there was new external borrowing (excluding Group transactions) from the Public Works Loans Board of £35m related to the Clyde Waterfront and Renfrew Riverside City Deal project. This borrowing was undertaken to fund project expenditure anticipated in 2021/22 and in line with the Council's approved treasury and borrowing strategies.

The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans. The increase in cash balances compared to 31 March 2020 is attributable to the external borrowing undertaken as outlined above and to COVID-19 specific funding received from the Scottish Government which will be utilised over the course of 2021/22.

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. While it had been planned that this process would reach a natural conclusion, the Council will continue to explore options as to whether refocussing the strategy may help deliver short term financial capacity in order to support the costs being incurred in response to the Coronavirus pandemic, including employing the financial flexibilities permitted by the Scottish Government specifically in relation to COVID-19. The Council did not utilise these flexibilities in 2020/21 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 9 March 2020 and revised on 17 December 2020. The TMSS for 2020/21 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 2021 was £347.1m, which is within the approved limit of £392.0m.

The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £329.1m at 31 March 2021 compared to the operational boundary of £392m. 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 4.7% 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 2021 were 51.4% 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 40.5%.

## 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 £59.0m in their assessment of the Council's share of the actuarial deficit position of the local government pension fund as at 31 March 2021. This can be attributed to a combination of a lower discount rate assumptions and a significantly higher CPI assumption. Asset returns and values and Bond yields have followed the market movements prompted by the pandemic and lockdowns, among other factors, which affect the asset share value.

The assessment provides only a snapshot as at 31 March 2021 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 7, the Council has also set aside £2.5m 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 Council has been made aware of an issue relating to Guaranteed Minimum Pension that could increase the future value of pension liability recognised in the balance sheet by around £4.2m. Further detail is provided in Note 23: Financial Instruments.

## Financial Outlook and Key Risks

The Financial update reports to Council in September and December 2020 outlined continued and considerable uncertainty for local government finances. Council therefore agreed to replenish unallocated reserves to a threshold of £10 million in order to address the risks of significant and unplanned cost pressures which may emerge over the medium term.

Over one year on from the start of lockdown restrictions the impact to the Scottish and UK economies is still unfolding. Unprecedented levels of fiscal support to businesses, communities and individuals has resulted 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. Economists debate as to the speed and trajectory of the economic recovery as the vaccine programme rolls out; however, what is clear is that there will be permanent scarring to the economic position. Encouragingly however, forecasts for economic recovery are generally increasingly optimistic based on the successful roll out of the vaccine programme, that pre-pandemic levels of GDP will be achieved by 2022.

As the economy reopens and emergency fiscal support is withdrawn, notably in respect of the furlough scheme winding down, levels of government borrowing are expected to reduce. Over the medium term however, as the government moves from rescue measures to recovery and then rebuilding, there are a number of factors which may influence the public finances and therefore the local government settlement.

Funding for the NHS and social care is likely to again be prioritised given their key role in responding to the pandemic and in order to rebuild resilience in these services. Inflation may increase as pent-up demand for goods and services begins to unfold, resulting in cost pressures for the Council. Pay inflation is also likely to become an increasing pressure given the pay settlement agreed for the NHS in Scotland and expectations of equity in public pay policy. Conversely, as government support to businesses unwinds and the furlough scheme ends, there may be a resulting increase in unemployment which could place additional demands on Council services. These pressures while not new, may become more acute over the medium term.

The impact of Brexit is one which again due to the pandemic has possibly not been fully felt and the Council remains alert to potential cost pressures in this regard.

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 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 eg through business rates relief over the course of 2021/22 will continue to put pressure on Scottish Government finances. In addition, it is less certain from manifesto commitments made in the run up to the 2021 Scottish Parliamentary elections whether the growth in funding for local government services being on a par with that for the NHS as suggested in the Scottish Government's medium term financial strategy will come into being given the explicit funding commitments made to health and social care. The local government grant settlement for 2021/22 (again only a single year settlement being announced) reflects a 0.5% increase on a like-for-like basis in the general revenue grant received in 2021/22 compared to 2020/21. Funding to compensate councils who chose not to increase council tax was also included in the settlement.

This uncertain climate is likely to present continuing challenges over the medium-term for core local government grant levels in Scotland. While the medium-term financial plans for the Council will require substantial revision, they will remain based on an assumption that its grant settlement may be subject to further reduction in future years given Scottish Government policy commitments and funding pressures. For context, each 1% cut to the Council's revenue funding represents a £3m loss in resource.

A balanced budget position moving into 2021/22 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. No new savings decisions were included in the agreed budget for 2021/22,

reflecting the temporary pause of the Council's Right for Renfrewshire programme. 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.

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 Coronavirus. This is expected to manifest itself in additional costs of services adapting to the pandemic and resulting permanent behavioural changes such as increased levels of homeworking for both staff and residents. While reduced levels of council tax income were anticipated, actual experience from 2020/21 provides evidence that this income stream has held up very well. This may however become more challenging to maintain as levels of government support to households reduce. In addition, there may be permanent reductions in parking income as a result of less travel to work or other behavioural changes. Further, the Council will require to continue to support the substantial levels of commercial income loss being experienced by its subsidiary, Renfrewshire Leisure.

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 £141.3m in 2021/22 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 objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall 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 medium term financial strategy will require to incorporate the increased levels of uncertainty driven by the pandemic; however it is hoped that some clarity will emerge from the UK government comprehensive spending review due in November 2021 which may allow in turn some increased certainty for the Scottish Government with regards the block grant they may receive over 2022 – 2025. This certainty may allow the re-establishment of multi-year settlements for local government in Scotland; bringing some clarity to the Council's grant position.

## 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 (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) Limited Liability Partnership and Paisley Museum Reimagined Ltd. 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 Clyde Muirshiel Park Authority (which was formally wound up on 31 March 2021), Scotland Excel, Glasgow and the Clyde Valley Strategic Development Planning Authority and Glasgow City Region – City Deal Cabinet.

## 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 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 £0.5m which is added to the previous surplus brought forward.

The total net asset value increased by £4.2m, with investments increasing by £3.6m. 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.

The audited annual accounts of the Common Good Funds and Observatory Trust are reported to the Council on 18 November 2021 and can be accessed on the Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

## Conclusion and Acknowledgements

We would like to acknowledge the tremendous effort by the whole finance team in both producing the annual accounts and successfully managing the finances of the Council over an unprecedented year in difficult circumstances; and to record our thanks to both the Finance and Resources team and 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](http://www.renfrewshire.gov.uk)), or by telephoning 0141 618 7363.

**Cllr Iain Nicolson**  
Leader of the Council

**Sandra Black**  
Chief Executive

**Alan Russell CPFA**  
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 18 November 2021.

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 Authority and its group at the reporting date and the transactions of the Authority and its group for the year ended 31 March 2021.

**Alan Russell CPFA**  
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](http://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;
- The Corporate Management Team monitors a quarterly scorecard of performance information. 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;
- There are adequate cyber security controls in place including a dedicated cyber security officer and conformance to industry cyber security standards such as Public Services Network (PSN), Payment Card Industry (PCI) and Cyber Essentials;
- Clear and independent governance arrangements are in place with Renfrewshire Leisure Ltd and the Renfrewshire Health and Social Care Partnership with oversight from 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 2021, subject to the impact of the COVID-19 pandemic, as disclosed in the section on review of effectiveness and continuous improvement below.

Within the 2019/20 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."

### 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, which has 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 (this year 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 now piloting a streamlined version of this model with Renfrewshire Community Planning Executive Group. The first stage of this has been completed, with the consensus session to agree improvement actions delayed due to the Coronavirus crisis.

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. Plans to adopt the CIPFA Financial Management Code over the course of 2020/21 were unfortunately impacted by demands related to the COVID-19 pandemic and a revised timescale for adoption by 30 June 2021 has been developed.

There have been unprecedented challenges facing the Council in responding to the ongoing COVID-19 pandemic, which has significantly altered the way in which the organisation operates, with new services being provided in response to the pandemic and significant changes to the delivery of existing services. Reduced capacity and competing priorities continue to be actively managed on a daily basis. The following should be specifically noted:

- The temporary emergency governance arrangements that were put in place in March 2020 remained in operation throughout 2020/21, with the exception that Board cycles recommenced in August 2020, which allowed the role of the Emergencies Board to be scaled back and the emergency delegations given to the Chief Executive came to an end. The Emergencies Board last met in September 2020. There continues to be weekly Emergency Management Team meetings and the Corporate Management Team also meet weekly with a specific focus on recovery. A cross party briefing meeting is scheduled fortnightly with group leaders to provide ongoing updates on the COVID-19 response.
- The Council has developed economic and social renewal and recovery plans in recent months, which set out how the Council will work with partners to respond to the COVID-19 pandemic over the short to medium term.
- 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 the next 12 months in particular.

- The Right for Renfrewshire programme was placed on hold in April 2020 in order for the Council to focus resources on the Coronavirus response and recovery. However, some elements within the programme of work have continued where necessary or where useful to expedite work planned under Right for Renfrewshire as a key element of the Council's COVID-19 response. Other project activities are progressing only where there is employee capacity and a business need. The Council's Financial Strategy will inform the scope, timelines, and savings targets for future stages of the programme. It is anticipated that the programme will formally restart later in 2021.
- 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. 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, and this will likely continue into 2021/22.
- All essential services have continued to be delivered throughout the pandemic and business continuity arrangements are in place and operating highly effectively. There have been no significant changes to internal controls although new and amended processes have been put in place to allow the Council to appropriately respond to the pandemic and support local communities and businesses.
- The Council commenced planning for Brexit during 2019/20 and has implemented a specific Brexit risk register which is monitored by the Corporate Management Team. The specific risks associated

with Brexit have not all materialised so far and relevant mitigation measures have enabled services to continue following the exit from the European Union in January 2021 without significant immediate adverse impact. However, 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 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.

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

As part of the ongoing relationship which is in place under the new best value methodology, Audit Scotland continuously engages with the Council in relation to the improvement plan, regularly attending Council and board meetings and reviewing information provided. Each year Audit Scotland provides an assessment of the ongoing position in relation to best value, within the Annual Audit Report. The Annual Audit Report for 2019/20 was published in November 2020 noted that the Council continues to make positive progress in implementing the recommendations from the 2016/17 Best Value and Assurance Report.

Audit Scotland provided an unqualified but modified audit opinion on the 2019/20 annual accounts, noting an emphasis of matter drawing attention to disclosure in the financial statements relating to material uncertainties, caused by COVID-19, as declared in the valuation reports for property valuations. This emphasis of matter issue was common to many public bodies.

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:

- The collection of catering income through the online payment system was reviewed and improvements were required in relation to recording and reconciling income collected. Although these areas require to be addressed there is no significant impact on the Council's overall system of internal control. Implementation of the recommendations will be monitored through the internal audit follow up process.
- A review of the Community Empowerment (Scotland) Act 2015, specifically the provisions relating to community asset transfers identified that the current processes do not fully comply with all aspects of the Act. Management agreed to implement the improvement actions required and this 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 76% of recommendations were implemented by the due date. The remaining 24% had passed their original due date and revised implementation dates have now been set. Of the 14 recommendations followed up that were deemed to be critical, 11 have been fully implemented and three 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
Review and refresh the Council Plan	Head of Policy and Commissioning	30 September 2022

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

## Update on the 2019/20 Action Plan

The 2019/20 Governance Statement identified a number 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
<b>Complete Actions</b>				
Review of creditor and debtor balances, improved reconciliation process and production of audited annual accounts within statutory timescales.	Accounts completed within statutory timescales. Reconciliation processes improved, but further efficiencies may be possible and will be incorporated into business as usual activities.	Head of Finance	30 November 2020	N/A
Review the arrangements for revenue budget monitoring within Environment & Infrastructure to ensure that they are fit for purpose and there is clarity of roles and responsibilities.	Complete.	Head of Finance	30 September 2020	N/A
<b>Ongoing Actions</b>				
Review and update, where necessary, the policy for expressing concerns outwith line management (whistleblowing) for approval by Board.	The review has been delayed into the new audit year.	Chief Auditor	30 September 2020	31 October 2021

## Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2020/21 provides reasonable and objective assurance that any significant risks impacting on the achievement of 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

**Sandra Black**  
Chief Executive

## Remuneration Report

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) 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 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 2020. The salary for the Leader of the Council in 2020/21 was £35,617 per annum (£34,848 in 2019/20) and the salary for the Provost was £26,713 per annum (£26,136 in 2019/20).

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to fourteen senior councillors (in addition to the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in 2020/21 being £312,471 per annum; and whose salaries individually must be on a specified scale, in 2020/21 £17,854 to £26,785. In May 2017 the Council approved that Renfrewshire would have twelve senior councillors: four Policy Board Conveners (salary of £26,405 per annum in 2020/21); four Regulatory Board Conveners (salary of £21,776 in 2020/21); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £21,776 in 2020/21).

### 2. 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 & Resources Policy Board on 14 May 2014. Senior employees receive no other benefits.

Senior employees received a 3.0% pay award in 2020/21.

### 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 Renfrewshire Leisure.

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 2021, whether or not those amounts were actually paid to, or received by, those persons within that period.

2019/20	Senior employees		2020/21
Total Remuneration £	Name	Post held	Total Remuneration £
158,246	Sandra Black	Chief Executive	150,438
118,971	Mary Crearie	Director of Communities and Housing Services	122,540
116,246	Gordon McNeil	Director of Environment and Infrastructure Services	122,540
119,171	Steven Quinn	Director of Children's Services	122,540
123,865	Alan Russell	Director of Finance and Resources	122,540
<b>636,499</b>	<b>Total</b>		<b>640,598</b>

2019/20	Senior Employees of Subsidiary Bodies		2020/21
97,329	Victoria Hollows	Chief Executive, Renfrewshire Leisure	103,235
<b>97,329</b>	<b>Total</b>		<b>103,235</b>

In 2019/20, 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 2020/21.

#### 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 2021, whether or not those amounts were actually paid or received within that period and relate only to the Senior Councillor posts indicated.

2019/20	Senior Councillors		2020/21
Total Remuneration £	Name	Position held	Total Remuneration £
34,848	Iain Nicolson	Leader Of the Council	35,617
26,881	Lorraine Cameron	Provost	26,713
25,841	Cathy McEwan	Policy Board Convener	26,405
25,841	Marie McGurk	Policy Board Convener	26,405
25,841	Jim Paterson	Policy Board Convener	26,405
25,841	John Shaw	Policy Board Convener	26,405
21,311	John McNaughtan	Regulatory Board Convener	21,776
21,311	Bill Binks	Regulatory Board Convener	21,776
21,311	Jennifer Adam-McGregor	Regulatory Board Convener	21,776
21,311	Andy Steel	Regulatory Board Convener	21,776
25,841	Lisa-Marie Hughes	Chair Renfrewshire Leisure	26,405
25,841	Jacqueline Cameron	Chair/Vice Chair IJB	26,405
21,311	Eddie Devine	Leader of largest opposition group	21,776
0	Neill Graham	Leader of 2nd largest opposition group from 6 Oct	10,588
21,311	James MacLaren	Leader of 2nd largest opposition group until 5 Oct	11,188
<b>344,641</b>	<b>Total</b>		<b>351,416</b>



No payments were made in connection with loss of employment or office, nor were any other payments made which 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 2020/21		Equivalent bandings for 2019/20
Up to £22,200	5.5%	Up to £21,800
£22,201 to £27,100	7.25%	£21,801 to £26,700
£27,101 to £37,200	8.5%	£26,701 to £36,600
£37,201 to £49,600	9.5%	£36,601 to £48,800
Over £49,601	12%	Over £48,801

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 1/49<sup>th</sup> 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 1/60<sup>th</sup> 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 2021 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 2021		Change in accrued pension benefits since 31 March 2020	
		2020/21 £	2019/20 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
<b>Senior Employees</b>							
Sandra Black	Chief Executive	28,955	28,223	83	148	2	5
Mary Crearie	Director of Communities and Housing Services	23,586	22,994	54	81	1	2
Gordon McNeil	Director of Environment and Infrastructure Services	23,586	22,427	35	32	4	2
Steven Quinn	Director of Children's Services	23,586	23,444	17	0	1	0
Alan Russell	Director of Finance and Resources	23,586	22,994	52	74	2	3
<b>Total</b>		<b>123,299</b>	<b>120,082</b>	<b>241</b>	<b>335</b>	<b>10</b>	<b>12</b>

<b>Senior Employees of Subsidiary Bodies</b>							
Victoria Hollows	Chief Executive, Renfrewshire Leisure	19,870	18,338	35	45	32	45
<b>Total</b>		<b>19,870</b>	<b>18,338</b>	<b>35</b>	<b>45</b>	<b>32</b>	<b>45</b>

<b>Leader of the Council, Provost, Senior Councillors</b>							
Iain Nicolson	Leader Of the Council	6,874	6,747	8	2	1	0
Cathy McEwan	Policy Board Convener	5,096	5,003	4	0	0	0
Marie McGurk	Policy Board Convener	5,096	5,003	3	0	1	0
Jim Paterson	Policy Board Convener	5,096	5,003	2	0	0	0
John Shaw	Policy Board Convener	5,096	5,003	2	0	0	0
Lisa-Marie Hughes	Chair Renfrewshire Leisure	5,096	5,003	2	0	0	0
Jacqueline Cameron	Chair/Vice Chair Integration Joint Board	5,096	5,003	2	0	0	0
John McNaughtan	Regulatory Board Convener	4,203	4,126	2	0	0	0
Jennifer Adam-McGregor	Regulatory Board Convener	4,203	4,126	2	0	0	0
Andy Steel	Regulatory Board Convener	4,203	4,126	2	0	0	0
Eddie Devine	Leader of largest opposition group	4,203	4,126	6	1	1	0
Neill Graham	Leader of 2nd largest opposition group from 6 Oct	3,809	3,362	2	0	n/a	n/a
James MacLaren	Leader of 2nd largest opposition group until 5 Oct	3,830	4,126	4	0	1	0
<b>Total</b>		<b>61,901</b>	<b>60,757</b>	<b>41</b>	<b>3</b>	<b>4</b>	<b>0</b>

## 6. Councillors' remuneration

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

2019/20 £		2020/21 £
836,165	Salaries	872,251
2,395	Travel costs – reimbursed	970
13,533	Travel costs – paid directly by the Council	0
689	Subsistence expenses - accommodation	174
42	Subsistence expenses - meals	0
1,741	Training and Conferences	0
60	Telephone and information technology expenses – reimbursed	167
9,029	Telephone and information technology expenses – paid directly by the Council	5,351
745	Other allowances and expenses	0
<b>864,399</b>	<b>Total</b>	<b>878,913</b>

The public record of members' salaries, allowances and expenses for 2020/21 is available for inspection on the Register of Councillors' Interests page of the Council's website and navigating to: [Your Council>Councillors> Record of allowances and 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 2020/21, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2020/21. 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.

2019/20			Remuneration band	2020/21		
Teachers	Non-teachers	Total		Teachers	Non-teachers	Total
148	56	204	£50,000 to £54,999	151	64	215
85	57	142	£55,000 to £59,999	84	63	147
64	16	80	£60,000 to £64,999	58	20	78
6	27	33	£65,000 to £69,999	16	24	40
3	4	7	£70,000 to £74,999	3	15	18
5	5	10	£75,000 to £79,999	4	2	6
2	3	5	£80,000 to £84,999	4	6	10
3	2	5	£85,000 to £89,999	1	3	4
0	9	9	£90,000 to £94,999	2	11	13
0	3	3	£95,000 to £99,999	0	2	2
0	2	2	£100,000 to £104,999	0	3	3
1	0	1	£105,000 to £109,999	0	1	1
0	4	4	£115,000 to £119,999	0	0	0
0	0	0	£120,000 to £124,999	0	4	4
0	1	1	£145,000 to £149,999	0	0	0
0	0	0	£150,000 to £154,999	0	1	1
<b>317</b>	<b>189</b>	<b>506</b>		<b>323</b>	<b>219</b>	<b>542</b>

Of the staff noted above, eight are included because they left during the year and their termination payments pushed their remuneration over the £50k threshold (four in 2019/20).

## 8. Exit Packages

The Council has agreed a number of exit packages in 2020/21 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:

	2020/21	2019/20
Future Life expectancy at age 65 – males	21.2 years	22.2 years
Future Life expectancy at age 65 – females	24.7 years	24.6 years
Pension increase rate	2.9%	1.9%
Discount Rate	2.0%	2.3%

Exit Package Cost	2020/21		2019/20	
	Number of Employees	Value £m	Number of Employees	Value £m
£0 - £20,000	8	0.089	91	0.770
£20,001 - £40,000	2	0.050	27	0.778
£40,001 - £60,000	0	0.000	14	0.701
£60,001 - £80,000	0	0.000	17	1.207
£80,001 - £100,000	1	0.083	8	0.728
£100,001 - £150,000	5	0.578	12	1.517
£150,001 - £200,000	0	0.000	10	1.796
£200,001 - £250,000	0	0.000	3	0.666
£250,001 - £300,000	1	0.258	3	0.795
£300,001 - £350,000	0	0.000	1	0.318
<b>Total</b>	<b>17</b>	<b>1.058</b>	<b>186</b>	<b>9.276</b>

## 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	41.7

Percentage of pay bill spent on facility time	
Total cost of facility time	£291,294
Total pay bill	£290,127,800
Percentage of the total pay bill spent on facility time	0.10%

Percentage of time spent on facility time		
Number of representatives	% time	
9.00	0%	
27.00	1% - 50%	
4.00	51% - 99%	
2.00	100%	

Paid Trade Union activities	
Time spent on paid TU activities as a percentage of total paid facility time hours	37.66%

**CLlr Iain Nicolson**  
Leader of the Council

**Sandra Black**  
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 2021 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the council and its group as at 31 March 2021 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 28 January 2019. The period of total uninterrupted appointment is 3 years. 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 council's

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.

### **Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), 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 the 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 council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The 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 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 council is complying with that framework;
- identifying which laws and regulations are significant in the context of the council;
- 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](http://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.

### **Statutory other information**

The Director of Finance and Resources is responsible for the statutory other information in the annual accounts. The statutory 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 statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory 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 the 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 the 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.

John Cornett 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.

2019/20 (restated)			Note	2020/21		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
230.636	(27.504)	203.132	Children's Services	246.606	(38.531)	208.075
116.119	(106.472)	9.647	Communities and Housing Services	56.764	(53.414)	3.350
83.743	(13.650)	70.093	Environment and Infrastructure	87.290	(14.265)	73.025
58.774	(7.901)	50.873	Finance and Resources	105.499	(53.203)	52.296
32.457	(7.002)	25.455	Chief Executive's Service	34.624	(8.808)	25.816
6.812	(13.003)	(6.191)	Miscellaneous Services	15.103	(14.887)	0.216
206.913	(131.240)	75.673	Adult Services	222.661	(148.864)	73.797
<b>735.454</b>	<b>(306.772)</b>	<b>428.682</b>	<b>Cost of Services</b>	<b>768.547</b>	<b>(331.972)</b>	<b>436.575</b>
0.000	(0.651)	(0.651)	(Gain)/Loss on the disposal of non-current assets	0.136	0.000	0.136
26.590	(1.118)	25.472	Financing and investment income and expenditure	27.626	(0.565)	27.061
0.000	(427.986)	(427.986)	Taxation and non-specific grant income	0.000	(481.232)	(481.232)
<b>762.044</b>	<b>(736.527)</b>	<b>25.517</b>	<b>Deficit/(Surplus) on the Provision of Services</b>	<b>796.309</b>	<b>(813.769)</b>	<b>(17.460)</b>
		(90.226)	(Surplus)/Deficit on the revaluation of non-current assets		9	(47.608)
		0.111	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income		9	(0.452)
		(140.142)	Actuarial (gain)/loss on pension assets and liabilities		29	37.341
		<b>(230.257)</b>	<b>Other comprehensive (income) and expenditure</b>			<b>(10.719)</b>
		<b>(204.740)</b>	<b>Total comprehensive (income) and expenditure</b>			<b>(28.179)</b>

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

In 2020/21 Housing Benefit payments and related subsidy income moved from Communities and Housing Services to Finance and Resources.

For details of the 2019/20 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.

	General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Funds	Total Usable Reserves	Unusable Reserves	Total reserves
Note	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2020	54.811	6.807	2.858	95.145	159.621	946.924	1,106.545
<b>Movement in reserves during the year</b>							
Total Comprehensive Income and Expenditure	24.618	(7.158)	0.000	0.000	17.460	10.719	28.179
Transfers to or (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 9.035	6.848	0.000	1.129	17.012	(17.012)	0.000
Increase / (Decrease) in year	33.647	(0.310)	0.006	1.129	34.472	(6.293)	28.179
<b>Balance at 31 March 2021</b>	<b>88.458</b>	<b>6.497</b>	<b>2.864</b>	<b>96.274</b>	<b>194.093</b>	<b>940.631</b>	<b>1,134.724</b>

	General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Funds	Total usable reserves	Unusable reserves	Total reserves
Note	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2019	59.144	6.807	2.858	85.797	154.606	747.199	901.805
<b>Movement in reserves during the year</b>							
Total Comprehensive Income and Expenditure	(17.242)	(8.275)	0.000	0.000	(25.517)	230.257	204.740
Transfers to or (from) other statutory reserves	8 (0.000)	0.000	0.000	0.000	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	7 12.909	8.275	0.000	9.348	30.532	(30.532)	0.000
Increase / (Decrease) in year	(4.333)	0.000	0.000	9.348	5.015	199.725	204.740
<b>Balance at 31 March 2020</b>	<b>54.811</b>	<b>6.807</b>	<b>2.858</b>	<b>95.145</b>	<b>159.621</b>	<b>946.924</b>	<b>1,106.545</b>

For details of the 2019/20 restatement, please refer to Note 2: Prior Year Restatement.

## Balance Sheet

The balance sheet shows the value as at 31 March 2021 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 2020 (restated) £m		Note	As at 31 March 2021 £m
1,459.243	Property, plant and equipment	10	1,484.243
39.303	Heritage assets	11	39.303
1.502	Investment property	12	1.467
5.037	Intangible assets	14	4.177
10.789	Long-term investments	23	4.344
2.172	Long-term debtors	19	2.682
<b>1,518.046</b>	<b>Long-term assets</b>		<b>1,536.216</b>
0.700	Assets held for sale	13	0.625
86.341	Short-term investments	23	135.881
0.989	Inventories	18	0.879
49.602	Short-term debtors	19	81.940
12.696	Cash and cash equivalents	20	46.271
<b>150.328</b>	<b>Current assets</b>		<b>265.596</b>
(53.227)	Short-term borrowing	23	(91.021)
(78.248)	Short-term creditors	21	(74.685)
(0.277)	Short-term provisions	22	(0.212)
<b>(131.752)</b>	<b>Current liabilities</b>		<b>(165.918)</b>
(75.313)	Long-term creditors	21	(73.261)
(4.745)	Long-term provisions	22	(5.078)
(187.497)	Long-term borrowing	23	(201.297)
(162.522)	Other long-term liabilities	29	(221.534)
<b>(430.077)</b>	<b>Long-term liabilities</b>		<b>(501.170)</b>
<b>1,106.545</b>	<b>Net assets</b>		<b>1,134.724</b>
(159.621)	Usable reserves	8	(194.093)
(946.924)	Unusable reserves	9	(940.631)
<b>(1,106.545)</b>	<b>Total reserves</b>		<b>(1,134.724)</b>

**Alan Russell CPFA**  
Director of Finance  
and Resources

The unaudited accounts were issued on 24 June 2021 and the audited accounts were authorised for issue on 18 November 2021. For details of the 2019/20 restatement, please refer to Note 2: Prior Year Restatement.

## 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.

2019/20 £m		2020/21 £m
(25.517)	Net surplus/(deficit) on the provision of services	17.460
	<b>Adjustment for non-cash movements:</b>	
62.661	Depreciation, amortisation, impairment and revaluations	76.736
2.660	Increase/(decrease) in creditors	12.448
(5.086)	(Increase)/decrease in debtors	(32.848)
0.131	(Increase)/decrease in inventories	0.110
25.990	Pension (liability)/asset	21.670
1.487	Carrying amount of non-current assets sold	0.594
(0.525)	Other non-cash items charged to the net surplus or deficit on the provision of services	0.826
(38.435)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(46.299)
23.366	<b>Net cash flows from operating activities</b>	50.697
	<b>Net cash flows from investing activities :</b>	
(102.406)	Purchase of property, plant and equipment, investment property and intangible assets	(69.125)
2.140	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(0.458)
9.947	Proceeds from short-term and long-term investments	(43.095)
36.295	Other receipts from investing activities	46.757
	<b>Net cash flows from financing activities</b>	
(2.917)	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	(2.795)
(0.071)	Repayment of short-term and long-term borrowing	51.594
(33.646)	<b>Net increase/(decrease) in cash and cash equivalents</b>	33.575
46.342	Cash and cash equivalents at the beginning of the reporting period	12.696
12.696	<b>Cash and cash equivalents at the end of the reporting period</b>	46.271

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

2019/20 £m	Interest Paid and Received	2020/21 £m
(1.118)	Interest received	(0.565)
10.588	Interest paid	10.372
5.525	Interest element of finance lease and PPP payments	5.525
14.995		15.332

## 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.

2020/21	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Net Expenditure in the CIES £m
Children's Services	203.835	4.240	208.075
Communities and Housing Services	11.615	(8.265)	3.350
Environment & Infrastructure	52.053	20.972	73.025
Finance & Resources	39.198	13.098	52.296
Chief Executive's Service	21.640	4.176	25.816
Miscellaneous Services	28.598	(28.382)	0.216
Adult Services	72.251	1.546	73.797
Net cost of services	429.190	7.385	436.575
Other income and expenditure	(462.533)	8.498	(454.035)
(Surplus) / Deficit	(33.343)	15.883	(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 / (Deficit)	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	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	26.465	5.247	(27.472)	4.240
Communities and Housing Services	8.072	1.684	(18.021)	(8.265)
Environment & Infrastructure	11.469	3.550	5.953	20.972
Finance & Resources	3.984	3.491	5.623	13.098
Chief Executive's Service	3.340	1.069	(0.233)	4.176
Miscellaneous Services	(12.493)	(0.629)	(15.260)	(28.382)
Adult Services	0.000	2.985	(1.439)	1.546
Net cost of services	40.837	17.397	(50.849)	7.385
Other income and expenditure	(46.615)	4.273	50.840	8.498
Total adjustments between accounting basis and funding basis	(5.778)	21.670	(0.009)	15.883

- 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.

2019/20	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Net Expenditure in the CIES £m
Children's Services	193.278	9.854	203.132
Communities, Housing & Planning	12.702	(3.055)	9.647
Environment & Infrastructure	48.073	22.020	70.093
Finance & Resources	36.030	14.843	50.873
Chief Executive's Service	21.249	4.206	25.455
Miscellaneous Services	32.402	(38.593)	(6.191)
Adult Services	70.685	4.988	75.673
Net cost of services	414.419	14.263	428.682
Other income and expenditure	(410.086)	6.921	(403.165)
(Surplus) / Deficit	4.333	21.184	25.517
Opening General Fund and HRA balance	(65.951)		
Less (Surplus) / Deficit in the year	4.333		
Closing General Fund and HRA at 31 March*	(61.618)		

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

2019/20	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	18.896	8.908	(17.950)	9.854
Communities, Housing & Planning Services	10.443	2.584	(16.082)	(3.055)
Environment & Infrastructure	7.235	6.291	8.494	22.020
Finance & Resources	3.336	6.243	5.264	14.843
Chief Executive's Service	2.703	1.684	(0.181)	4.206
Miscellaneous Services	(10.941)	(12.012)	(15.640)	(38.593)
Adult Services	0.000	5.229	(0.241)	4.988
Net cost of services	31.672	18.927	(36.336)	14.263
Other income and expenditure	(36.946)	7.063	36.804	6.921
Total adjustments between accounting basis and funding basis	(5.274)	25.990	0.468	21.184



## Note 2: Prior Year Restatement

The value of Council Dwellings was overstated in 2019/20 by £12.304m. This was due to the incorrect Average Weekly Rents figure being used in the asset valuation calculation. The result is that the Property, Plant and Equipment line in the Balance Sheet has now been decreased by this value compared to the Audited Accounts 2019/20. In addition, the Revaluation Reserve has been reduced by £12.304m to correct for this issue. This can be seen in a change to the Usable Reserves figure in the Balance Sheet, compared to the Audited Accounts 2019/20. Notes detailing Unusable Reserves and Property, Plant and Equipment have also been restated.

The following tables show the relevant extracted lines from the CIES and Movement in Reserves Statement (MIRS) that have been affected by the restatement.

### Effect on the CIES

	Originally Stated 2019/20 £m	Restated 2019/20 £m	Amount of Restatement £m
Net Cost of Services	428.682	428.682	0.000
Deficit on Provision of Services	25.517	25.517	0.000
(Surplus)/Deficit on the revaluation of non-current asset	(102.530)	(90.226)	12.304
Total Comprehensive Income and Expenditure	(217.044)	(204.740)	12.304

### Effect on the MIRS

	Originally Stated at 31 March 2020 £m	Restated at 31 March 2020 £m	Amount of Restatement £m
Unusable Reserves			
Balance at 1 April 2019	747.199	747.199	0.000
Total comprehensive income and expenditure	242.561	230.257	(12.304)
Adjustments between accounting basis and funding basis under regulations	(30.532)	(30.532)	0.000
Increase/(decrease) in year	212.029	199.725	(12.304)
Balance at 31 March 2020	959.228	946.924	(12.304)

### Effect on the Balance Sheet

	Originally Stated at 31 March 2020 £m	Restated at 31 March 2020 £m	Amount of Restatement £m
Property, plant and equipment	1,471.547	1,459.243	(12.304)
Unusable Reserves	(959.228)	(946.924)	12.304

### Note 3: Financing and investment income and expenditure

2019/20 £m		2020/21 £m
19.527	Interest payable and similar charges	23.353
7.063	Net interest on the net defined benefit liability	4.273
(1.078)	Interest receivable and similar income	(0.565)
(0.040)	Income and expenditure in relation to investment properties and changes in their fair values	0.000
<b>25.472</b>	<b>Total</b>	<b>27.061</b>

### Note 4: Taxation and non-specific grant income

2019/20 £m		2020/21 £m
(78.685)	Income from Council Tax and community charge	(83.037)
(104.417)	Distribution from the national non-domestic rate pool	(73.841)
(208.589)	General Revenue Grant from the Scottish Government	(277.597)
(36.295)	Capital grants and contributions	(46.757)
<b>(427.986)</b>	<b>Total</b>	<b>(481.232)</b>

### 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.

2019/20 £m		Note	2020/21 £m
	<b>Expenditure</b>		
308.455	Employee benefits expenses		317.851
364.338	Other service expenses		373.960
62.661	Depreciation, amortisation, impairment		76.736
26.590	Interest Payments	3	27.626
0.000	Loss on the disposal of assets	9	0.136
<b>762.044</b>	<b>Total expenditure</b>		<b>796.309</b>
	<b>Income</b>		
(306.772)	Fees, charges and other service income		(331.972)
(1.118)	Interest and investment income	3	(0.565)
(0.651)	Gain on the disposal of assets	9	0.000
(183.102)	Income from council tax and non-domestic rates	4	(156.878)
(244.884)	Government grants and contributions	4	(324.354)
<b>(736.527)</b>	<b>Total income</b>		<b>(813.769)</b>
<b>25.517</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>(17.460)</b>

## Note 6: Grant income

The Council credited the following grants, contributions and donations direct to services in the CIES during 2020/21.

2019/20 £m		2020/21 £m
51.368	Housing benefit	48.162
0.347	Housing benefit and Council Tax administration	0.700
0.146	Discretionary Housing Payment	0.215
0.500	Private sector housing grant	0.500
0.600	Education Maintenance Allowance	0.685
0.017	Gaelic Education	0.017
0.021	School Milk	0.000
4.273	Pupil Equity Fund	4.360
11.537	Early Years Expansion	19.528
6.788	Other Education	8.681
2.568	Children's Services	3.078
12.771	Adult Services	12.254
4.426	Employability	3.173
1.154	Other grants	3.105
<b>96.516</b>	<b>Total</b>	<b>104.458</b>

## 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.

2020/21	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account Balance £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items charged to the CIES:</b>					
Charges for depreciation and impairment of non-current assets	(49.290)	(26.540)	0.000	0.000	<b>75.830</b>
Amortisation of intangible assets	(0.906)	0.000	0.000	0.000	<b>0.906</b>
Capital grants and contributions applied	45.332	1.425	0.000	0.000	<b>(46.757)</b>
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	<b>0.136</b>
<b>Insertion of items not charged to the CIES:</b>					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	10.933	19.217	0.000	0.000	<b>(30.150)</b>
Capital expenditure charged against the General Fund and HRA Balances	5.743	0.000	(1.944)	0.000	<b>(3.799)</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
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)	<b>0.458</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	1.273	<b>(1.273)</b>
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>					
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	<b>(0.493)</b>
<b>Adjustments primarily involving the Pension Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(55.368)	(0.188)	0.000	0.000	<b>55.556</b>
Employer's pension contributions and direct payments to pensioners payable in the year	34.856	(0.970)	0.000	0.000	<b>(33.886)</b>
<b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>					
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	<b>0.484</b>
<b>Total adjustments</b>	<b>(9.035)</b>	<b>(6.848)</b>	<b>(1.944)</b>	<b>0.815</b>	<b>17.012</b>

2019/20	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items charged to the CIES:</b>					
Charges for depreciation and impairment of non-current assets	(36.468)	(25.268)	0.000	0.000	<b>61.736</b>
Amortisation of intangible assets	(0.925)	0.000	0.000	0.000	<b>0.925</b>
Capital grants and contributions applied	32.558	3.737	0.000	0.000	<b>(36.295)</b>
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	1.557	(0.906)	0.000	0.000	<b>(0.651)</b>
<b>Insertion of items not charged to the CIES:</b>					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	4.105	15.670	0.000	0.000	<b>(19.775)</b>
Capital expenditure charged against the General Fund and HRA Balances	11.214	0.000	(7.912)	0.000	<b>(3.302)</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	0.000	0.000	0.000	(2.140)	<b>2.140</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	0.704	<b>(0.704)</b>
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.304	0.192	0.000	0.000	<b>(0.496)</b>
<b>Adjustments primarily involving the Pension Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(53.114)	(2.912)	0.000	0.000	<b>56.026</b>
Employer's pension contributions and direct payments to pensioners payable in the year	28.879	1.157	0.000	0.000	<b>(30.036)</b>
<b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>					
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	(1.019)	0.055	0.000	0.000	<b>0.964</b>
<b>Total adjustments</b>	<b>(12.909)</b>	<b>(8.275)</b>	<b>(7.912)</b>	<b>(1.436)</b>	<b>30.532</b>

## 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, however a summary is shown below.

More information about the Housing Revenue Account can be found on page 92.

As at 31 March 2020 £m	Usable Reserves	As at 31 March 2021 £m
(54.811)	General Fund Balance	(88.458)
(6.807)	Housing Revenue Account Balance	(6.497)
(9.453)	Capital Receipts Reserve	(8.638)
(88.550)	Other Statutory Funds	(90.500)
<b>(159.621)</b>	<b>Total</b>	<b>(194.093)</b>

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 2020/21.

	Balance at 1 April 2019 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2020 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2021 £m
Insurance Fund	2.543	0.000	0.000	2.543	0.000	0.000	2.543
Reservoir Repair Fund	0.315	0.000	0.000	0.315	0.000	0.006	0.321
Revenue statutory funds	2.858	0.000	0.000	2.858	0.000	0.006	2.864
Education Capital Items Fund	1.047	(0.429)	0.439	1.057	(0.213)	0.556	1.400
Investment Capital Fund	76.733	(0.849)	8.751	84.635	(0.987)	2.588	86.236
Capital statutory funds	77.780	(1.278)	9.190	85.692	(1.200)	3.144	87.636
<b>Total</b>	<b>80.638</b>	<b>(1.278)</b>	<b>9.190</b>	<b>88.550</b>	<b>(1.200)</b>	<b>3.150</b>	<b>90.500</b>

- 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 2019 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2020 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2021 £m
Capital Receipts Reserve	8.017	2.140	(0.704)	9.453	0.458	(1.273)	8.638

### 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 £10.887m represents 2.5% of the Council's net annual running costs.

	Balance at 1 April 2019 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2020 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2021 £m
Alcohol and Drugs Commission	0.000	0.000	1.000	1.000	0.000	1.000	2.000
British Sign Language	0.099	(0.004)	0.000	0.095	(0.014)	0.000	0.081
City Deal	1.273	(0.658)	0.566	1.181	(0.522)	0.000	0.659
Climate Change Action Fund	0.000	0.000	0.000	0.000	0.000	0.742	0.742
Community Empowerment Fund	0.472	(0.040)	0.000	0.432	(0.057)	0.000	0.375
Community Safety	0.031	0.000	0.000	0.031	(0.031)	0.000	0.000
COVID-19 Education Recovery Fund	0.000	0.000	0.000	0.000	0.000	6.149	6.149
COVID-19 General Recovery Fund	0.000	0.000	0.000	0.000	0.000	11.390	11.390
Culture Bid Legacy	2.411	(0.228)	0.737	2.920	0.000	0.612	3.532
Development Contribution – Paisley Town Centre	1.056	0.000	0.001	1.057	0.000	0.000	1.057
Digital Infrastructure	0.440	(0.030)	0.000	0.410	(0.035)	0.000	0.375
Discretionary Business Grants	0.000	0.000	0.000	0.000	0.000	2.303	2.303
Early Years Change Fund	1.051	(1.051)	1.900	1.900	0.000	0.000	1.900
Employability	4.500	0.000	0.204	4.704	0.000	3.391	8.095
Environment & Infrastructure	2.500	(0.500)	0.000	2.000	(0.500)	0.000	1.500
Memorial Headstone Safety	0.000	0.000	0.000	0.000	0.000	0.987	0.987
PPP Schools Replacement Fund	12.670	0.000	0.000	12.670	0.000	0.000	12.670
Invest in Renfrewshire	0.000	0.000	1.829	1.829	(3.237)	1.984	0.576
Kilbarchan AAC	0.250	(0.250)	0.000	0.000	0.000	0.000	0.000
Leisure: Inclusive Play Facility	0.000	0.000	0.050	0.050	0.000	0.000	0.050
M74 Fund	0.566	(0.566)	0.000	0.000	0.000	0.000	0.000
Paisley Town Centre Heritage Asset Strategy	2.632	(0.737)	0.000	1.895	0.000	1.100	2.995
Private Sector Housing Grant	2.687	(0.114)	0.000	2.573	0.000	0.059	2.632
Pupil Equity Fund	1.426	0.000	0.044	1.470	(0.245)	0.000	1.225
Renfrewshire Health & Social Care Partnership	1.232	(1.232)	0.000	0.000	0.000	0.000	0.000
Response to Commission on Tackling Poverty	4.002	(0.998)	0.000	3.004	(0.773)	0.190	2.421
School Music Participation Funding	0.000	0.000	0.375	0.375	0.000	0.000	0.375
Service Modernisation and Social Renewal Plan	10.343	(3.518)	0.003	6.828	0.000	0.153	6.981
Town Centre Public WiFi	0.000	0.000	0.000	0.000	0.000	2.706	2.706
Town Centre Public WiFi	0.344	(0.142)	0.000	0.202	(0.109)	0.000	0.093
Villages Improvement Fund	0.370	0.000	0.000	0.370	(0.078)	0.000	0.292
Welfare Reform	0.603	(0.405)	0.000	0.198	(0.010)	0.424	0.612
<b>Year end flexibility:</b>							
Children's Services	1.049	(0.031)	0.000	1.018	0.000	1.780	2.798
<b>General Fund Ring-fenced Total</b>	<b>52.007</b>	<b>(10.504)</b>	<b>6.709</b>	<b>48.212</b>	<b>(5.611)</b>	<b>34.970</b>	<b>77.571</b>
Unallocated element of the General Fund Balance	7.137	(0.538)	0.000	6.599	0.000	4.288	10.887
<b>Total General Fund Balance</b>	<b>59.144</b>	<b>(11.042)</b>	<b>6.709</b>	<b>54.811</b>	<b>(5.611)</b>	<b>39.258</b>	<b>88.458</b>



## 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 2020 (restated) £m	Unusable Reserves	As at 31 March 2021 £m
(540.348)	Revaluation Reserve	(565.557)
162.522	Pension Reserve	221.533
(588.619)	Capital Adjustment Account	(615.667)
12.422	Financial Instruments Adjustment Account	11.929
(0.487)	Financial Instruments Revaluation Reserve	(0.939)
7.586	Employee Statutory Adjustment Account	8.070
<b>(946.924)</b>	<b>Total Unusable Reserves</b>	<b>(940.631)</b>

### 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:

- i) revalued downwards or impaired and the gains are lost,
- ii) used in the provision of services and the gains are consumed through depreciation; or
- iii) 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.

For details of the 2019/20 restatement, please refer to Note 2: Prior Year Restatement.

As at 31 March 2020 (restated) £m	Revaluation Reserve	As at 31 March 2021 £m
(468.331)	Balance at 1 April	(540.348)
(90.226)	Upward revaluation of non-current assets	(47.608)
17.597	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	22.299
0.612	Accumulated (gains) / losses on disposal of non-current assets transferred to the Capital Adjustment Account	0.100
(72.017)	Amount posted to the Capital Adjustment Account	(25.209)
(540.348)	Balance at 31 March	(565.557)

## 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 2020 £m	Pension Reserve	As at 31 March 2021 £m
276.674	Balance at 1 April	162.522
(140.142)	Actuarial (gains) / losses on pension assets and liabilities	37.341
56.026	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	55.556
(30.036)	Employer's pension contributions payable in the year	(33.886)
162.522	Balance at 31 March	221.533

## 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 2020 £m	Capital Adjustment Account	As at 31 March 2021 £m
(574.484)	Balance at 1 April	(588.619)
	<b>Reversal of items relating to capital expenditure charged to the CIES:</b>	
61.736	Charges for depreciation, impairment and revaluation losses of non-current assets	75.830
0.925	Amortisation of intangible assets	0.906
2.140	Non-current assets sale proceeds	0.458
(0.651)	(Gain)/Loss on disposal of non-current assets charged to the CIES	0.136
(18.209)	Adjusting amounts written out of the Revaluation Reserve	(22.399)
<b>45.941</b>	<b>Net written out amount of non-current assets consumed in the year</b>	<b>54.931</b>
	<b>Capital financing applied in the year:</b>	
(0.704)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1.273)
(36.295)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(46.757)
(19.775)	Loans Fund and Finance Lease principal repayments	(30.150)
(3.302)	Capital expenditure charged against the General Fund and Housing Revenue Account balances	(3.799)
<b>(60.076)</b>		<b>(81.979)</b>
(588.619)	Balance at 31 March	(615.667)

## 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 2020	11.494	0.901	0.027	12.422
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	(0.018)	(0.003)	(0.021)
Balance at 31 March 2021	11.022	0.883	0.024	11.929

## 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:

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

As at 31 March 2020 £m	Financial Instruments Revaluation Reserve	As at 31 March 2021 £m
(0.598)	Balance at 1 April	(0.487)
0.111	Downward/(Upward) revaluation of investments	(0.452)
(0.487)	Balance at 31 March	(0.939)

## 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 2020 £m	Employee Statutory Adjustment Account	As at 31 March 2021 £m
6.622	Balance at 1 April	7.586
(6.622)	Settlement or cancellation of accrual made at the end of the prior year	(7.586)
7.586	Amounts accrued at the end of the current year	8.070
7.586	Balance at 31 March	8.070

## Note 10: Property, Plant and Equipment

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
<b>Gross carrying amount at 31 March 2021</b>	<b>579.608</b>	<b>315.396</b>	<b>588.965</b>	<b>327.975</b>	<b>63.152</b>	<b>26.746</b>	<b>1,901.842</b>	<b>120.580</b>
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
<b>Accumulated depreciation and impairment at 31 March 2021</b>	<b>0.000</b>	<b>18.726</b>	<b>238.584</b>	<b>154.963</b>	<b>0.278</b>	<b>5.048</b>	<b>417.599</b>	<b>13.528</b>
<b>Balance sheet net carrying amount at 31 March 2021</b>	<b>579.608</b>	<b>296.670</b>	<b>350.381</b>	<b>173.012</b>	<b>62.874</b>	<b>21.698</b>	<b>1,484.243</b>	<b>107.052</b>
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

2019/20 (restated)	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 (restated) £m
Gross carrying amount at 1 April 2019	504.680	290.159	544.300	307.221	31.939	28.263	1,706.562	111.448
Assets reclassified (to)/from the "held for sale" category	0.000	0.000	0.000	0.000	0.000	0.700	0.700	0.000
Other asset reclassifications	6.953	4.313	4.749	0.000	(16.015)	(0.290)	(0.290)	0.000
Additions	9.099	9.179	20.321	10.765	41.229	0.010	90.603	7.223
Disposals	(0.398)	(0.020)	(2.940)	0.000	0.000	(1.100)	(4.458)	0.000
Revaluation increases/(decreases) taken to the Revaluation Reserve	50.185	2.864	7.340	0.000	0.000	(0.001)	60.388	0.000
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	0.000	0.168	(1.193)	0.000	0.000	(0.355)	(1.380)	0.000
<b>Gross carrying amount at 31 March 2020</b>	<b>570.519</b>	<b>306.663</b>	<b>572.577</b>	<b>317.986</b>	<b>57.153</b>	<b>27.227</b>	<b>1,852.125</b>	<b>118.671</b>
Accumulated depreciation and impairment at 1 April 2019	0.000	15.853	202.573	141.800	0.278	5.321	365.825	4.882
Depreciation on other reclassifications	0.000	(0.326)	0.326	0.000	0.000	0.000	0.000	0.000
Depreciation charge for the year	16.823	6.862	33.221	6.443	0.000	0.136	63.485	4.138
Depreciation and impairment on disposals	(0.013)	(0.001)	(2.867)	0.000	0.000	(0.190)	(3.071)	0.000
Depreciation written out to the Revaluation Reserve	(16.810)	(2.703)	(10.237)	0.000	0.000	(0.088)	(29.838)	0.000
Depreciation written out to the surplus or deficit on the provision of services	0.000	(1.692)	(1.817)	0.000	0.000	(0.010)	(3.519)	0.000
<b>Accumulated depreciation and impairment at 31 March 2020</b>	<b>0.000</b>	<b>17.993</b>	<b>221.199</b>	<b>148.243</b>	<b>0.278</b>	<b>5.169</b>	<b>392.882</b>	<b>9.020</b>
<b>Balance sheet net carrying amount at 31 March 2020</b>	<b>570.519</b>	<b>288.670</b>	<b>351.378</b>	<b>169.743</b>	<b>56.875</b>	<b>22.058</b>	<b>1,459.243</b>	<b>109.651</b>
Balance sheet net carrying amount at 1 April 2019	504.680	274.306	341.727	165.421	31.661	22.942	1,340.737	106.566

In the final column of this table, £5.372m has been added into additions for 2019/20. This was accurately reflected in Vehicles, plant, furniture and equipment last year, but not reflected in the 'Of which funded by PFI' column as the asset (Bargeddie Waste Facility) was not treated as a service concession arrangement in 2019/20.

For details of the 2019/20 restatement, please refer to Note 2: Prior Year Restatement.



## Note 11: Heritage Assets

There were no movements in the fair value of the Council's Heritage Assets during 2020/21 or 2019/20. The value at 31 March 2021 was £39.303m (£39.303m at 31 March 2020).

Over the past five years, there have been 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 a combination of external valuations and those undertaken by museum curators for insurance purposes. Internal valuations are generally derived on a collection basis as opposed to valuing individual objects.

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

- Art collection: 2013 (Sotheby's)
- Shawls and textiles: 2017 (internal)
- Natural and human history: 2017 (internal)

An inventory of objects is currently held in a variety of both manual and electronic formats. A centralised electronic collections management system has been procured and a project is underway to transfer records to this new system. It is recognised however

that this is a significant task and may take a substantial period of time to complete.

## 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.

2019/20 £m	Investment Properties	2020/21 £m
(0.139)	Rental income from investment property	(0.141)
(0.139)	Net Loss / (Gain)	(0.141)

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:

2019/20 £m	Fair Value of Investment Properties	2020/21 £m
1.601	Opening balance at 1 April	1.502
(0.389)	Net gains or (losses) from fair value adjustments	(0.035)
0.290	Transfers from inventories and property, plant and equipment	0.000
1.502	Closing balance at 31 March	1.467

## Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2021 are as follows:

	Quoted Prices in active markets for identical assets (level 1) £m	Other significant observable inputs (level 2) £m	Other significant unobservable inputs (level 3) £m	Fair Value as at 31 March 2021 £m
Commercial Units	0.000	0.320	0.000	0.320
Office Units	0.000	0.060	0.000	0.060
Commercial Sites	0.000	0.958	0.000	0.958
Other	0.000	0.129	0.000	0.129
<b>Total</b>	<b>0.000</b>	<b>1.467</b>	<b>0.000</b>	<b>1.467</b>

## 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:

2019/20 £m	Assets Held for Sale	2020/21 £m
1.500	Opening balance at 1 April	0.700
	<b>Assets reclassified as held for sale:</b>	
(0.700)	Other Land and Buildings	0.000
0.000	Surplus Assets	(0.075)
(0.100)	Assets sold	0.000
<b>0.700</b>	<b>Closing balance at 31 March</b>	<b>0.625</b>

## 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.

2019/20 £m	Purchased Software Licences	2020/21 £m
	Balance at 1 April	
6.421	Gross carrying amount	6.082
(0.576)	Accumulated amortisation	(1.045)
5.845	Net carrying amount at 1 April	5.037
0.117	Additions: purchases	0.048
0.000	Asset Reclassification	0.000
(0.456)	Disposals	(0.006)
0.456	Disposal amortisation	0.004
(0.925)	Amortisation for the year	(0.906)
5.037	Net carrying amount at 31 March	4.177
	Comprising:	
6.082	Gross carrying amount	6.124
(1.045)	Accumulated amortisation	(1.947)
5.037	Balance at 31 March	4.177

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 2020/21 total spending on capital projects was £53.749m (£90.720m in 2019/20) and was within the overall prudential limits approved by Council. Capital receipts of £1.273m (£0.704m in 2019/20) were used to fund spending on capital projects.

The net capital expenditure for the year of £12.730m (£50.419m in 2019/20) 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 2020 £m		As at 31 March 2021 £m
344.567	Opening Capital Financing Requirement	375.262
	<b>Capital investment:</b>	
84.676	Property, plant and equipment	53.694
5.927	Credit Arrangements (Finance Lease/PPP)	0.007
0.117	Intangible assets	0.048
	<b>Sources of finance:</b>	
(0.385)	Capital receipts – sale of council houses	(0.197)
(0.319)	Capital receipts – sale of other council assets	(1.076)
(36.295)	Government grants and other contributions	(46.757)
(3.302)	Sums set aside from revenue – direct revenue contributions	(3.799)
(19.724)	Loans Fund/Finance Lease principal repayments	(30.100)
<b>375.262</b>	<b>Closing Capital Financing Requirement</b>	<b>347.082</b>
	<b>Explanation of movements in year:</b>	
33.043	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(25.307)
0.000	Reduction in finance leases obligations	(0.108)
(2.348)	Increase/(decrease) in PPP finance lease creditor	(2.765)
<b>30.695</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(28.180)</b>

At 31 March 2021 the Council had commitments on capital contracts for non-housing projects of £140.251m (£35.742m in 2019/20) and for housing projects of £35.263m (£39.072m in 2019/20). 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	6.263	2.598	5.125	3.858	17.844
Payable within 2-5 years	25.945	12.068	18.328	18.059	74.400
Payable within 6-10 years	35.860	18.578	17.475	28.277	100.190
Payable within 11-15 years	38.629	25.819	9.055	35.320	108.823
Payable within 16-20 years	16.291	9.832	0.868	12.792	39.783
<b>Total</b>	<b>122.988</b>	<b>68.895</b>	<b>50.851</b>	<b>98.306</b>	<b>341.040</b>

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.

Renfrewshire Council's share of the contract is 20%, represented by an addition in 2019/20.

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

Five councils, including Renfrewshire, have an inter-authority agreement with North Lanarkshire Council.

Future Repayment Periods - Waste Facility	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Total £m
Payable within 1 year	3.636	0.141	0.293	4.070
Payable within 2-5 years	15.554	0.569	1.087	32.764
Payable within 6-10 years	21.738	0.937	1.154	45.567
Payable within 11-15 years	25.154	0.683	0.960	51.951
Payable within 16-20 years	28.168	1.443	0.649	58.428
Payable within 21-25 years	23.178	1.384	0.191	47.931
<b>Total</b>	<b>117.429</b>	<b>5.157</b>	<b>4.334</b>	<b>240.711</b>

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 2019	(74.274)	0.000	(74.274)
Additions during the year	0.000	(5.372)	(5.372)
Payments during the year	2.836	0.078	2.914
<b>Balance at 31 March 2020</b>	<b>(71.438)</b>	<b>(5.294)</b>	<b>(76.732)</b>
Additions during the year	0.000	(0.007)	(0.007)
Payments during the year	2.543	0.144	2.687
<b>Balance at 31 March 2021</b>	<b>(68.895)</b>	<b>(5.157)</b>	<b>(74.052)</b>

## Note 17: Leases

### Renfrewshire Council as Lessee

#### Operating Leases

The Council has 27 properties and 6 vehicles classed as operating leases, with average lives of 12 years.

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

As at 31 March 2020 £m		As at 31 March 2021 £m
0.932	Not later than one year	0.862
2.306	Between one and five years	2.341
3.909	Later than five years	3.620
<b>7.147</b>		<b>6.823</b>

During 2020/21, there was £1.023m expenditure charged to the CIES in relation to these leases (£1.021m in 2019/20).

#### 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 2021, outstanding obligations to make payments under finance leases are as follows:

As at 31 March 2020 £m		As at 31 March 2021 £m
0.107	Not later than one year	0.111
0.381	Between one and five years	0.270
<b>0.488</b>		<b>0.381</b>

### 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 2020 £m		As at 31 March 2021 £m
0.183	Not later than one year	0.178
0.675	Between one and five years	0.655
6.623	Later than five years	6.464
<b>7.481</b>		<b>7.297</b>

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

2019/20 £m	Inventories	2020/21 £m
1.120	Balance at 1 April	0.989
7.572	Additions during the year	6.341
(7.706)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.443)
0.000	Recognised as an expense during the year: inventories written down	(0.028)
0.003	Reversals during the year of previous inventory write-downs	0.020
0.989	Balance at 31 March	0.879

## Note 19: Debtors

As at 31 March 2020			As at 31 March 2021	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
6.927	0.000	Trade receivables	22.493	0.000
4.932	1.260	Prepayments	4.480	1.170
37.743	0.912	Other receivables	54.967	1.512
49.602	2.172	Total Debtors	81.940	2.682

## Note 20: 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.

2019/20 £m		2020/21 £m
(10.282)	Current account balances with the council's banker	(5.781)
0.603	Callable deposits with UK banks and building societies	12.998
22.205	Callable deposits in money market funds	39.000
0.170	Imprest accounts held at council establishments	0.054
12.696	Total cash and cash equivalents	46.271

## Note 21: Creditors

As at 31 March 2020			As at 31 March 2021	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
(22.090)	0.000	Trade payables	(16.516)	0.000
(56.158)	(75.313)	Other payables	(58.169)	(73.261)
(78.248)	(75.313)	Total Creditors	(74.685)	(73.261)



## 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 2020	(0.104)	(0.173)	(0.277)
Additional provisions made during the year	(0.112)	(0.100)	(0.212)
Reversal of existing provisions	0.104	0.173	0.277
As at 31 March 2021	(0.112)	(0.100)	(0.212)

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 2020	(0.445)	(4.300)	(4.745)
Additional provisions made during the year	0.000	(1.529)	(1.529)
Amounts used during the year	0.000	1.196	1.196
As at 31 March 2021	(0.445)	(4.633)	(5.078)

### 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 £1.529m 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 2020		Financial Assets	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
		At amortised cost:		
7.000	86.000	Principal	0.000	135.720
0.000	0.341	Accrued interest	0.000	0.161
3.789	0.000	At fair value through other comprehensive income - designated equity instruments	4.344	0.000
<b>10.789</b>	<b>86.341</b>	<b>Total Investments</b>	<b>4.344</b>	<b>135.881</b>
		At amortised cost:		
0.000	(9.512)	Principal	0.000	7.273
0.000	0.003	Accrued interest	0.000	0.001
0.000	0.000	Loss allowance	0.000	(0.003)
0.000	22.205	At fair value through profit or loss	0.000	39.000
<b>0.000</b>	<b>12.696</b>	<b>Total Cash and cash equivalents</b>	<b>0.000</b>	<b>46.271</b>
		At amortised cost:		
1.273	56.074	Trade receivables	1.184	92.825
4.927	0.114	Loans made for service purposes	4.996	0.087
0.794	0.000	Accrued interest	0.854	0.000
(4.822)	(19.332)	Loss allowance	(4.352)	(21.267)
<b>2.172</b>	<b>36.856</b>	<b>Financial Assets included in Debtors</b>	<b>2.682</b>	<b>71.645</b>

As at 31 March 2020		Financial Liabilities	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
(167.131)	(1.227)	Principal sum borrowed	(201.297)	(0.834)
0.000	(2.622)	Accrued interest	0.000	(2.708)
<b>(167.131)</b>	<b>(3.849)</b>	<b>Total Public Works Loan Board (PWLB) borrowing</b>	<b>(201.297)</b>	<b>(3.542)</b>
(20.000)	(32.916)	Principal sum borrowed	0.000	(52.916)
0.000	(0.890)	Accrued interest	0.000	(0.884)
(0.366)	(0.535)	EIR adjustments	0.000	(0.883)
<b>(20.366)</b>	<b>(34.341)</b>	<b>Total non-PWLB borrowing ("market debt")</b>	<b>0.000</b>	<b>(54.683)</b>
0.000	(15.037)	Borrowing from group entities	0.000	(32.796)
<b>(187.497)</b>	<b>(53.227)</b>	<b>Total Borrowing</b>	<b>(201.297)</b>	<b>(91.021)</b>
0.000	(44.910)	At amortised cost trade payables	0.000	(44.922)
(74.507)	(2.791)	Service Concession and Finance Lease liabilities	(71.581)	(2.851)
(0.002)	0.000	Financial guarantees	(0.008)	0.000
<b>(74.509)</b>	<b>(47.701)</b>	<b>Financial Liabilities included in Creditors</b>	<b>(71.589)</b>	<b>(47.773)</b>

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275m (2019/20 £0.275m), a loan to Kilbarchan Amateur Athletic Club of £0.077m (2019/20 £0.081), home loans of £0.551m (2019/20 £0.670m), soft loans to service users of £0.030m (2019/20 £0.030m), soft

loans to employees of £0.023m (2019/20 £0.024m), social care charging order debtors of £0.587m (2019/20 £0.424m) and property charging order debtors of £0.040m (2019/20 £0.038m).

## 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 Aberdeen Standard Capital.

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 £4.344m at 31 March 2021 (£3.789m as at 31 March 2020).

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 2021.

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, Aberdeen Standard Capital.

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 2021, 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's Option Borrower's 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 2020		Financial Assets	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value (restated) £m			Carrying Amount £m	Fair value £m
22.205	22.205	Callable deposits in money market funds	1	39.000	39.000
3.789	3.789	Investments in pooled funds (insurance fund)	1	4.344	4.344
25.994	25.994	<b>Total Financial assets measured at fair value</b>		<b>43.344</b>	<b>43.344</b>
93.341	93.443	Fixed term deposits with UK local authorities	2	135.881	135.989
(9.679)	(9.683)	Callable deposits with UK banks and building societies (including current account balances with the Council's banker)	2	7.217	7.217
0.170	0.170	Imprest accounts held at council establishments	2	0.054	0.054
1.542	1.659	Loans made for service purposes	3	1.583	1.687
85.374	85.589	<b>Total Financial assets measured at amortised cost</b>		<b>144.735</b>	<b>144.947</b>
<b>111.368</b>	<b>111.583</b>	<b>Total financial assets for which fair value is disclosed</b>		<b>188.079</b>	<b>188.291</b>
		Financial assets measured at amortised cost:			
0.740	n/a	Trade receivables: long-term		1.183	n/a
36.746	n/a	Receivables and prepayments: short-term		71.561	n/a
<b>37.486</b>		<b>Total financial assets for which fair value is not disclosed</b>		<b>72.744</b>	

As at 31 March 2020		Financial Liabilities	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value (restated) £m			Carrying Amount £m	Fair value £m
		Financial liabilities measured at amortised cost:			
(170.980)	(237.264)	Public Works Loan Board borrowing	2	(204.839)	(280.699)
(54.707)	(75.291)	Non-PWLB borrowing ("market debt")	2	(54.683)	(80.525)
		Other liabilities:			
(77.298)	(115.909)	Service Concession and Finance Lease liabilities	3	(74.432)	(113.877)
(0.002)	(0.002)	Financial guarantees	3	(0.008)	(0.008)
<b>(302.987)</b>	<b>(428.466)</b>	<b>Total financial liabilities for which fair value is disclosed</b>		<b>(333.962)</b>	<b>(475.109)</b>
		Financial liabilities measured at amortised cost:			
(15.037)	n/a	Borrowing from group entities		(32.796)	n/a
(44.910)	n/a	Trade payables: short-term		(44.922)	n/a
<b>(59.947)</b>		<b>Total financial liabilities for which fair value is not disclosed</b>		<b>(77.718)</b>	

Fair Values for 2019/20 have been restated for Loans made for service purposes and Service Concessions, as this information is only now available. This is a presentational change only and does not affect the carrying values in the Balance Sheet.

## 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.

2019/20 £m		Financial Assets			Financial liabilities at amortised cost £m	2020/21 £m
		Amortised cost £m	Elected to Fair Value through Other Comprehensive Income £m	Fair Value through Profit or Loss £m		
16.113	Interest expense	0.000	0.000	0.000	15.897	15.897
2.295	Impairment losses	2.565	0.000	0.000	0.000	2.565
0.000	Fee expense	0.000	0.000	0.000	0.012	0.012
18.408	Total expense in the Surplus / Deficit on the Provision of Services	2.565	0.000	0.000	15.909	18.474
(1.486)	Interest income	(0.658)	0.000	(0.033)	0.000	(0.691)
(0.116)	Dividend income	0.000	(0.103)	0.000	0.000	(0.103)
(0.001)	Other income	(0.003)	0.000	0.000	0.000	(0.003)
(1.603)	Total income in the Surplus/Deficit on the Provision of Services	(0.661)	(0.103)	(0.033)	0.000	(0.797)
0.111	Net (gain) or loss on revaluation	0.000	(0.452)	0.000	0.000	(0.452)
0.111	(Surplus)/Deficit on the revaluation of financial assets	0.000	(0.452)	0.000	0.000	(0.452)
16.916	Net (Gain)/Loss for the year	1.904	(0.555)	(0.033)	15.909	17.225

## 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.

2019/20 £m	Total Investment Portfolio by Credit Rating	2020/21 £m
22.206	AAA (Money Market Funds)	39.000
0.003	A+	5.001
0.100	A	8.000
0.500	BBB+	0.000
93.341	UK local authorities	135.881
<b>116.150</b>	<b>Total</b>	<b>187.882</b>

The Council does not generally allow credit for customers, such that as at 31 March 2021, £21.249m of sundry income debt is past its due date for payment (£7.581m in 2019/20). The past due amount can be analysed by age as follows:

2019/20 £m	Sundry Income Debt Past Due	2020/21 £m
1.837	Less than three months	14.999
0.457	Three to six months	0.500
0.754	Six months to one year	0.660
4.533	More than one year	5.090
<b>7.581</b>	<b>Total</b>	<b>21.249</b>

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 2021 the outstanding value of loans advanced by the Council was £0.551m (£0.670m as at 31 March 2020).

## Liquidity risk

The Council's main source of borrowing is HM Treasury's Public Works Loans Board, but the Council also has loans classed as 'Lender's option, borrowers option' (LOBO). There is no significant risk that the Council will be unable to raise finance to meet 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 2020		Principal Borrowing Maturity Analysis	As at 31 March 2021	
£m	%		£m	%
34.143	15.43%	Less than one year*	53.750	21.08%
20.834	9.42%	Between one and two years	1.869	0.73%
7.712	3.48%	Between two and five years	10.851	4.25%
158.585	71.67%	More than five years	188.577	73.94%
<b>221.274</b>	<b>100.00%</b>	<b>Total</b>	<b>255.047</b>	<b>100.00%</b>

\*The principal maturing in less than one year exceeds the 15% target above due to the technical possibility that the call option on LOBO loans could be called by the lender. This is highly unlikely in the current economic climate.

### 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 2020/21, with all other variables held constant.

Interest rate risk	As at 31 March 2021 £m
Increase in interest payable on new fixed rate borrowings taken during the year	0.103
Increase in interest receivable on deposits placed during the year	(2.796)
Notional impact on the Surplus/Deficit on the Provision of Services	(2.693)
<b>Share of this impact which would be attributable to the Housing Revenue Account</b>	
<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	0.444
Decrease in the fair value of fixed rate borrowing	72.398

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 Aberdeen Standard Capital 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 LIBOR+2% per annum. During 2020/21 the book cost of investments increased by £0.103m (£0.116m increase during 2019/20).

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 2021 would have resulted in a £0.067m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2020/21.

## Note 25: 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 2020/21 to support financial hardship experienced by third parties (individuals and businesses) related to 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.

2019/20 £m	Agency Services	2020/21 £m
104.417	Scottish Government - Contributions (to)/from the non-domestic rates pool	73.841
14.111	Non-domestic rates collected: East Renfrewshire	5.008
0.059	Service income from East Renfrewshire Council for collection of non-domestic rates	0.061
30.738	Domestic water and sewerage charges collected	30.472
(30.738)	Domestic water and sewerage charges paid over to Scottish Water	(30.472)
0.636	Service income from Scottish Water for collection of domestic water and sewerage	0.637
0.010	Service income Paisley First Business Improvement District for collection of BID levy	0.000
0.000	COVID-19 PPE and Testing kits issued to external providers	1.674
0.000	COVID-19 PPE and Testing kits received from Scottish Government	(1.674)
0.000	Financial Hardship and Self-Isolation grants paid out	1.069
0.000	Financial Hardship and Self-Isolation funding received from Scottish Government	(1.069)
0.000	Business Grant Scheme paid out	27.227
0.000	Business Grant Scheme funding received from Scottish Government	(27.227)
0.000	Strategic Framework grants paid out	14.861
0.000	Strategic Framework funding received from Scottish Government	(14.861)
0.000	Other support for businesses (including furlough support) paid out	3.646
0.000	Other support for businesses (including furlough support) funding received from Scottish Government	(3.646)

## Note 26: External audit costs

Audit fees are restated for the prior year owing to an additional fee being charged after the balance sheet date for 2019/20.

2019/20 (restated) £m	Audit Fees	2020/21 £m
0.353	Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.357
0.008	Fees payable with regard to other services carried out by the appointed auditor	0.000
<b>0.361</b>	<b>Total</b>	<b>0.357</b>

## 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 have 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](http://www.renfrewshire.gov.uk/councillors). Services totalling £0.416m\* (£0.373m at 31 March 2020) 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 £0.740m\* (£0.446m at 31 March 2020) 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 the same sum of £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 Director of Finance and Resources also 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 94.

For further details of Officers' interests, please check the register of interests on the Council website at: [www.renfrewshire.gov.uk](http://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 2019/20, Renfrewshire Council's level of participation in the scheme is 3.1%. The Council paid £17.546m (£14.859m in 2019/20) for employer's contributions to the Scottish Public Pensions Agency. £0.404m of expenditure (£0.444m in 2019/20) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.5% of teachers' pensionable pay (0.6% in 2019/20). The estimated contribution for 2021/22 is £16.762m.

## 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.

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

2019/20 £m		2020/21 £m
	<b>Included within net cost of services:</b>	
56.782	Current service cost	47.102
(7.819)	Past service cost/(gain)	4.182
	<b>Included within Financing and Investment income and expenditure:</b>	
38.440	Interest cost	33.052
(31.377)	Expected return on scheme assets	(28.779)
<b>56.026</b>	<b>Total of Post-employment benefits charged to the Surplus/Deficit on the Provision of Services</b>	<b>55.557</b>
	<b>Included within Other Comprehensive Income and Expenditure:</b>	
87.121	Return on Assets excluding amounts included in net interest	(284.985)
(52.031)	Actuarial gains and losses arising on changes in Demographic Assumptions	(37.247)
(167.096)	Actuarial gains and losses arising on changes in Financial Assumptions	361.101
(8.136)	Actuarial gains and losses arising on changes in Other Assumptions	(1.528)
<b>(84.116)</b>	<b>Total of LGPS post-employment benefits charged to the CIES</b>	<b>92.898</b>
	<b>Movement in reserves statement:</b>	
(140.142)	Actuarial losses or (gains)	37.341
56.026	Reversal of items relating to post-employment benefits debited or credited to the Surplus/Deficit on the Provision of Services	55.557
(30.036)	Employer contributions and direct payments to pensioners payable in the year	(33.886)
<b>(114.152)</b>	<b>Movement in the year on the Pension Reserve</b>	<b>59.012</b>

The cumulative amount of actuarial gains and losses recognised in the CIES as at 31 March 2021 is a loss of £89.733m (£52.392m as at 31 March 2020).

### 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 2021, the defined benefit obligation exceeded scheme assets by £221.534m (£162.522m as at 31 March 2020). 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 2021 was 2.0% 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 2021, a net pension liability is disclosed as a result of prevailing

market conditions at that date. The net pension position of £221.534m represents an increase in liability of £59.012m between 31 March 2020 and 31 March 2021. 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 2020/21 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).

2019/20 £m		2020/21 £m
1,583.745	Balance at 1 April	1,414.424
56.782	Current service cost	47.102
(7.819)	Past service cost (including curtailments)	4.182
38.440	Interest cost	33.052
7.888	Member contributions	8.234
(227.263)	Actuarial losses or (gains)	303.739
	<i>Losses or (gains) on curtailment</i>	
(4.548)	Estimated benefits paid: unfunded	(4.627)
(32.801)	Estimated benefits paid: other	(38.770)
1,414.424	Balance at 31 March	1,767.336

## 29e: Movement in scheme assets

The following is a reconciliation of the 2020/21 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2019/20 £m		2020/21 £m
1,307.071	Balance at 1 April	1,251.902
31.377	Expected return on scheme assets	28.779
7.888	Member contributions	8.234
25.488	Employer contributions	29.259
4.548	Contributions in respect of unfunded benefits	4.627
(87.121)	Actuarial (losses) or gains	266.398
(4.548)	Estimated benefits paid: unfunded	(4.627)
(32.801)	Estimated benefits paid: other	(38.770)
1,251.902	Balance at 31 March	1,545.802

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 2020 to 31 March 2021 was 4.3%.

The fair value of the assets held in the scheme may be analysed as follows:

As at 31 March 2020				As at 31 March 2021		
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
288.786	0.758	289.544	Equity instruments	361.033	1.662	362.695
39.280	0.001	39.281	Debt instruments (bonds)	0.000	0.000	0.000
0.000	149.597	149.597	Private Equity	0.000	276.483	276.483
0.000	113.348	113.348	Real Estate	0.000	125.243	125.243
410.931	122.618	533.549	Investment Funds	14.548	740.603	755.151
0.026	0.000	0.026	Derivatives	0.279	0.000	0.279
64.447	62.110	126.557	Cash and cash equivalents	24.903	1.048	25.951
803.470	448.432	1,251.902	Fair value of scheme assets	400.763	1,145.039	1,545.802



## 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 2020 £m		As at 31 March 2021 £m
(727.663)	Current employee members	(884.966)
(78.905)	Pre-local government reorganisation (1996) liabilities	(75.644)
(121.643)	Deferred pensioners	(194.861)
(399.575)	Pensioners	(517.516)
(1,327.786)	Total Present Value of the Defined Benefit Obligation - Funded liabilities	(1,672.987)
(76.212)	Retirals from Renfrewshire Council	(84.227)
(10.426)	Retirals pre-local government reorganisation (1996)	(10.122)
(86.638)	Total Present Value of the Defined Benefit Obligation - Unfunded liabilities	(94.349)
(1,414.424)	Present value of defined benefit obligation	(1,767.336)
1,251.902	Fair value of scheme assets	1,545.802
(162.522)	Net liability arising from defined benefit obligation	(221.534)

### 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 2020/21, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2021:

2019/20		2020/21
2.3%	Discount rate for defined benefit obligation	2.0%
2.3%	Long-term expected rate of return on scheme assets*	2.0%
3.0%	Rate of increase in salaries	3.6%
1.9%	Rate of increase in pensions	2.9%
1.9%	Rate of inflation	2.9%
	<b>Mortality assumptions (years):</b>	
	<i>Longevity at age 65 for current pensioners:</i>	
20.7	Men	19.8
22.9	Women	22.6
	<i>Longevity at age 65 for future pensioners:</i>	
22.2	Men	21.2
24.6	Women	24.7
	<b>Take up of option to convert annual pension into retirement lump sum</b>	
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.

Impact on the Defined Benefit Obligation on the Scheme	%	£m
0.5% decrease in the Real Discount Rate	10%	174.386
0.5% increase in the Salary Increase Rate	1%	23.956
0.5% increase in the Pension Increase Rate	8%	146.195

In addition, a one-year increase in life expectancy is estimated to increase the Defined Benefit Obligation by 3-5%.

### 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 2020/21 to 2021/22. The total contributions expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2022 is £24.617m. The weighted average duration of the defined benefit obligation is 20.1 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. This is likely to take many months, and will be influenced by both the lockdown arrangements put in place by UK and Scottish Governments, the form and duration of social distancing and the economic impact of the pandemic locally and nationally. 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 continued delivery recognising social distancing measures; the loss of income to both the Council and its subsidiaries; and the potential 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) The Limitation (Childhood Abuse) (Scotland) Act is intended to remove the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. The Council recognises a contingent liability for possible obligations which may arise from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the authority. It is not considered practicable at this stage to estimate the financial effect.
- iv) Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997.

The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension.

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

Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £4.178m for Renfrewshire Council. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

- v) 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 2021, 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 2021/22 Code:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7;
- Interest Rate Benchmark Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Code requires implementation from 1 April 2021 and there is therefore no impact on the 2020/21 accounts. There is no material impact anticipated in future years from the implementation of these standards.

## Note 33: Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2021 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) 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 31

March 2021 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 2021 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; 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 Renfrewshire Leisure Limited (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.

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.

## 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).

Depreciation 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	There is uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an 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 15 provides further details.
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.
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. During 2020/21 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. The CIPFA LASAAC Local Authority Accounting Code Board 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 24.



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 22: Financial Instruments.
Removal of material uncertainty - Valuation of assets	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. The outbreak of COVID-19 continues to impact many aspects of daily life and the global economy, with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic, along with measures taken to tackle it, continue to affect economies and real estate markets globally. Nevertheless, as at 31 March 2021, property markets are mostly functioning again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the professional valuers are not reporting any material valuation uncertainty in determining the valuation of the Council's assets as at 31 March 2021.

## 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 2021 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 £221.5m as at 31 March 2021. Further detail can be found in Note 28: Defined Benefit Pension Schemes.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £174.4m. However, the assumptions interact in complex ways. At 31 March 2021, the Council's actuaries advised that the net pensions liability had increased by £1.5m as a result of estimates being corrected as a result of experience and £37.2m as a result of updating demographic assumptions and decreased by £361.1m as a result of updating financial assumptions.
Debt Impairment	At 31 March 2021, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £84.6m. A review of significant balances suggested that an impairment of doubtful debts of £36.0m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. Over 2020/21, the principal debt impairment increase has been related to Council Tax arrears, which increased by £1.6m.	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 £3.6m 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.

2019/20 (restated) £m		2020/21 £m
15.703	Repairs and maintenance	13.743
15.968	Supervision and management	14.318
25.268	Depreciation and impairment of non-current assets	26.540
0.068	Increase/(Decrease) in the allowance for bad debts	(0.460)
0.628	Other expenditure	0.829
<b>57.635</b>	<b>Total Expenditure</b>	<b>54.970</b>
(47.091)	Dwelling rents	(47.945)
(1.484)	Non-dwelling rents	(1.448)
(2.118)	Other income	(1.520)
<b>(50.693)</b>	<b>Total Income</b>	<b>(50.913)</b>
<b>6.942</b>	<b>Net Cost of HRA services as included in the CIES</b>	<b>4.057</b>
	<b>HRA share of the operating income and expenditure included in the CIES:</b>	
0.906	(Gain)/Loss on sale of HRA non-current assets	(0.014)
3.986	Interest payable and similar charges	4.435
(0.143)	Interest and investment income	(0.083)
0.321	Pensions interest cost and expected return on pensions assets	0.188
(3.737)	Taxation and non specific grant income	(1.425)
<b>8.275</b>	<b>Deficit for the year on HRA services</b>	<b>7.158</b>

### 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 on page 43.

2019/20 £m		2020/21 £m
(6.807)	Balance on the HRA at 1 April	(6.807)
8.275	Deficit for the year on the HRA income and expenditure statement	7.158
(8.275)	Adjustments between accounting basis and funding basis under statute	(6.848)
0.000	Net (Increase)/Decrease before transfers to or from reserves	0.310
0.000	Transfers to/(from) other reserves	0.000
(6.807)	Balance on the HRA at 31 March	(6.497)

## 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 12,212 dwellings during 2020/21 (12,066 in 2019/20). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties. Average rents for 2019/20 were restated following a review in 2020/21.

As at 31 March 2020 (restated)		Type of dwelling	As at 31 March 2021	
Number	Average weekly rent		Number	Average weekly rent
416	£62.17	One-apartment	416	£63.46
3,675	£70.30	Two-apartment	3,684	£71.73
5,753	£79.49	Three-apartment	5,863	£81.12
2,015	£88.83	Four-apartment	2,038	£90.65
207	£95.54	Five-apartment	211	£97.50
12,066		Total	12,212	

### 2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£0.895m in 2020/21 and £0.863m in 2019/20), but excludes irrecoverable and bad debts. Average rents were £79.72 per week in 2020/21 (£78.05 in 2019/20). The total rent income for 2020/21 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 2021 total rent arrears amounted to £3.604m (£2.743m at 31 March 2020). This is 7.45% of the total value of rents due at 31 March 2021.

### 4. Provision for uncollectable rent arrears

In the financial year 2020/21 the rental bad debt provision has been increased by £0.460m (£0.068 decrease in 2019/20). The provision to cover the potential loss of income stands at £1.964m at 31 March 2021 (£1.504m at 31 March 2020). This is 4.06% of the total value of annual rents due.

### 5. Share of corporate costs

In the financial year 2020/21 the HRA share of Corporate and Democratic Core costs amounted to £0.035m (£0.035m in 2019/20).

## 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.

2019/20 £m		2020/21 £m
110.290	Gross council tax levied	116.525
(15.663)	Other discounts and reductions	(16.382)
(12.749)	Council tax reduction scheme	(14.404)
(2.262)	Write-off of uncollectable debts and allowance for impairment	(2.783)
(0.932)	Adjustment to previous years' community charge and council tax	0.081
78.684	<b>Transfer to the Comprehensive Income and Expenditure Statement</b>	<b>83.037</b>

### 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 2020/21 was £1,315.42 (£1,257.09 in 2019/20).

2019/20 £	Council Tax Band	2020/21 £
838.06	A	876.95
977.74	B	1,023.11
1,117.42	C	1,169.27
1,257.09	D	1,315.42
1,651.68	E	1,728.32
2,042.77	F	2,137.55
2,461.81	G	2,576.04
3,079.88	H	3,222.79

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	2020/21 Band D equivalent	2019/20 Band D equivalent	
A	13,519	1,972	7	2,007	4,041	<b>5,584</b>	0.67	<b>3,722</b>	3,676	
B	25,795	1,539	92	3,335	6,046	<b>14,844</b>	0.78	<b>11,546</b>	11,604	
C	14,832	493	61	1,554	2,056	<b>10,716</b>	0.89	<b>9,525</b>	9,596	
D	12,576	278	48	1,121	761	<b>10,441</b>	1.00	<b>10,441</b>	10,508	
E	11,172	173	73	678	474	<b>9,822</b>	1.31	<b>12,904</b>	12,993	
F	6,450	65	48	284	134	<b>5,940</b>	1.63	<b>9,653</b>	9,688	
G	3,896	78	21	131	62	<b>3,604</b>	1.96	<b>7,058</b>	7,080	
H	226	18	0	8	1	<b>199</b>	2.45	<b>487</b>	488	
	<b>88,466</b>	Band A dwellings subject to disabled relief							5	5
		Class 17 and 24 dwellings							77	77
		<b>Sub-total</b>							<b>65,418</b>	<b>65,715</b>
		Less: Provision for non-payment and future award of discounts and reliefs							(2,101)	(3,854)
		<b>Council Tax Base</b>							<b>63,317</b>	<b>61,861</b>

## 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.

2019/20 £m		2020/21 £m
147.597	Gross rates levied	145.690
(20.946)	Reliefs and other deductions	(65.753)
(2.553)	Write-off of uncollectable debts and allowance for impairment	(5.226)
124.098	Net Non-Domestic Rates income	74.711
(10.817)	Adjustment to previous years' non-domestic rates	(8.029)
(8.864)	Contribution (to)/from the National Non-Domestic Rate pool	7.159
0.000	Non-domestic rate income retained by authority (BRIS)	0.000
<b>104.417</b>	<b>Transfer to the Comprehensive Income and Expenditure Statement</b>	<b>73.841</b>

## 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 2020/21 the charge was 49.8 pence in the pound, with a 2.6 pence supplement for properties with a rateable value over £51,000. In addition, Section 3 of the Local Government Financial Circular No. 4/2020, states that the Scottish Budget for 2020-21 introduced that properties with a rateable value above £95,000 will continue to be charged the higher property rate of 2.6p on top of the poundage and properties with a rateable value of between £51,000 and £95,000 will now only be charged an additional 1.3p on rates on top of the standard poundage.

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	2020/21 £m
Commercial	106.045
Industrial and freight transport	47.710
Education and public service	31.935
Communications	0.010
Others	103.812
Rateable Value at 1 April	289.512
Adjustments (Full Year Rateable Value)	12.447
Rateable Value at 31 March	301.959
Less: Wholly Exempt Subjects	(1.435)
Net Rateable Value at 31 March	300.524



## 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.

2019/20 (restated)			Note	2020/21		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
230.636	(27.504)	203.132	Children's Services	246.606	(38.531)	208.075
116.119	(106.472)	9.647	Communities and Housing	56.764	(53.414)	3.350
83.743	(13.650)	70.093	Environment and Infrastructure	87.290	(14.265)	73.025
58.774	(7.901)	50.873	Finance and Resources	105.499	(53.203)	52.296
40.402	(12.923)	27.479	Chief Executive's Service	38.794	(11.518)	27.276
8.217	(13.211)	(4.994)	Miscellaneous Services	15.942	(14.616)	1.326
206.913	(131.240)	75.673	Adult Services	222.661	(148.864)	73.797
<b>744.804</b>	<b>(312.901)</b>	<b>431.903</b>	<b>Cost of Services</b>	<b>773.556</b>	<b>(334.411)</b>	<b>439.145</b>
0.000	(0.651)	(0.651)	(Gain)/Loss on the disposal of non-current assets	0.136	0.000	0.136
26.563	(2.127)	24.436	Financing and investment income and expenditure	27.626	(1.908)	25.718
0.000	(427.986)	(427.986)	Taxation and non-specific grant income	0.000	(481.232)	(481.232)
<b>771.367</b>	<b>(743.665)</b>	<b>27.702</b>	<b>Deficit/(Surplus) on the Provision of Services</b>	<b>801.318</b>	<b>(817.551)</b>	<b>(16.233)</b>
		(7.096)	Share of the (surplus) / deficit on the provision of services by associates and joint ventures		G3	(9.667)
		<b>20.606</b>	<b>Group Deficit/(Surplus)</b>			<b>(25.900)</b>
		(90.121)	(Surplus)/Deficit on the revaluation of non-current assets			(48.460)
		1.139	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income		G15	(3.584)
		(146.035)	Actuarial (gain)/loss on pension assets and liabilities			44.983
		(3.101)	Share of other comprehensive (income) and expenditure of associates and joint ventures		G4	(0.393)
		<b>(238.118)</b>	<b>Other comprehensive (income) and expenditure</b>			<b>(7.454)</b>
		<b>(217.512)</b>	<b>Total comprehensive (income) and expenditure</b>			<b>(33.354)</b>

For details of the 2019/20 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 2020	159.621	946.924	1,106.545	72.381	1,178.926
<b>Movement in reserves during the year</b>					
Total Comprehensive Income and Expenditure	31.117	10.719	41.836	(8.482)	33.354
Adjustments between Group accounts and Council accounts	G5 (13.657)	0.000	(13.657)	13.657	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	34.472	(6.293)	28.179	5.175	33.354
<b>Balance at 31 March 2021</b>	<b>194.093</b>	<b>940.631</b>	<b>1,134.724</b>	<b>77.556</b>	<b>1,212.280</b>

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
<b>Comparative movements in 2019/20 (restated)</b>					
Balance at 1 April 2019	154.606	747.199	901.805	59.609	961.414
<b>Movement in reserves during the year</b>					
Total Comprehensive Income and Expenditure	(13.407)	230.257	216.850	0.662	217.512
Adjustments between Group accounts and Council accounts	G5 (12.110)	0.000	(12.110)	12.110	0.000
Adjustments between accounting basis and funding basis under regulations	7 30.532	(30.532)	0.000	0.000	0.000
Increase / (Decrease) in year	5.015	199.725	204.740	12.772	217.512
<b>Balance at 31 March 2020</b>	<b>159.621</b>	<b>946.924</b>	<b>1,106.545</b>	<b>72.381</b>	<b>1,178.926</b>

For details of the 2019/20 restatement, please refer to Note 2: Prior Year Restatement.

## Group Balance Sheet

The group balance sheet shows the value as at 31 March 2021 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 2020 (restated) £m		Note	As at 31 March 2021 £m
1,473.471	Property, plant and equipment	G11	1,498.582
39.522	Heritage assets	G10	39.522
2.020	Investment property	G9	1.993
5.037	Intangible assets	14	4.177
28.057	Long-term investments	G15	25.180
38.772	Investments in associates and joint ventures	G3	49.034
1.897	Long-term debtors	19	2.407
<b>1,588.776</b>	<b>Long-term assets</b>		<b>1,620.895</b>
0.700	Assets held for sale	13	0.625
86.341	Short-term investments	G15	135.881
1.071	Inventories		0.953
54.441	Short-term debtors	G12	81.707
13.141	Cash and cash equivalents	G15	47.163
<b>155.694</b>	<b>Current assets</b>		<b>266.329</b>
(50.273)	Short-term borrowing	G15	(87.793)
(82.036)	Short-term creditors	G13	(73.605)
(0.277)	Short-term provisions	22	(0.212)
<b>(132.586)</b>	<b>Current liabilities</b>		<b>(161.610)</b>
(75.313)	Long-term creditors	21	(73.261)
(4.745)	Long-term provisions	22	(5.078)
(187.497)	Long-term borrowing	G15	(201.297)
(0.722)	Liabilities in associates and joint ventures	G3	(0.924)
(164.681)	Other long-term liabilities		(232.774)
<b>(432.958)</b>	<b>Long-term liabilities</b>		<b>(513.334)</b>
<b>1,178.926</b>	<b>Net assets</b>		<b>1,212.280</b>
(184.366)	Usable reserves	G7	(221.219)
(994.560)	Unusable reserves	G8	(991.061)
<b>(1,178.926)</b>	<b>Total reserves</b>		<b>(1,212.280)</b>

**Alan Russell CPFA**  
Director of Finance  
and Resources

The unaudited accounts were issued on 24 June 2021 and the audited accounts were authorised for issue on 18 November 2021.

For details of the 2019/20 restatement, please refer to Note 2: Prior Year Restatement.

## 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.

2019/20 (restated) £m		2020/21 £m
(20.606)	Group surplus/(deficit)	25.900
81.771	Adjustment for non-cash movements	71.543
(38.435)	Adjustments for items included in the group surplus/deficit that are investing and financing activities	(46.299)
22.730	Net cash flows from operating activities	51.144
(54.024)	Net cash flows from investing activities	(65.921)
(2.988)	Net cash flows from financing activities	48.799
(34.282)	Net increase/(decrease) in cash and cash equivalents	34.022
47.423	Cash and cash equivalents at the beginning of the reporting period	13.141
13.141	Cash and cash equivalents at the end of the reporting period	47.163

## Notes to the Group 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 2021. 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.

Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds, Paisley Museum

Reimagined Ltd, 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** 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 2020/21

Renfrewshire Council provided additional funding of £0.601m to Renfrewshire Leisure 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) Limited Liability Partnership (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 expenditure for the year of £9.081m (2019/20 net comprehensive income of £3.890m) for Renfrewshire Leisure Limited, total net comprehensive income for the year of £4.158m (2019/20 net comprehensive expenditure of £1.094m) for the Paisley, Renfrew and Johnstone Common Good Funds, total net comprehensive income for the year of £0.007m (2019/20 £0.072m restated) for Park Lane Developments (Renfrewshire) LLP, total net comprehensive expenditure for the year of £0.149m (2019/20 £0.272m) for Paisley Museum Reimagined Limited and total net comprehensive income for the

year of £0.180m (2019/20 net comprehensive expenditure of £0.021m) for the Coats' Observatory Trust.

The **group balance sheet** includes net liabilities of £10.872m (2019/20 £1.791m) for Renfrewshire Leisure Limited, net assets of £39.780m (2019/20 £35.622m) for the Common Good Funds, net liabilities of £0.189m (2019/20 £0.182m restated) for Park Lane Developments (Renfrewshire) LLP, net liabilities of £0.421m (2019/20 £0.272m) for Paisley Museum Reimagined Limited and net assets of £0.770m (2019/20 £0.590m) for the Coats' Observatory Trust.

The restatement of the 2019/20 group balance sheet and CIES figures for Park Lane Developments (Renfrewshire) LLP relates to the elimination of intra-group transactions pertaining to a loan made by Renfrewshire Council to the LLP.

**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 2020/21, Renfrewshire Council contributed £0.322m or 7.96% of the committee's estimated running costs (2019/20 £0.320m or 7.93%) and its share of the year-end net asset was £0.276m (2019/20 £0.058m) 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 £2.828m (7.97%) to the committee's estimated running costs in 2020/21 (2019/20 £2.820m or 7.95%) and its share of the year-end net asset was £35.255m (2019/20

£33.955m) 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
<b>As at 31 March 2020</b>		<b>Balance Sheet Summary</b>	<b>As at 31 March 2021</b>	
276.766	22.007	Long-term assets	283.824	22.633
173.222	13.774	Current assets	180.712	14.410
(19.681)	(1.565)	Current liabilities	(22.420)	(1.788)
(3.283)	(0.261)	Long-term liabilities	0.000	0.000
427.024	33.955	Net assets	442.116	35.255
<b>2019/20</b>		<b>Income and Expenditure Summary</b>	<b>2020/21</b>	
138.605	11.022	Income	74.012	5.902
74.571	5.930	Expenditure	65.328	5.210
64.034	5.092	Surplus for the year	8.684	0.692

**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 2020/21, Renfrewshire Council contributed £1.551m or 56.4% of the board's estimated running costs (2019/20 £1.408m or 56.3%) and its share of the year-end net liability was £0.924m (2019/20 £0.722m) 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 £m	Renfrewshire Council's Share £m		Renfrewshire Valuation Joint Board £m	Renfrewshire Council's Share £m
<b>As at 31 March 2020</b>		<b>Balance Sheet Summary</b>	<b>As at 31 March 2021</b>	
0.081	0.045	Long-term assets	0.165	0.093
0.539	0.303	Current assets	0.885	0.500
(0.168)	(0.094)	Current liabilities	(0.340)	(0.192)
(1.733)	(0.976)	Long-term liabilities	(2.349)	(1.325)
(1.281)	(0.722)	Net liabilities	(1.639)	(0.924)
<b>2019/20</b>		<b>Income and Expenditure Summary</b>	<b>2020/21</b>	
2.695	1.517	Income	2.972	1.677
2.650	1.492	Expenditure	2.948	1.664
0.045	0.025	Surplus for the year	0.024	0.013



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 £m	Renfrewshire Council's Share £m		Renfrewshire Integration Joint Board £m	Renfrewshire Council's Share £m
As at 31 March 2020		Balance Sheet Summary	As at 31 March 2021	
9.517	4.759	Current assets	27.006	13.503
9.517	4.759	Net assets	27.006	13.503
2019/20		Income and Expenditure Summary	2020/21	
311.824	155.912	Income	349.632	174.816
307.780	153.890	Expenditure	332.143	166.072
4.044	2.022	Surplus for the year	17.489	8.744

## 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.

**Clyde Muirshiel Park Authority** is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Renfrewshire Council contributed £0.311m (71.4%) to the authority's estimated running costs in 2020/21 (£0.360m in 2019/20).

**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 £0.118m (3.2%) to the committee's estimated running costs in 2020/21 (£0.115m in 2019/20).

**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 £0.072m (12.5%) to the



committee's estimated running costs in 2020/21 (£0.052m in 2019/20).

**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 (£34.607m + £13.503m = £48.110m) equates to the net of two figures disclosed in the group balance sheet as 'Investments in associates and joint ventures' (£49.034m) and 'Liabilities in associates and joint ventures' (£0.924m).

Aggregate of Joint Venture results £m	Renfrewshire Council's Share £m	Joint ventures	Aggregate of Joint Venture results £m	Renfrewshire Council's Share £m
<b>As at 31 March 2020</b>		<b>Balance Sheet Summary</b>	<b>As at 31 March 2021</b>	
9.517	4.759	Current assets	27.006	13.503
9.517	4.759	Net assets	27.006	13.503
<b>2019/20</b>		<b>Income and Expenditure Summary</b>	<b>2020/21</b>	
311.824	155.912	Income	349.632	174.816
307.780	153.890	Expenditure	332.143	166.072
4.044	2.022	Surplus for the year	17.489	8.744

Aggregate of Associate results £m	Renfrewshire Council's Share £m	Associates	Aggregate of Associate results £m	Renfrewshire Council's Share £m
<b>As at 31 March 2020</b>		<b>Balance Sheet Summary</b>	<b>As at 31 March 2021</b>	
276.847	22.052	Long-term assets	283.988	22.726
175.601	14.223	Current assets	185.257	15.202
(20.962)	(1.747)	Current liabilities	(22.959)	(1.996)
(5.016)	(1.237)	Long-term liabilities	(2.349)	(1.325)
426.470	33.291	Net assets	443.937	34.607
<b>2019/20</b>		<b>Income and Expenditure Summary</b>	<b>2020/21</b>	
145.358	12.861	Income	81.031	7.902
81.821	7.787	Expenditure	69.590	6.979
63.537	5.074	Surplus for the year	11.441	0.923

## 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 2021 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 2021, 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.

2019/20 (restated) £m	Material items of group income and expenditure	2020/21 £m
	<b>Share of (surplus) or deficit:</b>	
	<b>Subsidiaries:</b>	
(0.039)	Paisley, Renfrew and Johnstone Common Good Funds	(0.375)
0.021	Coats' Observatory Trust	0.021
2.003	Renfrewshire Leisure Limited	1.439
(0.072)	Park Lane Developments (Renfrewshire) Limited Liability Partnership	(0.007)
0.272	Paisley Museum Reimagined Limited	0.149
	<b>Associates:</b>	
(5.092)	Strathclyde Partnership for Transport	(0.692)
0.043	Strathclyde Concessionary Travel Scheme Joint Committee	(0.218)
(0.025)	Renfrewshire Valuation Joint Board	(0.013)
	<b>Joint Ventures:</b>	
(2.022)	Renfrewshire Health and Social Care Integration Joint Board	(8.744)
<b>(4.911)</b>	<b>Aggregate share of (surplus) or deficit</b>	<b>(8.440)</b>
	<b>Share of other comprehensive (income) and expenditure:</b>	
<b>(4.760)</b>	<b>Subsidiaries:</b>	<b>3.658</b>
1.133	Paisley, Renfrew and Johnstone Common Good Funds	(3.783)
0.000	Coats' Observatory Trust	(0.201)
(5.893)	Renfrewshire Leisure Limited	7.642
<b>(3.101)</b>	<b>Associates:</b>	<b>(0.393)</b>
(2.330)	Strathclyde Partnership for Transport	(0.608)
(0.002)	Strathclyde Concessionary Travel Scheme Joint Committee	0.000
(0.769)	Renfrewshire Valuation Joint Board	0.215
<b>(7.861)</b>	<b>Aggregate share of other comprehensive (income) and expenditure</b>	<b>3.265</b>
<b>(12.772)</b>	<b>Aggregate share of total comprehensive (income) and expenditure</b>	<b>(5.175)</b>

## 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:

2019/20 £m	Adjustments between Group accounts and Council accounts	2020/21 £m
0.155	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.120
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059
(0.027)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.020)
(13.091)	Service charge and other expenditure payable by Renfrewshire Council to Renfrewshire Leisure Limited	(14.279)
0.522	Expenditure payable by Renfrewshire Leisure Limited to Renfrewshire Council	0.292
0.272	Expenditure payable by Paisley Museum Reimagined Limited to Renfrewshire Council	0.171
(12.110)	<b>Total adjustments between Group accounts and Council accounts</b>	<b>(13.657)</b>

## Note G6: Group financing and investment income and expenditure

2019/20 £m	Group financing and investment income and expenditure	2020/21 £m
19.500	Interest payable and similar charges	23.333
7.063	Net interest on the net defined benefit liability	4.273
(1.078)	Interest receivable and similar income	(0.565)
(0.355)	Income and expenditure in relation to investment properties and changes in their fair values	(0.329)
(0.694)	Other investment income	(0.994)
24.436	<b>Total financing and investment income and expenditure</b>	<b>25.718</b>

## Note G7: Group Usable reserves

2019/20 £m	Group Usable Reserves	2020/21 £m
(159.621)	Council Usable Reserves - Note 7	(194.093)
	<b>Group Usable Reserves:</b>	
(23.635)	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds	(23.996)
(0.313)	Coats' Observatory Trust: usable balances	(0.292)
(0.368)	Renfrewshire Leisure Limited	(0.368)
0.272	Paisley Museum Reimagined Limited	0.421
(0.701)	Renfrewshire Health and Social Care Integration Joint Board	(2.891)
(184.366)	<b>Total Group Usable Reserves</b>	<b>(221.219)</b>

## 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.

2019/20 (restated) £m	Group Unusable Reserves	2020/21 £m
(946.924)	Council Unusable Reserves - Note 8	(940.631)
	<b>Group Unusable Reserves:</b>	
(3.014)	Paisley, Renfrew and Johnstone Common Good Funds: financial instruments revaluation reserve	(6.146)
(8.973)	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve	(9.638)
(0.277)	Coats' Observatory Trust: revaluation reserve	(0.478)
2.159	Renfrewshire Leisure Limited: pension reserve	11.240
(0.182)	Park Lane Developments (Renfrewshire) Limited Liability Partnership	(0.189)
	<b>Council share of the Reserves of associates and joint ventures:</b>	
(33.955)	Strathclyde Partnership for Transport	(35.255)
(0.058)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.276)
0.722	Renfrewshire Valuation Joint Board	0.924
(4.058)	Renfrewshire Health and Social Care Integration Joint Board	(10.612)
<b>(994.560)</b>	<b>Total Group Unusable Reserves</b>	<b>(991.061)</b>

## 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:

2019/20 £m	Group Investment Properties	2020/21 £m
(0.454)	Rental income from investment property	(0.456)
<b>(0.454)</b>	<b>Net (gain) or loss</b>	<b>(0.456)</b>

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:

2019/20 £m	Group Investment Properties	2020/21 £m
2.229	Balance at 1 April	2.020
(0.494)	Net losses from fair value adjustments	(0.021)
0.290	Transfers from inventories and property, plant and equipment	0.000
(0.005)	Other changes	(0.006)
<b>2.020</b>	<b>Balance at 31 March</b>	<b>1.993</b>

## Note G10: Group heritage assets

There were no movements in the fair value of the Group's Heritage Assets during 2020/21 or 2019/20. The value at 31 March 2021 was £39.522m. 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 2021 (£0.219 at 31 March 2020).

## Note G11: Group Property, plant and equipment

2020/21	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	18.512	1,870.637
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	0.301	5.248
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(8.152)	0.000	(8.152)
<b>Gross carrying amount at 31 March 2021</b>	<b>1,901.842</b>	<b>18.813</b>	<b>1,920.655</b>
Accumulated depreciation and impairment at 1 April 2020	392.882	4.284	397.166
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)	(0.551)	(43.212)
Depreciation written out to the surplus or deficit on the provision of services	(3.230)	0.000	(3.230)
<b>Accumulated depreciation and impairment at 31 March 2021</b>	<b>417.599</b>	<b>4.474</b>	<b>422.073</b>
<b>Balance sheet net carrying amount at 31 March 2021</b>	<b>1,484.243</b>	<b>14.339</b>	<b>1,498.582</b>
Balance sheet net carrying amount at 1 April 2020	1,459.243	14.228	1,473.471

2019/20 (restated)	Council PPE (Note 9) £m	Council share of Group PPE £m	Total Group PPE £m
Gross carrying amount at 1 April 2019	1,706.562	18.486	1,725.048
Assets reclassified (to) or from the "held for sale" category	0.700	0.000	0.700
Other asset reclassifications	(0.290)	0.000	(0.290)
Additions	90.603	0.026	90.629
Disposals	(4.458)	0.000	(4.458)
Revaluation increases/(decreases) taken to the Revaluation Reserve	60.388	0.000	60.388
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(1.380)	0.000	(1.380)
<b>Gross carrying amount at 31 March 2020</b>	<b>1,852.125</b>	<b>18.512</b>	<b>1,870.637</b>
Accumulated depreciation and impairment at 1 April 2019	365.825	3.532	369.357
Depreciation charge for the year	63.485	0.752	64.237
Depreciation and impairment on disposals	(3.071)	0.000	(3.071)
Depreciation written out to the Revaluation Reserve	(29.838)	0.000	(29.838)
Depreciation written out to the surplus or deficit on the provision of services	(3.519)	0.000	(3.519)
<b>Accumulated depreciation and impairment at 31 March 2020</b>	<b>392.882</b>	<b>4.284</b>	<b>397.166</b>
<b>Balance sheet net carrying amount at 31 March 2020</b>	<b>1,459.243</b>	<b>14.228</b>	<b>1,473.471</b>
Balance sheet net carrying amount at 1 April 2019	1,340.737	21.756	1,362.493

### Note G12: Group short-term debtors

The balances detailed below are composed mostly of the debtors of the Council, to which the debtors of Renfrewshire Leisure Limited, Park Lane Developments (Renfrewshire) LLP and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

As at 31 March 2020 (restated) £m	Group Short-term Debtors	As at 31 March 2021 £m
11.758	Trade receivables	22.220
4.932	Prepayments	4.480
37.751	Other receivables	55.007
<b>54.441</b>	<b>Total</b>	<b>81.707</b>

### Note G13: Group short-term creditors

The balances detailed below are composed mostly of the creditors of the Council, to which the creditors of Renfrewshire Leisure Limited, Park Lane Developments (Renfrewshire) LLP and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

As at 31 March 2020 (restated) £m	Group Short-term Creditors	As at 31 March 2021 £m
(25.744)	Trade payables	(15.242)
(56.292)	Other payables	(58.363)
<b>(82.036)</b>	<b>Total</b>	<b>(73.605)</b>

## 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.

As at 31 March 2020 £m		As at 31 March 2021 £m
	Amounts owing to Renfrewshire Council:	
0.928	Other balances	0.737
0.928	<b>Total</b>	<b>0.737</b>
	Amounts owed by Renfrewshire Council:	
(9.543)	Liability for Renfrewshire Integration Joint Board's retained underspend	(27.032)
(0.507)	Other balances	(0.841)
(10.050)	<b>Total</b>	<b>(27.873)</b>

## 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 2020 (restated)		Financial Assets	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
7.000	86.000	At amortised cost: Principal	0.000	135.720
0.000	0.341	At amortised cost: Accrued interest	0.000	0.161
21.057	0.000	At fair value through other comprehensive income - designated equity instruments	25.180	0.000
<b>28.057</b>	<b>86.341</b>	<b>Total Investments</b>	<b>25.180</b>	<b>135.881</b>
0.000	(9.067)	At amortised cost: Principal	0.000	8.165
0.000	0.003	At amortised cost: Accrued interest	0.000	0.001
0.000	0.000	At amortised cost: Loss allowance	0.000	(0.003)
0.000	22.205	At fair value through profit or loss	0.000	39.000
<b>0.000</b>	<b>13.141</b>	<b>Total Cash and cash equivalents</b>	<b>0.000</b>	<b>47.163</b>
0.998	60.913	At amortised cost: Trade receivables	0.909	92.592
4.927	0.114	At amortised cost: Loans made for service purposes	4.996	0.087
0.794	0.000	At amortised cost: Accrued interest	0.854	0.000
(4.822)	(19.332)	At amortised cost: Loss allowance	(4.352)	(21.267)
<b>1.897</b>	<b>41.695</b>	<b>Financial Assets included in Debtors</b>	<b>2.407</b>	<b>71.412</b>



As at 31 March 2020 (restated)		Financial Liabilities	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
(167.131)	(1.227)	Principal sum borrowed	(201.297)	(0.834)
0.000	(2.622)	Accrued interest	0.000	(2.708)
(167.131)	(3.849)	<b>Total Public Works Loan Board (PWLB) borrowing</b>	<b>(201.297)</b>	<b>(3.542)</b>
(20.000)	(32.916)	Principal sum borrowed	0.000	(52.916)
0.000	(0.890)	Accrued interest	0.000	(0.884)
(0.366)	(0.535)	EIR adjustments	0.000	(0.883)
(20.366)	(34.341)	<b>Total non-PWLB borrowing ("market debt")</b>	<b>0.000</b>	<b>(54.683)</b>
0.000	(12.083)	Borrowing from group entities	0.000	(29.568)
<b>(187.497)</b>	<b>(50.273)</b>	<b>Total Borrowing</b>	<b>(201.297)</b>	<b>(87.793)</b>
0.000	(48.521)	At amortised cost: Trade payables	0.000	(42.811)
(74.507)	(2.791)	Service concession and finance lease liabilities	(71.581)	(2.851)
(0.002)	0.000	Financial guarantees	(0.008)	0.000
<b>(74.509)</b>	<b>(51.312)</b>	<b>Financial Liabilities included in Creditors</b>	<b>(71.589)</b>	<b>(45.662)</b>

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, Aberdeen Standard Capital. 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 eg cashflow forecasts or estimated creditworthiness (see table below).

As at 31 March 2020 (restated)		Financial Liabilities	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
(170.980)	(237.264)	<b>Financial liabilities measured at amortised cost:</b>			
(54.707)	(75.291)	Public Works Loan Board borrowing	2	(204.839)	(280.699)
		Non-PWLB borrowing ("market debt")	2	(54.683)	(80.525)
		<b>Other liabilities:</b>			
(77.298)	(115.909)	Service concession and finance lease liabilities		(74.432)	(113.877)
(0.002)	(0.002)	Financial guarantees	3	(0.008)	(0.008)
<b>(302.987)</b>	<b>(428.466)</b>	<b>Total financial liabilities for which fair value is disclosed</b>		<b>(333.962)</b>	<b>(475.109)</b>
		<b>Financial liabilities measured at amortised cost:</b>			
(12.083)	n/a	Borrowing from group entities		(29.568)	n/a
(48.521)	n/a	Trade payables: short-term		(42.811)	n/a
<b>(60.604)</b>		<b>Total financial liabilities for which fair value is not disclose</b>		<b>(72.379)</b>	

As at 31 March 2020 (restated)		Financial Assets	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
22.205	22.205	Callable deposits in money market funds	1	39.000	39.000
21.057	21.057	Investments in pooled funds	1	25.180	25.180
43.262	43.262	<b>Total Financial assets measured at fair value</b>		<b>64.180</b>	<b>64.180</b>
93.341	93.443	Fixed term deposits with UK local authorities	2	135.881	135.989
(9.234)	(9.238)	Callable deposits with UK banks and building societies (including current account balances with the Council's banker)	2	8.109	8.109
0.170	0.170	Imprest accounts held at council establishments	2	0.054	0.054
1.542	1.659	Loans made for service purposes	3	1.583	1.687
85.819	86.034	<b>Total Financial assets measured at amortised cost</b>		<b>145.627</b>	<b>145.839</b>
<b>129.081</b>	<b>129.296</b>	<b>Total financial assets for which fair value is disclosed</b>		<b>209.807</b>	<b>210.019</b>
		<b>Financial assets measured at amortised cost:</b>			
0.465	n/a	Trade receivables: long-term		0.908	n/a
41.585	n/a	Receivables and prepayments: short-term		71.328	n/a
<b>42.050</b>		<b>Total financial assets for which fair value is not disclosed</b>		<b>72.236</b>	

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.

2019/20 £m		Financial Assets			Financial liabilities at amortised cost £m	2020/21 (restated) £m
		Amortised cost £m	Elected to Fair Value through OCI* £m	Fair Value through Profit or Loss £m		
16.113	Interest expense	0.000	0.000	0.000	15.877	15.877
2.227	Impairment losses	2.505	0.000	0.000	0.000	2.505
0.000	Fee expense	0.000	0.000	0.000	0.012	0.012
<b>18.340</b>	<b>Total expense in the Surplus / Deficit on the Provision of Services</b>	<b>2.505</b>	<b>0.000</b>	<b>0.000</b>	<b>15.889</b>	<b>18.394</b>
(1.418)	Interest income	(0.598)	0.000	(0.033)	0.000	(0.631)
(0.752)	Dividend income	0.000	(0.655)	0.000	0.000	(0.655)
(0.058)	Other income	(0.003)	(0.443)	0.000	0.000	(0.446)
<b>(2.228)</b>	<b>Total income in the Surplus/Deficit on the Provision of Services</b>	<b>(0.601)</b>	<b>(1.098)</b>	<b>(0.033)</b>	<b>0.000</b>	<b>(1.732)</b>
1.139	Net (gain) or loss on revaluation	0.000	(3.584)	0.000	0.000	(3.584)
1.139	(Surplus)/Deficit on the revaluation of financial assets	0.000	(3.584)	0.000	0.000	(3.584)
<b>17.251</b>	<b>Net (Gain)/Loss for the year</b>	<b>1.904</b>	<b>(4.682)</b>	<b>(0.033)</b>	<b>15.889</b>	<b>13.078</b>

## Group Accounting Policies

### Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (“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
2. Paisley Museum Reimagined Limited
3. Park Lane Developments (Renfrewshire) Limited Liability Partnership (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 Renfrewshire Leisure Limited, 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 Renfrewshire Leisure Limited 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 – Renfrewshire Leisure Limited'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) Renfrewshire Leisure Limited 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. Renfrewshire Leisure Limited 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 Renfrewshire Leisure Limited is accounted for within income and expenditure to the extent that it is irrecoverable from HM Revenue and Customs.



Renfrewshire  
Council

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**To:** Audit, Risk and Scrutiny Board

**On:** 15 November 2021

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**Report by:** Director of Finance & Resources

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**Heading:** Audit Scotland Report to those charged with governance - 2020/21  
Common Good Funds and Coats Observatory Trust Annual Accounts

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**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 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.
- 1.3 The attached ISA260 reports from Audit Scotland outline their findings from the audit of the 2020/21 Common Good and Trust accounts.
- 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 2020/21, the Coronavirus (Scotland) Act 2020 provided flexibility to this deadline, extending it to 30 November.
- 1.5 Audit Scotland officers will attend the Audit, Risk and Scrutiny Board meeting to present their reports.



2. **Recommendations**
  - 2.1 Members are requested to consider the attached report from Audit Scotland.
- 

### **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**
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**Author:** Alastair MacArthur, Ext 7363

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## Audit, Risk and Scrutiny Board

15 November 2021

### Common Good Funds administered by Renfrewshire Council Audit of 2020/21 annual accounts

#### Independent auditor's report

1. Our audit work on the 2020/21 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report by 19 November 2021 (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 for Renfrewshire Council on the 2020/21 audit which incorporates our findings from the audit of the Common Good Funds administered by the 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 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.

## APPENDIX A: Proposed Independent Auditor's Report

### Independent auditor's report to the trustees of Renfrewshire Council Common Good Funds and the Accounts Commission

#### Report on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Renfrewshire Council Common Good Funds for the year ended 31 March 2021 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 2021 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 deemed inappropriate.

## **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Reporting on other requirements**

### **Statutory other information**

The trustees are responsible for the statutory other information in the statement of accounts. The statutory other information comprises the Trustees' Annual Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

### **Opinion prescribed by the Accounts Commission**

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

Audit Scotland  
4<sup>th</sup> 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.

**My Ref:** AR/CB  
**Contact:** Alan Russell  
**Telephone Number:** 0141-618-7364  
**E Mail:** alan.russell@renfrewshire.gov.uk  
**Date:** 15 November 2021



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

Dear Mark

### **Renfrewshire Council Common Good Funds administered by Renfrewshire Council Annual Accounts 2020/21**

- 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 Funds for the year ended 31 March 2021 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 other information within the annual report and financial statements.
  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 Funds' annual accounts for the year ended 31 March 2021.

### **General**

3. Renfrewshire Council (as administering authority of the Common Good Funds) and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 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.



**Finance & Resources**  
**Director: Alan Russell CPFA**  
Renfrewshire House, Cotton Street, Paisley PA1 1TT  
[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)





## Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, 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 the Renfrewshire Council Common Good Funds at 31 March 2021 and the transactions for 2020/21.

## 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 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 Funds 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 Funds' 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 Funds' 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 2021 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 2021 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 2021.
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 2021 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
  - 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 the Renfrewshire Council Common Good Funds' 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 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

This Letter was considered at the meeting of the Audit, Risk and Scrutiny Board held on 15 November 2021.

Yours sincerely

Alan Russell  
Section 95 Officer



**Finance & Resources**  
**Director: Alan Russell CPFA**  
Renfrewshire House, Cotton Street, Paisley PA1 1TT  
[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)



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## Audit, Risk and Scrutiny Board

15 November 2021

### Coats Observatory Trust Fund Audit of 2020/21 annual accounts

#### Independent auditor's report

1. Our audit work on the 2020/21 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report by 19 November 2021 (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 for Renfrewshire Council on the 2019/20 audit 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 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.

# APPENDIX A: Proposed Independent Auditor's Report

## Independent auditor's report to the trustees of Coats Observatory Trust Fund and the Accounts Commission

### Report on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Coats Observatory Trust Fund for the year ended 31 March 2021 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 a summary of 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 2021 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 which properly present the receipts and payments of the charity, and for such internal control as the trustees determine 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on other requirements

### Statutory other information

The trustees are responsible for the statutory other information in the statement of accounts. The statutory other information comprises the Trustees' Annual Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

### Opinion on matters prescribed by the Accounts Commission

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 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  
Audit Scotland  
4<sup>th</sup> Floor  
The Athenaeum Building  
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.



**My Ref:** AR/CB  
**Contact:** Alan Russell  
**Telephone Number:** 0141-618-7364  
**E Mail:** alan.russell@renfrewshire.gov.uk  
**Date:** 15 November 2021



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

Dear Mark

### **Coats Observatory Trust Fund administered by Renfrewshire Council Annual Accounts 2020/21**

1. This representation letter is provided about your audit of the annual accounts of Coats Observatory Trust Fund for the year ended 31 March 2021 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 other information in the Trustees' Report and financial statements.
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 Coats Observatory Trust Fund's annual accounts for the year ended 31 March 2021.

#### **General**

3. Renfrewshire Council (as the administering authority of the of Coats Observatory Trust Fund) and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 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 of 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 requirements of the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts



**Finance & Resources**  
**Director: Alan Russell CPFA**  
Renfrewshire House, Cotton Street, Paisley PA1 1TT  
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(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 the of Coats Observatory Trust Fund at 31 March 2021 and the transactions for 2020/21.

### **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 charities regulations where applicable. Where these 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 of Coats Observatory Trust Fund 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. The Trustees have assessed the ability of Coats Observatory Trust Fund 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 2021 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 2021 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 2021.
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
  - 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 the 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 2021 for which the financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

This Letter was considered at the meeting of the Audit, Risk and Scrutiny Board held on 15 November 2021.

Yours sincerely

Alan Russell  
Section 95 Officer



**Finance & Resources**  
**Director: Alan Russell CPFA**  
Renfrewshire House, Cotton Street, Paisley PA1 1TT  
[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)





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**To:** Audit, Risk and Scrutiny Board

**On:** 15 November 2021

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**Report by:** Director of Finance & Resources

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**Heading:** Audited Financial Statements 2020/21 – Common Good Funds and Coats Observatory Trust

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**1. Summary**

1.1 The 2020/21 unaudited financial statements were approved by Council on 24 June 2021. 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 are now presented for members noting and further recommendation to the Council that the audited accounts be approved.

1.3 There were no significant changes to the financial statements over the course of the audit. Minor presentational changes were agreed.

---

**2. Recommendations**

2.1 Members are requested to note the attached 2020/21 audited financial statements for the charities controlled by the Council; and to recommend to Council that they be approved.

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## Implications of the Report

1. **Financial** – The 2020/21 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

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**Author:** Alastair MacArthur, Ext 7363

# RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY	SC019478
RENFREW	SC019479
JOHNSTONE	SC019480

## TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

2020-21



## TABLE OF CONTENTS

TRUSTEES' ANNUAL REPORT.....	1
STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS.....	7
AUDITOR'S REPORT TO THE TRUSTEES OF PAISLEY, JOHNSTONE AND RENFREW COMMON GOOD FUNDS.....	8
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2021.....	12
BALANCE SHEET AS AT 31ST MARCH 2021.....	14
CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH 2021.....	15
NOTES TO THE FINANCIAL STATEMENTS.....	16
1: ACCOUNTING POLICIES.....	16
2: INCOME AND ENDOWMENTS.....	16
3: EXPENDITURE.....	17
4: TANGIBLE FIXED ASSETS.....	17
5: FIXED ASSET INVESTMENTS.....	17
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: DEBTORS.....	25
14: CREDITORS.....	25
15: SHORT TERM DEPOSITS.....	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 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  
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.

They 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.

Auditors: Audit Scotland  
4<sup>th</sup> Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Investment Managers: Aberdeen Standard Capital Limited  
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. Therefore in terms of the “Trustees” of the Common Good, the guidance provided by OSCR is that those who have “general control and management” of the charity are the charity trustees. Decisions regarding the general control and management of the Common Good Funds are made by the Finance, Resources and Customer Services Policy Board (FRCSPB) of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council during the 2020-21 financial year:

William Brown	Lorraine Cameron
Lisa-Marie Hughes	Eileen McCartin
John Shaw	Kevin Montgomery
Jane Strang	Jacqueline Cameron
Edward Grady	John Hood
Catherine McEwan	Alistair MacKay
Jim Paterson	Andrew Steel
Jennifer Adam-McGregor	Derek Bibby
Neill Graham	William Binks
Jim Sharkey	Andrew Doig
Karen Kennedy	Emma Rodden
John McIntyre	Alison Dowling
Kenneth MacLaren	Scott Kerr
Margaret MacLaren	James Sheridan
Carolann Davidson	Natalie Don
John McNaughtan	Colin McCulloch
William Mylet	James MacLaren
Edward Devine	Tom Begg
Marie McGurk	Michelle Campbell
Paul Mack	Jim Harte
Stephen Burns	Iain Nicolson
Audrey Doig	

Day to day management of the Common Good Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All the trustees for the accounts 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.

## ***Structure, Governance and Management***

The Common Good is a fund of money and assets 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 is administered separately from mainstream local authority funding, it is owned outright by the Council (s222 of the Local Government (Scotland) Act 1973) and does 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.

### **History**

The Common Good comprises land granted to a Burgh by the Crown, further grants of land and buildings, mainly in the late 19<sup>th</sup> and early 20<sup>th</sup> century by local industrialists and other landowners for the common good of the inhabitants of the Burgh and the 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. He manages 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 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 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 would be 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 which are up to date and which 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 (FRCSPB). 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 5 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 each elected member is 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 the members of the Investment Review Board through information sessions at each meeting.

### **Risk**

The Trustees have overall responsibility for the Common Good Funds' systems of internal control that are designed by senior management to ensure effective and efficient operations, 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 relates to the 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 ongoing coronavirus pandemic, however the potential impact on income levels is closely monitored in discussion with the investment manager and adviser and tactical changes in investment holdings will be actioned as required. A Statement of Investment Principles has been agreed by the Investment Review Board and this is regularly reviewed to ensure the benchmark against which performance is monitored remains relevant and appropriate. The Statement was updated to an Investment Policy Statement at the meeting of the Investment Review Board on 9 June 2021, incorporating strengthened restrictions with regards climate change risks.

### ***Objectives and Activities***

As mentioned above, there is no governing document for the Common Good. The assets were gifted for the common good of the inhabitants of the burgh. 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 in terms of the aims of the Common Good, they cannot be narrowed down from that detailed above, i.e. that the funds are used for the benefit the inhabitants of the burgh to which they are related.

### **Grant-making**

There are two elements to the grants 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 FRCPB. In addition the FRCPB also agrees the budget available to Local Partnerships for subsequent award 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 the 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 they consider at relevant meetings (held in public) the grant requests they have received. Only eligible grants may be considered – further information on the eligibility criteria may be obtained from the Council.

### ***Achievements and Performance***

In 2020-21 grants totalling £185,655 (£169,736 in 2019-20) were awarded by Local Partnerships to a wide variety of community organisations. Other grant expenditure totalling £119,435 (£154,540 in 2019-20) was made throughout the year. Despite the 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 year. During the year the total return on investments was 23.9% (-1.8% in 2019-20). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.37% (0.86% in 2019-20).

Overall, the Common Good Funds reported a combined net increase in funds of £4.158million (£1.094million decrease in 2019-20) which will increase the previous fund balance brought forward. The total funds held by Paisley Common Good increased by £1.226 million and the funds held by Renfrew Common Good increased by £2.932 million. The movement in funds this year mainly reflects the increased investments valuation due to stock market movements in light of the post-vaccine equity market rally in the last half of the financial year.

### ***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 this year are dividend and investment income (64.5%) [67.8% in 2019-20] and property rental income (35.5%) [32.2% in 2019-20].

The Investment Review Board has agreed a Statement of Investment Principles (SoIP) which regulates the relationship between the Council and the Investment Manager. The SoIP details benchmark asset class holdings and also the restrictions which the Council has agreed i.e. no direct holdings in tobacco stocks or companies involved in the manufacture or supply of military equipment; 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 & 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 has contacted OSCR to start the process of de-registration, however due to the unique nature of Common Good Funds this is not a simple matter of a normal de-registration and OSCR are currently reviewing the situation and will provide an update of the timescales and procedures in due course. There has been no update on the timescale in the last financial year.

Regardless of registration status, Common Good Funds will continue to make grants available to local organisations through the Local Partnership grant making process, 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 recording and the 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 Trustees wish to thank the Renfrewshire Council officers involved in producing the Annual Report and Financial Statements

Signed:

Alan Russell  
Director of Finance and Resources  
Renfrewshire Council

On behalf of the Trustees:  
Councillor John Shaw  
Convener – Finance, Resources and Customer Services Policy Board  
Renfrewshire Council

## Statement of Trustees' Responsibilities in respect of the Annual Report and Accounts

### a) 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 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 which 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.

### b) 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 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:

CLlr 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

## Report 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 2021 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 2021 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 deemed inappropriate.

## 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on other requirements

### Statutory other information

The trustees are responsible for the statutory other information in the statement of accounts. The statutory other information comprises the Trustees' Annual Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

### Opinion prescribed by the Accounts Commission

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  
Audit Scotland  
4<sup>th</sup> 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 the Year Ended 31<sup>st</sup> March 2021

This Account summarises 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. This Account 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 2020-21 or in 2019-20.

	Notes	Year to 31 <sup>st</sup> March 2021				Year to 31 <sup>st</sup> March 2020				
		Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total	
		SC019478	SC019480	SC019479		SC019478	SC019480	SC019479		
		£m	£m	£m	£m	£m	£m	£m	£m	
<b>Income and Endowments from:</b>										
Grants, Interest & Dividend Income	2(a)	0.128	0.000	0.443	<b>0.571</b>	0.149	0.000	0.514	<b>0.663</b>	
Rental and Other Income	2(b)	0.049	0.000	0.266	<b>0.315</b>	0.049	0.000	0.266	<b>0.315</b>	
<b>Total Income and Endowments</b>		<b>0.177</b>	<b>0.000</b>	<b>0.709</b>	<b>0.886</b>	<b>0.198</b>	<b>0.000</b>	<b>0.780</b>	<b>0.978</b>	
<b>Expenditure on:</b>										
<b>Raising Funds</b>										
Fundraising Trading		0.000	0.000	0.014	<b>0.014</b>	0.000	0.000	0.031	<b>0.031</b>	
Investment Management Costs		0.019	0.000	0.062	<b>0.081</b>	0.017	0.000	0.058	<b>0.075</b>	
<b>Total Raising Funds</b>		<b>0.019</b>	<b>0.000</b>	<b>0.076</b>	<b>0.095</b>	<b>0.017</b>	<b>0.000</b>	<b>0.089</b>	<b>0.106</b>	
<b>Charitable Activities</b>										
Charitable Activities	3(a)	0.121	0.000	0.184	<b>0.305</b>	0.121	0.000	0.203	<b>0.324</b>	
Governance Costs	3(b)	0.015	0.000	0.049	<b>0.064</b>	0.015	0.000	0.049	<b>0.064</b>	
Depreciation and Impairment		0.071	0.000	0.433	<b>0.504</b>	0.071	0.000	0.432	<b>0.503</b>	
<b>Total Charitable Activities</b>		<b>0.207</b>	<b>0.000</b>	<b>0.666</b>	<b>0.873</b>	<b>0.207</b>	<b>0.000</b>	<b>0.684</b>	<b>0.891</b>	
<b>Total Expenditure</b>		<b>0.226</b>	<b>0.000</b>	<b>0.742</b>	<b>0.968</b>	<b>0.224</b>	<b>0.000</b>	<b>0.773</b>	<b>0.997</b>	
<b>Net Income / (Expenditure) and net movement in funds before gains and losses on investments</b>		<b>(0.049)</b>	<b>0.000</b>	<b>(0.033)</b>	<b>(0.082)</b>	<b>(0.026)</b>	<b>0.000</b>	<b>0.007</b>	<b>(0.019)</b>	
Gains/(losses) on Investment Assets	5	0.816	0.000	2.759	<b>3.575</b>	(0.221)	0.000	(0.749)	<b>(0.970)</b>	
<b>Net Income/(Expenditure)</b>		<b>0.767</b>	<b>0.000</b>	<b>2.726</b>	<b>3.493</b>	<b>(0.247)</b>	<b>0.000</b>	<b>(0.742)</b>	<b>(0.989)</b>	

## Statement of Financial Activities for the Year Ended 31st March 2020 (Continued)

	Notes	Year to 31 <sup>st</sup> March 2021				Year to 31 <sup>st</sup> March 2020			
		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	0.000
<b>Total after funds transfer</b>		<b>0.767</b>	<b>0.000</b>	<b>2.726</b>	<b>3.493</b>	<b>(0.247)</b>	<b>0.000</b>	<b>(0.742)</b>	<b>(0.989)</b>
<b>Other Gains or Losses</b>									
Gains/(Losses) on Revaluation of Fixed Assets	4	0.459	0.000	0.206	<b>0.665</b>	0.000	0.000	(0.105)	<b>(0.105)</b>
<b>Total Other Recognised Gains or Losses</b>		<b>0.459</b>	<b>0.000</b>	<b>0.206</b>	<b>0.665</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.105)</b>	<b>(0.105)</b>
<b>Net Movement in Funds</b>		<b>1.226</b>	<b>0.000</b>	<b>2.932</b>	<b>4.158</b>	<b>(0.247)</b>	<b>0.000</b>	<b>(0.847)</b>	<b>(1.094)</b>
<b>Total Funds Brought Forward</b>		<b>5.247</b>	<b>0.052</b>	<b>30.323</b>	<b>35.622</b>	<b>5.494</b>	<b>0.052</b>	<b>31.170</b>	<b>36.716</b>
<b>Total Funds Carried Forward</b>		<b>6.473</b>	<b>0.052</b>	<b>33.255</b>	<b>39.780</b>	<b>5.247</b>	<b>0.052</b>	<b>30.323</b>	<b>35.622</b>

The notes on pages 16 to 25 form part of these financial statements.

## Balance Sheet as at 31<sup>st</sup> March 2021

The Balance Sheet summarises in its top half all the assets that the Common Good Funds own and the liabilities that they owe to others. The bottom half sets out how the net assets of the Funds are allocated between usable resources and statutory reserves needed to comply with accounting rules.

	Notes	At 31 <sup>st</sup> March 2021				At 31 <sup>st</sup> March 2020			
		Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
		SC019478	SC019480	SC019479		SC019478	SC019480	SC019479	
		£m	£m	£m	£m	£m	£m	£m	£m
<b>Fixed Assets</b>									
Tangible Fixed Assets	4	1.090	0.000	12.283	13.373	0.702	0.000	12.510	13.212
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	4.757	0.000	16.079	20.836	3.943	0.000	13.325	17.268
		<b>5.910</b>	<b>0.047</b>	<b>28.471</b>	<b>34.428</b>	<b>4.708</b>	<b>0.047</b>	<b>25.944</b>	<b>30.699</b>
<b>Current Assets</b>									
Debtors	13	0.000	0.000	0.040	0.040	0.000	0.000	0.008	0.008
Short term deposits	15	0.568	0.005	4.852	5.425	0.573	0.005	4.447	5.025
		<b>0.568</b>	<b>0.005</b>	<b>4.892</b>	<b>5.465</b>	<b>0.573</b>	<b>0.005</b>	<b>4.455</b>	<b>5.033</b>
<b>Less: Current Liabilities</b>									
Creditors: Amounts Falling Due Within One Year	14	(0.005)	0.000	(0.108)	(0.113)	(0.034)	0.000	(0.076)	(0.110)
		<b>(0.005)</b>	<b>0.000</b>	<b>(0.108)</b>	<b>(0.113)</b>	<b>(0.034)</b>	<b>0.000</b>	<b>(0.076)</b>	<b>(0.110)</b>
<b>Net Current Assets</b>		<b>0.563</b>	<b>0.005</b>	<b>4.784</b>	<b>5.352</b>	<b>0.539</b>	<b>0.005</b>	<b>4.379</b>	<b>4.923</b>
<b>Net Assets</b>		<b>6.473</b>	<b>0.052</b>	<b>33.255</b>	<b>39.780</b>	<b>5.247</b>	<b>0.052</b>	<b>30.323</b>	<b>35.622</b>
<b>Funds of the Charities</b>									
<u>Unrestricted Funds</u>									
Income Funds		3.622	0.036	20.338	23.996	3.572	0.036	20.027	23.635
Revaluation reserve :		1.415	0.000	4.731	6.146	0.698	0.000	2.316	3.014
Investments Revaluation reserve :		1.436	0.016	8.186	9.638	0.977	0.016	7.980	8.973
Other Fixed Assets		<b>6.473</b>	<b>0.052</b>	<b>33.255</b>	<b>39.780</b>	<b>5.247</b>	<b>0.052</b>	<b>30.323</b>	<b>35.622</b>

Signed

Signed

Alan Russell  
Director of Finance and Resources  
Renfrewshire Council

Councillor John Shaw  
Convener – Finance, Resources and Customer Services  
Policy Board. Renfrewshire Council.



## Cash Flow Statement for Year Ended 31<sup>st</sup> March 2021

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.

Notes	Year ended 31st March 2021				Year ended 31st March 2020				
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m	
<b>Net Cash Inflow from Operating Activities</b>	<b>7</b>	<b>(0.007)</b>	<b>0.000</b>	<b>0.400</b>	<b>0.393</b>	<b>0.039</b>	<b>0.000</b>	<b>0.486</b>	<b>0.525</b>
<b>Capital Expenditure and Financial Investment</b>									
Cash paid for fixed asset investment	(0.641)	0.000	(2.168)	<b>(2.809)</b>	(0.651)	0.000	(2.169)	<b>(2.820)</b>	
Receipts from sales of fixed asset: investments	0.606	0.000	2.073	<b>2.679</b>	0.709	0.000	2.355	<b>3.064</b>	
Receipts from sales of fixed asset: property	0.000	0.000	0.000	<b>0.000</b>	0.000	0.000	0.000	<b>0.000</b>	
Payments to acquire tangible fixed assets	0.000	0.000	0.000	<b>0.000</b>	0.000	0.000	0.000	<b>0.000</b>	
<b>Net cash flow from capital expenditure and financial investments</b>	<b>(0.035)</b>	<b>0.000</b>	<b>(0.095)</b>	<b>(0.130)</b>	<b>0.058</b>	<b>0.000</b>	<b>0.186</b>	<b>0.244</b>	
<b>(Increase)/decrease in cash held for investments</b>	<b>0.037</b>		<b>0.100</b>	<b>0.137</b>	<b>(0.058)</b>		<b>(0.188)</b>	<b>(0.246)</b>	
<b>Increase/(decrease) in cash held in the year</b>	<b>(0.005)</b>	<b>0.000</b>	<b>0.405</b>	<b>0.400</b>	<b>0.039</b>	<b>0.000</b>	<b>0.486</b>	<b>0.525</b>	
<b>Reconciliation of net cash flow to movement in net funds</b>									
(Decrease)/increase in cash in year	(0.005)	0.000	0.405	0.400	0.039	0.000	0.486	0.525	
net funds at 1 April	0.573	0.005	4.447	5.025	0.534	0.005	3.961	4.500	
<b>Net funds at 31 March</b>	<b>0.568</b>	<b>0.005</b>	<b>4.852</b>	<b>5.425</b>	<b>0.573</b>	<b>0.005</b>	<b>4.447</b>	<b>5.025</b>	

## Notes to the Financial Statements

### 1: Accounting Policies

#### *Introduction*

The Financial Statements for the year ended 31 March 2021 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 (SORP) 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.

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 used in its preparation 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 (SOFA) 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 SOFA when the charity has unconditional entitlement to the resources.

##### **Gifts in Kind**

Gifts in kind are not reflected in the SORP, but are referred to when necessary in the Trustees Annual Report.

##### **Investment Income**

This is included in the accounts 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 Member of the Royal Institute of Chartered Surveyors (MRICS) qualified. Assets under construction are shown at historic cost. Land and buildings are revalued every five years, with increases in valuation matched by credits to the Revaluation Reserve.

A de-minimis of £9,000 is applied for 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 SOFA.

## 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 Local Government Code of Practice on local authority accounting to apply a depreciated replacement cost valuation basis, and it is under the Local Government Code that the Common Good Accounts have been audited in previous years.

## 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 Statement are adjusted to reflect such events; and
- 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 16 provides further information.

## 2: Income and Endowments

### a) Investments

	2020-21				2019-20			
	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	0.126	0.000	0.426	0.552	0.145	0.000	0.491	0.636
Interest income	0.002	0.000	0.017	0.019	0.004	0.000	0.023	0.027
<b>Total grant &amp; investment income</b>	<b>0.128</b>	<b>0.000</b>	<b>0.443</b>	<b>0.571</b>	<b>0.149</b>	<b>0.000</b>	<b>0.514</b>	<b>0.663</b>

### *b) Rental and Other Income*

	2020-21				2019-20			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Rental income from properties	0.049	0.000	0.266	0.315	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
<b>Total rental and other income</b>	<b>0.049</b>	<b>0.000</b>	<b>0.266</b>	<b>0.315</b>	<b>0.049</b>	<b>0.000</b>	<b>0.266</b>	<b>0.315</b>

## 3: Expenditure

### *a) Charitable Activities*

	2020-21				2019-20			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Voluntary organisation grants	0.050	0.000	0.136	0.186	0.024	0.000	0.146	0.170
Civic related grants	0.071	0.000	0.048	0.119	0.097	0.000	0.057	0.154
<b>Total charitable activities grants</b>	<b>0.121</b>	<b>0.000</b>	<b>0.184</b>	<b>0.305</b>	<b>0.121</b>	<b>0.000</b>	<b>0.203</b>	<b>0.324</b>

### *b) Governance Costs*

	2020-21				2019-20			
	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
<b>Total Governance Costs</b>	<b>0.015</b>	<b>0.000</b>	<b>0.049</b>	<b>0.064</b>	<b>0.015</b>	<b>0.000</b>	<b>0.049</b>	<b>0.064</b>

## 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
<b>Gross Book Value</b>				
At 1 <sup>st</sup> April 2020	0.711	0.275	0.986	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.105	0.000	0.105	0.000
<b>At 31<sup>st</sup> March 2021</b>	<b>0.816</b>	<b>0.275</b>	<b>1.091</b>	<b>0.063</b>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2020	0.284	0.000	0.284	0.000
Depreciation for Year	0.071	0.000	0.071	0.000
Depreciation writeback on Revaluation	(0.354)	0.000	(0.354)	0.000
<b>At 31<sup>st</sup> March 2021</b>	<b>0.001</b>	<b>0.000</b>	<b>0.001</b>	<b>0.000</b>
<b>Net Book Value at 31<sup>st</sup> March 2021</b>	<b>0.815</b>	<b>0.275</b>	<b>1.090</b>	<b>0.063</b>
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	<b>0.427</b>	<b>0.275</b>	<b>0.702</b>	<b>0.063</b>

### ***b) Renfrew Common Good Fund***

	Operational Land and Buildings	Plant and Equipment	Non- operational assets – Investment Properties	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m	£m	£m
<b>Gross Book Value</b>						
At 1 <sup>st</sup> April 2020	9.568	3.284	0.539	0.015	13.406	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	0.074	0.000	0.001	0.000	0.075	0.000
<b>At 31<sup>st</sup> March 2021</b>	<b>9.642</b>	<b>3.284</b>	<b>0.540</b>	<b>0.015</b>	<b>13.481</b>	<b>0.109</b>
<b>Depreciation</b>						
At 1 <sup>st</sup> April 2020	0.511	0.364	0.021	0.000	0.896	0.000
Depreciation for year	0.193	0.234	0.006	0.000	0.433	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation writeback on revaluations	(0.118)	0.000	(0.013)	0.000	(0.131)	0.000
Impairment losses written out on revaluation	0.000	0.000	0.000	0.000	0.000	0.000
<b>At 31<sup>st</sup> March 2021</b>	<b>0.586</b>	<b>0.598</b>	<b>0.014</b>	<b>0.000</b>	<b>1.198</b>	<b>0.000</b>
<b>Net Book Value at 31<sup>st</sup> March 2021</b>	<b>9.056</b>	<b>2.686</b>	<b>0.526</b>	<b>0.015</b>	<b>12.283</b>	<b>0.109</b>
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	<b>9.056</b>	<b>2.921</b>	<b>0.518</b>	<b>0.015</b>	<b>12.510</b>	<b>0.109</b>

### ***c) Johnstone Common Good Fund***

	Heritage Assets
	£m
<b>Gross Book Value</b>	
At 1 <sup>st</sup> April 2020	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
<b>At 31<sup>st</sup> March 2021</b>	<b>0.047</b>
<b>Depreciation</b>	
At 1 <sup>st</sup> April 2020	0.000
Depreciation for year	0.000
<b>At 31<sup>st</sup> March 2021</b>	<b>0.000</b>
<b>Net Book Value at 31<sup>st</sup> March 2021</b>	<b>0.047</b>
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	<b>0.047</b>



### *d) 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 from.

### *a) Analysis of market values*

	2020-21			2019-20		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1 <sup>st</sup> April 2020	3.943	13.326	17.269	4.163	14.073	18.236
Additions	0.642	2.168	2.810	0.651	2.169	2.820
Disposals	(0.606)	(2.073)	(2.679)	(0.709)	(2.355)	(3.064)
Net gain/(loss) on revaluation	0.815	2.759	3.574	(0.220)	(0.749)	(0.969)
Increase/(decrease) in cash in bank awaiting investment	(0.037)	(0.101)	(0.138)	0.058	0.188	0.246
<b>At 31<sup>st</sup> March 2021</b>	<b>4.757</b>	<b>16.079</b>	<b>20.836</b>	<b>3.943</b>	<b>13.326</b>	<b>17.269</b>

### *b) Asset Allocation Analysis*

	2020-21			2019-20		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.247	0.833	1.080	0.244	0.824	1.068
Other UK Bonds	0.342	1.098	1.440	0.282	0.900	1.182
Overseas Bonds	0.134	0.510	0.644	0.119	0.455	0.574
Equities:						
UK Equities	1.633	5.505	7.138	1.456	4.905	6.361
Overseas Equities	2.261	7.628	9.889	1.646	5.576	7.222
Non-Region Specific	0.000	0.000	0.000	0.036	0.121	0.157
Property Investments	0.061	0.206	0.267	0.043	0.145	0.188
Cash	0.075	0.287	0.362	0.113	0.388	0.501
Accrued Interest	0.004	0.012	0.016	0.004	0.012	0.016
<b>Total Investment Assets</b>	<b>4.757</b>	<b>16.079</b>	<b>20.836</b>	<b>3.943</b>	<b>13.326</b>	<b>17.269</b>

All investments during 2020-21 and in 2019-20 were held in unrestricted funds.

## 6: Reserves Cover

	2020-21				2019-20			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Free Reserves</b>								
Unrestricted Funds	3.622	0.036	20.340	23.998	3.572	0.036	20.027	23.635
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.049)	0.000	(0.032)	(0.081)	(0.026)	0.000	0.007	(0.019)
<b>Total Unrestricted Funds</b>	<b>3.573</b>	<b>0.036</b>	<b>20.308</b>	<b>23.917</b>	<b>3.546</b>	<b>0.036</b>	<b>20.034</b>	<b>23.616</b>
Less Funds tied up in fixed assets	(4.757)	0.000	(16.079)	(20.836)	(3.943)	0.000	(13.325)	(17.268)
<b>Total Free Reserves</b>	<b>(1.184)</b>	<b>0.036</b>	<b>4.229</b>	<b>3.081</b>	<b>(0.397)</b>	<b>0.036</b>	<b>6.709</b>	<b>6.348</b>
Annual Running Costs exclude impairment	0.226	0.000	0.756	0.982	0.224	0.000	0.773	0.997
Number of months held in reserve	<b>0</b>	<b>0</b>	<b>67</b>		<b>0</b>	<b>0</b>	<b>104</b>	

Funds tied up in fixed assets are represented by investments held by the Common Good Funds.

## 7: Cash Flow Statement

### *a Reconciliation of net income/expenditure to net cash inflow/ (outflow) from operating activities*

	Year to 31 <sup>st</sup> March 2021			Year to 31 <sup>st</sup> March 2020		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£m
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments	(0.049)	0.000	(0.033)	(0.026)	0.000	0.007
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.071	0.000	0.433	0.071	0.000	0.430
Decrease/(increase) in debtors	0.000	0.000	(0.032)	0.000	0.000	0.018
Increase/(decrease) in creditors	(0.029)	0.000	0.032	(0.006)	0.000	0.031
<b>Net cash (inflow)/outflow from operating activities</b>	<b>(0.007)</b>	<b>0.000</b>	<b>0.400</b>	<b>0.039</b>	<b>0.000</b>	<b>0.486</b>

## *b Analysis of changes in net funds*

	At 1 April 2020	movement in net funds	At 31 March 2021	At 1 April 2019	movement in net funds	At 31 March 2020
	£m	£m	£m	£m	£m	£m
<b>Short term deposits</b>						
Paisley	0.573	(0.005)	0.568	0.534	0.039	0.573
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	4.447	0.405	4.852	3.961	0.486	4.447
	<b>5.025</b>	<b>0.400</b>	<b>5.425</b>	<b>4.500</b>	<b>0.525</b>	<b>5.025</b>

## 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 2020-21 (nil 2019-20).

## 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 3(b), Governance Costs. The Council also acts as the 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.

## 10: Commitments

As at 31 March 2021, 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 via the Common Good Funds during 2020-21 (2019-20 nil). All costs were incurred by Renfrewshire Council and recharged as detailed in note 3(b) Governance Costs. There are therefore no employees with emoluments above £60,000 (2019-20 nil).

## 12: Audit Costs

Costs of £4,660 (£4,550 for 2019-20) were incurred in relation to the audit of the 2020-21 financial statements.

## 13: Debtors

	Year to 31 <sup>st</sup> March 2021				Year to 31 <sup>st</sup> March 2020			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accrued Income	0.000	0.000	0.040	0.040	0.000	0.000	0.008	0.008
Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Debtors</b>	<b>0.000</b>	<b>0.000</b>	<b>0.040</b>	<b>0.040</b>	<b>0.000</b>	<b>0.000</b>	<b>0.008</b>	<b>0.008</b>

## 14: Creditors

	Year to 31 <sup>st</sup> March 2021				Year to 31 <sup>st</sup> March 2020			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Trade Creditors	0.005	0.000	0.104	0.109	0.034	0.000	0.072	0.106
Rents in Advance	0.000	0.000	0.004	0.004	0.000	0.000	0.004	0.004
<b>Total Creditors</b>	<b>0.005</b>	<b>0.000</b>	<b>0.108</b>	<b>0.113</b>	<b>0.034</b>	<b>0.000</b>	<b>0.076</b>	<b>0.110</b>

## 15: Short Term Deposits

Short term deposits are accounts held with Renfrewshire Council who process receipts, payments and accounting entries on behalf of the Common Good Funds.

## 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 2021, 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 2020 to 31 MARCH 2021



## Table of Contents

TRUSTEES' REPORT.....	1
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF COATS OBSERVATORY TRUST FUND AND THE ACCOUNTS COMMISSION FOR SCOTLAND .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
TRUST ACCOUNTS FINANCIAL STATEMENTS OVERVIEW .....	8
STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH 2021.....	9
STATEMENT OF BALANCES AS AT 31 <sup>ST</sup> MARCH 2021 .....	9
NOTES TO THE FINANCIAL STATEMENTS.....	10

## Trustees' Report

### 1. INTRODUCTION

Renfrewshire Council acts as sole trustee for the Coats Observatory Trust Fund which has charitable status and is registered with the Office of the Scottish Charity Regulator (OSCR):

The financial statements of the Trust 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 "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.

Independent Auditors:            Audit Scotland  
   4<sup>th</sup> Floor, South Suite  
   The Athenaeum Building  
   8 Nelson Mandela Place  
   Glasgow G2 1BT



## **TRUSTEES**

In terms of the “Trustees” of the Trust, the guidance provided by OSCR is that those who have “general control and management” of the charity are the charity 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. We have therefore interpreted the above guidance as meaning all elected members are charity trustees

The following individuals were the Trustees of the Trust Fund in their capacity as elected members of Renfrewshire Council during the 2019-20 financial year:

William Brown	Eileen McCartin
Lisa-Marie Hughes	Kevin Montgomery
John Shaw	Jacqueline Cameron
Jane Strang	John Hood
Edward Grady	Alistair MacKay
Catherine McEwan	Andrew Steel
Jim Paterson	Derek Bibby
Jennifer Adam-McGregor	William Binks
Neill Graham	Andrew Doig
Jim Sharkey	Emma Rodden
Karen Kennedy	Audrey Doig
John McIntyre	Alison Dowling
Kenneth MacLaren	Scott Kerr
Margaret MacLaren	James Sheridan
Carolann Davidson	Natalie Don
John McNaughtan	Colin McCulloch
William Mylet	James MacLaren
Edward Devine	Tom Begg
Marie McGurk	Michelle Campbell
Paul Mack	Jim Harte
Stephen Burns	Iain Nicolson
Lorraine Cameron	

Day to day management of the Trust Fund is delegated to the Director of Finance and Resources of Renfrewshire Council. All of the trustees for the accounts 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.

## **2. 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 own the buildings comprising the Coats Observatory. These buildings are leased to Renfrewshire Leisure Ltd for zero consideration.

## **HISTORY**

The original purpose of the Trust when it was set up was: “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.

## **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 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 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 would be 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 which are up to date and which 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16<sup>th</sup> 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.

## **3. 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.

#### 4. FUTURE PLANS

Given there are no cash funds remaining, nor are any anticipated, the Council will explore with OSCR the future of the charity, always considering the ongoing sustainability of the Observatory and ensuring appropriate governance arrangements remain in place.

The Trustees wish to thank the Renfrewshire Council officers involved in producing the Report and Financial Statements.

Signed:

Alan Russell  
Director of Finance and Resources  
Renfrewshire Council

On behalf of the Trustees:

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

## Report 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 2021 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 a summary of 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 2021 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 which properly present the receipts and payments of the charity, and for such internal control as the trustees determine 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 skillfulness 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on other requirements

### Statutory other information

The trustees are responsible for the statutory other information in the statement of accounts. The statutory other information comprises the Trustees' Annual Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

### Opinion on matters prescribed by the Accounts Commission

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 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  
Audit Scotland  
4<sup>th</sup> Floor  
The Athenaeum Building  
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

### 1. 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.

### 2. 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.

### 3. 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.

### 4. 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<sup>st</sup> March 2021

2020 Total £	Unrestricted £	Restricted £	2021 Total £
0	0	0	0
0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Statement of Balances as at 31<sup>st</sup> March 2021

2020 Total £	Unrestricted £	Restricted £	2021 Total £
0	0	0	0
0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
590,104	0	770,227	770,227
0	0	0	0
<b>590,104</b>	<b>0</b>	<b>770,227</b>	<b>770,227</b>

Signed  
Alan Russell  
Director of Finance and Resources  
  
Renfrewshire Council

Signed  
Councillor John Shaw  
Convenor – Finance, Resources and Customer  
Services Policy Board  
Renfrewshire Council

## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

#### INTRODUCTION

The Financial Statements for the year ended 31 March 2021 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 Observatory 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 following accounting policies used in its preparation 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.

The 2019-20 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 (SoRP) when the money is actually received.

### ***Recognition of expenditure***

Expenditure is recognised and included in the Statement of Receipts and Payments (SoRP) when it is paid for.

### ***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 latest valuation was carried out this year and is based on fair value, determined as the market value that would be paid for the asset in its current use. Valuations are provided by the Council Valuer who is MRICS qualified, and are updated as a minimum every five years. The Observatory building is being depreciated on a straight-line basis over 30 years.

## **2. ANALYSIS OF RECEIPTS/PAYMENTS**

No income was received in the year.

## **3. 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 period (2019-20 nil).

## **4. RELATED PARTIES**

During the period the Council also acted as the banker for the Trust Fund and all transactions, incoming and outgoing, are made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council nor were there any cash transactions during 2020-21.




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**To:** Audit, Risk and Scrutiny Board

**On:** 22 November 2021

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**Report by:** Director of Finance & Resources

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**Heading:** Scottish Information Commissioner – Annual Report and Accounts 2020-21: FOI during the Covid-19 Pandemic

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## 1. Summary

1.1 The purpose of this Report is to advise the Board on the Scottish Information Commissioner's Annual Report 2020/21. The Report is available on the Commissioner's website at [www.itspublicknowledge.info/uploadedfiles/SIC\\_Annual\\_Report\\_and\\_Accounts\\_2020-21.pdf](http://www.itspublicknowledge.info/uploadedfiles/SIC_Annual_Report_and_Accounts_2020-21.pdf)

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## 2. Recommendations

2.1 It is recommended that the Board:

- Note the contents of the Office of the Scottish Commissioner (OSIC) annual report.
- Note the information on the numbers of FOI requests, reviews and appeals involving the Council in paragraph 3.4 of the report.

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## 3. Background

3.1 The Freedom of Information (Scotland) Act 2002 ("FOISA") came into force on 1 January 2005 and created a general right to obtain information from any designated Scottish public authority subject to limited exemptions. Most of the exemptions are only available if the request fails the "public interest" test. In other words, information must

still be released if it is of greater benefit to the public to release the information than withhold it.

3.2 The Annual Report for 2020/21 looks to at FOI during the Covid pandemic

3.3 Key highlights include:

- OSIC received 486 appeals this year, compared to 494 the previous year. 81% of appeals came from members of the public, and 23% of valid appeals were about an authority's failure to respond.
- 1% of requests received by Scottish Public Authorities resulted in appeals to OSIC.
- OSIC carry out interventions in cases where a Scottish public authority fails to meet the requirement set out in legislation and the Scottish Ministers' Codes of Practice. 260 interventions were required, compared with 251 the previous year.
- In 65% of decisions the Commissioner found wholly or partly in favour of the requester, compared to 67% the previous year.

3.4 Since 2014 the Commissioner has maintained a 'Statistics Portal'. Public authorities upload data on FOI and EIR (Environmental Information Regulations) requests to this portal. Data uploaded includes, the number of requests and review requests received, which exemptions and exceptions have been applied and whether statutory timescales have been met. This information is collated and published quarterly.

- In total there have been 69,500 requests in Scotland in 2020/21, a decrease of 14% over last year's totals.
- Despite the decrease in requests, the number of failures to respond to requests more than doubled.
- Renfrewshire Council received 1237 requests in 2020/21, a decrease of 27% from last year's total of 1691. This placed the Council 8<sup>th</sup> out of the 32 Local Authorities for number received, down from 7<sup>th</sup> in 2019/20.
- The Council received 14 requirements for Review in 2020/21 compared to 17 the previous financial year.

- Across Scotland, 2.8% of requests resulted in a requirement for review. 1.1 % of requests received by the Council resulted in a requirement for review.

- 3.5 In the 2020/21 period covered by the report 37% of appeals received by the Commissioner involved Local Government Authorities, down from 46% the previous year.
- 3.6 The Council received no appeals for 2020/21.
- 3.7 The Council adapted well to the challenges of FOI during the COVID pandemic and the necessary redistribution of staff and resources. The Council also minimised the impact of the Scottish Government's implementation and sudden withdrawal of the 60-day extension to FOI during the pandemic by continuing to adhere to the 20-working day deadline throughout. The low level of requirements for review compared to the volume of requests processed by the Council, together with no appeals to OSIC during 2020/21, also indicates that the Council continues to manage its responsibilities well.

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## Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – This report summarises the OSIC report on how public authorities, including the Council are complying with their obligations under the 2002 Act.
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.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** – none
12. **Cosla Policy Position** – none
13. **Climate Risk** - none

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**Author:** Andy Connor

Records Manager  
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Andrew.connor@renfrewshire.gov.uk





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**To: Audit, Risk and Scrutiny Board**

**On: 15 November 2021**

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**Report by: Director of Finance & Resources**

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**Heading: Scottish Public Services Ombudsman (SPSO)  
Annual Report 2020/21**

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## **1 Summary**

- 1.1 The Scottish Public Services Ombudsman (SPSO) has issued her 220/21 annual report. The report is available on the SPSO's website at <https://www.spsso.org.uk/annual-reports>
- 1.2 The SPSO is the final stage for complaints about councils, the National Health Service, housing associations, colleges and universities, prisons, most water providers, the Scottish Government and its agencies and departments and most Scottish authorities.
- 1.3 The health sector was the sector about which the SPSO received most complaints (34%) from a total of 3,130 complaints and enquiries, with local authority cases receiving the second highest number of 951 (30%), which was a reduction of 1% from last year.
- 1.4 The statutory functions of the Ombudsman, together with a look at the complaints process and a look forward to the coming year are set out within the SPSO's report.

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## **2 Recommendations**

- 2.1 That the SPSO's 2020/21 Annual Report be noted; and
- 2.2 That it be noted of the 31 complaints against Renfrewshire Council determined by the SPSO in 2020/21 none went to public investigation.
-

### **3 Background**

#### **3.1 SPSO Role and Function**

The SPSO has a wide remit which covers a variety of functions and services. There are three distinct statutory functions:

- the final stage for complaints about most devolved public services in Scotland;
- powers and responsibilities to publish complaints handling procedures and monitoring and supporting best practice in complaints handling; and
- independent review service for the Scottish Welfare Fund with the power to overturn and substitute decisions made by councils on Community Care and Crisis Grant applications.

### **4 Complaints Overview**

4.1 The report advised that in 2020/21 the SPSO saw a decrease in overall caseload compared with the previous year. Nationally, in 2020/21 the SPSO received 3,130 complaints and enquiries (4,226 in total when including complaints carried over from last year) compared with 4,332 in the previous year. There were 4,188 in 2018/19 and 4,125 in 2017/18.

4.2 Of the 3,120 complaints handled, 420 went to full investigation compared to 588 in 2019/20, 1,056 were about the health sector and 951 complaints were about local authorities. As in previous years, the health sector continued to account for the largest proportion of cases received in 2020/21.

4.3 Of the 420 complaints investigated, the SPSO upheld or partly upheld 58% of complaints. It was noted that this was the fourth year in a row that the uphold rate had remained stable.

4.4 The Ombudsman acknowledged that there had been a significant impact for SPSO on closure rates during the first part of the year as a result of the lockdown, contributing to the overall lower output than the previous year. In line with Scottish Government guidance, SPSO moved to home-working for the majority of their team. They however ensured that their complaints service continued to function throughout, but it took several weeks to equip all staff fully to be home-based. This led to an impact on productivity during the year during the transition to home working and reflected in the drop in case closures and the lower output in the first quarter.

4.5 Of the investigations completed in Scotland as a whole, 7 cases were reported in full as public investigation reports (which was the same as the previous year). Typically, public reports cover more serious complaints, often with wider significance to other organisations and which may be more complex and resource intensive. None of these related to Renfrewshire.

- 4.6 The actual number of premature complaints received fell along with all other areas of complaint (a premature complaint is one that has not been considered by the public body first). However, for the first time in a number of years the proportion of premature complaints within their overall caseload grew slightly (by 1%). Against a backdrop of good progress over several years, the increase reflected the fact that some public bodies found it challenging to meet the timescales set out in the Model Complaints Handling Procedures during the pandemic. The SPSO intimated that they issued advice to public bodies by letter and on their website about how to approach these challenges which allowed public bodies to continue to communicate well with service users even where they were unable to meet timescales, giving reasons and anticipated timescales.

### **Complaints Determined**

- 4.7 No complaint details for specific organisations are included in the report. However, information was received separately from the SPSO, indicates that the number of complaints determined by the SPSO relative to Renfrewshire was 31 in 2020/21 compared with 47 in 2019/20 and 47 in 2018/19. A copy of the SPSO investigation reports relative to the two cases where the decision was “some upheld” are attached as appendices.

<b>Stage</b>	<b>Outcome Group</b>	<b>Renfrewshire Council</b>
Advice	Discretion – alternative action proposed	0
	Organisation not in jurisdiction	0
	Premature	5
	Subject matter not in jurisdiction	0
	Unable to proceed	6
	<b>Total</b>	<b>11</b>
Early Resolution	Cause and impact test not met	0
	Discretion – alternative route used or available	0
	Discretion – Insufficient benefit would be achieved by investigation	4
	Discretion – alternative action proposed	1
	Discretion - Good complaint handling	10
	Discretion – referred back	0
	Member of the public test not met	0
	Premature	0
	Right of appeal to court/tribunal/Scottish ministers	0
	Subject matter not in jurisdiction	1
	Time limit (s 10)	0
	Unable to proceed	1
	<b>Total</b>	<b>17</b>
Investigation	Fully upheld	0
	Not upheld	1
	Some upheld	2
	<b>Total</b>	<b>3</b>
<b>Total Complaints</b>		<b>31</b>

## **Complaints Received**

- 4.8 Of the 34 cases that were received in 2020/21 relative to Renfrewshire, the main subjects of these are as follows, with 2019/20 figures in brackets. The subjects are the SPSO's and may not relate directly to the way Renfrewshire Council services are organised: Education 2 (6); Environmental Health & Cleansing 6 (12); Finance 6 (8); Housing 9 (7); Legal & Admin 2 (1); Personnel 2 (0); Planning 2 (4); Roads & Transport 1 (5); Social Work 2(7); Subject Unknown/Out of Jurisdiction 1 (4); and Welfare Fund – Community Care Grants 1 ( 0)
- 4.9 It should be noted that received and determined numbers do not tally as complaints determined include cases carried forward from previous years.
- 4.10 The SPSO will not generally consider a complaint unless the complainer has gone through the Council's complaints procedure fully. In 2020/21 the Council received 6,179 complaints, compared with 7,924 in 2019/20. The annual report on the Council's complaints was considered at the last meeting of the Board held on 25 October 2021.

## **5 Other Developments**

- 5.1 In 2019, the SPSO completed a review of their own guidance and model complaints handling procedure. With the Model Complaints Handling Procedure now fully adopted across Scottish public bodies under SPSO's jurisdiction, much of the focus is now on monitoring compliance and supporting improvement.
- 5.2 At the start of the year the SPSO set up and recruited a new Independent National Whistleblowing Officer (INWO) team during lockdown. At that time the implementation date of the INWO role and the National Whistleblowing Standards (the Standards) was still unconfirmed. When the date was delayed from 27 July 2020 to 1 April 2021 it gave them an ideal opportunity to develop training materials, support for implementation and establish their own investigation procedures, ahead of the intended timescales.
- 5.3 The INWO website has now been launched to help organisations and whistleblowers and includes documents to support organisations with internal communications and implementation, guidance to help staff to raise concerns, and it sets out the expectations and requirements under the Standards on managers right up to board level.

## **6 Looking Forward**

- 6.1 The SPSO has a clear strategic direction and an ambitious business plan. It goes into 2021/22 recognising that that the priorities within its business plan will change because of the uncertainty surrounding the progress of the COVID-19 pandemic and lockdown easing.

- 6.2 The SPSO has also recognised that Covid-19 and lockdown will have long-reaching impacts but is committed to delivering its statutory functions. The report noted that lockdown would impact on all areas of its business for years to come, but it acknowledged that it was important not only to cope with lockdown and keep delivering its business but also to learn for the future in terms of how it investigated, how it worked differently and how it kept its services accessible.

## Implications of the Report

1. **Financial** – None
2. **HR & Organisational Development** – None
3. **Community Planning** – None
4. **Legal** – None
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. 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 Implications** – None
13. **Climate Risk** - None

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**Author:** Carol MacDonald, Senior Committee Services Officer  
Email: [carol.macdonald@renfrerwshire.gov.uk](mailto:carol.macdonald@renfrerwshire.gov.uk)

## SPSO decision report

**Case:** 201903686, Renfrewshire Council  
**Sector:** Local Government  
**Subject:** repairs and maintenance  
**Decision:** some upheld, recommendations

### Summary

C was a tenant of the council and requested repairs after reporting issues with damp, leaks and the boiler. When C ended the tenancy they were charged for leaving items in the property. C complained that the council's responses to C's requests for repairs, for recharging them when they left the property and how they communicated were unreasonable.

C reported 90 repairs or faults over a tenancy of many years. With the exception of two occasions, the council responded within timescales as laid out in their repairs policy. Sometimes the fault required multiple attendances (due to access requirements or parts required) and led to the completion time taking longer but the initial response was within the target timeframe. We found that the council's response to C's requests for repairs were reasonable. We did not uphold this aspect of the complaint.

The council responded to C's complaints sometimes verbally, in writing or both. It was good practice to seek practical resolutions to complaints and the council made attempts to do this with bringing forward inspections and arranging tradespeople to attend C's property. We found that not all of the points C raised were responded to when they were first raised as a complaint, requiring C to raise the same point on multiple occasions and in some instances (such as the complaints about communication and previous faulty repairs) not being responded to at all. This was unreasonable.

After the council received C's complaints they responded at the frontline resolution stage five times. The council did not advise C on how they could escalate their complaint as part of these responses after it was clear that C remained dissatisfied. It was unreasonable that the council failed to advise them of how to escalate the complaint. Therefore, we upheld this aspect of the complaint.

Lastly, the council were clear in the information which they provided to C in the tenancy agreement and terminations, that there was a requirement that C remove all belongings from the property after their tenancy ended. Not doing so would result in C being charged by the council for the removal costs. The council followed their process and their actions were reasonable. We did not uphold this aspect of the complaint.

### Recommendations

What we asked the organisation to do in this case:

- Apologise to C for failing to respond to all of the complaints they raised. The apology should meet the standards set out in the SPSO guidelines on apology available at [www.spsso.org.uk/information-leaflets](http://www.spsso.org.uk/information-leaflets).

What we said should change to put things right in future:

- The council should advise complainants how to escalate their complaint if they remain dissatisfied.
- The council should respond to all points of complaint raised by a complainant.



We have asked the organisation to provide us with evidence that they have implemented the recommendations we have made on this case by the deadline we set.

## SPSO decision report

**Case:** 201905509, Renfrewshire Council  
**Sector:** Local Government  
**Subject:** kinship care  
**Decision:** some upheld, recommendations

### Summary

C became a kinship carer to their family member (A) and complained that the council had failed to provide appropriate and accurate information about kinship care payments and had dissuaded C from applying. C also complained that information about the council's policy on kinship care assistance was difficult to find and the policy provided to them in 2019 was out of date and did not include reference to changes in legislation that took place in 2009 and 2015.

The council said that C was provided with information and advice about kinship care payments, however C had decided not to pursue an application as they did not want to share their financial information.

We found evidence that C did not pursue an application for kinship care payments as they did not wish to share their financial information. We did not find any evidence that C was dissuaded from making an application. We did not uphold this complaint. However, our investigation found that the council's policy on kinship care assistance was significantly out of date and was not updated between 2005 and 2020. Therefore, we upheld this aspect of C's complaint.

### Recommendations

What we said should change to put things right in future:

- The council should consider how they will conduct an audit of all kinship carers known to them (informal/formal kinship carers and those or may or may not have a Section 11 Residency Order) and ensure they were given accurate information and are aware of their rights. If it is found they have not been given the information or assistance they are entitled to, this should be remedied.

We have asked the organisation to provide us with evidence that they have implemented the recommendations we have made on this case by the deadline we set.





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**To:** Audit, Risk & Scrutiny Board

**On:** 15 November 2021

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**Report by:** Director of Finance & Resources

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**Heading:** **AUDIT, RISK & SCRUTINY ANNUAL PROGRAMME 2021/22  
– REQUEST FOR REVIEW**

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## **1 Summary**

- 1.1 Councillor Binks has submitted an item to be considered by the Audit, Risk & Scrutiny Board as part of the 2021/22 Annual Programme as detailed in the appendix to this report.
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## **2 Recommendations**

- 2.1 That the Board give consideration to including this review as part of the Annual Programme 2021/22 regarding linking the National Cycle Route 7 with the Whithorn Way.
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## **3 Background**

- 3.1 The Board at its meeting held on 23 August 2021 considered the Audit, Risk & Scrutiny Board Annual Report 2020/21 and Annual Programme 2021/22. The report advised that an invitation to submit suggestions for areas of investigation for the 2021/22 programme was sent to Members of the Board on 12 April 2021 with a closing date of 11 June 2021 given. A reminder was sent out on 15 May 2021 and no suggestions were received by the closing date.

- 3.2 Councillor Binks has subsequently intimated that he wishes to submit a suggestion in relation linking the National Cycle Route 7 at Lochwinnoch (which is part of The Semple Way) to Howwood and to ensure a clear and safe link is created to the Whithorn Way which is the longest Pilgrimage Trail in Scotland.

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### Implications of the Report

1. **Financial** - none
2. **HR & Organisational Development** - none
3. **Community Planning** - none
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** – none
7. **Equality & Human Rights**
  - (a) 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. 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** – not applicable.

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### List of Background Papers - none

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**AUDIT, RISK & SCRUTINY BOARD**  
**ANNUAL PROGRAMME**



I would like to have the undernoted issue considered by the Audit, Risk & Scrutiny Board as part of its 2021/22 annual programme:

**Issue:**

Despite the constant pressure to encourage people to keep fit and healthy by taking more exercise, we tend to ignore the assets for encouragement on our doorstep. Cycle Lanes have recently been introduced to the roadways from Howwood to Johnstone and Paisley. As part of the impetus to get more people walking and cycling, consideration should be given to linking the villages, such as Howwood, to historic and well walked routes. At the moment there is **no** safe link for pedestrians to walk from the **National Cycle Route 7** to the village and beyond which is part of **The Semple Way**. Also, there is **no** link to the **Whithorn Way** route which is the longest **Pilgrimage Trail** through **Paisley** and on to Glasgow in Scotland. Above all, this road is very dangerous for pedestrians and walkers with speeding vehicles ignoring speed limits etc.

**Why the review should be undertaken:**

At the moment there is **no** safe footpath for walkers along the **Bridessmill Road / Station Road** link to the **National Cycle Route 7**. Gartland Bridge is narrow and walkers have to walk in the road in the road to cross it. What is required is a **feasibility study** carried out to ascertain whether a raised footpath could be constructed or a timbered walkway. Consideration should also be carried out for a pedestrian controlled set of traffic lights. **Sustrans** have shown an interest in this suggested project and should be consulted as an interested partner.

**Expected outcome of the review**

This project would enhance and confirm **Renfrewshire Council** as a **Promoter/Supporter of History** and encourage more tourism and therefore more trade for the local economy. It would enhance Renfrewshire's status as a promotor History and a supporter of the **Whithorn Way**. The benefit to Renfrewshire and Paisley from the added footfall could be substantial. It would ensure a much safer route for pedestrians and walkers alike.

*Signature* : Bill Binks

*Date* : 12/10/2021

