

RENFREWSHIRE VALUATION JOINT BOARD

To: Renfrewshire Valuation Joint Board

On: 5 June 2015

Report by: The Treasurer

Heading: Unaudited Annual Accounts 2014-15

1. Summary

- 1.1. The attached Annual Accounts for the year ended 31 March 2015 have been completed and forwarded to Audit Scotland for audit.
- 1.2. The Accounts show a surplus for the year of £127,449 against a budgeted break even position giving an underspend of £127,449. Further comments on the Accounts are shown on Pages 4 to 6 of the report.
- 1.3. In accordance with the Local Authority Accounts (Scotland) Regulations 2014, and in a change to previous practice, the unaudited accounts have only been signed by the Treasurer as proper officer. The audited accounts will be signed by the Convener and the Assessor, as well as the Treasurer, in accordance with the new guidelines.

2. Recommendations

- 2.1. The Joint Board is asked to note the Accounts and that, once the audit has been completed, the audited Accounts will be further presented to the Joint Board.
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Renfrewshire Valuation Joint Board

Annual Financial Statements 2014/15

**Renfrewshire Valuation Joint Board
Annual Accounts 2014/15**

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Management Commentary

Introduction

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

History and Statutory Background

Renfrewshire Valuation Joint Board was established by the Valuation Joint Boards (Scotland) Order 1995 to carry out the valuation functions of Renfrewshire, East Renfrewshire and Inverclyde Councils. The Joint Board came into existence on 1 April 1996 and was also given the responsibility of carrying out the Electoral Registration on behalf of the three constituent authorities.

Our Aims

- To ensure that the services we provide are delivered within statutory provisions
- To ensure that equal opportunities and social inclusion are central elements in our planning and delivery of services.
- To strive for continuous improvement in the delivery of our services
- To ensure that our service provision reflects the needs and priorities of our stakeholders
- To consult our stakeholders about the way we develop and deliver our services.
- To work in partnership with our constituent authorities to achieve improvements in service provision for our mutual customers
- To publish information about the level of services customers can expect to receive.
- To develop clear and effective customer suggestion and complaints systems.
- To develop & maintain systems for measuring, monitoring and managing our performance.
- To develop systems which encourage employees to communicate openly.
- To promote a safe and healthy working environment for our employees.
- To encourage our employees to develop themselves to achieve their full potential.

Electoral Registration

The Scottish Independence Referendum and introduction of Individual Electoral Registration (IER) made 2014-15 a challenging year for electoral registration. The additional work associated with The Referendum placed an additional strain on the Joint Board resources but all of the work was completed accurately and on time, whilst continuing to audit all work prior to completion.

The aim of IER is to increase the percentage of the population that is registered to vote whilst improving security, preventing fraud and simplifying the process. The process had a "Go Live" date of 19 September 2014, Scottish commencement being delayed until the conclusion of The Referendum. The Annual Canvass from January to late February was the first to be performed under IER regulations. IER will continue to be monitored, developed and supported throughout 2015-16

Public Services Network

The Government introduced Public Sector Network (PSN) to create a secure environment for IT traffic between government users such as local authorities and Joint Boards. As a result of IER, it became evident that the Joint Board would need to become PSN compliant in its own right, as opposed to being covered by Renfrewshire Council's accreditation.

This involved a number of significant changes within the Joint Board's IT infrastructure to develop its internal capacity and capability. The Joint Board successfully received PSN accreditation on 31 October 2014.

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Valuation

During 2014-15 the main focus of work within council tax and non domestic valuation was the addition of new houses to the valuation list and the deletion of demolished houses as well as the maintenance of the valuation roll. The target is to have 99.5% of domestic adjustments and 95% of non domestic adjustments updated on the roll within 6 months, this target was met during 2014-15.

As well as maintaining the roll during 2015-16, the Joint Board will also be making preparations for the revaluation of all non domestic properties due come into effect on 1 April 2017. The "tone date", the date that will be used to collate and validate evidence for the revaluation, has been set for the whole of the UK (excluding Northern Ireland) as the 1 April 2015. The process requires a large bulk issue of forms to various interested parties which are returned and analysed with any gaps in the information required being followed up. This process is in itself a major part of the 2017 revaluation and is key to delivering a successful and accurate Valuation Roll.

Financial Performance

Revenue

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

The Joint Board has returned a surplus of £127,449 for the financial year 2014/15, compared to a budgeted breakeven position; returning an underspend of £127,449. This underspend excludes accounting adjustments relating to pensions and short-term accumulating compensated absences. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure report is due to accounting adjustments for pension costs (£98,000) and accrued employee benefits £17,010.

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

	Budget £	Actual £	Variance £
Employee Costs	1,703,900	1,781,875	(77,975)
Property Costs	233,300	248,592	(15,292)
Payments to Other Bodies	19,700	21,514	(1,814)
Supplies and Services	59,500	178,269	(118,769)
Contractors & Others	25,000	15,474	9,526
Administrative Costs	429,700	407,908	21,792
Total Expenditure	2,471,100	2,653,632	(182,532)
Requisition Income	(2,281,800)	(2,281,800)	-
Sales, Fees and Charges	(14,100)	(19,757)	5,657
Other Income	(175,200)	(479,524)	304,324
Total Income	(2,471,100)	(2,781,081)	309,981
(Surplus)/Deficit for Year	-	(127,449)	127,449

The overspend in Employee Costs is due to additional canvassing work as a result of the roll out of the Independent Electoral Registration (IER) Scheme and staff overtime worked in the lead up to the Scottish Referendum. These costs have been fully recovered by the Cabinet Office and Scottish Government respectively. The overspend has been partially offset by vacancies within valuation and staff maternity leave.

Additional maintenance and repair work, some of which was recommended to make the premises secure for the Public Sector Network (PSN), has resulted in the overspend in Property Costs.

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The Overspend in Supplies and Services is due to the IT costs related to gaining PSN accreditation. 85% of these costs have been recovered and is included in Other Income.

Consultation fees in relation to valuation appeals have been lower than anticipated leading to the underspend in Contractors.

Investment in new printers, funded by the Cabinet Office to help with IER, have resulted in lower printing costs leading to the underspend in Administration Costs.

The over recovery in Other Income relates to the income received from the Cabinet Office and Scottish Government for PSN, IER and the Scottish Referendum discussed above.

Capital and Reserves

The Joint Board does not have the legal powers necessary to hold assets and as such the organisation has no capital spend. Cash balances held by the Joint Board are matched by creditor balances. The largest creditor balance relates to the revenue reserve balance of £557,420.

Provisions, Contingencies and Write-offs

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

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

There were no debt write-offs during the year.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 16. The appointed actuaries have confirmed a net liability position of £3.966 million, an increase of £1.523 million in their assessment of the position of the pension fund. This movement is the net outturn from both increased liabilities linked to a lower real discount rate (thereby leading to an increased value of future liabilities), and better than expected investment returns in the year. The net deficit position of the pension reserve impacts on the net asset position of the Joint Board as a whole, however the funding of these future liabilities will be met from future requisitions from members and as such the going concern assumption is valid.

The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Fund and the contributions from employees and employers together with planned increases in employers' contributions provide sufficient security and income to meet future pension liabilities.

Service changes and Future Developments

The roll out of the Individual Electoral Registration which began during 2013-14 will continue during 2015-16. The focus in 2015-16 will be on maximising voter registration, particularly within the student population and younger voters in general, and ensuring accuracy of the register. The Deputy Prime Minister announced on 9 January 2015 that additional funding would be made available to cover the related costs, however, the Assessor and Treasurer will continue to monitor this position closely.

Events after the Balance Sheet Date

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

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Impact of Economic Climate

The Joint Board recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. This allowed the Joint Board to approve the same requisition levels in 2015/16 as were approved in 2014/15.

Conclusion

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

Statement of Responsibilities for the Annual Accounts

The Joint Board's Responsibilities

The Joint Board 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 at Renfrewshire Council is the designated Officer and operates as the Treasurer for the Joint Board; and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's Responsibilities

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

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates which were reasonable and prudent and complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- signed and dated the Annual Accounts.

This statement of accounts presents a "true and fair view" of the financial position of the Joint Board at the accounting date and its income and expenditure for the year ended 31st March 2015.

Alan Russell CPFA

Treasurer
28 May 2015

Governance Statement

Scope of Responsibility

Renfrewshire Valuation Joint Board 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 Board 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 Authorities elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Board's Governance Framework

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

The Board has put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 main features of our governance arrangements are summarised below:

- Clearly defined Standing Orders, Scheme of Delegation, Financial Regulations and Tender Procedures,
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives,
- Regular public performance reporting,
- Policies to regulate employee related matters, including the employee code of conduct and disciplinary procedures'
- Arrangements to manage risk, including the risk management strategy and Corporate Risk Register and business continuity plans'
- Clear customer complaints procedures,
- Comprehensive policies and procedures for physical and information security. The Joint Board achieved accreditation to the Public Service Network in October 2014
- An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines.

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

- Financial management is supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,
- Setting targets to measure financial and other performance,
- The preparation of regular financial reports that indicate actual expenditure against the forecasts,

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Review of Effectiveness

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

The effectiveness of the governance framework is reviewed annually by the Assessor and Electoral Registration Officer, including the use of a self-assessment tool involving completion of a 30 point checklist covering four key areas of governance:

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

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

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

Statement on the Role of Chief Financial Officer

CIPFA published this statement in 2010 and under the Code, the Joint Board is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact. The full statement is:

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

The Joint Board complies with the principles set out in CIPFA's Role of the Chief Financial Officer.

Continuous Improvement

The annual review of corporate governance arrangements and their effectiveness has identified employee registers of interests as an area for improvement to be progressed during 2015/16.

Assurance

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

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Remuneration report

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

1. Remuneration policy for elected members

As noted by the Board on the 17th May 2013, from the 1st April 2013 the Joint Board makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members. Further, no recharges have been made by member authorities in relation to elected member remuneration.

2. Remuneration policy for senior employees

The Remuneration Policy of the Joint Board is set in reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The SJNC advised that it would be a matter for each Council to examine the position of other chief officials. It was agreed at the Joint Board of 24th January, 1997 that the salary of the posts of Assessor and Electoral Registration Officer and his depute be set at 66% and 49% respectively of the salary of the Chief Executive of Renfrewshire Council. Following a review of Chief Executives' salaries in 2001, it was agreed that this arrangement should continue. These arrangements were agreed through approval of the Salaries of the Assessor and Electoral Registration Officer and Depute Assessor and Electoral Registration Officer report at a meeting of the Joint Board on 22nd November, 2002.

2013/14	Senior Employees		2014/15		
Total	Name	Post Held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
88,457	Alasdair MacTaggart	Assessor & Electoral Registration Officer	89,341	-	89,341
67,530	Kate Crawford	Depute Assessor & Electoral Registration Officer	68,205	-	68,205
155,987	Total		157,546	-	157,546

3. Pension rights

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

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age is 65.

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.

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2013/14	Member contribution rates on earnings in the bands below	2014/15
Up to £19,800	5.5%	Up to £20,335
£19,801 to £24,200	7.25%	£20,336 to £24,853
£24,201 to £33,200	8.5%	£24,854 to £34,096
£33,201 to £44,200	9.5%	£34,097 to £45,393
Over £44,201	12%	Over £45,394

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

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

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

Senior Employees		Accrued Pension benefits as at 31 March 2015		Change in accrued pension benefits since 31 March 2014		Pension contributions made by RVJB during 2014-2015
Name	Post Held					
		Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
Alasdair MacTaggart	Assessor & Electoral Registration Officer	0.045	0.110	+0.001	+0.002	17,243
Kate Crawford	Depute Assessor & Electoral Registration Officer	-	-	-	-	-
Total		0.045	0.110	+0.001	+0.002	17,243

No pension contributions are made for the Joint Board Convener or Vice Convener

4. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2014/15, in bands of £5,000.

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2013/14	Remuneration Band	2014/15
Number of		Number of
employees		employees
-	£50,000 - £54,999	1
-	£55,000 - 59,999	-
-	£60,000 - £64,999	-
1	£65,000 - 69,999	1
-	£70,000 - £74,999	-
-	£75,000 - £79,999	-
-	£80,000 - £84,999	-
<u>1</u>	£85,000 - £89,999	<u>1</u>
2		3

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Independent Auditors Report

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Under arrangements approved by the Accounts Commission, the auditor with responsibility for the audit of the accounts of Renfrewshire Valuation Joint Board for the year ended 31 March 2015 is:

Anne McGregor
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow

Statement

The audit of the accounts is not yet complete ie the figures are subject to audit. The certified accounts will be presented to the Joint Board for approval after the audit is complete

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Movement in Reserves Statement for the year ended 31 March 2015

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

	Note	Usable reserves		Unusable reserves	
		Revenue Reserve	Pension Reserve	Employee Statutory Adjustment Account	Total Reserves
		£	£	£	£
Balance at 31 March 2013 carried forward		-	(1,991,000)	(36,329)	(2,027,329)
<i>Movement in reserves during 2013-14</i>					
Surplus or (deficit) on the provision of services		(209,986)			(209,986)
Other comprehensive income and expenditure	6b	-	(295,000)		(295,000)
Total comprehensive income and expenditure		(209,986)	(295,000)	-	(504,986)
Adjustments between accounting basis and funding basis under regulations	6a & 6b	177,643	(157,000)	(20,643)	-
Transfer from Creditors	6a	496,334			496,334
Net increase or (decrease) before transfers to other statutory reserves		463,991	(452,000)	(20,643)	(8,652)
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	12	(463,991)	-	-	(463,991)
Increase or (decrease) in 2013-14		-	(452,000)	(20,643)	(472,643)
Balance at 31 March 2014 carried forward		-	(2,443,000)	(56,972)	(2,499,972)
<i>Movement in reserves during 2014-15</i>					
Surplus or (deficit) on the provision of services		(60,542)			(60,542)
Other comprehensive income and expenditure	6b		(1,318,000)		(1,318,000)
Total comprehensive income and expenditure		(60,542)	(1,318,000)	-	(1,378,542)
Adjustments between accounting basis and funding basis under regulations	6a & 6b	187,991	(205,000)	17,009	-
Transfer from Creditors	6a	463,991			463,991
Net increase or (decrease) before transfers to other statutory reserves		591,440	(1,523,000)	17,009	(914,551)
Transfers to or (from) other statutory reserves					-
Transfer to creditors	12	(591,440)			(591,440)
Increase or (decrease) in 2014-15		-	(1,523,000)	17,009	(1,505,991)
Balance at 31 March 2015 carried forward		-	(3,966,000)	(39,963)	(4,005,963)

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Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

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

2013/14			2014/15
£		Note	£
1,793,916	Employee Costs		1,862,865
245,581	Property Costs		248,592
64,956	Supplies & Services		178,269
98,241	Contractors		15,474
366,770	Administration Costs		407,908
21,724	Payments to Other Bodies		21,514
2,591,188	Cost of Services		2,734,622
(8,746)	Sales, Fees & Charges		(19,757)
(175,354)	Other Income		(475,723)
84,698	Financing & Investment Income and Expenditure	8	103,200
(2,281,800)	Requisitions from Members Authorities	13	(2,281,800)
209,986	(Surplus) or deficit on the provision of services		60,542
295,000	Actuarial (Gains) or losses on pension assets and liabilities	16a	1,318,000
295,000	Other Comprehensive Income & Expenditure		1,318,000
504,986	Total Comprehensive Income & Expenditure		1,378,542

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Balance Sheet as at 31 March 2015

The **balance sheet** shows the value as at 31 March 2015 of the assets and liabilities recognised by the Joint Board. The net assets of the Joint Board (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Board is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

31st March 2014		Note	31st March 2015
£			£
	<u>Current Assets</u>		
494,891	Funds held by Renfrewshire Council		727,907
109,498	Debtors and Prepayments	10	20,017
100	Cash in Hand		100
<hr/> 604,489			<hr/> 748,024
	<u>less Current Liabilities</u>		
(661,462)	Creditors And Accruals	11	(787,987)
<hr/> (56,972)	Net Assets Excluding Pension (Liability)/Asset		<hr/> (39,963)
	<u>Long Term Liabilities</u>		
(2,443,000)	Pension (liability)/Asset	16c	(3,966,000)
<hr/> (2,499,972)	Net (Liabilities)/Asset Including Pension		<hr/> (4,005,963)
	<u>Represented by:</u>		
	Revenue Reserves		
	Useable Reserves		
463,991	Balance due to Member Authorities		591,440
(463,991)	Transfer to Creditors	12	(591,440)
	Unuseable Reserves		
(56,972)	Employee Statutory Adjustment Account	6c	(39,963)
(2,443,000)	Pension Reserve	6b	(3,966,000)
<hr/> (2,499,972)			<hr/> (4,005,963)

The unaudited accounts were issued on 28 May 2015. Balance sheet signed by:

Alan Russell CPFA
Treasurer
28 May 2015

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Cash flow Statement for the year ended 31 March 2015

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

2013/14 £		2014/15 £
	Operating Activities	
	Cash Inflows	
(2,392,547)	Sale of goods and rendering of services	(2,903,218)
(6,302)	Interest received	(3,800)
(2,398,849)	Cash inflows generated from operating activities	(2,907,018)
	Cash Outflows	
1,456,212	Cash paid to and on behalf of employees	1,523,045
712,061	Cash paid to suppliers of goods and services	911,629
324,071	Other payments for operating activities	239,328
2,492,344	Cash outflows generated from operating activities	2,674,002
93,495	Net (increase)/decrease in cash and cash equivalents	(233,016)
588,486	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	494,991
494,991	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	728,007
93,495	Net cash (inflow)/outflow in cash and cash equivalents in year	(233,016)

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2015 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice for Local Authorities 2014/15, (SeRCOP) supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Joint Board and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

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

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

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

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

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

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

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

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

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

Accruals of Expenditure and Income

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

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

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

Cash and Cash Equivalents

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

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

Employee Benefits

Benefits payable during employment

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Joint Board to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary severance. They are charged on an accruals basis to the Employee Costs line in the Comprehensive Income and Expenditure Statement when the Joint Board is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary severance. The Joint Board 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; and agreement to the termination has been granted by the Joint Board.

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

This involves the recognition in the Balance Sheet of the Joint Board's share of the net pension asset or liability in the Strathclyde Pension Fund and a pension reserve. The Comprehensive Income and Expenditure Statement also recognises changes during the year in the pension asset or liability.

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Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

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

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

Note 16 to the Core Financial Statements provides further information.

Events after the Balance Sheet date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 5 provides further information.

Prior Period Adjustment

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

Government Grants and other Contributions

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

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

Amounts recognised as due to the Joint Board are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Monies advanced as grants and contributions are carried in the Balance Sheet as creditors.

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

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classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

Operating Leases

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

Property, Plant and Equipment

Renfrewshire Valuation Joint Board is a Joint Board as constituted under s106(1) of the Local Government (Scotland) Act 1973. The Joint Board has no legal power to hold assets. Any cash assets held are matched by an equivalent creditor balance.

Provisions

Provisions are made where an event has taken place that gives the Joint Board 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 Comprehensive Income and Expenditure Statement in the year that Renfrewshire Valuation Joint Board becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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 – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Joint Board settles the obligation.

Reserves

The Joint Board has three reserve funds. The Revenue Reserve contains any balance of requisition income from members of the Joint Board.

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

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

VAT

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

Note 2 Accounting Standards Issued not Adopted

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

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Joint Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below.

Leases	An analysis of the terms of the lease for the Robertson Centre and other properties leased by the Joint Board has concluded they are operating leases.
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Note 4 Assumptions made about the future

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

The items in the Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Board with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £1.653 million. However, the assumptions interact in complex ways. During 2014/15, the appointed actuaries advised that the net pensions liability had increased by £1.318 million attributable to updating of the assumptions.

Note 5 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 2015, 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.

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Note 6 Details of Movement in Reserves

a. Revenue Reserve

2013/14		2014/15
£		£
(496,334)	Balance as at 1 April	(463,991)
(157,000)	Transfer to pension reserve	(205,000)
(20,643)	Transfer to employee statutory adjustment account	17,009
209,986	(Surplus) or Deficit on provision of services (from the Comprehensive Income & Expenditure Account)	60,542
(463,991)	Balance as at 31 March	(591,440)

b. Pension Reserve

2013/14		2014/15
£		£
(1,991,000)	Balance as at 1 April	(2,443,000)
(295,000)	Actuarial Gains and Losses (see note 16)	(1,318,000)
(157,000)	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	(205,000)
(2,443,000)	Balance as at 31 March	(3,966,000)

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

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c. Employee Statutory Adjustment Account

2013/14		2014/15
£		£
(36,329)	Balance as at 1 April	(56,972)
36,329	Reversal of prior year accrual for short-term accumulating compensated absences	56,972
(56,972)	Recognition of the accrual for short-term accumulating compensating absences at 31 March	(39,963)
(56,972)	Balance as at 31 March	(39,963)

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

Note 7 Reconciliation of the Balance on the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement

The surplus for the year on the Revenue Reserves was £187,991 greater than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Board's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Board to debit and credit the Revenue Reserve Balance.

2013/14		2014/15
£		£
	Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement	
(396,000)	Net charges made for retirement benefits in accordance with IAS19	(437,000)
(20,643)	Net charges for employment short-term accumulating absences	17,009
(416,643)		(419,991)
	Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement	
239,000	Employers contributions payable to the Strathclyde Pension Fund	232,000
(177,643)	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	(187,991)

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Note 8 Financing & Investment Income

2013/14		2014/15
£		£
(6,302)	Interest on Balances	(3,800)
91,000	Pension Interest Cost	107,000
84,698	Total Financing and Investment Income	103,200

Note 9 Operating Leases

The Joint Board has acquired office accommodation at the Robertson Centre in Paisley by entering into an operating lease until 2020. The Joint Board also have an agreement with Inverclyde Council to rent office space within their Customer Service Centre in Greenock. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £57,000 (2013/14 £59,000).

2013/14		2014/15
£		£
	Future Minimum Lease Payments	
57,000	- not later than one year	57,000
228,000	- later than one year and not later than five years	228,000
57,000	- later than five years	-
342,000	Total	285,000

Note 10 Debtors

31st March 2014		31st March 2015
£		£
54,100	Central government bodies	-
-	Other local authorities	1,764
55,398	Other Entities and Individuals	18,253
109,498	Total short term debtors	20,017

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Note 11 Creditors

31st March 2014 £		31st March 2015 £
21,993	Central government bodies	52,583
463,991	Other local authorities	592,624
56,972	Short Term Accumulating Absences	39,963
82,173	Accrued Payrolls	92,020
36,332	Other entities and individuals	10,797
<u>661,462</u>	Total short term creditors	<u>787,987</u>

Note 12 Transfer to Creditors

2013/14 £		2014/15 £
<u>463,991</u>	In terms of Section 58 of the Local Government (Scotland) Act 1973, Joint Boards have no specific powers to retain reserves to meet future funding requirements and the amount due to member authorities has been transferred to creditors.	<u>591,440</u>

Note 13 Related parties

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

The member authorities of the Joint Board have contributed requisitions in the following proportions to enable the Joint Board to carry out its objectives. The Joint Board in turn pays Renfrewshire Council for support services. The amount paid in respect of these services for the year ended 31 March 2015 was £106,770 (2013/14 £106,770).

2013/14 £	Council	Percentage	2014/15 £
463,200	East Renfrewshire	20.3%	463,200
540,800	Inverclyde	23.7%	540,800
<u>1,277,800</u>	Renfrewshire	<u>56.0%</u>	<u>1,277,800</u>
<u>2,281,800</u>	Total	<u>100.0%</u>	<u>2,281,800</u>

Note 14 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2014-2015 were £7,090 (£7,020 in 2013/14). There were no fees paid to Audit Scotland in respect of any other services.

Note 15 Termination benefits

The Joint Board did not terminate the contract of any employee during 2014-2015.

Note 16 Retirement Benefits

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

16a. Transactions relating to retirement benefits

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

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The following transactions have been made in the accounting statements in 2014/15:

2013/14 £		Note	2014/15 £
Comprehensive Income & Expenditure Statement			
Cost of Services			
305,000	Current service cost	(i)	330,000
-	Past service cost/(gain)		-
-	Settlements & curtailments	(ii)	-
305,000			330,000
Financing & Investment Income & Expenditure			
91,000	Net Interest	(iii)	107,000
396,000	Total Post-employment Benefits charged to the Surplus or Defecit on the Provision of Services		437,000
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement			
(206,000)	Return on assets excluding amounts included in net interest		(667,000)
504,000	Actuarial (gains) and losses arising on changes in financial assumptions		1,985,000
(3,000)	Other (gains) and losses		-
295,000	Total Actuarial (gain)/Losses		1,318,000
691,000	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		1,755,000
Movement in Reserves Statement			
(452,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	(iv)	(1,523,000)
239,000	Employers Contributions paid to Strathclyde Pension Fund		232,000

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees
- ii. Curtailments are the pension costs to employees retired under redundancy terms.
- iii. The net Interest is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of the Strathclyde Pension Fund's liabilities because they are one year closer to settlement.
- iv. The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Joint Board to the Strathclyde Pension Fund during the year (£205,000).

The Joint Board is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2014/15 these amounted to £5,148 (2013/14 £4,368).

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In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £1.318 million are included in the Movement in Reserves Statement (2013/14 £0.295 million loss). The cumulative amount of actuarial losses is £4.409 million (2013/14 £3.091 million).

16b. Assets and liabilities in relation to retirement benefits

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

2013/14		2014/15
£000		£000
11,234	Opening present value	12,298
305	Current service cost	330
507	Interest Cost	528
82	Employee Contributions	78
	Remeasurement (gains)/losses:	
504	Actuarial (gains)/losses arising from changes in financial assumptions	1,985
(3)	Other (gains)/losses	-
(331)	Benefits Paid	(420)
12,298	Closing present value of scheme liabilities	14,799

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

2013/14		2014/15
£000		£000
9,243	Opening Fair Value	9,855
416	Interest Income	421
	Remeasurement gain/(loss):	
206	Return on assets excluding amounts included in net interest	667
239	Contributions from employer	232
82	Contributions from employee	78
(331)	Benefits Paid	(420)
9,855	Closing fair value of scheme assets	10,833

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16c. Fund history

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
Present Value of Liabilities	(8,776)	(9,327)	(11,234)	(12,298)	(14,799)
Fair value of assets	8,199	7,915	9,243	9,855	10,833
Surplus/(deficit) in the scheme	(577)	(1,412)	(1,991)	(2,443)	(3,966)

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

The total liability of £3.966 million has a substantial impact on the net worth of the Joint Board as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Joint Board remains assured. The deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

The total contributions expected to be made by the Joint Committee to the Strathclyde Pension Fund in the forthcoming year to 31 March 2016 is £0.228 million.

16d. Basis for estimating assets and liabilities

The Joint Board's share of the liabilities of the Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2011.

The principal assumptions used by the actuary have been:

31st March 2014	Year Ended:	31st March 2015
Mortality assumptions		
	Longevity at 65 for current pensioners	
21.0 years	• Men	22.1 years
23.4 years	• Women	23.6 years
	Longevity at 65 for Future pensioners	
23.3 years	• Men	24.8 years
25.3 years	• Women	26.2 years
5.1%	Rate of increase in salaries*	4.3%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%
	Take-up of option to convert annual pension into retirement lump sum:	
50.0%	Pre April 2009 service	50.0%
75.0%	Post April 2009 service	75.0%

*Salary increases are assumed at 1% p.a. until 31 March 2015 and reverting to long term assumption thereafter

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

31st March 2014			31st March 2015
£000		Percentage	£000
	Equity Securities		
908	Consumer	9.5%	1,024
798	Manufacturing	7.5%	817
361	Energy and Utilities	3.0%	322
659	Financial Institutions	7.0%	753
338	Health and Care	4.1%	440
537	Information Technology	5.8%	623
3,601	Total Equity	36.7%	3,979
	Private Equity		
929	All	9.7%	1,054
929	Total Private Equity	9.7%	1,054
	Real Estate		
690	UK Property	9.1%	990
-	Overseas Property	0.0%	-
690	Total Real Estate	9.1%	990
	Investment Funds & Unit Trusts		
3,000	Equities	28.7%	3,108
1,144	Bonds	12.7%	1,372
4	Commodities	0.0%	4
14	Infrastructure	0.3%	37
-	Other	0.2%	20
4,162	Total Investment Funds & Unit Trusts	41.9%	4,541
	Derivatives		
-	Inflation	0.0%	-
-	Interest Rate	0.0%	-
-	Foreign Exchange	0.0%	-
2	Other	0.0%	3
2	Total Derivatives	0.0%	3
	Cash & Cash Equivalents		
471	All	2.5%	266
471	Total Cash & Cash Equivalents	2.5%	266
9,855	Total	100%	10,833

16e. Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2015-16 and 2016-17. This rate may vary thereafter following triennial valuation to be carried out as at 31 March 2014.

The fund will require to assess the impact for future accruals and contributions from impending changes to the LGPS such as the move from 1 April 2015 to a career average revalued earning (CARE) scheme.

Note 17 Contingent Liabilities and Assets

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