

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

**To:** Joint Committee

**On:** 26 October 2020

---

**Report by:** The Treasurer and the Strategic Development Plan Manager

---

**Heading:** Annual Audit Report on the Annual Accounts 2019/20

---

## **1. Summary**

- 1.1 At the meeting of the Joint Committee on 8 June 2020, a report on the unaudited accounts for the year ended 31 March was noted.
- 1.2 The Local Authority Accounts (Scotland) Regulations 2014 require the audited accounts to be approved for signature by the Joint Committee no later than 30 September each year. This year, owing to the COVID-19 pandemic, this date was extended to 30 November 2020.
- 1.3 Section 10 of these Regulations requires the Joint Committee to consider any report made by the appointed auditor before deciding whether to sign the audited accounts.
- 1.4 The findings of the appointed auditor, Audit Scotland, are presented in the Annual Audit Report, which can be found at Appendix 1. It also includes details of one adjustment made to the accounts during the course of the audit.
- 1.5 Following approval, the audited accounts will be submitted to the Convenor, Treasurer and Strategic Development Plan Manager for secure digital signature.

---

## **2 Recommendations**

- 2.1 It is recommended that members:
    - (a) Note the findings of the 2019/20 audit as contained in the Annual Audit Report (Appendix 1); and
    - (b) Approve the 2019/20 Audited Annual Accounts (Appendix 2) for signature.
-



# Glasgow and the Clyde Valley Strategic Development Planning Authority

2019/20 Annual Audit Report – Proposed



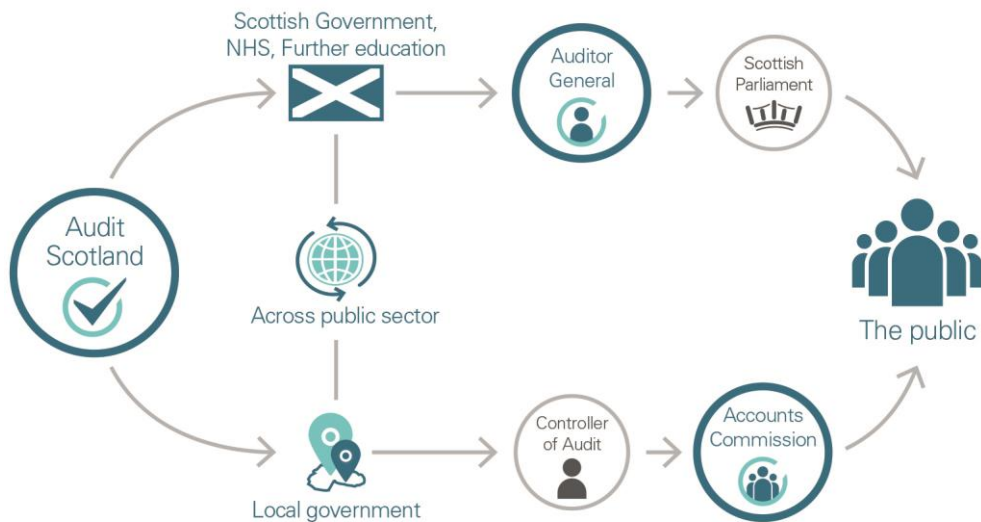
Prepared for Glasgow and the Clyde Valley Strategic Development Planning Authority Joint  
Committee and the Controller of Audit

October 2020

## Who we are

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

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



## About us

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

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

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

# Contents

---

Key messages	4
Introduction	5
Part 1 Audit of 2019/20 annual accounts	7
Part 2 Financial sustainability and Annual Governance Statement	10
Appendix 1 Significant audit risks identified during planning	12



---

# Key messages

---

## 2019/20 annual report and accounts

- 1** Glasgow and the Clyde Valley Strategic Development Planning Authority's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- 2** The Management Commentary, the Annual Governance Statement and the audited part of the Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.
- 3** The financial statements were adjusted to reflect an updated estimate of the impact of the McCloud / Sargeant legal judgement on the pension liability. This resulted in a decrease of £32,000 in expenditure, with a corresponding decrease in the pension liability and pension reserve.

## Financial sustainability and Annual Governance Statement

- 4** A deficit of £36,800 for the financial year 2019/20 was incurred, compared to a budgeted deficit of £15,800, which represents an overspend of £21,000 that was met through the use of reserves.
- 5** The financial planning arrangements in place have allowed management to plan for future pressures and take action where required.





---

# Introduction

---

**1.** This report summarises the findings from our 2019/20 audit of Glasgow and the Clyde Valley Strategic Development Planning Authority (Clydeplan).

**2.** The scope of our audit was set out in our [Annual Audit Plan](#) presented to the 16 March 2020 meeting of the Joint Committee. This report comprises the findings from:

- an audit of the Clydeplan annual report and accounts
- consideration of financial sustainability and the Annual Governance Statement.

**3.** Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, Clydeplan has had to respond to the COVID-19 pandemic. This impacted on the final month of the year and will continue to have an impact into the financial year 2020/21. Our planned audit work has had to adapt to new emerging risks as they relate to the audit of the financial statements.

## Adding value through the audit

**4.** We add value to Clydeplan through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear conclusions on financial sustainability and disclosures in the Annual Governance Statement.

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

## Responsibilities and reporting

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

**7.** 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. Local government bodies have a responsibility to have arrangements in place to demonstrate Best Value in how they conduct their activities. Our audit work on Clydeplan's Best Value arrangements is focussed on the bodies use of resources to secure financial sustainability.

**8.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on the appropriateness of disclosures in the Annual Governance Statement and the appropriateness and effectiveness of the arrangements in place for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice and supplementary guidance.

**9.** The Code of Audit Practice includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the Annual Governance Statement and the financial sustainability of the body and its services. As highlighted in our 2019/20 Annual Audit Plan, due to the volume and lack of complexity of the financial transactions, we applied the small body provisions of the Code of Audit Practice to the 2019/20 audit.

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

## **Auditor Independence**

**11.** We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £2,960 as set out in our Annual Audit Plan, remains unchanged.

**12.** We are not aware of any relationships that could compromise our objectivity and independence.

**13.** 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.

**14.** We would like to thank the management and staff for their cooperation and assistance during the audit, particularly given the difficulties of auditing remotely during the COVID-19 pandemic.

# Part 1

## Audit of 2019/20 annual accounts



### Main judgements

Clydeplan's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

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

The financial statements were adjusted to reflect an updated estimate of the impact of the McCloud / Sargeant legal judgements on the pension liability. This resulted in a decrease of £32,000 in expenditure, with a corresponding decrease in the pension liability and pension reserve.

### Our audit opinions on the annual accounts are unmodified

**15.** The annual accounts are the principal means of accounting for the stewardship of Clydeplan's resources and its performance in the use of those resources.

**16.** The annual accounts for the year ended 31 March 2020 were approved by the Joint Committee on 26 October 2020.

**17.** As reported in the independent auditor's report:

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

### The annual accounts were signed off before the revised statutory deadline

**18.** The unaudited annual accounts were received in line with our agreed audit timetable on 8 June 2020, were complete and of a good standard. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

**19.** The Local Authority Accounts (Scotland) Regulations 2014 require the annual accounts to be approved for signature by 30 September 2020. However, the Coronavirus (Scotland) Act 2020 provided flexibility and allowed the approval of the accounts to be delayed until 30 November 2020. We discussed the revised timescales with management and agreed to make use of this flexibility in completing the audit and approval of the annual accounts. A revised date of 26

October 2020 was agreed, and this allowed the revised statutory deadline to be met.

## Overall materiality is £8,000

**20.** The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

**21.** On receipt of the unaudited accounts, we reviewed our materiality calculations and concluded that no changes were required to our planned levels.

## Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£8,000
Performance materiality	£6,000
Reporting threshold	£1,000

Source: Annual Audit Plan 2019/20

## Appendix 1 identifies the main risks of material misstatement and our audit work to address these

**22.** [Appendix 1](#) provides our assessment of risks of material misstatement in the annual accounts. It also summarises the work we have done to gain assurance over the outcome of these risks.

## We have no significant findings to report on the accounts, except for those included at Exhibit 2

**23.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. We have no significant findings to report around the qualitative aspects. The significant findings are summarised in [Exhibit 2](#).

## Exhibit 2 Significant findings from the audit of the financial statements

Finding	Resolution
<b>1. Pension Liability</b> <p>The pension liability in the financial statements included the estimated impact of the McCloud / Sargeant legal judgements. The estimated impact was first assessed by the pension fund actuary in 2018/19 and this was reflected in the 2019/20 unaudited financial statements using the most up-to-date information at that time. A potential remedy for the legal judgements was since announced and the actuary estimated</p>	<p>Management agreed to adjust the financial statements to reflect the updated estimate from the actuary.</p>

Finding	Resolution
<p>this could result in a decrease of up to 50% on the initial estimate.</p> <p>Management requested an updated pension valuation report from the actuary and have adjusted the financial statements to reflect the updated estimate. This net impact was to reduce expenditure by £32,000, with a corresponding decrease in the pension liability and the pension reserve.</p>	
Source: Audit Scotland	

## Other findings

**24.** Management recognised a provision of £8,317 in the 2019/20 financial statements in relation to untaken staff leave. This had been recognised as an accrual in prior years' financial statements. Following discussions with management, it was agreed that recognising this as a provision was not appropriate and should continue to be recognised as an accrual. Management agreed to this adjustment and reclassified the balance. As this was a classification adjustment, this did not impact on net expenditure for the year or the net Balance Sheet position.

### Adjustments of £40,317 were processed in the annual accounts. These were greater than our performance materiality, but we did not need to revise our audit approach

**25.** Total adjustments of £40,317 were processed in the financial statements. These related to the pension liability discussed above in [Exhibit 2](#) and the provision for untaken staff leave discussed in paragraph 24. We have concluded that the adjustments were due to the specific circumstances around the item in question, were isolated and identified in their entirety and do not indicate systemic error.

**26.** 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.

**27.** There were no adjustments, other than those outlined at paragraph 25, above our reporting thresholds identified from our audit.

### Recommendations from the 2018/19 audit have been addressed

**28.** An issue was identified during the 2018/19 audit around the accounting treatment for the Green Network Partnership (GNP). As a result, we recommended management review and clarify the terms of reference and governance documents for the GNP. Management carried out this review and explained these documents remain the sole governing documents for this purpose. Consequently, in the absence of any new information and potential changes to governance, no changes have been made and the annual accounts were prepared on the same basis previously agreed. We concluded this approach was reasonable and no further review of the terms of reference or governance documents is required to clarify the accounting treatment for the GNP.



# Part 2

## Financial sustainability and Annual Governance Statement



### Main judgements

A deficit of £36,800 for the financial year 2019/20 was incurred, compared to a budgeted deficit of £15,800, which represents an overspend of £21,000 that was met through the use of reserves.

The financial planning arrangements in place have allowed management to plan for future pressures and take action where required.

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

### Financial performance in 2019/20

**29.** The Joint Committee approved the 2019/20 budget in December 2018. Total budgeted expenditure was £0.634 million and total budgeted income was £0.618 million. This resulted in a budget gap of £15,800 that was to be addressed through the use of reserves. Requisition income remained unchanged at £0.580 million. However, the Joint Committee agreed at a subsequent meeting to return £20,000 of reserves to each member council in 2019/20 and this was reflected in a one-off payment which resulted in requisition income decreasing to £0.420 million for the year.

**30.** Actual outturn in 2019/20 was total expenditure of £0.738 million and total income of £0.701 million, resulting in a deficit of £36,800. This was met through the use of reserves. The main factors with regard to variances are set out in the Management Commentary in the annual accounts.

### Short term financial planning

**31.** The Joint Committee approved the 2020/21 budget in December 2019. Total budgeted expenditure was £0.634 million and total budgeted income was £0.634 million. The largest source of income for Clydeplan is requisitions from members and this remains unchanged at £0.580 million.

### Medium to long term financial planning

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

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

**34.** The audited annual accounts for 2019/20 confirm a useable reserve balance of £0.274 million. This balance reflects the reduction in requisition income in 2019/20

outlined in paragraph 29 to return reserves to member councils. In order to ensure the ongoing sustainable funding position of the Joint Committee, requisition income for 2020/21 was approved at pre-2019/20 levels of £0.580 million. The Joint Committee's expenditure is projected to require the full requisition income available in the coming years.

**35.** This level of requisition and reserves ensures the financial and operational sustainability of the organisation while also continuing to maintain reserves at a level which should contain the short-term impact of any other unforeseen risks and events.

**36.** On 25 July 2019, the Planning (Scotland) Bill officially received Royal Assent and became the Planning (Scotland) Act 2019. The Act repeals the provisions requiring the preparation of Strategic Development Plans which are being replaced by provisions for two or more planning authorities acting jointly to prepare Regional Spatial Strategies.

**37.** The most current Clydeplan Strategic Development Plan (2017) will remain in force until the approval of National Planning Framework 4 which is anticipated in 2021. In the interim, as required by the current statutory provisions, Clydeplan will continue to prepare its Development Plan Scheme and Participation Statement, whilst recognising the requirement to support the preparation of National Planning Framework 4. In addition, Clydeplan continues to engage with key stakeholders in developing and undertaking their strategic planning activities.

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

## Annual Governance Statement

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

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



# Appendix 1

## 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.

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Risk of material misstatement caused by management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>A review of accounting estimates did not show any evidence of bias.</p> <p>Focused testing of accruals and prepayments did not identify any balances that were incorrectly held on the Balance Sheet.</p> <p>Focused testing on a sample of transactions outside the normal course of business did not show any evidence of management override of controls.</p> <p><b>Conclusion: no evidence of management override of controls.</b></p>
<p><b>2 Risk of material misstatement caused by fraud over expenditure</b></p> <p>Most public-sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be materially misstated in the financial statements.</p> <p>Clydeplan incurs expenditure on a range of activities. The extent and complexity of expenditure means that there is an inherent risk of fraudulent or erroneous reporting of expenditure to achieve a desired financial position.</p>	<p>Analytical procedures on expenditure streams.</p> <p>Detailed testing of expenditure transactions focusing on whether expenditure is processed in the correct accounting year.</p>	<p>Analytical procedures were carried out over all expenditure streams and satisfactory responses were provided for all significant variances.</p> <p>Detailed testing of expenditure transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p><b>Conclusion: no evidence of fraud over expenditure.</b></p>

Audit risk	Assurance procedure	Results and conclusions
<p><b>3 Risk of material misstatement caused by accounting for pensions</b></p> <p>Clydeplan recognised a net liability of £0.586 million relating to its share of Strathclyde Pension Fund at 31 March 2019. 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>Additionally, successful legal action was brought against the UK government in relation to pension schemes for judges and firefighters in 2018/19, on the grounds of age discrimination. The judgements for these pension schemes will impact on Strathclyde Pension Fund as it had similar arrangements in place. Uncertainty remains over the remedy for the legal judgements. The expected impact of the legal judgements, or remedy if agreed, will need to be reflected in the pension fund liability valuation in 2019/20.</p>	<p>Completion of 'review of the work of Management's expert' for the pension fund actuary.</p> <p>Review of the estimates used, and assumptions made in calculating the pension fund liability.</p>	<p>A review of the actuary and the assumptions made in calculating the estimated pension liability was carried out and found the approach and assumptions used by the actuary to be reasonable and in line with expectation.</p> <p>As outlined in <a href="#">Exhibit 2</a>, an adjustment was processed to reflect an updated estimate of the impact of the McCloud / Sargeant legal judgement.</p> <p><b>Conclusion: the estimates and judgements made to calculate the net pension liability were reasonable.</b></p>
<p><b>4 Risk of material misstatement caused by accounting for the Green Network Partnership</b></p> <p>Clydeplan's 2018/19 unaudited financial statements were consolidated to reflect the Green Network Partnership's (GNP) transactions and balances. These had previously been disclosed as a note to the financial statements. This approach was not considered to be appropriate and these transactions and balances were subsequently removed in the audited financial statements and disclosed as a note. As part of work on the consolidation, it was noted that the GNP's Terms of Reference and governance documents lacked detail, leading to difficulties in assessing the GNP's structure. A recommendation was made in our 2018/19 Annual Audit Report for management to review the Terms of Reference and</p>	<p>Review of the GNP's updated Terms and Reference and governance documents to assess its structure.</p> <p>Review of the accounting treatment for the GNP in the 2019/20 financial statements and concluding on its appropriateness.</p>	<p>A review of the unaudited annual accounts 2019/20 was carried out to assess the accounting treatment for the GNP. The accounting treatment was in line with the agreed approach used for the 2018/19 audited annual accounts.</p> <p><b>Conclusion: Details on the GNP's financial performance were included as a note to the accounts. This is in line with prior year accounting treatment and as there have been no change to the GNP terms of reference or governance documents during 2019/20, this was considered to be reasonable.</b></p>

Audit risk	Assurance procedure	Results and conclusions
governance documents. While this review could provide clarity on the GNP's structure, changes to the Terms of Reference and governance documents could impact on the accounting requirements for the GNP and there is a risk the financial statements could be materially misstated as a result.		

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

<p><b>5 Future operations and structure of Clydeplan</b></p> <p>The Planning (Scotland) Act 2019 repeals the provisions requiring the preparation of Strategic Development Plans which is being replaced with a provision for two or more planning authorities acting jointly to prepare Regional Spatial Strategies. Management have been active in discussions with partners around Clydeplan's role in the preparation of a Regional Spatial Strategy, as well as its role within the wider requirements of the Act. Arrangements are still being developed and finalised. However, there is a possibility that the developments could result in changes to the structure of Clydeplan and the Joint Committee.</p>	<p>Review of updates and papers reported to the Joint Committee.</p> <p>Discussions with management about developments impacting on the future operations and structure of Clydeplan.</p>	<p>A review of updates and papers to the Joint Committee highlighted that consideration of the process for formal dissolution of the Joint Committee was discussed and approved at the March 2020 meeting. However, no timescale was set within these papers.</p> <p>From discussions with management, it was noted this is being taken forward, but it is likely the impact of COVID-19 will delay this process into 2021/22.</p> <p><b>Conclusion: Changes to the future operations and structure of Clydeplan and the Joint Committee are yet to be formally agreed and progressed.</b></p>
--	---	--

# Glasgow and the Clyde Valley Strategic Development Planning Authority

## 2019/20 Annual Audit Report – ProposedProposed

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

## Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee

**26 October 2020**

### Audit of 2019/20 annual accounts

#### Independent auditor's report

1. Our audit work on the 2019/20 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 28 October 2020 (the proposed report is attached at [Appendix A](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Joint Committee's consideration our draft Annual Audit Report on the 2019/20 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice. As outlined in our Annual Audit Plan, due to the nature and size of Glasgow and the Clyde Valley Strategic Development Planning Authority (Clydeplan), we have assessed the extent of wider dimensions work and concluded that a reduced scope, as outlined in paragraph 53 of the Code of Audit Practice, can be applied.
4. This report will be issued in final form after the annual accounts have been certified.

#### Unadjusted misstatements

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

#### Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the Joint Committee, we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events

that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

### **Representations from Section 95 Officer**

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

# APPENDIX A: Proposed Independent Auditor's Report

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

### Report on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Glasgow and the Clyde Valley Strategic Development Planning Authority for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of Glasgow and the Clyde Valley Strategic Development Planning Authority as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of Glasgow and the Clyde Valley Strategic Development Planning Authority 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 Glasgow and the Clyde Valley Strategic Development Planning Authority. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

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

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

#### Risks of material misstatement

I 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 conclusions thereon.

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

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



In preparing the financial statements, the Treasurer is responsible for assessing Glasgow and the Clyde Valley Strategic Development Planning Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

### **Other information in the annual accounts**

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

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

### **Report on other requirements**

#### **Opinions on matters prescribed by the Accounts Commission**

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

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

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

#### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.



## **Conclusions on wider scope responsibilities**

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

## **Use of my report**

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

Mark Ferris  
Senior Audit Manager  
Audit Scotland  
4<sup>th</sup> Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT



## APPENDIX B: Letter of Representation (ISA 580)

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

Dear Mark

### **Glasgow and the Clyde Valley Strategic Development Planning Authority Annual Accounts 2019/20**

1. This representation letter is provided about your audit of the annual accounts of Glasgow and the Clyde Valley Strategic Development Planning Authority for the year ended 31 March 2020 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 Strategic Development Plan Manager, the following representations given to you in connection with your audit of Glasgow and the Clyde Valley Strategic Development Planning Authority's annual accounts for the year ended 31 March 2020.

### **General**

3. Glasgow and the Clyde Valley Strategic Development Planning Authority and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Glasgow and the Clyde Valley Strategic Development Planning Authority have been recorded in the accounting records and are properly reflected in the financial statements.
4. I am not aware of any uncorrected misstatements.

### **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 2019/20 (2019/20 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 Glasgow and the Clyde Valley Strategic Development Planning Authority at 31 March 2020 and the transactions for 2019/20.

### **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 2019/20 accounting code where applicable.

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

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

### **Assets**

10. All assets at 31 March 2020 of which I am aware have been recognised in the annual accounts.
11. I carried out an assessment at 31 March 2020 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
12. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
13. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

### **Liabilities**

14. All liabilities at 31 March 2020 of which I am aware have been recognised in the annual accounts.
15. The accrual recognised in the financial statements for holiday untaken by 31 March 2020 has been estimated on a reasonable basis.
16. The pension assumptions made by the actuary in the IAS 19 report for Glasgow and the Clyde Valley Strategic Development Planning Authority have been considered and I confirm that they are consistent with management's own view.
17. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

### **Contingent liabilities**

18. There are no significant contingent liabilities, other than those disclosed in Note 15 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly

disclosed, including any outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and IAS 37.

## **Fraud**

19. I have provided you with all information in relation to:

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

## **Laws and Regulations**

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

## **Related Party Transactions**

21. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2019/20 accounting code. I have made available to you the identity of all Glasgow and the Clyde Valley Strategic Development Planning Authority's related parties and all the related party relationships and transactions of which I am aware.

## **Remuneration Report**

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

## **Management commentary**

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

## **Corporate Governance**

24. I confirm that Glasgow and the Clyde Valley Strategic Development Planning Authority has undertaken a review of the system of internal control during 2019/20 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

25. I confirm that the 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 2020, which impact on the 2019/20 annual accounts and require to be reflected.

## **Events Subsequent to the Date of the Balance Sheet**

26. All events subsequent to 31 March 2020 for which the 2019/20 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Treasurer



Glasgow and the Clyde Valley  
Strategic Development Planning Authority

## Annual Accounts 2019/20





## CONTENTS

Management Commentary.....	1
Statement of Responsibilities for the Annual Accounts .....	6
Annual Governance Statement.....	7
Remuneration report.....	10
Independent auditor's report .....	12
Comprehensive Income and Expenditure Statement .....	15
Movement in Reserves Statement.....	16
Balance Sheet .....	17
Note 1: Expenditure Funding Analysis .....	18
Note 2: Accounting Standards Issued not Adopted .....	19
Note 3: Assumptions made about the future .....	19
Note 4: Unusable Reserves .....	19
Note 5: Events after the Balance Sheet date .....	20
Note 6: Adjustments between Accounting Basis and Funding Basis under Regulations.....	20
Note 7: Green Network Partnership .....	21
Note 8: Operating Leases.....	22
Note 9: Debtors .....	22
Note 10: Creditors .....	23
Note 11: Provisions.....	23
Note 12: Related parties .....	23
Note 13: External audit costs .....	23
Note 14: Retirement Benefits .....	24
Note 15: Contingent Liabilities and Assets.....	26
Note 16: Summary of Significant Accounting Policies.....	27



## Management Commentary

The purpose of the Management Commentary is to present an overview of Clydeplan's financial performance during the year 2019/20 and to help readers understand its financial position at 31 March 2020. In addition, it outlines the main risks and uncertainties facing Clydeplan for the financial year 2019/20 and beyond.

## History and Background

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

Clydeplan is a Joint Committee formed under section 57 of the Local Government (Scotland) Act 1973. The Joint Committee is comprised of the following eight local authorities:

- East Dunbartonshire Council;
- East Renfrewshire Council;
- Glasgow City Council;
- Inverclyde Council;
- North Lanarkshire Council;
- Renfrewshire Council;
- South Lanarkshire Council;
- West Dunbartonshire Council.

The Joint Committee is comprised of two members from each constituent authority. During 2019/20, the Chair of the Joint Committee was Councillor Lawrence O'Neill of West Dunbartonshire Council and the Vice-

Chair was Councillor David Wilson of Inverclyde Council.

A Joint Committee is not a separate legal entity, therefore, to ensure its actions have legal effect it must appoint a 'lead authority' with legal personality to act on its behalf to implement its decisions. The lead authority appointed to act for Clydeplan is currently Renfrewshire Council.

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

The Glasgow Clyde Valley Green Network Partnership (GCVGNP) has a strong relationship with Clydeplan and an overview of the Partnership is provided at Note 7: Green Network Partnership on page 21.

## Strategic Development Plan

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

## Strategic Development Plan Review

Several important developments in respect of strategic development planning that happened during 2019/20 will have significant implications for the future role and work of Clydeplan.

Firstly, the Planning (Scotland) Bill was enacted into legislation on 25 July 2019. This has significant implications for the future role of Clydeplan, requiring

the development of Regional Spatial Strategies by planning authorities, rather than Strategic Development Plans.

Secondly, the national direction of travel towards bespoke regional partnerships, combined with the continuing development of the Glasgow City Region's Economic Strategic and Action Plan published in February 2017, continues to have implications for the day-to-day activities of this organisation. In addition to the appointment of a Director of Regional Economic Growth at Glasgow City Region, three portfolio development officers have been appointed on a secondment basis to assist in developing the activities of the eight city region portfolios.

Clydeplan is now an active participant on a number of these groupings, including:

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

In particular, the Land Use and Sustainability Portfolio is committed to the production of an 'Indicative Regional Spatial Strategy' in support of the Scottish Government's development of National Planning Framework 4, and Clydeplan will play a lead role in its preparation.

In addition, Clydeplan provides technical support to the Glasgow City Deal Programme Management Office in respect of the £1.13bn Infrastructure Investment Fund.

The principle focus for 2020/21 will involve working closely with the Clydeplan's Steering Group and the City Region's Land Use and Sustainability portfolio to become more closely aligned in their activities in support of the implementation of the new Planning (Scotland) Act 2019 and in the development of an appropriate work programme.

In fulfilment of its Minute of Agreement and the existing requirements of the 2006 Planning Act, Clydeplan approved its Annual Report and its Development Plan Scheme and Participation Statement in March 2020. These documents can be accessed at the following web links:

- Annual Report - <https://www.clydeplan-sdpa.gov.uk>Strategic Development Plan>Annual Reports>
- Development Plan Scheme and Participation Statement - <https://www.clydeplan-sdpa.gov.uk>Strategic Development Plan>

## Primary Financial Statements

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

The Annual Accounts summarise the joint committee's transactions for the year and its year-end position at 31 March 2020. The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the Balance Sheet.

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

## Financial Performance

### Revenue

The Comprehensive Income and Expenditure Statement (CIES) on page 12 summarises the total costs of providing services and the income available to fund those services.

The Joint Committee has returned a deficit of £36,800 for the financial year 2019/20. This results in an overspend of £21,000 against the planned deficit of £15,800.

The overall deficit 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 CIES is due to the accounting adjustments for pension costs of £51,000 and accrued employee benefits (£5,289).

A summary of the final outturn position against the approved budget for Clydeplan is shown below.

	Budget £	Actual £	Variance £
Employee Costs	461,802	433,174	28,628
Property Costs	68,500	27,503	40,997
Supplies and Services	76,491	252,159	(175,668)
Support Services	20,506	21,075	(569)
Transfer Payments	1,000	1,634	(634)
Transport Payments	5,503	1,896	3,607
<b>Total Expenditure</b>	<b>633,802</b>	<b>737,441</b>	<b>(103,639)</b>
Requisition Income	(579,500)	(419,500)	(160,000)
Other Income	(38,502)	(281,141)	242,639
<b>Total Income</b>	<b>(618,002)</b>	<b>(700,641)</b>	<b>82,639</b>
<b>(Surplus)/Deficit for Year</b>	<b>15,800</b>	<b>36,800</b>	<b>(21,000)</b>

The underspend in Employee Costs is mainly due to a Strategic Planner post that was vacant for most of 2019/20. This is offset by secondment expenditure, which is fully recovered through Other Income.

Property Costs are underspent against budget due to Clydeplan moving into 40 John Street Glasgow, where costs are substantially lower, upon the expiry of the lease of West Regent Street.

The overspend in Supplies and Services is largely the result of unbudgeted Project expenditure within the Clyde Estuary Forum (£192k), offset by other minor underspends. The Project expenditure has been recovered in Other Income.

Requisition Income is under-recovered due to the decision agreed at Clydeplan's December meeting to return requisition of £20k per authority in order to decrease reserves to an appropriate level.

Other Income is over-recovered mainly due to the Clyde Estuary project income (£192k) as well as secondment income from the City Region Team at Glasgow City Council (£34k).

## The Balance Sheet at 31 March 2020

The Balance Sheet sets out the total net worth of the Joint Committee at a snapshot in time. When comparing the net worth of Clydeplan at 31 March 2020 to that of the prior year, an overall increase in net worth of the organisation of £0.352m can be seen. This is primarily due to the decrease in pension liability explained below.

### Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 14: Retirement Benefits. The appointed actuaries have confirmed a

net liability position of £0.202m, an increase of £0.384m in their assessment of the position of the pension fund. This can be attributed to a higher net discount rate which serves to reduce the value placed on the obligations (corporate bond yields are at a similar level to 2019 but inflation expectations are significantly lower).

The McCloud/Sargeant case noted in last year's accounts, whereby transitional protections on implementation of the new pension benefit structure in 2015 for members close to retirement age are argued to be unlawful on the grounds of age discrimination, added £0.058m of past service costs to the overall pension liability. Following the court ruling and subsequent announcement of proposed remedies by the UK Government, the appointed actuaries have now reduced the estimated past service costs figure by £0.031m in 2019/20 to reflect this change.

The net deficit position of the pension reserve impacts on the net asset position of the Joint Committee as a whole, however the funding of these future liabilities will be met from future requisitions from members.

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

A further potential change to pension rules is outlined in Note 15: Contingent Liabilities and Assets on page 26; however, this has not been reflected in the pension liability reported in the Balance Sheet.

### Reserves

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

The balance on the Usable Revenue Reserve at 31 March 2020 is £273,927.

The Planning (Scotland) Act 2019, which received Royal Assent on 25 July 2019, states that planning authorities can decide whether they wish to prepare these strategies individually and/or with other authorities. As a consequence, Clydeplan will require to consider its future role in meeting the requirements of the Act in terms of the development of regional spatial strategy to replace the approved SDP2. This consideration will be influenced by the activities and governance arrangements of the Glasgow City Region and its Cabinet.

At its meeting in March 2020, the Clydeplan Joint Committee agreed to support work to explore the future governance arrangements for the performance of the functions undertaken by the Joint Committee, including the formal dissolution of the Joint Committee.

It is recognised that all eight Glasgow City Region Local Authorities who are currently involved with the Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee wish to continue to contribute towards the strategic planning of the City Region.

In this respect Glasgow City Council, working with the current lead authority, Renfrewshire Council, will implement a governance structure to manage the dissolution process and consider the continued contribution of the member authorities towards the strategic planning function for the Glasgow City Region.

Clydeplan will continue to keep the Joint Committee apprised of these significant changes and will work closely with its constituent local authorities and partners to develop a work programme relevant to the delivery of the first Regional Spatial Strategy for the Glasgow City Region under the terms of the new Act.

## COVID-19 Lockdown: Remote Working

During the COVID-19 lockdown period, Clydeplan has continued to operate effectively, with all staff working from home. Normal governance procedures, such as the Joint Committee meetings, continue albeit on a virtual / remote basis.

## Conclusion

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

**Councillor Lawrence O'Neill**

Convenor

26 October 2020

**Stuart Tait**

Strategic Development Plan Manager

26 October 2020

**Alan Russell**

Treasurer

26 October 2020





# Statement of Responsibilities for the Annual Accounts

## The Joint Committee's Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The designated officer is Renfrewshire Council's Director of Finance and Resources, who is also the Treasurer of Glasgow and Clyde Valley Strategic Development Planning Authority;
- 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 confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on the 26 October 2020.

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

**Councillor Lawrence O'Neill**

Convenor

26 October 2020

## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee'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 Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that 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 Treasurer 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 Joint Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2020.

**Alan Russell**

Treasurer

26 October 2020

# Annual Governance Statement

## Scope of Responsibility

Glasgow and Clyde Valley Strategic Development Planning Authority's Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Joint Committee also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Joint Committee's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

## The Joint Committee's Governance Framework

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

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are:

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

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

The system includes:

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

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

## Review of Effectiveness

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

The effectiveness of the governance framework is reviewed annually by the Strategic Development Plan

Manager, including the use of a self-assessment tool covering five key areas of governance:

- Business Planning and Performance Management;
- Internal Control Environment;
- Budgeting, Accounting and Financial Control;
- Risk Management and Business Continuity;
- Impact of coronavirus (COVID-19).

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

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

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

The review has not identified any significant governance issues to be reported on for 2019/20 and no actions arising for the 2018/19 governance statement that require to be reported on.

This governance framework has been in place throughout the year. The outbreak of coronavirus (COVID-19) did not result in any changes to the governance arrangements for 2019/20. The risk of social distancing continuing and its potential impact on the governance arrangements continues to be reviewed and monitored through robust risk management arrangements.

## Planning (Scotland) Act 2019

Following Scottish Government's review of the Scottish planning system the Planning (Scotland) Act came into effect on 25 July 2019.

A key provision of the new Act was the removal of the statutory duty on local authorities to prepare a Strategic Development Plan being replaced with a duty to prepare a Regional Spatial Strategy.

The Regional Spatial Strategy will not form part of the Statutory Development Plan, which is currently made up of the Strategic Development Plan and Local Development Plan. Under the terms of the new Act this will instead comprise the National Planning Framework and the Local Development Plan.

The current Clydeplan Strategic Development Plan (July 2017) will remain in force until the National Planning Framework 4 is approved by the Scottish Parliament, likely in 2022.

As a consequence of the new provisions of the Planning (Scotland) Act 2019 in respect of strategic planning, the Clydeplan Joint Committee at its meeting on 16 March 2020, agreed to support work to explore the future governance arrangements for the performance of the functions undertaken by the Joint Committee including the formal dissolution of the Joint Committee.

In this regard Glasgow City Council, working with the current host Authority, Renfrewshire Council, will implement a governance structure to manage the dissolution process and consider the continued contribution of the member authorities towards the strategic planning function for the Glasgow City Region. It is anticipated that this process will be completed within the 2021/22 financial year.

## Assurance

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

**Councillor Lawrence O'Neill**

Convenor

26 October 2020

**Stuart Tait**

Strategic Development Plan Manager

26 October 2020

## Remuneration report

All information disclosed in the tables 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.

### Remuneration policy for elected members

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

## Remuneration policy for senior employees

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

2018/19 Total Salary, fees and allowances £	Name	Post Held	2019/20 Total Salary, fees and allowances £
75,146	Stuart Tait	Strategic Development Plan Manager	77,441
53,153	Dorothy McDonald	Assistant Strategic Development Plan Manager	54,779
<b>128,299</b>	<b>Total</b>		<b>132,220</b>

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2020, whether or not those amounts were actually paid to, or received by, those persons within that period.

### Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS). From 1 April 2015 benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The

scheme's normal retirement age is linked to the state pension age for each member.

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

Tiered contribution rates on whole time pay for 2019/20		Equivalent bandings for 2018/19
Up to £21,800	5.5%	Up to £21,300
£21,801 to £26,700	7.25%	£21,300 to £26,100
£26,701 to £36,600	8.5%	£26,100 to £35,700
£36,601 to £48,800	9.5%	£35,700 to £47,600
Over £48,801	12%	Over £47,601

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

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

(Prior to 2015 the accrual rate guaranteed a pension based on 1/60<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 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.

Name	Post Held	Accrued Pension benefits as at 31 March 2020				Pension Contributions made by the Joint Committee	
		As at 31 March 2020		Change from 31 March 2019		2019/20	2018/19
		Pension	Lump Sum	Pension	Lump Sum		
		£000	£000	£000	£000		
Stuart Tait	Strategic Development Plan Manager	0.038	0.062	0.004	0.002	14,946	14,470
Dorothy McDonald	Assistant Strategic Development Plan Manager	0.026	0.044	0.002	0.001	10,572	10,236

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

## Exit Packages

Clydeplan have not agreed any exit packages in either 2019/20 or 2018/19.

## 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 2019/20, in bands of £5,000.

2018/19 Number of employees	Remuneration Band	2019/20 Number of employees
1	£50,000 - £54,999	1
1	£75,000 - £79,999	1
2	<b>Total</b>	2

**Councillor Lawrence O'Neill**

Convenor

26 October 2020

**Stuart Tait**

Strategic Development Plan Manager

26 October 2020



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

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

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Glasgow and the Clyde Valley Strategic Development Planning Authority for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of Glasgow and the Clyde Valley Strategic Development Planning Authority as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of Glasgow and the Clyde Valley Strategic Development Planning Authority 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 Glasgow and the Clyde Valley Strategic Development Planning Authority. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Conclusions relating to going concern basis of accounting**

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

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

#### **Risks of material misstatement**

I 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 conclusions thereon.

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

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

In preparing the financial statements, the Treasurer is responsible for assessing Glasgow and the Clyde Valley Strategic Development Planning Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

### **Other information in the annual accounts**

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

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

### **Report on other requirements**

#### **Opinions on matters prescribed by the Accounts Commission**

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

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

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

#### **Matters on which I am required to report by exception**

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

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



I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

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

**Use of my report**

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

Mark Ferris  
Senior Audit Manager  
Audit Scotland  
4<sup>th</sup> Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

## Comprehensive Income and Expenditure Statement

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

2018/19				2019/20		
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
588,701	0	588,701	Employee Costs	478,885	0	478,885
87,408	0	87,408	Premise Costs	27,503	0	27,503
76,316	0	76,316	Supplies & Services	252,159	0	252,159
18,825	0	18,825	Support Services	21,075	0	21,075
1,840	0	1,840	Transfer Payments	1,634	0	1,634
1,228	0	1,228	Transport Costs	1,896	0	1,896
0	(103,431)	(103,431)	Other Income	0	(278,510)	(278,510)
<b>774,318</b>	<b>(103,431)</b>	<b>670,887</b>	<b>Cost of Services</b>	<b>783,152</b>	<b>(278,510)</b>	<b>504,642</b>
0	(2,631)	(2,631)	<b>Financing and Investment Income and Expenditure</b>			
			Interest receivable	0	(2,631)	(2,631)
7,000	0	7,000	Pension interest cost	16,000	0	16,000
			<b>Taxation and Non-Specific Grant Income</b>			
0	(579,500)	(579,500)	Requisitions from Member Authorities 12	0	(419,500)	(419,500)
<b>781,318</b>	<b>(685,562)</b>	<b>95,756</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>799,152</b>	<b>(700,641)</b>	<b>98,511</b>
			<b>Other Comprehensive Income &amp; Expenditure</b>			
		263,000	Actuarial (Gain)/Loss on pension assets and liabilities 14a			(451,000)
		<b>358,756</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(352,489)</b>

## Movement in Reserves Statement

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

Movement in reserves during the year	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2019		(310,727)	599,606	288,879
Total Comprehensive Income and Expenditure		98,511	(451,000)	(352,489)
Adjustment between accounting basis and funding basis under regulation	6	(61,711)	61,711	0
<b>Increase or (decrease) in year</b>		<b>36,800</b>	<b>(389,289)</b>	<b>(352,489)</b>
Balance at 31 March 2020 carried forward		(273,927)	210,317	(63,610)

Comparative movements in 2018/19	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2018		(276,749)	206,872	(69,877)
Total Comprehensive Income and Expenditure		95,756	263,000	358,756
Adjustments between accounting basis and funding basis under regulations	6	(129,734)	129,734	0
<b>Increase or (decrease) in year</b>		<b>(33,978)</b>	<b>392,734</b>	<b>358,756</b>
Balance at 31 March 2019 carried forward		(310,727)	599,606	288,879

## Balance Sheet

The Balance Sheet shows the value as at 31 March 2020 of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

As at 31 March 2019 £		Note	As at 31 March 2020 £
575,604	Funds held by Renfrewshire Council		461,797
1,314	Debtors and Prepayments	9	34
<b>576,918</b>	<b>Current Assets</b>		<b>461,831</b>
(251,297)	Creditors And Accruals	10	(196,221)
(28,500)	Provisions	11	0
<b>(279,797)</b>	<b>Current Liabilities</b>		<b>(196,221)</b>
(586,000)	Pension (Liability) / Asset	14c	(202,000)
<b>(586,000)</b>	<b>Long Term Liabilities</b>		<b>(202,000)</b>
<b>(288,879)</b>	<b>Net Assets / (Liabilities)</b>		<b>63,610</b>
(310,727)	Usable Reserves		(273,927)
599,606	Unusable Reserves		210,317
<b>288,879</b>	<b>Total Reserves</b>		<b>(63,610)</b>

The unaudited accounts were issued on 8 June 2020 and the audited accounts were authorised for issue on the 26 October 2020.

Balance Sheet signed by:

**Alan Russell CPFA**

Treasurer

26 October 2020

## Note 1: Expenditure Funding Analysis

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

2019/20	Net Expenditure chargeable to the Joint Committee £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	433,174	51,000	(5,289)	478,885
Premises Related Costs	27,503	0	0	27,503
Supplies & Services	252,159	0	0	252,159
Support Costs	21,075	0	0	21,075
Transfer Payments	1,634	0	0	1,634
Transport Costs	1,896	0	0	1,896
Other Income	(281,141)	0	0	(281,141)
<b>Cost of Services</b>	<b>456,300</b>	<b>51,000</b>	<b>(5,289)</b>	<b>502,011</b>
Other income and expenditure	(419,500)	16,000	0	(403,500)
<b>(Surplus) / deficit on the Provision of Service</b>	<b>36,800</b>	<b>67,000</b>	<b>(5,289)</b>	<b>98,511</b>

2018/19	Net Expenditure chargeable to the Joint Committee £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	465,967	123,000	(266)	588,701
Premises Related Costs	87,408	0	0	87,408
Supplies & Services	76,316	0	0	76,316
Support Costs	18,825	0	0	18,825
Transfer Payments	1,840	0	0	1,840
Transport Costs	1,228	0	0	1,228
Other Income	(106,062)	0	0	(106,062)
<b>Cost of Services</b>	<b>545,522</b>	<b>123,000</b>	<b>(266)</b>	<b>668,256</b>
Other income and expenditure	(579,500)	7,000	0	(572,500)
<b>(Surplus) / deficit on the Provision of Service</b>	<b>(33,978)</b>	<b>130,000</b>	<b>(266)</b>	<b>95,756</b>

## Note 2: 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 2020/21 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015–2017 Cycle;
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The Code requires implementation from 1 April 2020 and there is therefore no impact on the 2019/20

accounts. There is no material impact anticipated in future years from the implementation of these standards.

## Note 3: Assumptions made about the future

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

The items in the Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £0.482m, equating to an 11% increase.

## Note 4: Unusable Reserves

### 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. The Joint Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds.

The debit balance on the Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the Joint Committee's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £	Pension Reserve	2019/20 £
193,000	Balance as at 1 April	586,000
263,000	Actuarial (Gain)/Loss on pension assets and liabilities	(451,000)
130,000	Reversal of items relating to retirement benefits charged to the Surplus or Deficit on the Provision of Services in the CIES	67,000
586,000	Balance as at 31 March	202,000

## Employee Statutory Adjustment Account

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 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.

2018/19 £	Employee Statutory Adjustment Account	2019/20 £
13,872	Balance as at 1 April	13,606
(13,872)	Reversal of prior year accrual for short-term accumulating compensated absences	(13,606)
13,606	Recognition of the accrual for short-term accumulating compensating absences at 31 March	8,317
13,606	Balance as at 31 March	8,317

## Note 5: Events after the Balance Sheet date

Events taking place after the authorised for issue date per the Balance Sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 6: Adjustments between Accounting Basis and Funding Basis under Regulations

The surplus for the year on the Revenue Reserves was £61,711 less than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's Comprehensive Income and Expenditure Statement in accordance

with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2019/20	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(129,000)	129,000
Employers contributions payable to the Strathclyde Pension Fund	62,000	(62,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	5,289	(5,289)
<b>Net additional amount required to be debited or credited to the Revenue Reserves balance for the year</b>	<b>(61,711)</b>	<b>61,711</b>

2018/19	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(193,000)	193,000
Employers contributions payable to the Strathclyde Pension Fund	63,000	(63,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	266	(266)
<b>Net additional amount required to be debited or credited to the Revenue Reserves balance for the year</b>	<b>(129,734)</b>	<b>129,734</b>

## Note 7: Green Network Partnership

### Overview

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

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

Committee; the executive team of Clydeplan and GCVGNP share offices in 40 John Street, Glasgow.

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

## Financial Performance

### Revenue

GCVGNP has returned a surplus of £5,715 (2018/19 £3,967 restated), against a budgeted breakeven position. The surplus is a result of a reduction in expenditure in property costs to offset the overspend in Employee Costs and Supplies and Services. Income



from Projects has decreased by £6,000 in 2019/20, but this has been offset by income from new funding partner NHS Health Scotland.

GCVGNP is a significant regional component of the Central Scotland Green Network (CSGN). As a result, the GCVGNP secures additional funding for various projects related to the CSGN. The total project

expenditure by the GCVGNP during 2019/20 was nil (2018/19 £15,566). The GCVGNP has been a key partner in the study and planning of the development of the Seven Lochs Wetland Park.

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

2018/19 £	Council	Percentage	2019/20 £
5,589	East Dunbartonshire	2.9%	5,756
4,758	East Renfrewshire	2.5%	4,900
31,019	Glasgow City	16.0%	31,949
4,322	Inverclyde	2.2%	4,451
17,306	North Lanarkshire	8.9%	17,825
9,040	Renfrewshire	4.7%	9,311
16,497	South Lanarkshire	8.5%	16,992
4,855	West Dunbartonshire	2.5%	5,001
<b>Third Party</b>			
30,594	Scottish National Heritage	16.8%	33,619
30,594	Scottish Forestry	16.2%	32,276
7,000	Glasgow Centre for Population Health	3.6%	7,210
4,669	Scottish Environmental Protection Agency	2.4%	4,809
20,693	Central Scotland Green Network	9.4%	18,737
0	NHS Health Scotland	3.5%	7,000
<b>186,936</b>	<b>Total Green Network Partnership Funding</b>	<b>100.0%</b>	<b>199,836</b>

## Reserves

The Partnership retains financial reserves to offset any liabilities of the Partnership. The following table shows the value of the Partnerships reserves at 31 March 2020. This is analysed into Usable reserves, which is derived from partnership funding and can be used to fund expenditure, and Unusable reserves, which cannot be used to fund expenditure.

2018/19 £	Reserves	2019/20 £
(93,561)	Usable Reserves	(99,299)
	<b>Unusable Reserves:</b>	
5,672	Employee Statutory Adjustment Account	1,178
261,000	Pension Reserve	192,000
<b>173,111</b>	<b>Total</b>	<b>93,879</b>

## Note 8: Operating Leases

The Joint Committee terminated the operating lease on the office accommodation at West Regent Street in Glasgow in October 2019. Twenty five percent of the accommodation costs were paid by The Green Network Partnership. Clydeplan and Green Network have moved to Glasgow City Council at 40 John Street Glasgow. There is no rental charge for this accommodation, therefore no lease cost in 2019/20. (2018/19 £26,050).

## Note 9: Debtors

Other receivables at 31 March 2020 amounted to £34 (£1,314 2018/19).

## Note 10: Creditors

As at 31 March 2019 £	Short-term Creditors	As at 31 March 2020 £
(251,297)	Other Payables	(196,221)
(251,297)	<b>Total</b>	<b>(196,221)</b>

## Note 11: Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires a settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.

During 2019/20, a decision was made not to extend the lease at West Regent Street and as a result, dilapidation costs were charged. The provision made for this in 2018/19 was more than the eventual cost of the dilapidation charged and therefore the balance of this provision was reversed into Premises Related Costs.

	2019/20 £
<b>Balance at 1 April 2019</b>	<b>(28,500)</b>
Amounts used in year	10,332
Unused amounts reversed in year	18,168
<b>Balance at 31 March 2020</b>	<b>0</b>

## Note 12: Related parties

The Joint Committee's related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee. The Joint Committee is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties.

Related party relationships require to be disclosed where control exists, irrespective of whether there

have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

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

The service level agreement for these services is £23,200 (2018/19 £23,200). A proportion of the cost is paid by the Green Network Partnership. The amount paid in respect of these services by the Clydeplan for the year ended 31 March 2020 was £18,900 (2018/19 £18,900). At its meeting in December 2019 the Joint Committee agreed to reduce the requisition levels for each member authority by £20,000 to bring usable reserves to an appropriate level.

2018/19 £	Council	%	2019/20 £
72,437.50	East Dunbartonshire	12.5%	52,437.50
72,437.50	East Renfrewshire	12.5%	52,437.50
72,437.50	Glasgow City	12.5%	52,437.50
72,437.50	Inverclyde	12.5%	52,437.50
72,437.50	North Lanarkshire	12.5%	52,437.50
72,437.50	Renfrewshire	12.5%	52,437.50
72,437.50	South Lanarkshire	12.5%	52,437.50
72,437.50	West Dunbartonshire	12.5%	52,437.50
<b>579,500.00</b>	<b>GCVSDPA Funding</b>	<b>#####</b>	<b>419,500.00</b>

## Note 13: External audit costs

2018/19 £		2019/20 £
2,900	Fees payable with regard to external audit services carried out by the appointed auditor	2,960
<b>2,900</b>	<b>Total</b>	<b>2,960</b>

## Note 14: Retirement Benefits

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

### 14a: Transactions relating to retirement benefits

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

Movement in Reserves Statement to replace the cost of retirement benefits with employers’ contributions.

**Current service cost** is the cost of future entitlements to pension payments to current employees.

**Past service cost** is the estimated increase in liabilities arising from current decisions that relates to years of service earned prior to this year. For 2019/20 this includes an estimate for the impact of potential removal of transitional arrangements (McCloud judgement).

**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 Strathclyde Pension Fund’s liabilities because they are one year closer to settlement.

The net change in the pension liability recognised in the **Movement in Reserves** Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year.

The following transactions have been made in the accounting statements in 2019/20:

2018/19 £		2019/20 £
	<b>Comprehensive Income &amp; Expenditure Statement (CIES)</b>	
128,000	Current service cost	144,000
58,000	Past service cost	(31,000)
<b>186,000</b>		<b>113,000</b>
	<b>Financing and Investment Income &amp; Expenditure</b>	
7,000	Net interest	16,000
<b>193,000</b>	<b>Post-employment benefit charged to the Surplus/Deficit on the Provision of Services</b>	<b>129,000</b>
	<b>Other post employment benefit charged to the CIES</b>	
(131,000)	Return on assets excluding amounts included in net interest	286,000
394,000	Actuarial (gains)/losses arising on changes in financial assumptions	(737,000)
<b>263,000</b>	<b>Total Actuarial (Gain)/Loss</b>	<b>(451,000)</b>
<b>456,000</b>	<b>Total post employment benefit charged to the CIES</b>	<b>(322,000)</b>
	<b>Movement in Reserves Statement</b>	
(393,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	384,000
<b>63,000</b>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>	<b>62,000</b>

## Notes

- The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2019/20 these amounted to £8,970 (2018/19 £8,758).
- In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, an actuarial gain of £0.451m is included in the Movement in Reserves Statement (2018/19 £0.263m loss).

### 14b: Assets and liabilities in relation to retirement benefits

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

2018/19 £000		2019/20 £000
4,229	Opening Present Value	4,881
128	Current service cost	144
58	Past Service Cost	(31)
116	Interest Cost	119
26	Employee Contributions	23
(70)	Benefits Paid	(72)
	<b>Remeasurement (gains)/losses:</b>	
394	Actuarial (gains)/losses arising from changes in financial assumptions	(737)
<b>4,881</b>	<b>Closing Present Value</b>	<b>4,327</b>

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

2018/19 £000		2019/20 £000
4,036	Opening Fair Value	4,295
109	Interest Income	103
63	Contributions from employer	62
26	Contributions from employee	23
(70)	Benefits Paid	(72)
	<b>Remeasurement gain/(loss):</b>	
131	Return on assets excluding amounts included in net interest	(286)
<b>4,295</b>	<b>Closing Fair Value</b>	<b>4,125</b>

### 14c: Fund history

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Present Value of Liabilities	(3,454)	(4,639)	(4,229)	(4,881)	(4,327)
Fair value of assets	2,992	3,699	4,036	4,295	4,125
<b>Surplus/(deficit) in the scheme</b>	<b>(462)</b>	<b>(940)</b>	<b>(193)</b>	<b>(586)</b>	<b>(202)</b>

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

The net liability of £0.202m has a significant impact on the net worth of the Joint Committee as recorded in the Balance Sheet. Any deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary. The total contributions expected to be made by the Joint Committee to Strathclyde Pension Fund in the year to 31 March 2021 is £0.062m.

## 14d: Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

2018/19	Mortality assumptions	2019/20
<b>Longevity at 65 for current pensioners (years)</b>		
21.4	Men	20.7
23.7	Women	22.9
<b>Longevity at 65 for future pensioners (years)</b>		
23.4	Men	22.2
25.8	Women	24.6
2018/19	Other assumptions	2019/20
3.6%	Rate of increase in salaries	3.0%
2.4%	Rate of increase in pensions	1.9%
2.7%	Rate for discounting scheme liabilities	2.3%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
50.0%	Pre-April 2009 service	50.0%
75.0%	Post-April 2009 service	75.0%

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

2018/19 £000		%	2019/20 £000
993	Equity Securities	23.1%	954
135	Debt Securities	3.1%	129
513	Private Equity	12.0%	493
389	Real Estate	9.1%	374
1,831	Investment Funds and	42.6%	1,758
434	Cash & Cash Equivalents	10.1%	417
<b>4,295</b>		<b>100.0%</b>	<b>4,125</b>

## 14e: 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 2019/20 and 2020/21.

## Note 15: Contingent Liabilities and Assets

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

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

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

## Note 16: Summary of Significant Accounting Policies

### A General Principles

The Annual Accounts summarise the Joint Committee's transactions for the 2019/20 financial year and its financial position as at 31 March 2020. The Joint Committee is required to prepare Annual Accounts by the Local Authority (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003 requires these accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Code is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and is designed to give a true and fair view of the financial performance of the Joint Committee.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the valuation of pension assets and liabilities where appropriate. The Annual Accounts have been prepared on a going concern basis.

Materiality refers to a level of information or value of such significance that it could influence the decisions or assessments of users of the Annual Accounts by its presence or omission.

### B 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:

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee;
- Revenue from the provision of services is recognised when the authority satisfies the performance obligation of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee;
- 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;
- 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;
- Suppliers invoices paid in the one week 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.

### C Contingent Liabilities

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



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

## D 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 entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

### Post-employment benefits

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

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

employers' pension contributions payable and payments to pensioners in the year.

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

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

## E 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.

## F Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are made only when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material misstatement or omission discovered in prior period figures are corrected retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

## G Government Grants and other Contributions

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

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

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and

Expenditure Statement until conditions attaching to the grant or contribution have been satisfied.

Monies advanced as grants and contributions are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Specific Grant Income line in the CIES.

## H Leases

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

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

### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease). The risks and rewards of ownership remain with the lessors along with the title of the property.

## I Non-current Assets

Clydeplan carried out a review during 2019/20 on plant and equipment and intangible assets and deemed that no items currently qualify for recognition. Assets that are held for use in the supply of services or other administrative purposes and are expected to be used for more than one year are



classified as property, plant and equipment and intangible assets.

Assets costing less than £9,000 are not treated as capital expenditure.

## J Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires a settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

## K Reserves

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

### Usable Reserves

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

### Unusable Reserves

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

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

## L 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.