

Notice of Meeting and Agenda Audit, Scrutiny and Petitions Board

Date	Time	Venue
Monday, 19 September 2016	10:00	CMR 1, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM
Head of Corporate Governance

Membership

Councillor Derek Bibby: Councillor Maria Brown: Councillor John Caldwell: Councillor Margaret Devine: Provost Anne Hall: Councillor James MacLaren: Councillor Bill Perrie:

Councillor Jim Sharkey (Convener): Councillor Cathy McEwan (Depute Convener):

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx

For further information, please either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

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

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

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|----------|--|------------------|
| 1 | Audit of Annual Accounts 2015/16 | 5 - 236 |
| | Report by Director of Finance and Resources (revised page 25 of the accounts (page 103 of the document pack) in the documents section at the bottom of the agenda. | |
| 2 | Summary of Internal Audit Findings to 30 June 2016 | 237 - 242 |
| | Report by Chief Auditor | |
| 3 | Internal Audit and Counter Fraud Progress and Performance to 3 June 2016 | 243 - 252 |
| | Report by Chief Auditor | |
| 4 | Internal Audit Charter | 253 - 262 |
| | Report by Chief Auditor | |
| 5 | National Fraud Initiative in Scotland | 263 - 316 |
| | Report by Chief Auditor | |
| 6 | Absence Statistics | 317 - 330 |
| | Report by Director of Finance and Resources | |
| 7 | Audit Scotland Reports - Benefits Performance Audit Annual Update 2015/16 and Housing Benefit Good Practice Guide | 331 - 374 |
| | Report by Director of Finance and Resources | |

8	Accounts Commission Report - "Maintaining Scotland's Roads - A Follow-up Report" dated 4 August 2016	375 - 426
	Joint Report by Directors of Community Resources and Finance and Resources	
9	Audit, Scrutiny and Petitions Board Annual Report 2015/16	427 - 440
	Report by Director of Finance and Resources	
10	Review of Ward 15 (Children's Ward) Royal Alexandra Hospital (Lead Officer Colin Grainger)	441 - 482
	Report by Lead Officer	
	Petitions	
11(a)	Petition: Tiree Avenue, Renfrew	483 - 486
	Report by Director of Finance and Resources	
11(b)	Petition: Corsebar Road, Paisley	487 - 490
	Report by Director of Finance and Resources	
11(c)	Petition: Sergeant Law Road, Safety Measures	491 - 494
	Report by Director of Finance and Resources	
11(d)	Petition: Road Surface, Morar Crescent, Bishopton	495 - 498
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11(e)	Petition: Traffic Concerns, Newmains Road, Renfrew	499 - 500
	Report by Director of Finance and Resources	



To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Audit of Annual Accounts 2015/16

1. Summary

- 1.1 Each year the Council's appointed external auditors (Audit Scotland) carry out an audit of the Council's financial statements and provide an opinion as to whether those statements provide a fair and true view of the financial position of the Council and its income and expenditure for the year; and also whether they have been prepared in accordance with the Local Government (Scotland) Act 1973. In addition, Audit Scotland also audits the accounts of the charities which the Council controls, i.e. Common Goods Funds and other Charitable Trusts.
- 1.2 In accordance with International Auditing Standards (ISA260), Audit Scotland are obliged to report to those charged with the governance of the organisation matters which have arisen in the course of the audit.
- 1.3 The attached reports from Audit Scotland outline their findings from the audit of the 2015/16 Council, Common Good and Charitable Trust financial statements.
- 1.4 Under the Local Authority Accounts (Scotland) Regulations 2014, which came into force from 10 October 2014, the Council must meet to consider the Annual Accounts and aim to approve those accounts for signature no later than 30th September. In order to comply with these requirements, the audited financial statements will be presented to Council for approval at the meeting on 29 September 2016.

- 1.5 Brian Howarth (Assistant Director) and Anne McGregor (Senior Audit Manager), both from Audit Scotland, will attend the Audit, Scrutiny & Petitions Board meeting to speak to their reports.
 - 1.6 Members should note this is the final year of the current external audit team rotation. A new audit team from Audit Scotland will be introduced to the Board in due course.
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2. Recommendations

- 2.1 Members are requested to note the Audit Scotland reports attached.
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Implications of the Report

1. **Financial** – The financial statements demonstrate that the Council continues to manage its financial affairs within the resources available.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – An audit opinion free from qualification demonstrates the Council's compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
5. **Property/Assets** – none
6. **Information Technology** - none.
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none

9. **Procurement** – none
10. **Risk** – The annual accounts demonstrate that the Council is managing its resources within the limits available and in accordance with all legal and corporate governance requirements
11. **Privacy Impact** - none

List of Background Papers

None

Author: Alastair MacArthur, Extension 7363

Alan Russell
Renfrewshire Council
Renfrewshire House
Cotton Street, Paisley
PA1 1AN

13 September 2016

Renfrewshire Council, Common Good Funds, Trust Funds 2015/16 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to 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 are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2015/16 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report on 29 September 2016 (the proposed reports are attached at Appendix A-C). There are no anticipated modifications to the audit report.
3. In presenting this report to the Council 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.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Director of Finance and Corporate Services on aspects of the financial statements and judgements and estimates made. Draft letters of representation under ISA580 are attached at Appendix D-F. These should be signed and returned by the Director of Finance and Corporate Services with the signed financial statements prior to the independent auditor's opinion being certified.

APPENDIX A: Proposed Independent Auditor's Report - Renfrewshire Council

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

I certify that I have audited the financial statements of Renfrewshire Council and its group for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account and the related notes. 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 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Director of Finance and Resources and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Director of Finance and Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Resources and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the council and its group as at 31 March 2016 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA
Assistant Director
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

APPENDIX B: Proposed Independent Auditor's Report - Trust Funds

Independent auditor's report to the trustees of Renfrewshire Council Trust Funds and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council Trust Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, Statement of Balances and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Trustees' Report, all elected members of Renfrewshire Council have general control and management responsibilities, the Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2016 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Anne McGregor
Senior Audit Manager,
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

APPENDIX C: Proposed Independent Auditor's Report - Common Good Funds

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

I certify that I have audited the financial statements of Renfrewshire Council Common Good Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities in respect of the Annual Report and Financial Statements, the trustees are responsible for the preparation of the financial statements which give a true and fair view. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.
-

I have nothing to report in respect of these matters.

Anne McGregor
Senior Audit Manager,
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

APPENDIX D: Letter of Representation (ISA 580) - Renfrewshire Council

Brian Howarth
Audit Scotland
Assistant Director
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Dear Brian

Renfrewshire Council Annual Accounts 2015/16

1. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Council for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Council, as at 31 March 2016 and its comprehensive net expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of Renfrewshire Council for the year ended 31 March 2016.

General

3. I acknowledge my responsibility and that of Renfrewshire Council for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Renfrewshire Council have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the accounts, including the Management Commentary and Remuneration Report, presents a balanced picture of Renfrewshire Council and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

Financial Reporting Framework

6. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and in accordance with the requirements of Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003 including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Renfrewshire Council and its group for the year ended 31 March 2016.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

10. The Board has assessed Renfrewshire Council's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Events Subsequent to the Date of the Statement of Financial Position

12. There have been no material events since the date of the Statement of Financial Position which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Statement of Financial Position no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

14. I acknowledge, as section 95 officer, my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2016, which require disclosure.

Fraud

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

17. The assets shown in the Statement of Financial Position at 31 March 2016 were owned by Renfrewshire Council, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2016.

Carrying Value of Assets and Liabilities

19. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Provisions

20. Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2016 and of which Renfrewshire Council could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2016.

Annual Leave Accrual

21. The holiday pay accrual included in the financial statements excludes any flexi time balance due at the year end as this is not considered material.

Other matters

Group Accounts

22. In my opinion the group assets, liabilities and revenue transactions within the financial statements are materially complete. The group boundary has been reviewed in accordance with the Code and there are no material entities that have been omitted from consolidation within the financial statements. Any significant issues with the financial statements of group entities, including qualifications, have been advised to audit.
23. In making these assertions I am reliant on the opinions of the external auditors of group entities.

Pension Fund

24. The pension assumptions made by the actuary in the IAS19 report for Renfrewshire Council have been reviewed and I confirm that they are consistent with management's own view.

Yours sincerely

Alan Russell
Director of Finance and Resources

APPENDIX E: Letter of Representation (ISA 580) - Trust Funds

Anne McGregor
Audit Scotland
Senior Audit Manager,
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Anne,

Renfrewshire Council Trust Funds Annual Accounts 2015/16

Renfrewshire Council Trust Funds

- Paisley Burgh Citizens Fund (SC042037)
- Renfrew Burgh Citizens Fund (SC042035)
- Renfrewshire Council Citizens Fund (SC042036)
- Coats Observatory Fund (SC019454)

25. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Council Trust Funds for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Council Trust Funds, as at 31 March 2016 and its income and expenditure for the year then ended.
26. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charities where Renfrewshire Council is the sole trustee, the following representations given to you in connection with your audit for the year ended 31 March 2016.

General

27. I acknowledge my responsibility and that of Renfrewshire Council (as the administering authority) for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered trusts as listed above have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
28. The information given in the Trustees' Report to the financial statements presents a balanced picture of each charity and is consistent with the financial statements.
29. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA 260).

Financial Reporting Framework

30. The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 9(1), (2) and (3) of the Charities Accounts (Scotland) Regulations 2006.

31. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of each registered charity for the year ended 31 March 2016.

Accounting Policies & Estimates

32. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

33. The Trustees have assessed the ability of each registered charity to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

34. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of FRS 8.

Events Subsequent to the Statement of Balances Date

35. There have been no material events since the date of the Statement of Balances which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
36. Since the date of the Statement of Balances no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

37. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

Fraud

38. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

39. The tangible fixed assets and cash fund shown in the Statement of Balances at 31 March 2016 were owned by the registered charity. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. There are no plans or intentions that are likely to affect the carrying value or classification of the assets within the financial statements.

Yours sincerely

Alan Russell
Treasurer

APPENDIX F: Letter of Representation (ISA 580) - Common Good Funds

Anne McGregor
Audit Scotland
Senior Audit Manager,
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Anne,

Renfrewshire Council Common Good Funds Annual Accounts 2015/16

Renfrewshire Council Common Good Funds

- Paisley Common Good Fund (SC019478)
- Johnstone Common Good Fund (SC019480)
- Renfrew Common Good Fund (SC019479)

40. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Council Common Good Funds for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Council Common Good Funds, as at 31 March 2016 and its income and expenditure for the year then ended.
41. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charities where Renfrewshire Council is the sole trustee, the following representations given to you in connection with your audit for the year ended 31 March 2016.

General

42. I acknowledge my responsibility and that of Renfrewshire Council (as the administering authority) for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered trusts as listed above have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
43. The information given in the Trustees' Annual Report to the financial statements presents a balanced picture of each charity and is consistent with the financial statements.
44. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA 260).

Financial Reporting Framework

45. The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

46. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of each registered charity for the year ended 31 March 2016.

Accounting Policies & Estimates

47. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

48. The Trustees have assessed the ability of each registered charity to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

49. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of FRS 8.

Events Subsequent to the Balance Sheet Date

50. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
51. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

52. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

Fraud

53. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

54. The tangible fixed assets, cash fund and investments shown in the Balance Sheet at 31 March 2016 were owned by the registered charity. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. There are no plans or intentions that are likely to affect the carrying value or classification of the assets within the financial statements.

Yours sincerely

Alan Russell
Treasurer

Renfrewshire Council

Proposed 2015/16 Annual
audit report to Members
and the Controller of Audit

13 September 2016

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The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The delegated auditor is Brian Howarth, Assistant Director for Renfrewshire Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of Renfrewshire Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

Audit of financial statements

- Unqualified auditor's report on the 2015/16 financial statements
- Corrections to the unaudited financial statements include council house valuation (£35 million) and balances with Renfrew Leisure Ltd (£1.3 million)

Financial position and sustainability

- Statutory surplus achieved of £2 million after transfer of £30.8 million to the investment capital fund. This anticipates tighter financial settlements going forward, enabling the council to review its future borrowing and debt smoothing strategy over the medium to longer term
- Renfrewshire Council continues to have relatively low levels of borrowing and external debt.
- Officers are developing medium and longer term planning, based on potential scenarios

Governance and transparency

- Good overall governance with further review of Audit and Scrutiny planned following May elections
- Effective financial management
- Systems of internal control operated effectively.

Best Value

- The council participates in the Local Government Benchmarking Framework and has good procurement performance
- The council's self-assessment programme is being reviewed
- ALEO monitoring and the balance in performance reporting could be improved

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of Renfrewshire Council. The report is divided into sections which reflect our public sector audit model.
2. The management of Renfrewshire Council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of Renfrewshire Council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports,

summarised at [appendix II](#) and [appendix III](#), include recommendations for improvements.

6. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that Renfrewshire Council understands its risks and has arrangements in place to manage these risks. The council and executive officers group should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.
9. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of Renfrewshire Council will be Audit Scotland. In accordance with agreed protocols and International Standards on Auditing we will be liaising with the incoming auditors as part of this transition.

Audit of the 2015/16 financial statements

Audit opinion	<ul style="list-style-type: none"> We have completed our audit of the council and its group and the three Common Good and four charitable trusts administered by the council and issued unqualified independent auditor's reports.
Going concern	<ul style="list-style-type: none"> The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis.
Other information	<ul style="list-style-type: none"> We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
Group accounts	<ul style="list-style-type: none"> Renfrewshire Council has accounted for the financial results of two subsidiaries and three associates in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £44.3 million.
Whole of government accounts	<ul style="list-style-type: none"> The council plans to submit a consolidation pack for audit by 16 September (deadline 26 August). This will be audited and the certified return submitted to the NAO.

Submission of financial statements for audit

10. We received the unaudited financial statements on 22 June 2016, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.
11. In 2015/16, for the first time, local government group accounts are required to include the financial results of Integration Joint Boards (IJBs) in their area, where material. The Renfrewshire IJB was established on 27 June 2015 but did not become operational until 1 April 2016. The amounts concerned in 2015/16 have been consolidated into the group accounts.

Overview of the scope of the audit of the financial statements

12. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit, Scrutiny and Petitions Board on 25 April 2016.
13. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

14. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.
15. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

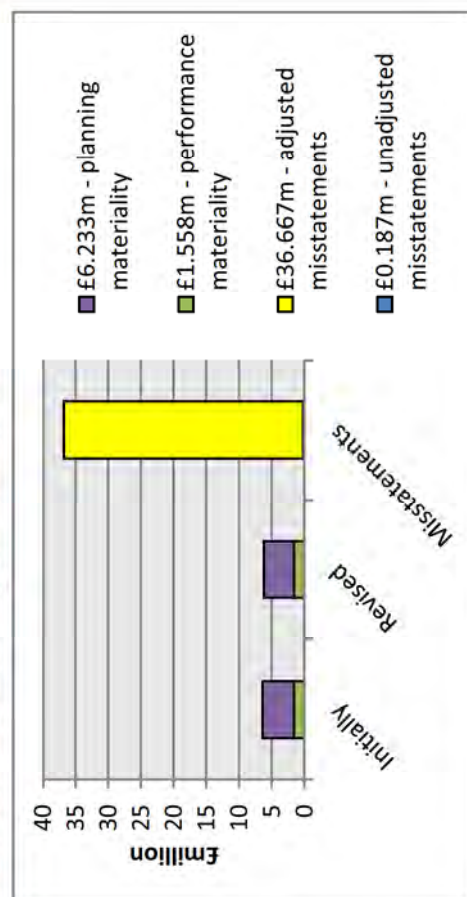
16. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
17. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial

statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

18. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of Renfrewshire Council we set our planning materiality for 2015/16 at £6.233 million (1% of gross expenditure). We report all misstatements greater than £100,000, performance materiality was calculated at £1.558 million to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.

19. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Exhibit 1: Overall materiality misstatements



Materiality in the charitable trusts

20. We also set separate materiality in the audit of the charities' financial statements. Planning materiality for the Renfrewshire Council Trust Funds is £6,730, with performance materiality of £3,365. The Renfrewshire Council Common Good Funds have a planning materiality of £321,000 and performance materiality of £289,000, based on net assets. In the Common Good Fund we also set a separate performance materiality for incoming/outgoing resources of £94,000.

Evaluation of misstatements

21. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.
22. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. These adjustments do not impact the usable reserves nor on the surplus shown on the Comprehensive Income and Expenditure Statements. These adjustments include:
 - Correction to the valuation of council houses (£34.7 million – Paragraph 27).
 - Adjustment of balance with Renfrew Leisure Ltd (£1.362 million– Paragraph 28).

Significant findings from the audit

- Re-classification of debtors between short and long term (£0.6 million – Paragraph 29).
23. There was also one misstatement that finance officers decided not to adjust in the financial statements. If this had been adjusted for it would have increased income by £0.187 million with a similar increase in the net asset position (refer to paragraph 30). We requested that all errors be corrected, although the final decision on this matter rests with those charged with governance taking into account advice from officers.
24. The total adjustments exceeded our overall performance materiality level of £1.558 million and we considered the need to undertake further audit testing. We consider that the issues noted below are isolated and do not indicate that further systematic errors exist within the account areas or more pervasively within the financial statements. We considered the impact of these misstatements on our audit approach and decided that further audit procedures were not required.

25. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
 - Significant difficulties encountered during the audit.
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
 - Written representations requested by the auditor.
 - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
26. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

Council House Valuation

27. Council dwellings are revalued each year by using a Beacon Principle (adjusted vacant possession) methodology in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance. The valuation process involves using figures from Register of Scotland publications which examines housing market changes for the local area and also local housing allowances. Errors were identified in the information used to complete the valuation which led to an increase in valuation of £34.7m. The accounts have been corrected.

Significant findings from the audit in accordance with ISA260

Trade Receivables

28. We noted as part of our work on inter-related balances that Renfrewshire Leisure Limited was held as a debtor with the council at the year end. Discussion with officers identified this as an error, as the final service level agreement payment of £1.4m had been incorrectly classified. This resulted in a decrease in short term debtors of £0.8m, a decrease in short term creditors of £1.4m and an increase in short term borrowing of £0.6m. These adjustments have been made in the audited financial statements.

Reclassification of debtors

29. As part of our trade receivables testing we tested a number of debtor balances to ensure that they had been correctly classified. Our testing identified one classification error relating to income due for the sale of land. This resulted in a reclassification adjustment of £0.6m between short and long term debtors within the balance sheet in the audited financial statements.

Event after the balance sheet date

30. During the year the council was involved in a contractual legal dispute with a supplier. The outcome of the case was settled in May 2016, after the year end, and the result was that the council was owed income of £0.187m which was subsequently received in June. We would consider this to be an adjusting post balance sheet event per IAS10 and as such that the council should recognise this income in year. This error has not been adjusted in the financial statements after discussion with officers and is below our materiality levels.

Management Commentary

31. In 2014 the Scottish Government provided guidance on the content of the management commentary which should allow entities to prepare clear and concise narrative reports that facilitate fair, balanced and understandable reporting. A number of amendments have

Significant findings from the audit in accordance with ISA260

been made to the audited management commentary to provide further clarity and understanding to the users of the accounts. Examples of these include providing more detail in relation to reserve movements, revising the format of the summary of outturn position table and making minor revisions to the key financial ratios.

Appendix IV – Action Plan No.1

Findings from the audit of the Common Good and Trust Funds

Renfrewshire Council Trust Funds

32. The year-end balances of the Trust Funds are made up of £30,657 cash balances across the three funds: Paisley Burgh Citizens Fund £344, Renfrew Burgh Citizens Fund £5,426 and Renfrewshire Council Citizens Fund £24,887. At recent spending levels the funds will be fully distributed in the next few years and we recommend that these trusts are reviewed to ensure either sustainability or winding-up.

Appendix IV – Action Plan No.2

Future accounting and auditing developments

Health and social care integration

33. From 1 April 2016 IJBs will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom. Where material the financial results of the local IJBs will need to be reflected in the council's group accounts in 2016/17. The council will need to include the IJB in its plans for the preparation and audit of the 2016/17 comprehensive net expenditure, group accounts and annual governance statement.

Highways network assets

34. From 2016/17 local authorities will be disclosing Highways Network Asset (HNA) as a new category within the long-term assets section of the balance sheet. This change will see a significant change in balance sheet valuation. During the year we reviewed the council's arrangements in place and noted that the council have been working with SCOTS to develop an inventory of roads infrastructure assets based on sample measurements and condition surveys.
35. From discussion with officers we confirmed that roads are already measured using recommended practice within the council's asset

Appendix IV – Action Plan No.1

management system and therefore there are no plans to change measurement techniques and also that WDM (Roads assessment surveyor) provide road condition reports which provides information on carriageway lifespans.

36. The council has a working group, consisting of finance staff and operational engineers, in place which is progressing the monitoring and management of a roads asset management plan and also working towards ensuring financial procedures will be in place for inclusion of HNA within the 2016/17 annual accounts.

Appendix IV – Action Plan No.1

Code of Audit Practice

37. A new Code of Audit Practice will apply to all audits from financial year 2016/17. There will be a focus on four areas:

- Financial sustainability.
- Financial management.
- Governance and transparency.
- Value for money.

38. Our audit responsibilities have been extend to cover specific risks over grants and welfare payments as well as income and significant outputs, such as the annual audit plan, will be published on Audit Scotland's website.

Financial sustainability



Overall the council reported an accounting surplus of £4 million, with non-HRA services (£19 million) offsetting a deficit on HRA (-£15 million). However regulatory adjustments to the accounting basis mean that the overall increase in usable reserves was £36 million.

2015/16 financial outturn

39. The management commentary states that the outturn position is a surplus of £2.5 million against a budget of £0.6 million on the general fund. Taken together with the outturn on the Housing Revenue Account Balance (a deficit of £0.4 million), the total surplus of £2.118 million is achieved after transferring £33.8 million to capital reserves. Prior to this transfer the surplus was £35.9 million (10% of net cost of services), compared to £11.8 million last year (3%).

Exhibit 2: elements of the financial outturn (£million)

	2015/16	2014/15
Net cost of services (CNES)	(365.438)	(372.028)
Gains, financing, investment income	29.421	30.174
Taxation, grants (CNES)	398.857	393.069
Service Surplus/ (deficit)	3.998	(9.133)
Statutory adjustments to GF (MIRS)	31.904	20.922
Surplus before transfer to reserves	35.902	11.789
Transfer to reserves (MIRS)	(33.784)	(6.460)
Surplus after transfers	2.118	5.329

40. The increase in surplus/ reserve transfer from last year is due to three main factors:

- Reduction in service outturns (£6.6 million) (CIES).
- Increases in revenue grant and non-domestic rates from SG (£3.6million) (Note 10).
- Reduced charges to services for debt (£15.9 million) (Note 7).

41. The transfer to the investment capital fund of £30.78 million was identified to council in the report on the unaudited financial statements on 22 June 2016. This build-up of reserve is significant and anticipates tighter financial settlements going forward, enabling the council to review its future borrowing and debt smoothing strategy over the medium to longer term.

42. The council was able to provide the funding to the capital investments fund mainly through revision to the debt smoothing strategy meaning a reduction of loans fund repayments payable to services of £22 million, and also reductions in loans fund interest due of £3.4 million and CFCR of £2.9 million.

43. The basis of reporting the budget and outturn position for services differs from that reported in the Comprehensive Net Expenditure Statement (Note 8 identifies the differences). Reporting to services excludes pensions and depreciation charges for example.

44. The outturn of general services is broadly in line with budget expectations. A review of financial monitoring reports provided to members during the year identified an anticipated underspend of around £1.2 million from November 2015 due to several small departmental underspends. This increased to £1.8 million at the

year end and was combined with the budgeted contribution to reserves of £3.5 million leading to an actual surplus of £5.4 million.

45. Service underspends were recorded in Children's services (£313,000), Miscellaneous services (£615,000) and an over recovery of council tax income of £540,000.

Housing revenue account

46. The council is required by legislation to maintain a separate Housing Revenue Account (HRA) and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore based on the budget set for the year. The income requirement for the HRA in 2015/16 was set at £52 million and was to be funded mainly from council house rents. This resulted in a rent increase of 3.5%: an increase in the average weekly rent from £71.18 to £73.67.

47. The councils rent arrears in 2015/16 were £2.2 million, a decrease of 14% from 2014/15 (£2.6 million). Our review noted that the level of provision for bad debts under 12 months had increased.

Officers informed us that this was due to the uncertainties surrounding welfare reform and that the council would continue to monitor its level of provision applied during the roll out of universal credit.

48. In 2015/16, the council recorded an accounting deficit on HRA services of £15 million. However after applying statutory accounting adjustments there was an increase of £2.7 million on

the HRA balance (within the general fund) prior to a transfer of £3.1 million to the housing capital fund.

Financial position

49. The financial statements show that:

- Renfrewshire Council has net assets of £851 million a increase of £212 million from last year, mainly attributable to:
 - The reduction in the pension net liability based on an increase in the applied discount factor to liabilities (increased from 3.2% to 3.5%).
 - An increase in short term investments (+£42 million).
- The council incurred positive net cash flows from operations (£78 million).
- There is an excess of current assets over current liabilities (and this has improved from last year).

Going concern

50. The council has tax raising powers and we are not aware of any significant change in government policy that might affect the continued provision of services. We concur with management's view that the going concern assumption remains appropriate.

Financial sustainability

51. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.
52. In assessing financial sustainability we are concerned with whether:
- there is an adequate level of reserves
 - spending is being balanced with income in the short term
 - long term financial pressures are understood and planned for
 - investment in services and assets is effective.

Reserves

53. The overall level of usable reserves held by the council increased by £36 million during 2015/16 to £142 million ([Exhibit 3](#)). The general fund balance includes ring-fenced elements totalling £54 million. This includes the Waste Management Strategy Fund (£7 million), Paisley Town Centre Heritage Asset Strategy Fund (£8 million), Service Modernisation and Reform Fund (£6 million) and Tackling Poverty Fund (£4 million).

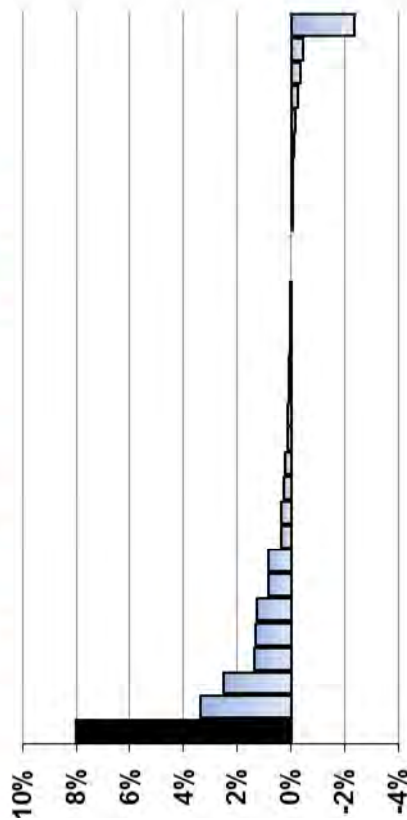
Exhibit 3: Usable reserves

Description	31 March 2016 £ million	31 March 2015 £ million
General fund	61.378	58.854
Housing revenue reserve	10.239	10.645
Revenue Statutory Funds	2.855	2.853
Capital Receipts Reserve	4.116	3.760
Capital Statutory Funds	62.788	29.006
Total usable reserves	141.376	105.118

Source: Renfrewshire Council 2015/16 financial statements

54. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows. The unallocated balance of £7 million represents 1.9% of the net cost of services (2014/15: 2.1%). This position satisfies the council's policy to maintain uncommitted reserves at a minimum of £7 million.
55. The main increase in reserves in 2015/16 is due to the £34 million transfer from the general fund and housing revenue account to the capital statutory funds. This transfer is significantly higher than the movement in capital reserves for any other mainland council.

Exhibit 4: Movement in usable capital reserves as a % of net revenue including rents (Renfrewshire highlighted)



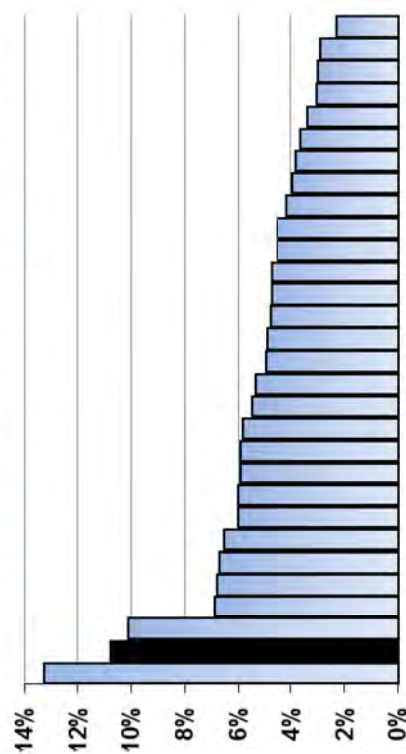
Source: 2015/16 unaudited financial statements (mainland councils)

56. Discussions with officers have confirmed that this is part of the council's intention to review its future financial and debt smoothing strategy and will provide capital financing for major capital investment projects over the next few years.

57. The council's debt smoothing strategy accelerates the repayments made by services in the short to medium term. However the effect of this was reduced in 2015/16 by £16 million (from £37.7 million to £21.8 million). Despite this reduction, [Exhibit 3](#) demonstrates that the council still applies a relatively high proportion for external debt repayment.

58. The effect of this policy is that funds are made available for capital financing/external debt repayment and reserves are established to defray future expenditure, but that in the short term expenditure on services are reduced.

Exhibit 5: Statutory provision for repayment of debt as a % of net revenue including rents (Renfrewshire highlighted)



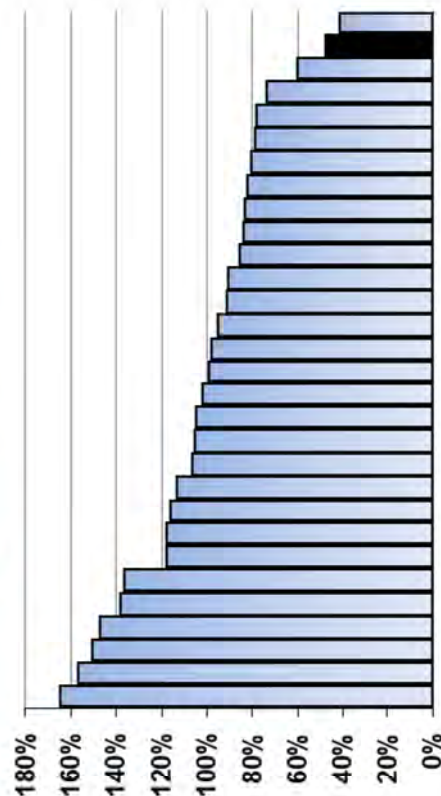
Source: 2015/16 unaudited financial statements (mainland councils)

Borrowing

59. At 31 March 2016 total borrowing was £229 million, a decrease of £7 million on the 2015 borrowing level of £236 million. Analysing long term borrowing as a proportion of net revenue stream gives an indication of the relative indebtedness of the council. The

following exhibit shows that the council has relatively low levels of borrowing and external debt.

Exhibit 6: Net external debt as a % of net revenue including rents (Renfrewshire highlighted)



Source: 2015/16 unaudited financial statements (Mainland councils)

Historic accounting deficit

60. The council reported a £4 million accounting surplus for 2015/16. This is in contrast with accounting deficits of £9 million and £14 million in 2014/15 and 2013/14.

Resource Management

Council transformation/efficiency strategy

61. The council plans to make a number of significant savings through the use of the better council change programme which was devised to address budget deficit gaps. The change programme has centred on the following key areas in recent years:
 - debt smoothing strategy
 - the reconfiguration of 'back office' services
 - the introduction of a new consolidated support service model
 - a review of environmental and waste management services
 - investment in the early intervention and prevention agenda for children and adults to reduce cost pressures for the council.
62. The council is currently implementing phase 2 of the savings programme which involves the implementation of the new ERP (enterprise resource planning) system. The implementation of the ERP system involves implementation of a suite of fully integrated finance, payroll and procurement software applications which automate and streamline administrative processes. This project involves a one off implementation cost of £3 – 4 million however is expected to achieve recurring savings of around £2 million per annum for a 3-5 year period.
63. Other savings plans include the new council website which was launched in March 2016 and the online customer portal (My

Account) which was also launched in March. The new website involved redesigning the structure and content of the council's website to make it more appealing to customers wishing to use web services as a means of interacting with the council whilst the online customer portal allows online payment for a number of council services (for e.g. council tax payments).

Capital programme 2015/16

64. The council approved its general services and housing capital programme for 2015/16 in February 2015. There has been a significant underspend in the capital programme in 2015/16 of £19 million. This includes re-profiling of capital projects of £11.5 million and slippage of £8 million. Actual spend was £34 million (general services) and £13.5 million (housing).

65. The general services' programme was concentrated on the new build, refurbishment and repair of schools, infrastructure and flood prevention measures and the lifecycle maintenance programme. The housing programme focused on "major component replacement".

Asset management

66. The 2015-18 corporate asset strategy was issued to the Planning and Property Policy Board in August 2015. The asset strategy links to the themes in the council plan and capital budgets agreed for the three year period. The council has revised the corporate landlord operating model relating to building management and maintenance and adopted an integrated approach for hard and

soft Facilities Management (FM) under the Director of Community Resources from 1 April 2015. An action plan is now in place within the strategy for the key strategic actions to be completed by 2018.

Workforce Management

67. The Organisational Development strategy 2016-19 was approved by the Council's Leadership Board in December 2015 and outlined key priorities aligned to the council's strategic outcomes. A key priority is to develop and improve the councils approach to workforce planning and people development. An Organisational Development Strategy progress report was presented to the Corporate Management Team in April 2016. The report discussed a more detailed approach to develop management and leadership skills in the context of workforce planning.

68. The Organisational Development Strategy focuses on managing change effectively, through a more flexible workforce and potential changes to roles, teams, working patterns and delivery partners.

69. A total of 14 exit packages were approved in 2015/16. We have reviewed these exit packages and concluded that the authorisation and best value assessment were completed appropriately and accounts disclosures were accurately recorded.

70. This brings the total exit packages approved since 2010/11 to 1,150 with total costs of £73 million. The total upfront costs were £18 million (25%) for amounts paid to individuals, £23 million (31%) to the pension fund (for strain-on-the-fund costs). The remaining £32 million (44%) is for the estimated capitalised cost of

added years; the cumulative effect of the council paying an additional pension amount until someone dies. The costs reflect the scale of change delivered across the council.

Conclusion on financial sustainability

71. The council has a strong level of reserves, low levels of external borrowing and is containing its expenditure within annual budgets. Overall we conclude that the current financial position is strong, although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels.

2016/17 financial outlook

Financial planning

72. In June 2014, Audit Scotland reported on [Scotland's public](#)

[finance](#) and the significant financial challenges ahead. The report identified that public bodies "face increasingly difficult choices in reducing spending while maintaining service standards and meeting rising demand". The report identified that financial planning improvements were required by public bodies and contained key recommendations.



73. In the [local government overview report](#)

published in March 2016, Audit Scotland set out some key questions which provide a framework for our assessment of the financial planning in Renfrewshire Council which is outlined in the following table.



Table 2: Assessing financial planning

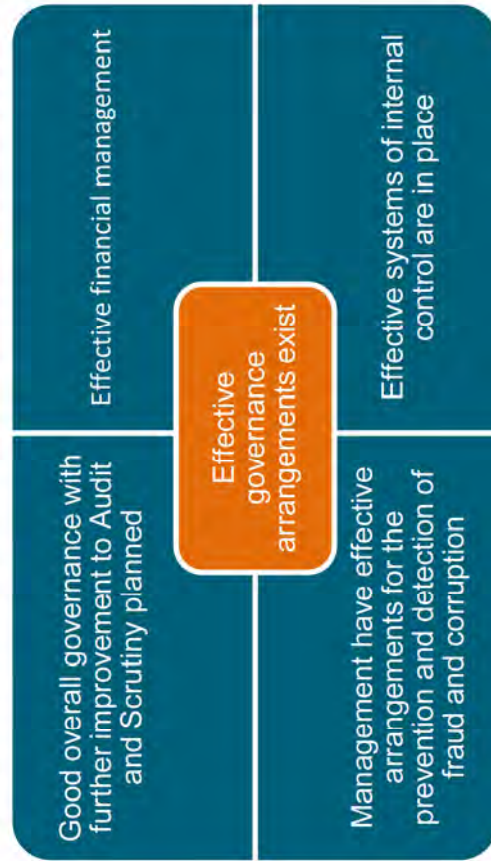
How fully do our financial plans identify estimated differences between income and expenditure (budget shortfall)?	
74.	In March 2016 members approved a balanced budget of £382 million for 2016/17. The budget reflects a 3.4% reduction in funding from the Scottish Government and incorporates savings of £6.8 million delivered from the Better Council Change programme and £2.5 million from other corporate savings. The budget reflects council plan priorities on investment in priority areas, principally economic and cultural regeneration, jobs and tackling poverty.
75.	The latest financial monitoring report up to the end of June 2016, to the Finance and Resources Policy Board is currently reporting a breakeven position for the council, indicating that the planned savings are being delivered.
76.	The 2016/17 budget paper explained that the anticipated position through to 2017/18 will continue to be challenging and after the expected savings from debt-smoothing and Better Council Change Programme there is an estimated budget gap of between £1 and £6 million, which is principally dependent on grant settlement and pay award, after taking account of savings activities. The Head of Finance is currently carrying out scenario planning on these factors.
77.	A more detailed three-year financial plan is also being prepared for members for the end of September. It will include scenario plans covering key variables of grant levels and pay awards; key pressures like back-log maintenance and long-term horizon scanning and the on-going level of uncertainty.
What options do we have to address this budget shortfall for example redesign services or use reserves? How big is the remaining funding gap after we implement our selected options? What actions are we taking to close any remaining funding gap?	
78.	As noted above, the 2016/17 savings activities are on track to deliver a balanced budget. For 2017/18, there remains a funding gap of between £1 million and £6 million and the position for 2017/18 will be developed as part of the update to members at the end of September. The Better Council Change programme continues into phase two with a range of projects as noted above. In June 2016 members were updated that officers are now looking themes for the next phase from 2018 where further redesign of services is anticipated. As part of this, the longer-term viability of the voluntary severance package is being reviewed.

Do we have a long-term financial strategy covering at least five years that accounts for future pressures? Is our five-year strategy supported by detailed financial plans covering a minimum period of three years? How well do our financial plans set out the implications of different levels of income spending and activity? How does our financial strategy link to our vision for the future?

79. Renfrewshire Council publishes financial outlook papers annually highlighting key messages from Scottish Government financial settlement and estimated savings gaps, for example in December 2013 members were provided with financial outlook 2014/15 to 2017/18. They have determined principles for financial planning, for example extensive use of ear-marked reserves as a mechanism to support medium-term financial planning. The strategy is being currently being reviewed and updated. The papers include high-level messages rather than detailed financial plans.
80. The council has been examining various scenarios as part of a 30-year financial planning exercise of the Housing Revenue Account. This has included assumptions for:
- Additional housing investment
 - Bad debt provision
 - Inflationary pressures on costs
 - Rent increases

Appendix IV - Action Plan No. 3

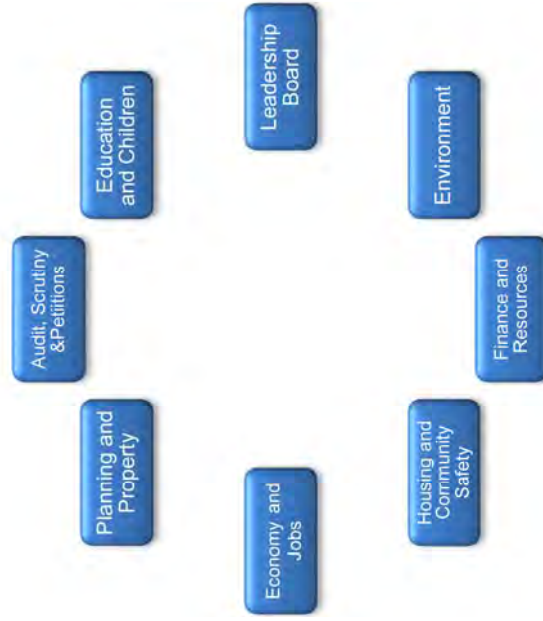
Governance and transparency



81. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.
82. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources.

Corporate governance

83. The council is supported by a number of standing boards, see below:



84. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The local code is subject to annual review by officers and presented to the Audit, Scrutiny and Petitions Board in March.
85. Subject to the issue below, we conclude that the council has effective overarching and supporting governance arrangements

which provide an appropriate framework for organisational decision-making.

86. There have been a small number of changes to reporting arrangements during 2015/16 with Renfrewshire Leisure now to be reported through the leadership board and adult services now reported via Renfrewshire integrated Joint Board

87. The Convener of the Audit, Scrutiny and Petitions Board is currently a member of the administration of the council, while the Deputy Convener is an opposition member. This arrangement has been in place for some time, including the previous administration. This practice is unusual within Scotland, with most conveners of audit committees being drawn from the opposition. As noted in previous reports the council will review its arrangements on the chairing of this committee as the council plans for the outcome of local government elections in 2017.

Appendix IV - Action Plan No. 4

88. From attendance at this committee we continue to note that the majority of discussion and questions from members relate to the petitions presented to the Board rather than audit and scrutiny related issues.

Financial management arrangements

89. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the proper officer has sufficient status within the council to be able to deliver good financial management
- financial regulations are comprehensive, current and promoted within the council
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- members provide a good level of challenge and question budget holders on significant variances.

90. We assessed the role and status of the proper officer against CIPFA's "Statement on the role of the Chief Financial Officer in Local Government" and concluded that the council complies with the statement's five principles.

91. We reviewed the council's financial regulations, which are revised annually, and concluded that they are comprehensive and current. The council's financial regulations are available on the council's website.

92. Financial monitoring reports (both revenue and capital) are submitted to the policy boards at each meeting. Reports are well laid out and explanations for variances are provided. The council reported a breakeven position during the first six months of the financial year and then forecasted a £1.2 million underspend from November 2015 onwards.

93. As auditors we attend a number of council and committee meetings each year. Members provide reasonable challenge and question budget holders on significant variances and service performance issues.
94. We are satisfied that the council has demonstrated effective financial management in the current year.

Internal financial control

95. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.
96. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. However our main findings from the work performed include:
- There is an inconsistent approach over the physical verification of assets within different departments and for different asset types. A formal procedure should be introduced to ensure consistency across services.
 - Debt write offs for those individual debts under £10k are authorised by the Director of Finance and Resources on an annual basis, however there was a delay in the authorisation of housing rents write-offs in 2015/16 and only provided in

September 2016. Officers have confirmed that this write-off authorisation process will now be completed on a quarterly basis.

- Internal audit reported that the majority of invoices tested for approval were authorised correctly. As some invoices were incorrectly authorised, we therefore extended substantive testing and the results were satisfactory.

Internal audit

97. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
98. Our review of internal audit concluded that internal audit operates in accordance with Public Sector Internal Audit Standards and has sound documentation and reporting procedures in place.
99. The Chief Auditor reported in her 2015/16 report that the 2015-16 Internal Audit Plan was 95% complete with the remaining work now finalised.
100. Formal reliance on the work of internal audit 2015/16 was placed on:
- Non Domestic Rates

Arrangements for the prevention and detection of fraud

- Payment authorisation.
- 101.** The annual internal audit report was issued in June 2016 and we note that reasonable assurance was provided over the adequacy and effectiveness of the council's internal control, risk management and governance arrangements. The appendix to the annual report identifies a small number of audits where the level of assurance provided by internal audit was limited, including self directed payments and building security arrangements and the reasons for the limited assurance include delays in the approval of care packages and financial reviews of client payments, and a lack of clear roles and responsibilities within building security services in the council. These areas are noted in the Annual Governance Statement

ICT audit

- 102.** During the year we completed a review of the council's arrangements in response to a potential cyberattack. Our assessment showed that the arrangements and controls in place were robust. The corporate risk register has been updated to include cyber attacks as a high level risk.
- 103.** The departmental Major Incident Plan is under development and will shortly be submitted to management for approval.

- 104.** The arrangements for preventing and detecting fraud are appropriate, based on the existence of appropriate policies, results of NFI matches and the local follow up arrangements.
- 105.** We conclude that the council had adequate arrangements in place.
- 106.** NFI progress reports are regularly given to the Audit, Scrutiny and Petitions Board and also the senior management team. From a review of the NFI database, the council's response to cases appeared reasonable and the majority of cases have now been closed off or have identified a fraud/error. In most outcomes where fraud has been identified, the Council's Debt Recovery team are pursuing repayments for any overpayment. The Council are also issuing warning letters, cautions or penalties as they see fit. We have no concerns over the Councils response to outcomes.
- 107.** During the last NFI exercise 1870 matches were processed, with 996 being cleared. There were a total of 870 frauds and 4 errors resulting in a recoverable total of £750,000.
- 108.** Responsibility for benefit fraud investigation remained with internal audit until 1 March 2016, when it transferred to the Department for Work and Pensions Single Fraud Investigation Service (SFIS). Following this the Director of Finance and Resources agreed to retain a corporate counter fraud resource within the Internal Audit Team. The aim of the team is to investigate non-benefit fraud such

as tenancy fraud and other corporate fraud, as well as being the Council's single point of contact with the DWP for all enquiries/information they require from the Council to enable them to undertake housing benefit investigations. A business plan has been prepared and agreed with the Director of Finance and Resources.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

109. The arrangements for the prevention and detection of corruption in Renfrewshire Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

110. During the year a councillor was reported to the Commissioner for Ethical Standards in Public Life in Scotland (the Commissioner) for an alleged breach of the councillors' code of conduct relating to conduct at meetings. The hearing is due to be held in October 2016.

Transparency

111. Overall we concluded that the council is open and transparent although we have encouraged improvements in the balance and transparency of reporting of the financial position in this year's management commentary. This includes making the original revenue estimate clear from revised budgets during the year; ensuring that the outturn position is reconcilable to the statutory

general fund position in the financial statements and asking for additional disclosures of transfers to reserves.

112. At Renfrewshire Council meetings of the full council are held in public with papers available from the council website. Full Council meetings are filmed for live or subsequent broadcast via the council's internet site.

113. There are some papers that are taken privately but these include either personnel or commercially sensitive information and we do not see over excessive exclusion of press and public.

114. All elected members registers of interest are available from the council website. Senior officers have up to date registers but these are not available on the website, however officers have informed us that this information will be published in the near future. We also consider that the register should be extended to other staff within the council where appropriate.

Appendix IV – Action Plan No.5

Freedom of Information requests

115. The council responded to 98.7% of freedom of information requests within statutory timescales as at March 2015 and this fell slightly to 94.6% in March 2016. In addition, from 2014/15 to 2015/16 the council saw a 29% increase in the number of requests received.

116. Internal audit completed a review of FOI arrangements in 2015/16 and found that satisfactory arrangements are in place for

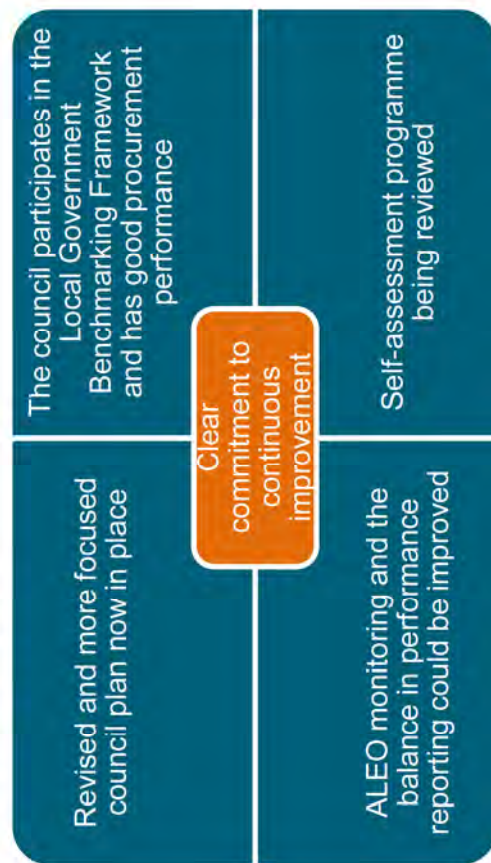
responding to Freedom of Information requests. Some recommendations were made including appointing FOI Coordinators and determining a timescale for completion of improvements to the FOI database, which could increase the amount of information in the council's publication scheme and reduce the number of FOI requests to be answered.

Audit Scotland and will be reported to the Partnership Board in a separate Annual Audit Report for 2015/16 by 30 September 2016.

Integration of health and social care

117. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.
118. The integration scheme for the Partnership was submitted to the Scottish Government by the Council on 16 March 2015. Further revisions were required and the scheme received Cabinet Minister approval and subsequent legal establishment of the Partnership on 27th June 2015. Health and social care functions were not formally delegated to the IJB until 1 April 2016 and 2015/16 was therefore a shadow year.
119. The Board first met on 18 September 2015 and approved the appointment of the Chief Officer and Chief Finance Officer and the Partnership Board membership and scheme. The Strategic Plan was approved and functions and budgets were delegated to the Partnership.
120. The Partnership has produced financial statements for 2015/16 covering the period to 31 March 2016 which have been audited by

Best Value



121. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Local scrutiny plan

122. The Local Area Network (LAN) of scrutiny partners published the 2016/17 Local Scrutiny Plan in April 2016. This was presented to the Audit, Scrutiny and Petitions Board on 25 April 2016. No scrutiny risks were identified that required additional scrutiny by

the LAN in 2015/16. The council continues to demonstrate a commitment to continuous improvement

123. One of the main reports published by partners was a joint inspection of children's services. At the request of the Renfrewshire Community Planning Partnership (CPP), the Care Inspectorate led a joint inspection of children's services. It differed from previous joint inspections of services to protect children in that it focused on the role of the wider CPP and not just Renfrewshire Council's Child Protection Committee.
124. The report, published in December 2015, commended the work of partners. The inspection measured progress against nine quality indicators. Renfrewshire Council received six 'very good', two 'good' and one 'adequate' grade, which the report described as a very positive result given the scale of inspection.

Self-assessment

125. Over the past few years the council has used a range of tools for self-assessment including Audit Scotland best value toolkits and more recently the Public Service Improvement Framework. A second cycle was completed in 2014 with a third planned for 2016. However, due to the level of restructuring across corporate services (ICT, policy and commissioning, finance), wider policy changes (community empowerment, health and social care integration) and work on key priorities (UK City of Culture Bid, Tackling Poverty, City Deal) no self-assessment exercises were completed in 2015/16.

126. In September 2016, the corporate management team considered arrangements for a long-term self-assessment programme and this will be taken to members for approval later in 2016.

Appendix IV - Action Plan No.6

Procurement

127. Between 2009 and 2014 Scotland Excel carried out procurement capability assessments (PCA) across local authorities to measure performance in a common format. In December 2014, Scotland Excel scored Renfrewshire Council as providing superior performance under its procurement capability assessment at 83%, which was the highest in Scotland; the average was 62%.

128. In 2016 a national working group involving Scotland Excel, other centres of expertise and Scottish Government developed a replacement for the PCA, which is the procurement commercial improvement programme (PCIP); it continues to focus on driving improvement and encouraging the sharing of good practices.

129. The council took part in the 2016 assessments and Scotland Excel reported good performance. The council were given a score of 83% for this year, which places them in the top section.

Following the public pound

Delivering through partnership

130. Increasingly councils deliver services through partnership and arms' length external organisations. Strong governance

arrangements, including regular and proportionate monitoring are key for effective management of public funds.

131. Renfrewshire Council has two significant developments in this area: the Glasgow and Clyde Valley City Deal and transfer of expanded services to Renfrewshire Leisure Ltd (a trust).

132. For City Deal, last year we noted that approval and reporting was to the Leadership Board. In December 2015 members approved the Airport Access strategic business case but to date there have been no monitoring reports.

133. For Renfrewshire Leisure, the transfer of the management and delivery of cultural and leisure services from the council took place over two phases: 1 July 2015 and 1 December 2015. Members approved that performance of Renfrewshire Leisure would now be monitored by the Leadership Board. Council monitoring is undertaken by the Leadership Board via the Head of Strategic Planning & Policy Development, who is not part of Renfrewshire Leisure's board. This is good practice.

134. However, to date we have only seen one report to the Leadership Board, in March 2016, which was not in the public domain.

135. The council advise that a financial monitoring report for City Deal and Renfrewshire Leisure will go to the Leadership Board in September and the first six-monthly monitoring report on Renfrewshire Leisure is due to go to the Leadership Board in November 2016.

Appendix IV - Action Plan No.7

Tackling Poverty

136. The updated council plan has a specific priority “*Reducing the level and impact of poverty*” and £6 million is being invested across a range of over 50 projects. In September 2015, the council approved a Tackling Poverty Strategy and at each meeting of the Leadership Board members have been provided with updates of different aspects of the programme. In June 2016, a one-year progress report was presented to members.

Performance management

137. The council has a well-established performance framework in place where service improvement plans (SIPs) are based on the council plan and incorporate performance outcomes. SIP scorecards continue to be reported to relevant policy board every six months. The council uses a performance management system to monitor progress against actions.

138. In December 2015, members approved an updated council plan. The previous council plan (December 2013) council plan had 170 actions and our 2013/14 report commented that there were no performance measures for all the actions. The updated plan is shorter, more focused on key project e.g. Paisley 2021 City of Culture Bid and includes measures to monitor progress. The measures are part of the SIPs and the corporate management team review progress and performance on a quarterly basis.

139. Our 2014/15 annual report commented that the council plan progress report focused on key positive message and we

considered that the overall balance of reporting could be improved. This year the mid-year update to the Leadership Board in June 2016 again focused on key achievements. A full update of progress (including actual versus target performance measures) on the revised council plan is due to go to the Leadership Board in December 2016.

Housing and council tax benefits performance

140. In June 2015 we completed a follow-up review on our 2012 audit of housing and council tax benefits which found that the council had made commendable progress in addressing risks raised in our report with 23 risks actioned and only 1 outstanding. Our report recognised:

- A clear and comprehensive performance management regime and regular reporting of benefit performance to staff, senior management and members.
- Continuous improvement in new-claimant processing performance from an average of 30 days in 2012/13 to 25 days in 2014/15.
- Improvement in the time taken to process changes of circumstances from an average of 13 days (2013/14) to 8 days in 2014/15.

141. The end of year 2015/16 performance statement notes significant improvement in time taken to process appeals (53 days against a target of 60), and the recovery of debt raised (increase to 83.5%), however the processing time for revisions was over the target.

142. As part of the welfare reform update presented to the Finance and Resources policy board it notes that the level of DHP awarded increased slightly by £0.1 million to £1.95 million but the volume of applications dropped by 25%. Payments from the Scottish Welfare Fund remained similar to the previous year at £1.25 million and the volume of claims awarded decreased by just 3%.

Local Government Benchmarking Framework (LGBF)

143. The council participates in the LGBF and the indicators are included in service improvement plans. The 2015/16 data is currently being collected. The validated 2014/15 data was published by the Improvement Service on 29th January 2016 with key messages on Renfrewshire's performance presented to the Audit, Scrutiny and Petitions' Board in February 2016.

144. Key messages from the report included an improved overall position and examples where Renfrewshire Council is in the bottom quartile. Overall, the council improved its rankings from the previous year and is now in the top quartile for fourteen indicators, in comparison to ten last year and reduced the number of indicators in the bottom quartile from ten to seven in 2014/15. Specific examples include:

- teachers sickness absence - ranking improved from 20 to 12
- energy efficient council dwellings – ranking improved from 22 to 14

- percentage of adults satisfied with leisure facilities: ranking changed from 14 to 6
- proportion of pupils entering positive destinations - performance decreased from 92% to 90.9% and ranking changed from 22 to 28. The reports notes that leavers' destinations would be discussed with schools and individual action plans put in place for each school.

Overview of performance targets in 2015/16

145. SIP outturn reports are provided to the policy boards bi-annually. Some of the reporting deadlines for indicators under the LGBF are not due until November and so the summary position for 2015/16 is not available. However from review of the unaudited SPI return we noted that the council has met 63% of its performance targets.

146. Areas of good or improving performance include:

- The proportion of operational accommodation in satisfactory condition and that is suitable for its current use.
- Percentage of long term care clients receiving intensive home care.
- Percentage of council tax due in the year, collected by the end of the year.

147. Whilst areas for improvement were:

- Street Cleanliness Score - % of areas assessed as clean.
- Carriageway Condition: % of road network considered for treatment

- Current tenant rent arrears as a % of the rent due.

Statutory performance indicators (SPIs)

148. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.

149. For 2015/16 three (SPIs) were prescribed:

- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity.
- SPI 2: covering a range of information relating to service performance.
- SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

150. The council has demonstrated that the process is well planned with instructions issued to those preparing and checking the indicators. Internal audit complete a second review on a sample of PIs. In previous years performance indicators were prepared and reported together but from 2013/14 there are different deadlines, with some information not due until November. Full results will not be available until the early 2016.

151. In 2016 the council launched a new website and the front page clearly shows a link to [Information, Performance and Statistics](#),

where there is summary data on 2016/17 Facts and Figures and 2014/15 SPI information. The site will include more recent monitoring reports, but the latest six-monthly SPI report is from May 2015.

Appendix IV - Action Plan No.8

Local performance audit work

152. During 2015/16 we carried out follow-up audit work to identify the progress the council has made on the recommendations made in Audit Scotland's national performance report *Scotland's Public Sector Workforce* which was published in November 2013. As part of our audit we provided an information return to Audit Scotland which highlighted the following points:

- The organisational development plan was approved by the Leadership Board in December 2015 and therefore is only in its infancy. It will take time for the council to embed its key priorities.
- The council requires to design and implement an approach to succession planning. This is a key priority within the Organisational Development strategy.
- The council recently appointed a workforce planning manager who is now preparing workforce plans for services.

National performance audit reports

153. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the

Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the council. These are outlined in [appendix III](#). The council has processes in place to ensure that all national reports, and the council's position on recommendations, are considered by members.

Equalities

154. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set. The council met this requirement; on 1 April 2015 the Leadership Board reviewed the Equality Outcomes and Mainstreaming Progress report, which updated members on its progress against its 12 equality outcomes, employee information and gender pay gap information.
155. Currently, the Strategic Planning and Policy Development Team is reviewing the equality outcomes, with an update due to the corporate management team later in the year.
156. Overall, we conclude that the council has a clear commitment to best value through continuous improvement.

Appendix I: Significant audit risks

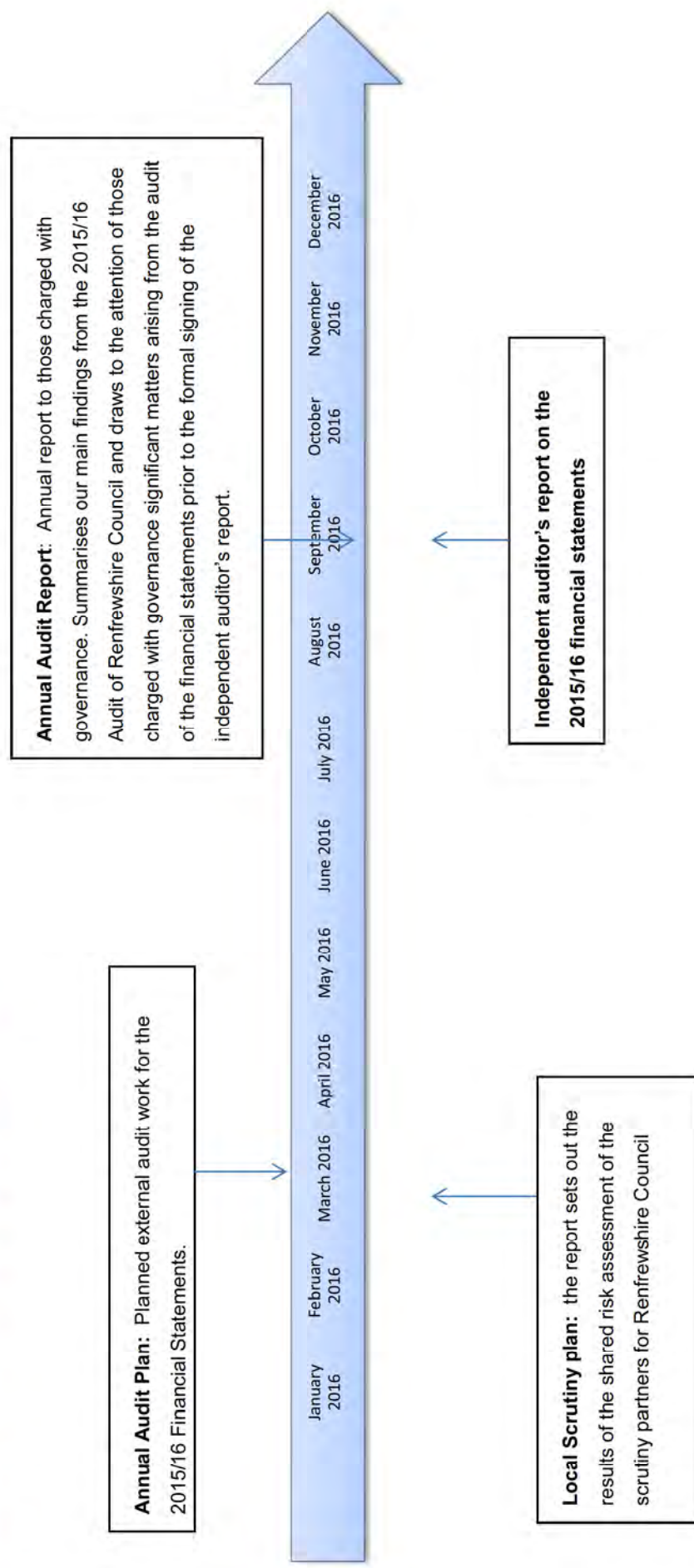
The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk		Assurance procedure	Results and conclusions
Risk of material misstatement			
Pressures on preparing the accounts Due to changes in finance staff preparing aspects of the accounts and others also working on implementing the new ERP system there is a risk the accounts will not be delivered to meet council deadlines, or insufficient working papers be available.		<ul style="list-style-type: none"> Meet with finance staff in March to discuss expectations on working papers and review any revised timetable. Meet with key offices each week during the audit to bring queries to officers' attention early in the audit process. Review the completeness of submissions in the unaudited financial statements 	<ul style="list-style-type: none"> We experienced some delays in receiving supporting documentation during the financial statements process due to the high level of staff involvement with corporate projects (ERP), All documentation was received in time to allow the signing of the financial statements.
Income Renfrewshire Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.		<ul style="list-style-type: none"> We will substantively test revenue streams to ensure that income has been completely and accurately recorded. We will review the results of the internal audit work and assess if additional work required. 	<ul style="list-style-type: none"> We tested income across a variety of income streams including Housing Rents, NDR, council tax income and within various service departments and results were satisfactory. We did not identify any evidence of fraud.

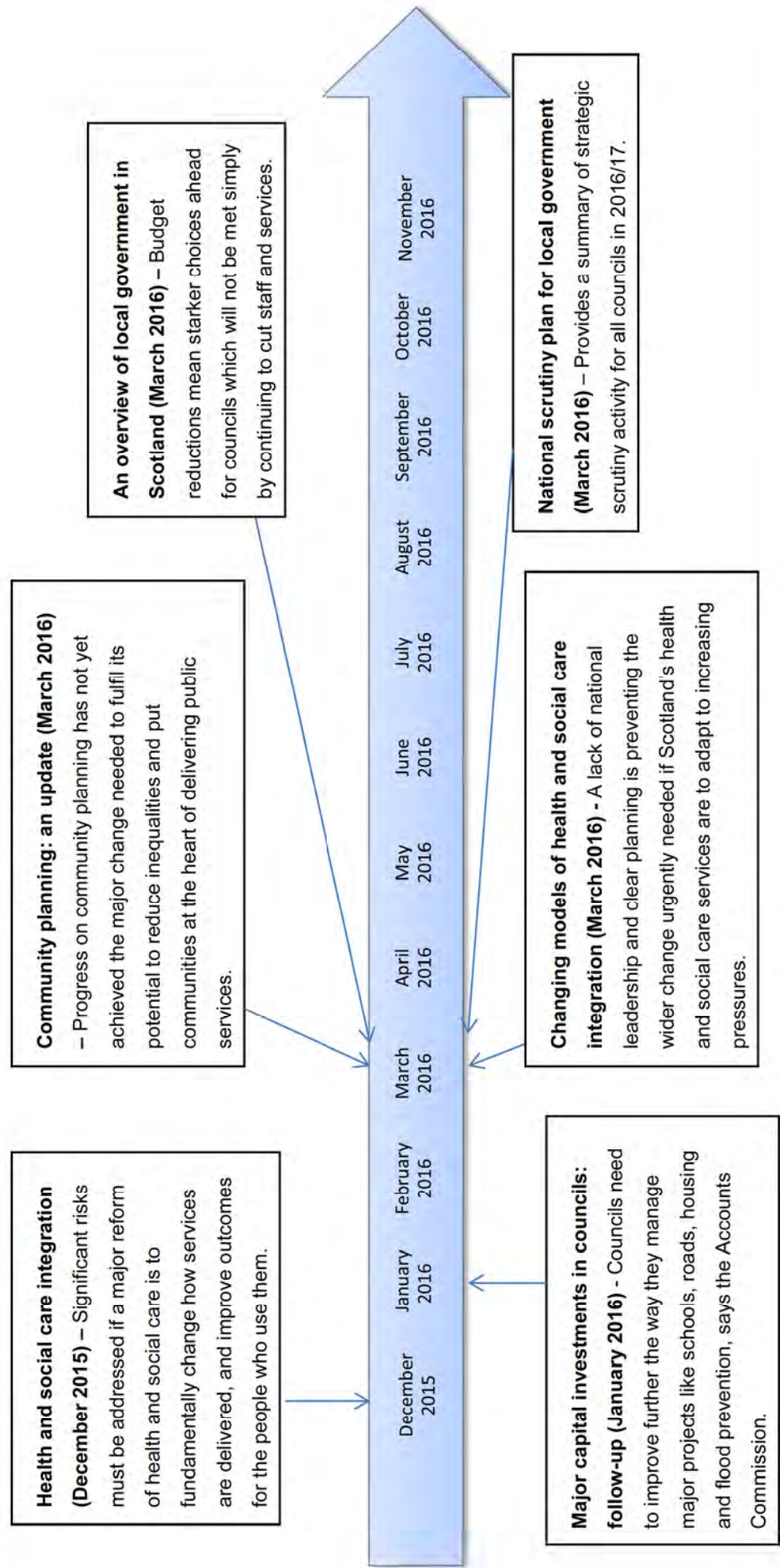
Audit Risk	Assurance procedure	Results and conclusions
		<ul style="list-style-type: none"> Reviewed internal audit's findings on External Funding arrangements; results satisfactory.
<p>Holiday Pay</p> <p>Councils may be liable for 'back-dated' element of holiday pay costs, however there is uncertainty over the potential liability and there is a risk that this may be understated in the financial statements or not adequately disclosed.</p>	<ul style="list-style-type: none"> Discussions to be held with Legal services during the financial statements audit. Assessment of judgements and evaluations made by officers and of the financial liability at 31 March 2016 to ensure completeness and accuracy. 	<ul style="list-style-type: none"> We discussed the position with Head of Corporate Governance. We reviewed the provision in the accounts and assessed that the provision is accurate and complete.
<p>Valuations</p> <p>Land, properties and pensions are subject to annual valuation exercises. There is a risk that any subjective judgement/error in the valuations would have a significant impact on the financial statements.</p>	<ul style="list-style-type: none"> Review the work of the management experts used in these areas to enable us to place reliance on these "management experts" in accordance with ISA 500. 	<ul style="list-style-type: none"> We reviewed the valuation process for Land, properties and pensions and found the process to be robust, with the exception of a significant error in the council house valuation, which has been corrected in the audited financial statements.
<p>Management override of controls</p> <p>As stated in ISA 240, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating</p>	<ul style="list-style-type: none"> Detailed testing of journal entries. Review of accounting estimates for bias. Evaluating significant transactions that are outside the normal course of business. 	<ul style="list-style-type: none"> No unusual or inappropriate transactions were identified as part of detailed testing of journal entries. A review of accounting estimates did not show any instance of bias. No significant transactions outside the

Audit Risk	Assurance procedure	Results and conclusions
effectively.		<p>normal course of council business were identified.</p> <ul style="list-style-type: none"> • Cut-off testing was satisfactory • Our conclusion is that there is no management override of controls at the council.
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>Financial Sustainability</p> <p>Council has approved a balanced budget for 2016/17 and officers currently project a remaining funding gap of up to £6m for 2017/18; however, if savings targets are not met or there are significant changes to assumptions there is a risk to the budgeted position and the ongoing need to deliver savings may have an impact on services and the delivery of strategic priorities.</p>	<ul style="list-style-type: none"> • Review of detailed budget papers. • Ongoing discussion with council officers. • Review of detail of savings planned and the progress/achievement against these. 	<ul style="list-style-type: none"> • Updates on the Better Council Change Programme were provided to members in year noting proposed actions for key savings areas. • We have recommended that longer-term financial planning is developed at the council.

Appendix II: Summary of Renfrewshire Council local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	31, 33, 34	<p>Changes to 2016/17 financial statements</p> <p>We asked for a number of changes to be made to this year's management commentary to assist with the fair and balanced reporting of outturn against budget and to ensure the management commentary agreed to the financial statements. Renfrewshire Integrated Joint Board commences responsibility for its budget on 1 April 2016. This will have an impact on the council's accounts preparation arrangements.</p> <p>From 2016/17 local authorities will be disclosing Highways Network Asset as a new category within the long-term assets section of the Balance Sheet.</p> <p>Recommendation</p> <p>In the context of the changes above and those identified in CIPFAs Understanding Local Authority Financial Statements, we expect that the format, transparency and processes will be reviewed by senior officers as part of the 2016/17 process of preparing the financial statements</p>	<p>The Council has been preparing for the changes brought about by the commencement of the Integrated Joint Board and the network asset infrastructure valuation changes; and will continue to ensure that both accounting code changes and recommendations made by Audit Scotland are appropriately incorporated into the 2016/17 financial statements.</p>	<p>Head of Finance, due date 31 March 2107</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
2.	32	<p>Renfrewshire Council Trust Funds</p> <p>The year-end balances of the Trust Funds are made up of £30,657 cash balances across the three funds. At recent spending levels the funds will be fully distributed in the next few years, just leaving the Coats Observatory being held by its own trust.</p> <p>There is a risk that community groups will no longer be able to access funding they have been used to receiving over a long period of time or that the funds are no longer appropriate and should be wound-up.</p> <p>Recommendation</p> <p>Officers should review the level of funding/disbursement and put in place a plan for the sustainability or closure of funds over the next few years.</p>	<p>The Council agreed when setting up the Trust Funds in 2010 that once the funds transferred to them were exhausted, that the Funds would be wound up. Committed expenditure will continue to be closely monitored and members will be advised when the remaining funds have been fully allocated.</p>	<p>Director of Finance and Resources</p> <p>31 March 2017</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
3	79	<p>Developing longer-term financial planning. Renfrewshire Council currently publishes a 1-year budget and high-level financial forecasts.</p> <p>Recommendation</p> <p>A long term financial strategy (> 5 years) should be developed and supported by detailed plans. The plans should be based on scenario planning to identify the potential budget impact on future decisions.</p>	<p>The Council published a financial outlook report for the period 2014/15 to 2017/18. This report will require updating and this is planned to be available for the Council meeting in September 2016. The report will include information with regards key financial risks the Council will face in the medium term; and will again be supported by a longer term strategy which will include strategic financial principles the Council should consider in seeking to mitigate these risks.</p>	<p>Director of Finance and Corporate Services</p> <p>30 September 2016</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
4	87	<p>Convenor of the Audit, Scrutiny and Petitions Board</p> <p>The convenor of the Audit, Scrutiny and Petitions Board is currently a member of the administration when best practice would be for the convenor to be from the opposition.</p> <p>We recommend that the council review its arrangements on the chairing of this committee as the council plans for the outcome of local government elections in 2017.</p>	The Head of Corporate Governance will raise with the incoming administration the Audit Scotland recommendations on convenor of audit committees after the 2017 local government elections.	Head of Corporate Governance May 2017
5	114	<p>Register of Interest</p> <p>A register of interest has been recently collated for senior officer however this information is not in the public domain.</p> <p>Recommendation</p> <p>Information relating to senior officers interests should be published on the council website and the council should consider extending the scope of the register to other staff.</p>	<p>The Head of Corporate Governance is arranging for the website to be updated with register of interest details.</p> <p>The Council will consider when and if further disclosure is appropriate.</p>	<p>Head of Corporate Governance 31 October 2016</p> <p>30 June 2017</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
6	126	<p>Self assessment</p> <p>There were no self assessment programmes in 2015/16. With the level of change and financial pressures in the public sector there is a risk that self-assessment stops being part of the culture of the council.</p> <p>Recommendation</p> <p>Plans for self assessment are completed and disseminated to members.</p>	<p>The focus for officers in 2015/16 has been to establish the new business partner framework across corporate services and support key delivery projects under the council plan and change programme.</p> <p>Corporate management team recently reviewed proposals for a long-term self assessment programme which will be taken to members for approval later in 2016.</p>	<p>Head of Strategic Planning and Policy Development</p> <p>31 December 2016</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
7	134	<p>Monitoring of Renfrewshire Leisure and City Deal</p> <p>There have been no monitoring reports to date on City Deal and only paper on Renfrewshire Leisure was not in the public domain.</p> <p>There is a risk of insufficient monitoring by members on progress of these key partnerships.</p> <p>Recommendation</p> <p>The Leadership Board is updated with progress in the next quarter and reports should be in the public domain.</p>	<p>The issue is one of timing. Members approved in December 2014 that monitoring would be through the Leadership Board. Now the transfer has taken place, as planned, the first six-monthly report will go to Leadership Board in November 2016.</p> <p>Officer monitoring of Renfrewshire Leisure is now every quarter by the Head of Policy and Commissioning, who is independent of RL.</p> <p>Financial monitoring report on City Deal and Renfrewshire Leisure will be issued in September 2016.</p>	<p>Head of Strategic Planning and Policy Development</p> <p>30 November 2016</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
8	151	<p>Performance Information on Council Website</p> <p>The new council website provides summary data on 2016/17 Facts and Figures and 2014/15 SPI information however latest six-monthly SPI report is from May 2015.</p> <p>Recommendation</p> <p>The website should be updated with the most recent SPI information and arrangements put in place for it to be updated on a regular basis.</p>	The website will be updated with current SPI data and arrangements put in place for it to be updated on a regular basis.	<p>Head of Strategic Planning and Policy Development</p> <p>31 December</p>

Renfrewshire Council

Audited Accounts

2015–2016



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Introduction

This commentary outlines the objectives, strategy and financial performance of the Council over the 2015-2016 financial year, and also provides an indication of issues and risks which may impact the financial performance of the Council in the future.

Principal Activities

Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides local authority services to the approximately 170,000 residents of Renfrewshire. Renfrewshire has a mixed geography with many villages complementing the three main towns of Johnstone, Paisley and Renfrew. The Council provides a wide range of public services such as nursery, primary and secondary education, social services, environmental services, council housing and economic regeneration. Adult social care services were integrated with health services during 2015-2016 under the Renfrewshire Health and Social Care Partnership, with the Partnership formally taking responsibility for delivering these services from 1 April 2016.

The Council has forty councillors, elected every five years to represent the interests of the local community. The management of the Council is lead by the Chief Executive, Sandra Black. The management structure of the Council is divided into five departments – Childrens' Services, Community Resources, Development and Housing Services, Finance and Resources and the Chief Executive's Service. Leisure and culture services within Renfrewshire are provided by Renfrewshire Leisure Limited, an arms' length organisation which delivers sport, leisure and cultural services including museums and libraries on behalf of the Council.

Objectives and Council Strategy

The Council and its community partners aim to achieve the objectives agreed in the Renfrewshire Community Plan, with the overriding vision of *"Working together to make Renfrewshire a fairer, more inclusive place where all our people, communities and businesses thrive"*. Performance against the Plan outcomes and objectives is monitored by the Community Planning Partnership Board, chaired by the Leader of the Council. The specific responsibilities and actions the Council will undertake to support the delivery of the Community Plan are detailed in the Council Plan. Both these documents are available on the Council website: www.renfrewshire.gov.uk.

The Council Plan "A Better Future, A Better Council" was refreshed in December 2015, and the Plan outlines ten priorities for the Council over the period to 2017. Progress and performance for each priority will be reported to the Council meeting in December 2016. The Renfrewshire Single Outcome Agreement (SOA) is the action plan for the delivery of the Community Plan, and again the SOA can be found on the Council website. The SOA outlines the key national outcomes the Council and its partners are committed to delivering.

Service Improvement Plans (SIP) for each of the Council departments are also agreed annually, detailing how each service will support and deliver the aims and objectives of the Council and Community Plan. Performance against SIPs is regularly reported to the Council's Policy Boards, the main scrutiny and decision making committees within the Council.

Public Performance Reporting

Renfrewshire Council publishes a range of performance information to allow interested stakeholders to assess how the Council is performing. In addition, the Council supports the publication of performance information through the Local Government Benchmarking Framework (<http://www.improvementservice.org.uk/benchmarking/>). Full details of the Council's performance can be found at the "It's All About You" pages on the Council website.

Annual Budget 2015-2016

The Council approved the budget for 2015-2016 on 12 February 2015 (minutes of the meeting are available on the Council website). The Council agreed to invest in the regeneration of cultural and heritage assets as a driver for economic development; further investment in services to the unemployed and businesses; and further measures to Tackle Poverty; whilst also agreeing a freeze on council tax levels for the eighth year running (Band D council tax in Renfrewshire is £1,165).

The Council further agreed in relation to the Housing Revenue Account (HRA), a 3.5% rental increase for 2015-2016. The Council also agreed to maintain earmarked HRA reserves to support a series of measures to support tenants mitigate the impact of welfare reform measures,

Capital investment in non-housing assets of £97 million over 2015-2016 to 2017-2018 was agreed, of which £77 million would be funded by the Council, with the balance being funded by government grant. Capital investment of £45 million in council housing over 2015-2016 to 2017-2018 was also agreed, allowing the Council to continue to improve the condition of housing stock following the previous substantial investment related to achieving the Scottish Housing Quality Standard; and also to build in excess of 200 new houses over the period of the plan.

Financial Performance

Revenue

On 12 February 2015 the Council approved the 2015-2016 Revenue Estimates designed to build further on its commitments to invest in the economy, jobs and education; and support the most vulnerable in Renfrewshire through significant new resources directed to tackling poverty and inequalities, including £3.000 million additional resources relating to Tackling Poverty, doubling the resource previously agreed to £6.000 million. A further £7.114 million was committed to economic regeneration plans including investment in Paisley's heritage assets. As detailed in Note 11, during 2015-16 the Council drew £10.516 million from and contributed £13.040 million to both ring-fenced and unallocated General Fund balances to support services across Renfrewshire.

The Comprehensive Income and Expenditure Account summarises the total costs of providing Council services and the income available to fund those services. The General Fund is funded by government grant and council tax revenues and the Movement in Reserves Statement shows a surplus of £2.524 million which represents an underspend of £1.850 million for the year against the budgeted surplus of £0.674 million.

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

	Budget	Actual	Variance
	£m	£m	£m
Employee costs	232.4	227.1	(5.3)
Payments to other bodies	41.3	38.8	(2.5)
Other costs	300.3	314.4	14.1
Total Expenditure	574.0	580.3	6.3
Revenue Support Grant	(211.7)	(211.7)	-
Council Tax Income	(65.6)	(66.1)	(0.5)
Non Domestic Rates Income*	(102.9)	(103.0)	(0.1)
Other Income	(194.4)	(202.0)	(7.6)
Total Income	(574.6)	(582.8)	(8.2)
Contribution to Reserves	(0.6)	(2.5)	(1.9)

*The Council was due £102.9 million of non-domestic rate income from the Scottish Government as its share of the national pool. The Council collected £93.2 million directly from local businesses with the remainder of £9.7 million (2014-15 £21.9 million) payable from the Scottish Government.

The outturn for the General Fund reflects favourably on the management of the Council's overall finances in what again has been a challenging year.

The £1.850 million balance outlined above reflects underspends and additional income achieved across a range of services due to effective budget management by Directors. The outturn position also includes an over-recovery of £0.540 million in Council Tax income, which reflects in year collection performance for 2015-2016 of 96.0%, equal to the highest performance level ever achieved by the Council.

Combining the surplus with the accumulated General Fund balance brought forward from 2014-2015 of £58.854 million, produces a cumulative working balance of £61.378 million to be carried forward to 2016-2017. Of this balance, £54.365 million has been earmarked for a particular purpose as outlined in Note 11. This leaves a balance of £7.013 million of unallocated reserves (1.8% of the Council's net annual running costs) which is broadly in line with the Council's financial planning assumptions.

Housing Revenue Account

The Housing Revenue Account balance reduced by £0.4 million in the year related to agreed support for tenants affected by Welfare Reform. The Council has continued to maintain earmarked reserves agreed in 2012-2013 to put in place a range of additional measures to support tenants affected by housing benefit and other changes arising from the Welfare Reform agenda. As at 31 March 2016, £3.432 million of the originally earmarked £5 million remains available for this purpose.

Trading Operations

All trading operations are "non-significant" according to the relevant regulations and as such the trading accounts are not required to be disclosed, however trading accounts are produced for management purposes and are therefore provided for information.

Building Services achieved a surplus for the year of £0.587 million, while Roads Services achieved a surplus for the year of £0.133 million. Catering and Vehicle Maintenance trading operations achieved surpluses of £0.457 million and £0.514 million respectively. The overall surplus on all trading operations for the year of £1.691 million was £0.142 million more than the planned surplus of £1.549 million. The surplus for the year from the trading operations has been added to General Fund balances, with the exception of the Building Services surplus which was split between the General Fund and the Housing Revenue Account balance in line with agreed Council policy.

Capital

The Council continues to make significant capital investment in the council housing, schools, leisure, community and town centre estate. On 12 February 2015 the Council approved capital investment programmes for 2015-2016 of £66.562m. These programmes have been re-profiled during the year to reflect the planned expenditure timescales of individual projects or where project completion dates have been delayed, resulting in actual capital spend for the year of £47.438million. During 2015-16 the Council invested £13.458 million in council dwellings. Investment in the schools and leisure estate totalled £12.688 million, while the Council also invested £11.156 million in roads infrastructure and flooding measures, £2.213 million in vehicles, £3.511 million in lifecycle maintenance of council buildings and £0.881 million in ICT equipment and infrastructure. The Council has also begun work on the three City Deal projects which the Council is leading – the Glasgow Airport Investment Area, the Airport Access Project (a joint project with Glasgow City Council) and the Clyde Waterfront and Renfrew Riverside project. A total of £274 million project funding has been agreed with contributions from HM Treasury, the Scottish Government and the Council itself, with projects due to be delivered over the coming decade.

Total capital funding available was £57.076 million as outlined in Note 18. Of the funding available, £4.414 million was sourced from revenue, £26.411 million from government grants and other contributions, and £4.484 million from asset sales. The balance of funding was provided by utilising internal cash balances and borrowing in line with both the Council's sustainable capital investment plans and the medium term debt smoothing strategy which is explained in further detail below.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 34 and 35. The appointed actuaries have confirmed an improvement of £104.362 million in their assessment of the actuarial deficit position of the local government pension fund. This movement is the net outturn from reduced liabilities linked to a higher real discount rate as at 31 March 2016 than the previous year.

The assessment provides only a snapshot as at 31 March 2016 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde

Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

Impact on Asset Valuation

The Code requires non-current assets carried in the balance sheet at fair value are revalued at intervals of no more than five years. The current economic climate has resulted in more volatile asset values and in recognition of this, both financial assets and property assets have been reviewed to take account of any material reductions in value. In assessing the value of council housing, valuers take account of the local rental market conditions.

Borrowing and the Prudential Framework

In line with the agreed Treasury Strategy for 2015-2016, the Council undertook no additional long term borrowing during the year, whilst maturing loans amounting to £6.7m were repaid. No refinancing of these loans was necessary and the level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital plans.

The borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided at Note 27.

Supporting the Council's medium term financial planning, a debt smoothing process continues to be implemented which will ensure the Council's debt profile remains appropriate and sustainable over the medium to longer term. This process involves the planned repayment of debt over the medium term as part of the Council's planned budget and treasury management strategies.

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year, most recently on 17 December 2015. The CFR is a prudent assessment of the aggregate external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The actual CFR at 31 March 2016 was £357.9 million, which is within the approved limit of £365 million. The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £301.3 million at 31 March 2016 compared to the operational boundary of £365m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable; and match the Council's medium to long-term financial strategy. The Council's non-housing financing costs are 5.4% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs are 46%, within the planned limit of 49%.

Public Private Partnerships

The Council entered into a Public Private Partnership for the provision of educational buildings and maintenance thereof. This agreement has provided the Council with replacement buildings such as pre-five nurseries, primary and secondary schools and community education premises. The provider is required to ensure the availability of these buildings to a pre-agreed standard. During 2015-2016, £15.964 million was paid to the contractor under the terms of the agreement. As part of the agreed long term funding arrangement for the project, the Council has also ring fenced £12.670 million of its General Reserve balance which will be utilised to support the ongoing payment of the unitary charge due in the final five years of the PPP contract when government grant support expires. In setting the budget for 2016-2017, the Council has again agreed to temporarily suspend further annual contributions to this reserve in line with its medium term financial plan. It is anticipated the Council will consider recommencing the annual contribution once growth in government revenue support grant re-emerges.

Provisions, Contingencies and Write-offs

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 26. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 11, the Council has also earmarked £54.365 million for specific purposes.

The Council continues to manage the risks associated with equal and holiday pay legislation and regularly assesses the potential exposure of the Council in the context of any changes emerging as a consequence of legal precedent, progress

achieved by the Council in handling specific claims and the associated wider implications on the Council's overall risk profile. In line with this ongoing process of re-assessment of risk, the Council has reduced the level of provision. There were a number of immaterial write-offs during the year which were approved by the relevant Policy Board or the Director of Finance and Corporate Services under delegated authority.

Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2015-2016, and the affordability of its ongoing commitments.

Financial Indicator	Commentary	2014-2015	2015-2016
Reserves			
Uncommitted General Fund reserves as a proportion of budgeted net expenditure	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7 million.	2.1%	1.9%
Movement in uncommitted General Fund balance	Reflects the extent to which the Council is using uncommitted reserves. The investment of uncommitted reserves was agreed as part of the 2015-2016 budget setting.	(15.5)%	(9.7)%
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting council tax debt	96.0%	96.0%
Council tax income as a proportion of total taxation and non-specific grant income	Reflects the Council's ability to vary expenditure by raising council tax, the principal local authority controlled source of finance. Council tax has been frozen since 2007-2008.	16.4%	16.6%
Debt/Long term borrowing			
Capital Financing Requirement (CFR)	The information in this section demonstrates that external debt levels are within prudential parameters, and that the level of borrowing is affordable. Further information is available in the Treasury Management Annual Report as agreed by Council on 22 June 2016.	£367.6 million	£357.9 million
External debt		£310.6 million	£301.3 million
Ratio of financing costs to net revenue stream (General Services only)		7.8%	5.4%

Renfrewshire Council publishes a wide of financial and non-financial performance information. The "It's All About You" performance report is published annually and provides a summary of our performance against a range of key indicators. In addition, the **Council Performance** section of our website provides information about our council performance, showing if we're on target; noting if we've improved in the past year; and explaining our performance. The Local Government Benchmarking Framework provides further information with regards how the Council has performed relative to other Scottish councils – this information can be found at the following website – www.scotland.myllocalcouncil.info

Financial Outlook and Key Risks**Management of Treasury Risk**

Over the course of 2015-2016 the fundamental issues with regards the stability of the European banking system, particularly in relation to the debt position of Greece and a possible exit from the Eurozone remain unresolved. In the UK, market expectation for an increase in the Bank Rate moved back considerably from Q3 2015 to potentially Q2 2018 due to many fears around the slow down in the growth of the Chinese economy, the collapse of the oil price and Eurozone concerns. The year was characterised by volatility in both the equity and bond markets. The Council continues to mitigate the risks associated with security of cash deposits by actively considering debt restructuring as opportunities arise, however changes in the rules around PWLB restructuring and the costs involved now severely limit these opportunities. The Council also continually reviews in consultation with our treasury advisors the criteria for placing deposits with financial institutions on the Council's approved counterparty list, making use of immediately accessible deposit facilities and also making continued use of the Debt Management Account Deposit Facility operated by the Debt Management Office within HM Treasury. In addition, as part of the Council's treasury strategy, the Council continues to utilise internal cash balances, deferring external borrowing requirements with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs. This strategy is kept under careful review in order that the Council retains sufficient cash balances to support its ongoing and future requirements, and remains alert to any anticipated adverse movement in future borrowing rates.

Key Financial Risks and the Reform Agenda

The period of reduction in the overall level of UK public sector expenditure is anticipated to extend throughout the term of the current UK Parliament. While the comprehensive spending review published in November 2015 outlined an increase in revenue spending in cash terms, in real terms a reduction is still anticipated. This was an improvement from the previous position outlined in the July 2015 budget, and results in an additional £1 billion of funding being made available to the Scottish Government by 2019-2020.

However, the local government grant settlement for 2016-2017 (only a single year settlement being announced) was significantly worse than any expectations across Scottish councils and represented the greatest ever direct cut to the local government budget. Renfrewshire was delivered a like for like reduction in funding of 3.4%, which was in excess of the Council's financial planning assumptions. The timing of the announcement also left the Council little time to respond, however a balanced budget position moving into 2016-2017 was agreed reflecting well on the budget decisions taken to date by the Council as part of addressing the medium term savings requirement facing the Council.

It is hoped that the Scottish Government will provide a multi-year settlement for 2017-2018 onwards in order to allow the Council to develop sustainable financial plans over the medium term. It is however anticipated that the Council's grant position is highly likely to further reduce given Scottish Government policy commitments to grow and protect in real terms the budgets relating to the NHS and policing. Each 1% cut to the Council's grant represents a £3 million loss in resource, therefore a continuation of the level of cut received in 2016-2017 would add in the region of £9-12 million of additional budget pressures annually.

Service and cost pressures arising from demographic and socio-economic factors continue to play a major role in driving spending pressures for the Council, particularly in relation to adult social care services, now delivered by the Renfrewshire Health and Social Care Partnership (RHSCP). A key strand of the Council's medium term financial strategy is to progress in partnership with the RHSCP a range of demand-management workstreams which mitigate these pressures through a commitment to service redesign, supporting early intervention and prevention for older peoples and early years client groups. As well as mitigating long term cost growth, these measures are focused on delivering better long term outcomes for clients and their families.

The impact of Welfare Reform continues to be felt, with both the Scottish Welfare Fund and Discretionary Housing Payments continuing to experience high demand, reflecting the financial pressures felt by households. The Council along with key partners remains committed to supporting residents prepare for and manage the impact of changes for themselves, their families and communities. The Tackling Poverty Commission instigated by the Council made a range of recommendations for the Council and its partners to take forward to tackle the impact of poverty, especially child poverty, across Renfrewshire; and an action plan and strategy around these recommendations has been developed. A total funding package of £6 million has

been agreed by the Council to support the programme, which includes approximately 50 projects now being delivered which provide direct support to citizens and which are both sustainable and evidence based.

In the face of these challenges, the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. In August 2014 the Council agreed a range of significant investments under the Glasgow and Clyde Valley City Deal programme. Over the next 10 years the City Deal will deliver £1.13 billion of public sector investment in infrastructure in the region, generating 29,000 new jobs. Particular to Renfrewshire, the ongoing regeneration of areas of the Clyde Waterfront and the investment area around Glasgow Airport along with improved road and rail access, will deliver sustained economic growth and improved employment prospects across Renfrewshire's communities.

The Council has also committed significant funds to invest in Heritage and Cultural assets and events as a driver for economic growth, with planned investment in Paisley Museum and a range of other heritage assets being key to delivering sustainable economic growth. The agreement of a UK 2021 City of Culture bid underlines the Council's intent to utilise culture and heritage as a driver for economic regeneration.

The principles agreed in the Council's medium term financial strategy continue to provide a clear framework to guide the strategic planning and management of the Council's financial resources, viz:

- an ongoing commitment to efficiency and modernisation of service delivery being delivered through the Better Council Change Programme
- an aim to maximise income, grow its tax base and attract external funding
- investment is prioritised to support Council priorities including tackling poverty, economic regeneration, service transformation and early intervention/ prevention, including lifecycle maintenance to protect past investment
- new borrowing is capable of repayment on a sustainable basis and overall debt levels are contained within affordable parameters
- the Council's core budget is not underwritten by the use of general reserves or speculative capital receipts
- Council reserves are maintained at a level which provides financial resilience to the Council and the core services it provides.

Service Changes and Future Developments

The Scottish Parliament in February 2014 passed the Public Bodies (Joint Working) (Scotland) Act 2014, which had significant implications for both local government and the NHS in Scotland. In summary, the key changes were the integration of all adult community health and social care services (as a minimum) within either a Partnership or a lead agency with effect from 1 April 2015. On 26 February 2015 the Council approved an Integration Scheme which outlined the proposed operation of the Renfrewshire Health and Social Care Partnership and its governance arrangements. This Scheme has now been approved by the Scottish Government and an order to establish the Integrated Joint Board came into effect from 27 June 2015. The Partnership operated in "shadow" form over the course of 2015-2016, becoming fully operational on 1 April 2016. The Partnership has its own governance arrangements, and will produce its own annual accounts.

The Council also agreed in December 2014 to expand the remit of Renfrewshire Leisure to provide all cultural, leisure and sports facilities on behalf of the Council with effect from 1 July 2015. A range of cultural, halls, museums and library services are now delivered by Renfrewshire Leisure on behalf of the Council, the transfer of services taking place on phased basis over the course of 2015-2016.

The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with three subsidiaries - Renfrewshire Leisure Limited (a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire); the Common Good Funds; and the charitable trusts. The Group Accounts also consolidate the Council's share of five other entities treated as associates or joint ventures - Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Renfrewshire Valuation Joint Board, Renfrewshire Integrated Joint Board and Park Lane Developments (Renfrewshire) Limited Liability Partnership.

Further information on the activities and services offered by Renfrewshire Leisure Limited can be obtained from their website www.renfrewshireleisure.com.

Charitable Funds

The Code prescribes that where a Common Good Fund (or other trust fund) is a registered charity, it should follow the financial reporting requirements of the Office of the Scottish Charity Regulator (OSCR). Where a fund is not a registered charity, then the requirements of the Code apply.

The Council administers the Common Good Funds for the areas of Paisley, Renfrew and Johnstone. Each of these Funds is a registered charity. In addition the Council controls a small number of charitable trusts.

In order to comply with the Code, Audit Scotland and OSCR requirements, the Council separately prepares the financial statements of the three Common Good Funds and the registered trusts, with the balances included in the Group Accounts. Audit Scotland is the appointed auditor for the Council's charitable funds.

Overall, the Common Good Funds achieved a combined surplus of £0.146 million that is added to the previous surplus brought forward. The total net asset value decreased by £0.097 million, with investments decreasing by £0.954 million, linked to volatile equity market conditions. The annual accounts of the Common Good Funds and charitable trusts are available on the Council website.

The effect of all group entities in the Group Balance Sheet is to increase both the "net assets" and "total reserves" by £44.307 million, representing the Council's share of the net asset in these entities.

Conclusion and Acknowledgements

We would like to acknowledge the significant effort required to both produce the annual accounts and successfully manage the finances of the Council; and to record our thanks to both the Finance and Resources team and colleagues in other services for their continued hard work and support. Further information on the annual accounts or on the Council's general finances can be obtained on the Council website (www.renfrewshire.gov.uk), by telephone (0141-618-7363) or by visiting the Customer Service Centre at Renfrewshire House.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

Alan Russell CPFA
Director of Finance and Resources
29 September 2016

Scope of Responsibility

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

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework; Delivering Good Governance in Local Government. A copy of the Local Code is available on our website www.renfrewshire.gov.uk

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

The purpose of the governance framework

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

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

The governance framework

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

- The overarching strategic vision and objectives of the Council are detailed in the Council Plan. The refreshed Council Plan was approved by Council in December 2015, and sets out the Council's ambitions and priorities, for the following 18 months, including the delivery of major investment priorities arising from City Deal and the City of Culture 2021 bid. The Better Council change programme continues to support the delivery of the Council Plan to identify, manage and deliver changes across the Council that will improve our efficiency, modernise our ways of working and support long term financial sustainability as well as delivering savings.
- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan and Local Improvement Outcome Plan.
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under review by the council, with the scheme of delegation and the financial regulations being the most recently reviewed in September 2015.
- The Council facilitates policy and decision making through a policy board structure. The Council's scheme of decentralisation allows for the five statutory Local Area Committees to distribute their delegated resources in accordance with community need identified in their respective local action plans and community plan key priorities.
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly. The Corporate Management Team monitors a quarterly scorecard of performance information. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually.
- The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol on member/officer relations and an inter-party protocol which is currently being reviewed.

- The Council's approach to risk management is set out in the risk management strategy and is well embedded with a corporate risk register supported by service risk registers. Risks are reported regularly to policy boards.
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

The system of internal financial control

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

- Guidance on financial management supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,
- Setting targets to measure financial and other performance,
- The preparation of regular financial reports that indicate actual expenditure against the forecasts,
- Clearly defined capital expenditure guidelines,
- As appropriate, formal project management principles.

Review of effectiveness

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

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of a self-assessment tool involving completion of a 32 point checklist covering four key areas of governance:

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

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

In addition, the review of the effectiveness of the governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Council has a Local Code of Corporate Governance which is reviewed annually including reviews of the scheme of delegation, standing orders relating to contracts and procedural standing orders. This review was most recently carried out in March 2016.

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Council's Chief Auditor has responsibility to review independently and report to the Audit, Scrutiny and Petitions Board annually, to provide assurance on the adequacy and effectiveness of the Local Code and the extent of compliance with it. The Audit, Scrutiny and Petitions Board performs a scrutiny role in relation to the application of the Local Code of Corporate Governance and regularly monitors the performance of the Council's internal audit service.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Scrutiny and Petitions Board, and Audit Panel. Internal Audit undertakes an annual programme of work, approved by the

Audit, Scrutiny and Petitions Board, based on a strategic risk assessment. The Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

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

Significant governance issues and improvements

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities. Regular reviews of the Council's arrangements are undertaken by Internal Audit and overall the Council's arrangements are sound.

Previously, internal audit identified a number of improvement actions that were required in relation to the application security controls in operation over the education information management system. Management took prompt action to engage with the supplier to take forward the recommendations made to mitigate the identified risks and all actions within the control of the Council have now been implemented.

The Council has undergone a period of significant change in recent years. Reviews within the internal audit planned programme of work have identified that in some cases these changes have had an effect on the system of internal control with roles and responsibilities in certain areas requiring to be clarified. Improvement areas were also identified in relation to the processes in place for payment and checking of certain social care payments to ensure that payments were timely and expenditure was accurate, management has agreed to implement the required actions. Agreed improvement actions are also being taken forward to confirm the validity of Non-Domestic Rates reliefs on a programmed basis.

The Council has implemented a self assessment/evaluation framework which enables services to identify strengths and areas of improvement. This along with other well established frameworks such as "How good is our school?" ensures that the Council has a comprehensive self evaluation framework in place for all services. The self assessment framework is currently under review.

The officers' register of interests is currently being reviewed, in line with the recommendations made by the external auditors'.

The Council welcomes the approach taken by external inspection agencies, through the Local Area Network to develop comprehensive annual Local Scrutiny Plan which is proportionate and based on risks identified. The Local Scrutiny Plan for 2016-2017 concluded that the "no scrutiny risks have been identified which require specific scrutiny".

During 2015-2016 the Council expanded the remit of Renfrewshire Leisure to establish a Leisure and Cultural Trust from 1 July 2015. The necessary due diligence has been undertaken by the Council and Renfrewshire Leisure Ltd.

Under the Public Bodies (Joint Working) (Scotland) Act 2014 the Council delegated all social care services for adults and older people to the Health and Social Care Integration Joint Board (IJB). The Integration Scheme formalising the partnership between the Council and Greater Glasgow and Clyde Health Board was approved by the Scottish Government and the IJB was formally constituted on 27 June 2015. Detailed governance arrangements have been approved by the IJB. The Council and the IJB has undertaken the necessary due diligence and Internal Audit has provided independent assurance to the Council and the IJB on the due diligence process undertaken.

Statement on the Role of the Chief Financial Officer in Local Government

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;

- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

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

The Council considers that it complies with the above statement.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2015-2016 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) and requires local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

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

1. Remuneration policy for the Leader of the Council, the Provost and senior councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008. The salary for the Leader of the Council in 2015-2016 was £33,454 per annum (£33,123 in 2014-2015) and the salary for the Provost was £24,897 per annum (£24,650 in 2014-2015).

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to fourteen senior councillors (in addition to the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in 2015-2016 being £292,716 per annum; and whose salaries individually must be on a specified scale, in 2015-2016 £16,726 to £25,090. In December 2012 the Council approved that Renfrewshire would have twelve senior councillors: eight Policy Board Conveners (paid £24,897 per annum in 2015-2016); three Regulatory Board Conveners (paid £20,568 in 2015-2016); and one Leader of the Opposition (paid £20,568 in 2015-2016).

2. Remuneration Policy for Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The salaries of the Corporate Directors and Heads of Service are based on a spinal column point model as agreed by the Finance & Resources Policy Board on 14 May 2014. A number of changes to the Council's senior management structure were agreed by the Leadership Board on 18 February 2015. A full review of the pay and grading model will be carried out 2016-2017 in line with the Council's Organisational Development Strategy. Senior employees receive no other benefits.

In line with all local government employee groups, senior employees received a 1.5% pay award in 2015-2016.

3. Remuneration of Senior Employees

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

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

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

The term "remuneration" means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2015, whether or not those amounts were actually paid to, or received by, those persons within that period.

Annual Accounts 2015-2016 Remuneration Report

2014-15		Senior employees		2015-16					
Total	Name	Post held	Annual Salary	Other fees and allowances	Expenses allowance chargeable to UK income tax	Compensation for loss of employment	Other	Total	
£			£	(i) £	£	(ii) £	(iii) £	£	£
119,031	Sandra Black	Chief Executive from 1/12/14	137,440	6,332	-	-	-	143,772	
110,212	Shona MacDougall	Director of Community Resources	111,662	200	-	-	-	111,862	
110,012	Mary Crearie	Director of Development and Housing Services	111,662	-	-	-	-	111,662	
110,012	Peter MacLeod	Director of Children's Services	111,662	-	-	-	-	111,662	
35,117	Alan Russell	Director of Finance and Resources from 1/12/14	108,380	2,533	-	-	-	110,913	
484,384	Total		580,806	9,065	-	-	-	589,871	

2014-15		Senior Employees of Subsidiary Bodies		2015-16					
Total	Name	Post held	Annual Salary	Other fees and allowances	Expenses allowance chargeable to UK income tax	Compensation for loss of employment	Other	Total	
£			£	(i) £	£	(ii) £	(iii) £	£	£
82,709	Joyce McKellar	Chief Executive, Renfrewshire Leisure	90,077	-	35	-	-	90,112	
82,709	Total		90,077	-	35	-	-	90,112	

(i) Other Fees and Allowances relates to other payments made to officers for example in their role as either returning officer or election staff;

(ii) includes any other payments made to or receivable by the person in connection with the termination of their employment;

(iii) "other" includes any payments made by the Council by way of remuneration to, or in respect of, the person that do not otherwise fall within this paragraph, other than payments relating to pensions.

There were no non-consolidated bonuses or performance related payments made to any senior officer in 2015-2016.

4. Remuneration of Senior Councillors

Under the regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Head and any councillor designated a Senior Councillor by the Council.

The table below shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2016, whether or not those amounts were actually paid to, or received by, those persons within that period.

2014-2015		Leader of the Council, Provost, senior councillors		2015-2016	
Total	Name	Position held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
33,117	Mark Macmillan	Leader of the Council	33,454	103	33,557
24,871	Anne Hall	Provost	24,897	1,168	26,065
24,570	Mike Holmes*	Policy Board Convener	24,897	-	24,897
24,570	Jim Harte	Policy Board Convener	24,897	-	24,897
24,570	Tommy Williams**	Policy Board Convener	24,897	-	24,897
24,570	Jacqueline Henry	Policy Board Convener	24,897	-	24,897
24,570	Terry Kelly	Policy Board Convener	24,897	-	24,897
24,570	Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	24,897	-	24,897
24,570	Roy Glen	Policy Board Convener	24,897	-	24,897
24,570	Eddie Devine	Policy Board Convener	24,897	-	24,897
20,635	Sam Mullin***	Regulatory Board Convener	20,909	-	20,909
20,298	John Hood	Regulatory Board Convener	20,568	-	20,568
20,298	Jim Sharkey	Regulatory Board Convener	20,568	-	20,568
20,298	Alexander Murrin	Regulatory Board Convener	20,568	-	20,568
15,995	Brian Lawson^	Leader of the Opposition	20,568	72	20,640
352,072	Total		360,708	1,343	362,051

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

* Cllr Mike Holmes is also Convener of the Scotland Excel Joint Committee. Cllr Holmes receives no remuneration for this appointment.

** Cllr Tommy Williams is also Convener of the North Strathclyde Community Justice Authority. Cllr Williams receives no additional remuneration for this post. The Convener is eligible to receive a salary of £20,909 but Cllr Williams receives remuneration only for his appointment as a Policy Board Convener.

***Cllr Sam Mullin is also Convener of the Renfrewshire Valuation Joint Board. The Convener is eligible to receive remuneration of £20,909. Cllr Mullin received remuneration only as Convener of the Renfrewshire Valuation Joint Board; no additional remuneration was received for his appointment as a Regulatory Board Convener.

^ Cllr Brian Lawson was Leader of the Opposition from 1 April 2014 to 3 December 2014; and then from 17 March 2015. Only the salary associated with Cllr Lawson's Senior Councillor appointment is detailed in the table above.

5. Pension Entitlement

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

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

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

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

The tiers and members contribution rates are as follows:

Contribution rate	Whole time pay 2014-2015	Whole time pay 2015-2016
5.5%	On earnings up to and including £20,335	On earnings up to and including £20,500
7.25%	On earnings above £20,335 and up to £24,853	On earnings above £20,500 and up to £25,000
8.5%	On earnings above £24,853 and up to £34,096	On earnings above £25,000 and up to £34,400
9.5%	On earnings above £34,096 and up to £45,393	On earnings above £34,400 and up to £45,800
12%	On earnings above £45,394	On earnings above £45,800

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

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

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

The pension entitlements for Senior Employees and Senior Councillors for the year to 31 March 2016 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Senior employees		Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made by Renfrewshire Council during 2015-2016
Name	Post held	Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Sandra Black	Chief Executive from 1/12/14	0.062	0.135	+0.004	+0.002	26,599
Shona MacDougall	Director of Community Resources	0.053	0.118	+0.003	+0.002	21,610
Mary Crearie	Director of Development and Housing Services	0.038	0.074	+0.003	+0.001	21,610
Peter MacLeod	Director of Children's Services	0.043	0.089	+0.003	+0.001	21,610
Alan Russell	Director of Finance and Resources from 1/12/14	0.035	0.065	+0.004	+0.003	20,975
Total		0.231	0.481	+0.017	+0.009	112,404

Senior Employees of Subsidiary Bodies		Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made during 2015-2016
Name	Post held	Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Joyce McKellar	Chief Executive, Renfrewshire Leisure	0.044	0.098	+0.008	+0.013	17,385
Total		0.044	0.098	+0.008	+0.013	17,385

Leader of the Council, Provost, senior councillors		Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made by Renfrewshire Council during 2015-2016
Name	Post held	Pension	Lump Sum	Pension	Lump Sum	
Mark Macmillan	Leader of the Council	0.002	-	-	-	6,473
Anne Hall	Provost	-	-	-	-	-
Mike Holmes	Policy Board Convener	0.003	0.002	-	+0.001	4,818
Jim Harte	Policy Board Convener	-	-	-	-	-
Tommy Williams	Policy Board Convener	0.003	0.002	-	+0.001	4,818
Jacqueline Henry	Policy Board Convener	0.002	-	+0.001	-	4,818
Terry Kelly	Policy Board Convener	-	-	-	-	-
Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	-	-	-	-	-
Roy Glen	Policy Board Convener	0.002	-	+0.001	-	4,818
Eddie Devine	Policy Board Convener	0.003	0.001	+0.001	-	4,818
Sam Mullin	Regulatory Board Convener	0.003	0.001	-	-	4,046
John Hood	Regulatory Board Convener	0.001	-	-	-	3,980
Jim Sharkey	Regulatory Board Convener	-	-	-	-	-
Alexander Murrin	Regulatory Board Convener	0.003	0.001	+0.001	-	3,980
Brian Lawson	Leader of the Opposition	0.003	0.001	-	-	3,980
Total		0.025	0.008	+0.004	+0.002	46,549

All senior employees and councillors with contributions and benefits shown in the tables above are members of the Local Government Pension Scheme (LGPS).

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

6. Councillors' remuneration

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

2014-2015		2015-2016	
£		£	
768,560	Salaries	776,301	
8,432	Travel costs – reimbursed	5,923	
16,161	Travel costs – paid directly by the Council	13,724	
1,047	Subsistence expenses - reimbursed	757	
-	Subsistence expenses -paid directly by the Council	-	
1,261	Telephone and information communication technology expenses – reimbursed	1,222	
8,065	Telephone and information communication technology expenses – paid directly by the Council	6,473	
623	Other allowances and expenses	1,168	
804,149	Total	805,568	

The public record of members' salaries, allowances and expenses for 2015-2016 is available for inspection during normal working hours at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley. The public record is also available on the "Register of Councillors' Interests" page of the Council's website: www.renfrewshire.gov.uk.

7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2015-2016, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2015-2016. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above.

2014-2015		2015-2016		2014-2015		2015-2016	
Number of Employees	Remuneration band	Number of Employees	Left during 2015-2016	Number of Employees	Remuneration band	Number of Employees	Left during 2015-2016
93	£50,000 to £54,999	107	10	2	£100,000 to £104,999	-	-
55	£55,000 to £59,999	55	5	-	£105,000 to £109,999	-	-
7	£60,000 to £64,999	8	3	5	£110,000 to £114,999	6	2
2	£65,000 to £69,999	7	-	1	£115,000 to £119,999	-	-
5	£70,000 to £74,999	6	-	-	£120,000 to £124,999	-	-
6	£75,000 to £79,999	5	1	-	£125,000 to £129,999	1	1
12	£80,000 to £84,999	5	2	-	£130,000 to £134,999	-	-
2	£85,000 to £89,999	8	1	-	£135,000 to £139,999	-	-
3	£90,000 to £94,999	-	-	-	£140,000 to £144,999	1	-
-	£95,000 to £99,999	-	-	-	£145,000 to £149,999	-	-
				193			209
						25	

Of the 25 employees who left during the year, 19 would not have appeared in this note if costs associated with redundancy or early retirement payments received were excluded.

8. Exit Packages

The Council has agreed a number of exit packages in 2015-2016 as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

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

	2014-2015	2015-2016
Future Life expectancy at age 65 – males	24.8 years	24.8 years
Future Life expectancy at age 65 – females	26.2 years	26.2 years
Pension increase rate	2.4%	2.2%
Discount Rate	3.2%	3.5%

2014-2015		Exit package cost	2015-2016	
Number of departures agreed	Total projected cost of exit packages in each band £m		Number of departures agreed	Total projected cost of exit packages in each band £m
64	0.615	£0 - £20,000	4	0.057
49	1.451	£20,001 - £40,000	-	-
28	1.351	£40,001 - £60,000	1	0.041
23	1.599	£60,001 - £80,000	3	0.226
16	1.414	£80,001 - £100,000	1	0.090
23	2.862	£100,001 - £150,000	2	0.262
10	1.759	£150,001 - £200,000	1	0.190
6	1.349	£200,001 - £250,000	1	0.201
7	1.878	£250,001 - £300,000	-	-
-	-	£300,001 - £350,000	-	-
-	-	£350,001 - £400,000	1	0.354
1	0.418	£400,001 - £450,000	-	-
227	14.696	Total	14	1.421

* Of the 14 departures agreed, 3 individuals will leave the Council during 2016-2017. The remainder left in 2015-2016.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

The Authority's Responsibilities

The Authority is required

- To make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources has been designated as that officer in Renfrewshire Council;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To 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).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by Renfrewshire Council at its meeting on 29 September 2016.

Signed on behalf of Renfrewshire Council

Cllr Mark Macmillan

Leader of The Council

29 September 2016

The Director of Finance and Resources' Responsibilities

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

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

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

The Director of Finance and Resources has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Authority and its group at the reporting date and the transactions of the Authority and its group for the year ended 31 March 2016.

Alan Russell CPFA

Director of Finance and Resources

29 September 2016

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

I certify that I have audited the financial statements of Renfrewshire Council and its group for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account and the related notes. 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 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Director of Finance and Resources and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Director of Finance and Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Resources and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the council and its group as at 31 March 2016 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA
Assistant Director
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2016

Annual Accounts 2015-2016 Movement in Reserves Statement

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

The **group movement in reserves statement** shows the movement in the year on the different reserves held by the council's group, analysed into the council's usable reserves, the council's unusable reserves and the council's share of the reserves of the subsidiaries, associates and joint ventures within the group. Further explanation about this statement can be found on page 25.

	Note	Usable reserves				Council's total usable reserves		Council's unusable reserves		Council's total reserves		Council's share of reserves of subsidiaries, associates and JV's		Total reserves
		General Fund Balance	Housing Revenue Account Balance	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2014 carried forward (restated)		52.925	11.245	2.856	3.208	22.543	92.777	607.744	700.521	38.387	738.908			
<i>Movement in reserves during 2013-2014:</i>														
Surplus or (deficit) on the provision of services		10.973	(16.586)	-	-	-	(5.613)	-	(5.613)	(2.218)	(7.831)			
Other comprehensive income and expenditure		-	-	-	-	-	-	(52.875)	(52.875)	(0.394)	(53.269)			
Total comprehensive income and expenditure		10.973	(16.586)	-	-	-	(5.613)	(52.875)	(58.488)	(2.612)	(61.100)			
Adjustments between group accounts and council accounts	G5	(3.520)	-	-	-	-	(3.520)	-	(3.520)	3.520	-			
Net increase or (decrease) before transfers		7.453	(16.586)	-	-	-	(9.133)	(52.875)	(62.008)	0.908	(61.100)			
Adjustments between accounting basis and funding basis under regulations	7	3.379	17.543	-	0.552	-	21.474	(21.474)	-	-	-			
Net increase or (decrease) before transfers to other statutory reserves		10.832	0.957	-	0.552	-	12.341	(74.349)	(62.008)	0.908	(61.100)			
Transfers to or (from) other statutory reserves	11	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-	-	-			
Increase or (decrease) in 2014-2015		5.929	(0.600)	(0.003)	0.552	6.463	12.341	(74.349)	(62.008)	0.908	(61.100)			
Balance at 31 March 2015 carried forward (restated)		58.854	10.645	2.853	3.760	29.006	105.118	533.395	638.513	39.295	677.808			
<i>Movement in reserves during 2014-2015:</i>														
Surplus or (deficit) on the provision of services		26.624	(15.081)	-	-	-	11.543	-	11.543	(6.736)	4.807			
Other comprehensive income and expenditure		-	-	-	-	-	-	208.498	208.498	4.203	212.701			
Total comprehensive income and expenditure		26.624	(15.081)	-	-	-	11.543	208.498	220.041	(2.533)	217.508			
Adjustments between group accounts and council accounts	G5	(7.545)	-	-	-	-	(7.545)	-	(7.545)	7.545	-			
Net increase or (decrease) before transfers		19.079	(15.081)	-	-	-	3.998	208.498	212.496	5.012	217.508			
Adjustments between accounting basis and funding basis under regulations	7	14.140	17.764	-	0.356	-	32.260	(32.260)	-	-	-			
Net increase or (decrease) before transfers to other statutory reserves		33.219	2.683	-	0.356	-	36.258	176.238	212.496	5.012	217.508			
Transfers to or (from) other statutory reserves	11	(30.695)	(3.089)	0.002	-	33.782	-	-	-	-	-			
Increase or (decrease) in 2015-2016		2.524	(0.406)	0.002	0.356	33.782	36.258	176.238	212.496	5.012	217.508			
Balance at 31 March 2016 carried forward		61.378	10.239	2.855	4.116	62.788	141.376	709.633	851.009	44.307	895.316			

Annual Accounts 2015-2016
Comprehensive Income and Expenditure Statement

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

2014-2015				2015-2016		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m	Note	£m	£m	£m
20.119	(8.919)	11.200	Central services to the public	19.465	(6.882)	12.583
30.466	(5.503)	24.963	Cultural and related services	21.709	(2.375)	19.334
177.965	(21.399)	156.566	Education services	182.596	(22.623)	159.973
31.074	(8.653)	22.421	Environmental services	32.994	(11.031)	21.963
58.302	(48.672)	9.630	Housing services - Housing Revenue Account	56.956	(48.490)	8.466
77.314	(69.277)	8.037	Housing services - other	77.746	(71.060)	6.686
14.500	(8.021)	6.479	Planning and development services	14.804	(8.589)	6.215
25.539	(7.988)	17.551	Roads and transport services	25.016	(5.801)	19.215
153.960	(49.051)	104.909	Social work	146.859	(45.057)	101.802
11.629	(2.444)	9.185	Corporate and democratic core	13.464	(4.182)	9.282
1.168	(0.081)	1.087	Non-distributed costs	(0.001)	(0.080)	(0.081)
602.036	(230.008)	372.028	Net cost of services	591.608	(226.170)	365.438
			Other operating expenditure:			
		0.522	(Gains) or losses on the disposal of non-current assets			1.127
		29.652	Financing and investment income and expenditure	6		28.294
		(393.069)	Taxation and non-specific grant income	10		(398.857)
		9.133	(Surplus) or deficit on the provision of services			(3.998)
		(4.578)	(Surplus) or deficit on the revaluation of non-current assets	13		(87.860)
		0.643	Impairment (gains) or losses on non-current assets charged to the revaluation reserve	13		-
		(0.205)	(Surplus) or deficit on the revaluation of available-for-sale financial assets	12(ii)		0.086
		57.015	Actuarial (gains) or losses on pension assets and liabilities	35(ii)		(120.724)
		52.875	Other comprehensive income and expenditure			(208.498)
		62.008	Total comprehensive income and expenditure			(212.496)

Annual Accounts 2015-2016

Balance Sheet as at 31 March 2016

The **balance sheet** shows the value as at 31 March 2016 of the assets and liabilities recognised by the council. The net assets of the council are matched by the reserves held by the council. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **movement in reserves statement**.

31 March 2015			31 March 2016
£m		Note	£m
1,199.115	Property, plant and equipment	13	1,260.702
1.575	Investment property	14	1.957
38.977	Heritage assets	15	38.977
0.860	Intangible assets	17	0.829
3.116	Long-term investments	27	3.117
5.411	Long-term debtors	23	5.730
1,249.054	Long-term assets		1,311.312
24.694	Short-term investments	27	66.897
1.084	Inventories	21	0.768
0.931	Short-term Intangible Assets	22	0.468
45.022	Short-term debtors	23	31.706
29.298	Cash and cash equivalents	24	39.396
0.756	Short-term assets held for sale	16	0.744
101.785	Current assets		139.979
(70.511)	Short-term borrowing	27	(55.034)
(60.004)	Short-term creditors	25	(62.519)
(6.935)	Short-term provisions	26	(7.100)
(137.450)	Current liabilities		(124.653)
(165.932)	Long-term borrowing	27	(174.799)
(82.546)	Long-term creditors	25	(79.890)
(5.821)	Long-term provisions	26	(5.368)
(317.064)	Other long-term liabilities	35(vi)	(212.702)
(3.513)	Grants Receipts In Advance	9	(2.870)
(574.876)	Long-term liabilities		(475.629)
638.513	Net assets		851.009
105.118	Usable reserves	11	141.376
533.395	Unusable reserves	12	709.633
638.513	Total reserves		851.009

The unaudited accounts were issued on 22 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Balance Sheet signed by:

Alan Russell CPFA

Director of Finance and Resources

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

2014-2015			2015-2016	
£m		Note	£m	
9.133	Net (surplus) or deficit on the provision of services		(3.998)	
(89.460)	Adjust net surplus or deficit on the provision of services for non-cash movements	29a	(104.968)	
28.565	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		31.251	
(51.762)	Net cash flows from operating activities		(77.715)	
35.143	Net cash flows from investing activities	29b	58.391	
17.147	Net cash flows from financing activities	29c	9.226	
0.528	Net (increase) or decrease in cash and cash equivalents		(10.098)	
(29.826)	Cash and cash equivalents at the beginning of the reporting period	24	(29.298)	
(29.298)	Cash and cash equivalents at the end of the reporting period		(39.396)	

Note 1 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. This applies to the adoption of the following new or amended standards within the 2015-2016 Code:

- Amendments to IAS19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRS 2010-2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRS 2012-2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- Changes to the format of the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015-2016 financial statements.

It is not anticipated that the above amendments will have a material impact on the financial statements.

It should be noted that from 2016/17 local authorities will be disclosing Highways Network Asset as a new category within the long-term assets section of the Balance Sheet. The Code does not require any 2015/16 restatement for this change and as such is not considered a standard issued but not yet adopted. This change will see a significant change in balance sheet valuation so the impact is noted for information.

Note 2 Judgements in Applying Accounting Policies

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

Leases	Following an examination of all property and other asset leases, the Council has concluded that all land leases are operating leases. Leases relating to buildings in a number of cases meet the criteria for a finance lease as opposed to an operating lease, and they have been accounted for on this basis.
PFI/PPP and similar arrangements	The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Note 19 provides further details.
Public Sector Funding	There is some uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
Employee Benefits short-term provision	The Council has used a sampling approach to calculating the short-term provision for employee short-term compensated absences. A 5% random sample of employees has been used to calculate the short-term provision necessary for annual leave. Flexi-leave has been calculated based on the actual credit or debit position for all employees eligible as at 31 March 2016.

Note 3 Assumptions made about the future

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other

relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2016 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
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.5 million for every year that useful lives had to be reduced.
Fair Value Measurements	When the fair value of assets cannot be measured based on quoted prices in active markets (ie level 1 inputs), their fair value is measured using similar techniques (eg quoted prices for similar assets). Where possible the inputs to these valuation techniques are based on observable data (level 2 inputs) but where this is not possible judgement is required (level 3 inputs). Changes in the assumptions used over these judgements could affect the fair value of the Authority's assets.	The total value of assets measured using unobservable inputs (level 3), where significant judgement has been required, is £0.235m. Changes in any of the unobservable inputs would result in a lower or higher fair value measurement for these assets. A 10% change in the relevant assumptions would result in a £0.024m movement in valuations.
Equal Pay and Holiday Pay Provision	The Council has made a provision of £0.836 million for the settlement of potential claims for back pay arising from Equal Pay legislation and a European Court of Justice ruling on Holiday Pay, based on the number of actual claims received and potentially receivable and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in the estimated average settlement could have the effect of adding £0.084 million to the required provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £120 million. However, the assumptions interact in complex ways. During 2015-2016, the Council's actuaries advised that the net pensions liability had reduced by £15.4 million as a result of estimates being corrected as a result of experience and reduced by £111.4 million as a result of updating of the assumptions.
Debt Impairment	At 31 March 2016, the Council had a balance for trade debtors of £21.9 million. A review of significant balances suggested that an impairment of doubtful debts of 58% (£12.6	If collection rates were to deteriorate, an increase of 10% of the amount of the impairment of doubtful debts would require an additional £2.2 million to be set aside as an allowance.

million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

Note 4 Material Items of Income and Expenditure

The following items of income and expenditure are material and are shown net in the **comprehensive income and expenditure statement**.

As outlined in Note 26, provisions have been reassessed or new provisions introduced during the course of the year to ensure that the Council is making appropriate and prudent adjustments for changes in risks associated with specific issues relevant to the Council.

Note 5 Events after the balance sheet date

The Director of Finance and Resources, being the officer responsible for the council's financial affairs, signed the unaudited Annual Accounts on 22 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23 June the result of the referendum on membership of the European Union was a majority vote to leave. The UK Government would cease its EU membership from the date of agreement or, failing that, within two years of the notification under Article 50 process to negotiate the terms of the UK's exit, with the possibility of extending this time frame with the agreement of the other 27 member states. There is no immediate impact on the council, however, the referendum result has created uncertainty in various areas, for example, employment legislation, procurement, pension liabilities and many more. It is not currently possible to comment on the impact that this may have on the medium term for the council.

Note 6 Financing and investment income and expenditure

2014-2015		2015-2016	
£m		£m	
22.115	Interest payable and similar charges	21.477	
10.573	Net interest on the net defined benefit liability	10.222	
(1.302)	Interest receivable and similar income	(1.625)	
(0.111)	Income and expenditure in relation to investment properties and changes in their fair values	(0.112)	
(1.623)	Net (surplus) or deficit on trading operations	(1.668)	
29.652	Total financing and investment income and expenditure	28.294	

Note 7 Adjustment between accounting basis and funding basis under regulations

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

2015-2016	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(34.681)	(32.434)	-	-	67.115
Revaluation losses on property, plant and equipment		-			-
Movements in the market value of investment property		-			-
Amortisation of intangible assets	(0.290)	-	-	-	0.290
Capital grants and contributions applied	25.881	0.530	-	-	(26.411)
Revenue expenditure funded from capital under statute		-			-
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the comprehensive income and expenditure statement	(1.379)	0.252	-	-	1.127
Insertion of items not debited or credited to the comprehensive income and expenditure statement:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	8.604	13.213	-	-	(21.817)
Capital expenditure charged against the General Fund and HRA Balances	2.578	1.836	-	-	(4.414)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(4.840)	4.840
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	4.484	(4.484)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.221	0.274	-	-	(0.495)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(36.191)	(2.912)	-	-	39.103
Employer's pension contributions and direct payments to pensioners payable in the year	21.231	1.510	-	-	(22.741)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.114)	(0.033)	-	-	0.147
Total adjustments	(14.140)	(17.764)	-	(0.356)	32.260

2014-2015	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(39.964)	(30.641)	-	-	70.605
Amortisation of intangible assets	(0.311)	-	-	-	0.311
Capital grants and contributions applied	25.412	0.065	-	-	(25.477)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the comprehensive income and expenditure statement	(0.675)	0.153	-	-	0.522
Insertion of items not debited or credited to the comprehensive income and expenditure statement:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	25.518	12.167	-	-	(37.685)
Capital expenditure charged against the General Fund and HRA Balances	1.846	2.017	-	-	(3.863)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(3.088)	3.088
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	2.536	(2.536)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.246	0.259	-	-	(0.505)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(36.014)	(3.177)	-	-	39.191
Employer's pension contributions and direct payments to pensioners payable in the year	20.258	1.590	-	-	(21.848)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.305	0.024	-	-	(0.329)
Total adjustments	(3.379)	(17.543)	-	(0.552)	21.474

Note 8 Amounts reported for resource allocation decisions

The standard service groups shown on the face of the **comprehensive income and expenditure statement** are those specified by the Service Reporting Code of Practice and are designed to make comparisons between local authorities' accounts more meaningful. However, the standard service groups do not reflect the local management of service delivery and budgetary responsibilities as determined by the Council.

The management of Renfrewshire Council is led by the Chief Executive and, following a review of the Council's management arrangements which was approved by the Council's Leadership Board on 18 February 2015, the operational structure of the Council is divided into four main service areas, each led by a service director. Financial reports to management are prepared on a different basis from the accounting policies used in the statement of accounts. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year;
- expenditure on support services is budgeted for centrally and is not charged to service areas.

The income and expenditure of the Council's main service areas, as reported to management, for the financial year is as follows:

Service area income and expenditure analysis 2015-2016	Service area						Total
	Education and Childrens Services	Community Resources	Finance and Resources	Development and Housing Services	Adult Services	Other Services	
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	115.755	28.197	31.614	13.787	27.891	4.086	221.330
Other service expenses	86.632	50.630	14.320	122.741	67.104	57.801	399.228
Support services recharges	15.472	3.481	11.612	3.531	-	11.083	45.179
Gross expenditure	217.859	82.308	57.546	140.059	94.995	72.970	665.737
Income	(40.201)	(25.051)	(51.187)	(130.662)	(31.157)	(11.653)	(289.911)
Net expenditure	177.658	57.257	6.359	9.397	63.838	61.317	375.826

Service area income and expenditure analysis 2014-2015	Service area						Total
	Education and Leisure Services	Community Resources	Finance and Resources	Development and Housing Services	Social Work	Other Services	
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	103.357	25.862	29.294	16.491	43.467	1.545	220.016
Other service expenses	82.003	46.546	10.455	128.846	93.323	37.381	398.554
Support services recharges	9.909	4.031	11.774	5.283	6.418	10.310	47.725
Gross expenditure	195.269	76.439	51.523	150.620	143.208	49.236	666.295
Income	(23.958)	(20.343)	(46.467)	(134.433)	(48.878)	(22.170)	(296.249)
Net expenditure	171.311	56.096	5.056	16.187	94.330	27.066	370.046

Reconciliation of service area income and expenditure to the net cost of services in the comprehensive income and expenditure statement

The following table shows how the figures in the above analysis of service area income and expenditure reconcile to the amounts included in the **comprehensive income and expenditure statement**.

2014-2015		2015-2016	
£m		£m	
370.046	Net expenditure in the service area income and expenditure analysis above	375.826	
22.435	Amounts not included in the service area analysis but included in the CIES	197.657	
(20.453)	Amounts included in the service area analysis but not included in the CIES	(208.045)	
372.028	Net cost of services in the comprehensive income and expenditure statement	365.438	

Reconciliation to subjective analysis of income and expenditure

This table shows how the figures in the above analysis of service area income and expenditure reconcile to a subjective analysis of the surplus or deficit on the provision of services as included in the **comprehensive income and expenditure statement**.

2015-2016	Service area income and expenditure analysis	Amounts not included in the analysis but included in the CIES	Amounts included in the analysis but not included in the CIES	Allocation of support service recharges	Net Cost of Services	Amounts reported below the "net cost of services" in the CIES	(Surplus) or deficit on the CIES
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	221.330	120.724	(22.594)	-	319.460	-	319.460
Other service expenses	369.856	-	(165.112)	-	204.744	-	204.744
Support service recharges	45.179	-	-	(45.179)	-	-	-
Depreciation, amortisation and impairment	-	67.405	-	-	67.405	-	67.405
Interest payments	31.040	(9.563)	(21.477)	-	-	31.040	31.040
Net (surplus) or deficit on Trading Operations	(1.668)	-	1.668	-	-	(1.668)	(1.668)
(Gain) or loss on disposal of non-current assets	-	-	-	-	-	1.127	1.127
Total expenditure	665.737	178.566	(207.515)	(45.179)	591.609	30.499	622.108
Fees, charges and other service income	(187.239)	-	-	45.179	(142.060)	-	(142.060)
Interest and investment income	(0.877)	1.078	-	-	0.201	(1.078)	(0.877)
Income from council tax	-	-	-	-	-	(66.148)	(66.148)
Government grants and contributions	(101.795)	18.013	(0.530)	-	(84.312)	(332.709)	(417.021)
Total income	(289.911)	19.091	(0.530)	45.179	(226.171)	(399.935)	(626.106)
Net expenditure	375.826	197.657	(208.045)	-	365.438	(369.436)	(3.998)

2014-2015	Service area income and expenditure analysis	Amounts not included in the analysis but included in the CIES	Amounts included in the analysis but not included in the CIES	Allocation of support service recharges	Net Cost of Services	Amounts reported below the "net cost of services" in the CIES	(Surplus) or deficit on the CIES
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	220.015	(57.015)	(22.177)	-	140.823	-	140.823
Other service expenses	368.016	-	22.281	-	390.297	-	390.297
Support service recharges	47.725	-	-	(47.725)	-	-	-
Depreciation, amortisation and impairment	-	70.916	-	-	70.916	-	70.916
Interest payments	32.162	(10.047)	(22.115)	-	-	32.162	32.162
Net (surplus) or deficit on Trading Operations	(1.623)	-	1.623	-	-	(1.623)	(1.623)
(Gain) or loss on disposal of non-current assets	-	-	-	-	-	0.522	0.522
Total expenditure	666.295	3.854	(20.388)	(47.725)	602.036	31.061	633.097
Fees, charges and other service income	(192.311)	-	-	47.725	(144.586)	-	(144.586)
Interest and investment income	(0.709)	0.887	-	-	0.178	(0.887)	(0.709)
Income from council tax	-	-	-	-	-	(64.305)	(64.305)
Government grants and contributions	(103.229)	17.694	(0.065)	-	(85.600)	(328.764)	(414.364)
Total income	(296.249)	18.581	(0.065)	47.725	(230.008)	(393.956)	(623.964)
Net expenditure	370.046	22.435	(20.453)	-	372.028	(362.895)	9.133

Note 9 Grant income

The council has received grants that have yet to be recognised as income. This is because these grants have conditions attached to them that remain outstanding, and which would require the monies to be returned to the grantor. The balance at 31 March 2016 is as follows:

31 March 2015		31 March 2016
£m		£m
	<i>Grants Receipts in Advance:</i>	
3.513	Miscellaneous revenue grants	2.870
3.513	Total Grants Receipts in Advance	2.870

The council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2015-2016.

2014-2015		2015-2016	
£m		£m	
64.730	Housing benefit	64.104	
1.112	Housing benefit and council tax administration	1.082	
0.847	Private sector housing grant	1.173	
0.696	Education Maintenance Allowance	0.658	
0.024	Gaelic Education	0.024	
0.057	School Milk	0.059	
1.006	Other Education	0.980	
5.551	Social work	5.764	
1.253	Employability	0.574	
3.642	Other grants	3.074	
78.918	Total credited to services	77.492	

Note 10 Taxation and non-specific grant income

The council credited the following taxation and non-specific grant income to the **comprehensive income and expenditure statement** during 2015-2016.

2014-2015		2015-2016	
£m		£m	
(64.305)	Income from council tax and community charge	(66.148)	
(106.316)	Distribution from the national non-domestic rate pool	(102.983)	
(204.754)	General Revenue Grant from the Scottish Government	(211.713)	
(17.694)	Capital grants and contributions	(18.013)	
(393.069)	Total taxation and non-specific grant income	(398.857)	

Note 11 Usable reserves

Usable reserves are those reserves the council is able to apply to fund expenditure or reduce taxation, and comprise both capital and revenue reserves. Movements in the revenue reserves during the year are outlined in the **movement in reserves statement**, however a summary is shown below.

31 March 2015		31 March 2016	
£m		£m	
58.854	General Fund Balance	61.378	
10.645 *	Housing Revenue Account Balance	10.239	
3.760	Capital Receipts Reserve	4.116	
31.859	Other Statutory Funds	65.643	
105.118	Total usable reserves	141.376	

* £3.432 million of the £10.239 million balance has been earmarked for Welfare Reform support

This note sets out the amounts set aside from the General Fund Balance in statutory funds established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for specific areas of expenditure, and the amounts transferred back from these funds to meet General Fund expenditure in 2015-2016.

	2014-2015				2015-2016		
	Balance at 31 March 2014 £m	Transfers out 2014-2015 £m	Transfers in 2014-2015 £m	Balance at 31 March 2015 £m	Transfers out 2015-2016 £m	Transfers in 2015-2016 £m	Balance at 31 March 2016 £m
Insurance Fund	2.543	-	-	2.543	-	-	2.543
Reservoir Repair Fund	0.313	(0.005)	0.002	0.310	-	0.002	0.312
Revenue statutory funds	2.856	(0.005)	0.002	2.853	-	0.002	2.855
Education Capital Items Fund	0.735	(0.087)	0.190	0.838	(0.265)	0.178	0.751
Investment Capital Fund	19.681	-	4.803	24.484	-	30.780	55.264
Housing Capital Fund	2.127	-	1.557	3.684	-	3.089	6.773
Capital statutory funds	22.543	(0.087)	6.550	29.006	(0.265)	34.047	62.788
Total	25.399	(0.092)	6.552	31.859	(0.265)	34.049	65.643

In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. Detail of the movement in the Capital Receipts Reserve is shown in Note 7, but a summary of the movement is also shown below.

	2014-2015				2015-2016		
	Balance at	Sale proceeds	Capital expenditure funded	Balance at	Sale proceeds	Capital expenditure funded	Balance at
	31 March 2014	2014-2015	2014-2015	31 March 2015	2015-2016	2015-2016	31 March 2016
	£m	£m	£m	£m	£m	£m	£m
Capital Receipts Reserve	3.208	3.088	(2.536)	3.760	4.840	(4.484)	4.116

The Insurance Fund is the funding mechanism for the control of insurable risk and covers the main classes of insurance. It is earmarked for premiums and self-funded insurance costs.

The Reservoir Repair Fund is funding received from a contractor for repairs in perpetuity to the Thornly Dam.

The Education Capital Items Fund is earmarked funding for specific schools to be used in 2016-2017 for planned purchases of a capital nature such as computers and information communication technology equipment.

The Investment Capital Fund represents planned funding earmarked to support the Council's investment programme and the wider strategic management of the Council's associated debt profile.

The Housing Capital Fund will be used to assist in managing the associated debt costs of improving the standard of council housing.

The Capital Receipts Reserve holds cash receipts from asset sales and is used to fund planned capital expenditure.

Ring-fenced elements of the General Fund Balance

This note sets out the amounts within the General Fund Balance which the council has ring-fenced for future expenditure plans.

	2014-15				2015-16		
	Balance at	Transfers out	Transfers in	Balance at	Transfers out	Transfers in	Balance at
	31 March 2014 £m	2014-2015 £m	2014-2015 £m	31 March 2015 £m	2015-2016 £m	2015-2016 £m	31 March 2016 £m
Service Modernisation and Reform Fund	7.708	(1.337)	0.025	6.396	(0.233)	0.013	6.176
Funding the future availability of the educational establishments to be replaced under the Public Private Partnership	12.670	-	-	12.670	-	-	12.670
M74 Fund	0.571	-	-	0.571	(0.005)	-	0.566
Development Contribution – Paisley Town Centre	1.300	(0.164)	-	1.136	(0.016)	-	1.120
Early Years Change Fund	2.019	-	1.302	3.321	-	-	3.321
Land Decontamination	0.271	(0.038)	-	0.233	(0.233)	-	-
Waste Management Strategy	9.505	(0.874)	-	8.631	(1.597)	0.422	7.456
Invest in Renfrewshire	3.397	(0.239)	4.332	7.490	(2.604)	0.163	5.049
Community Safety	1.612	(0.505)	-	1.107	(0.986)	-	0.121
Private Sector Housing Grant	1.589	-	0.251	1.840	-	0.223	2.063
Town Centre Access	0.107	(0.107)	-	0.000	-	-	-
Tackling Poverty - Credit Union Support	0.500	(0.039)	-	0.461	(0.121)	-	0.340
Energy and Carbon Management	0.131	-	0.124	0.255	(0.255)	-	-
Events and Tourism	0.181	(0.067)	-	0.114	(0.114)	-	(0.000)
Paisley Town Centre Heritage Asset Strategy	-	-	1.802	1.802	(0.038)	6.520	8.284
City Deal	-	-	1.561	1.561	-	-	1.561
Response to Commission on Tackling Poverty	-	-	1.636	1.636	(0.987)	3.000	3.649
Youth Employment Strategy	-	-	0.180	0.180	-	0.032	0.212
<i>Year end flexibility:</i>							
Education and Leisure Services	0.970	-	0.440	1.410	(0.163)	0.500	1.747
Social Work	1.195	(0.952)	0.030	0.273	(0.243)	-	0.030
Total ring-fenced element of the General Fund Balance	43.726	(4.322)	11.683	51.087	(7.595)	10.873	54.365
Unallocated element of the General Fund Balance	9.199	(2.227)	0.795	7.767	(2.921)	2.167	7.013
General Fund Balance	52.925	(6.549)	12.478	58.854	(10.516)	13.040	61.378

The unallocated balance of £7.013 million is 1.9% of the Council's net annual running costs.

Note 12 Unusable reserves

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

(i) Reserves that hold unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment and financial instruments, where amounts will only become available to provide services (or limit resources in the case of losses) once the gains or losses are realised as the assets are disposed of. This category of reserves comprises the Revaluation Reserve and the Available-for-sale Financial Instruments Reserve.

(ii) Adjustment accounts that deal with situations where income and expenditure are recognised according to statutory regulations against the General Fund Balance and the Housing Revenue Account Balance on a different basis from that expected by generally accepted accounting practices. These adjustment accounts will carry either a debit balance (showing that the council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the council has set resources aside under statute earlier than accounting standards require). The adjustment accounts effectively offset the General Fund Balance and the Housing Revenue Account Balance to give the council more or less spending power in the short term than proper accounting practices would allow. The adjustment accounts comprise the Capital Adjustment Account, the Financial Instruments Adjustment Account, the Capital Receipts Reserve, the Pension Reserve and the Employee Statutory Adjustment Account.

Summary of unusable reserves

31 March 2015		31 March 2016	
£m		Note	£m
328.457	Revaluation Reserve	(i)	405.005
0.331	Available-for-sale Financial Instruments Reserve	(ii)	0.245
543.420	Capital Adjustment Account	(iii)	538.486
(14.882)	Financial Instruments Adjustment Account	(iv)	(14.387)
(317.064)	Pension Reserve	(v)	(212.702)
(6.867)	Employee Statutory Adjustment Account	(vi)	(7.014)
533.395	Total unusable reserves		709.633

(i) Movement in the year: Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are (i) revalued downwards or impaired and the gains are lost, (ii) used in the provision of services and the gains are consumed through depreciation or (iii) disposed of and the gains are realised. The Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007, which was the date that the Revaluation Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2014-2015		2015-2016	
£m		£m	£m
334.760	Balance at 1 April		328.457
3.935	Upward/(downward) revaluation of non-current assets	87.860	
(10.238)	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	(10.020)	
-	Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account	(1.292)	
(6.303)	Amount posted to the Capital Adjustment Account		76.548
328.457	Balance at 31 March		405.005

(ii) Movement in the year: Available-for-sale Financial Instruments Reserve

The Available-for-sale Financial Instruments Reserve contains the gains made by the council arising from increases in the value of its investments that have quoted market prices. The balance is reduced when investments with accumulated gains are (i) revalued downwards or impaired and the gains are lost or (ii) disposed of and the gains are realised.

2014-2015		2015-2016	
£m		£m	
0.126	Balance at 1 April	0.331	
0.205	Upward/(downward) revaluation of investments	(0.086)	
0.331	Balance at 31 March	0.245	

(iii) Movement in the year: Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the **comprehensive income and expenditure statement** (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement. The Capital Adjustment Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council, and also revaluation gains accumulated on property, plant and equipment before 1 April 2007. The Revaluation Reserve was created to hold such gains arising from 1 April 2007 onwards. Note 7 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2014-2015		2015-2016	
£m		£m	£m
538.147	Balance at 1 April		543.420
	<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</i>		
(70.605)	Charges for depreciation, impairment and revaluation losses of non-current assets	(67.115)	
(0.311)	Amortisation of intangible assets	(0.290)	
	Revenue expenditure funded from capital under statute		
(3.088)	Non-current assets sale proceeds	(4.840)	
(0.522)	Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement	(1.127)	
(74.526)			(73.372)
10.238	Adjusting amounts written out of the Revaluation Reserve		11.312
(64.288)	Net written out amount of the cost of non-current assets consumed in the year		(62.060)
	<i>Capital financing applied in the year:</i>		
2.536	Use of the Capital Receipts Reserve to finance new capital expenditure	4.484	
25.477	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	26.411	
37.685	Loans Fund principal repayments	21.817	
3.863	Capital expenditure charged against the General Fund and Housing Revenue Account balances	4.414	
69.561			57.126
543.420	Balance at 31 March		538.486

(iv) Movement in the year: Financial Instruments Adjustment Account

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

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

(ii) Manage borrowings that were on the council's balance sheet at 31 March 2007 and that have a stepped interest rate feature. These borrowings comprise five "lender option borrower option" (LOBO) loans for which the interest rate was fixed for an initial period, and at a pre-agreed later date the interest rate changed. Generally accepted accounting practices require that interest charges relating to borrowings that have a stepped interest rate feature are debited to the **comprehensive income and expenditure statement** on the basis of a single effective interest rate (EIR) over the expected life of the loans, rather than based on the contractual cash outflows of interest. However, statutory arrangements [or regulations] allow such borrowings that were on the council's balance sheet at 31 March 2007 to be charged to the General Fund Balance in accordance with the accounting treatment prior to 1 April 2007, which did not require the use of the effective interest rate as the basis for the interest charge.

(iii) Manage "soft loans" that were on the council's balance sheet at 31 March 2007. Soft loans are loans advanced by the council at nil or below prevailing interest rates. Generally accepted accounting practices require that the discounted interest rate is recognised as a reduction in the fair value of the loan, with the difference being debited to the **comprehensive income and expenditure statement** as service expenditure. However, statutory arrangements [or regulations] require that, for soft loans on the council's balance sheet at 31 March 2007, the reduction in value and corresponding charge to be reversed, so that there is no impact on the General Fund Balance. As at 31 March 2007 interest free loans amounting to £0.156 million had been advanced to employees who had had changes implemented to their pay cycle. These loans are repayable when employees leave the council's employment.

2014-2015		2015-2016	
£m		£m	£m
(15.387)	Balance at 1 April		(14.882)
-	Premiums incurred in the year and charged to the comprehensive income and expenditure statement		
0.489	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.472	
0.489			0.472
0.016	Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements or regulations		0.023
(14.882)	Balance at 31 March		(14.387)

(v) Movement in the year: Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions or regulations. The council accounts for post-employment benefits in the **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 council makes employer's contributions to pension funds. The debit balance on the Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the council's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014-2015		2015-2016	
£m		£m	
(242.706)	Balance at 1 April	(317.064)	
(57.015)	Actuarial gains or (losses) on pension assets and liabilities	120.724	
(39.191)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(39.103)	
21.848	Employer's pension contributions payable in the year	22.741	
(317.064)	Balance at 31 March	(212.702)	

(vi) Movement in the year: Employee Statutory Adjustment Account

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

2014-2015		2015-2016	
£m		£m	£m
(7.196)	Balance at 1 April		(6.867)
7.196	Settlement or cancellation of accrual made at the end of the preceding year	6.867	
(6.867)	Amounts accrued at the end of the current year	(7.014)	
0.329	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(0.147)
(6.867)	Balance at 31 March		(7.014)

Note 13 Property, Plant and Equipment

2015-2016

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total property, plant and equipment £m	Of which funded by PPP £m
Gross carrying amount at 1 April 2015	485.526	301.692	423.746	267.892	4.948	36.691	1,520.495	86.429
Assets reclassified (to) or from the "held for sale" category	(0.026)	(0.129)	-	-	-	-	(0.155)	-
Other asset reclassifications	(4.227)	(1.662)	7.883	-	(7.669)	5.135	(0.540)	-
Additions	4.393	1.087	15.485	8.546	17.749	-	47.260	0.906
Disposals	(2.194)	(0.569)	(2.227)	-	-	(3.274)	(8.264)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	43.962	3.414	0.594	-	-	(0.758)	47.212	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	0.139	(2.902)	-	-	(0.323)	(3.086)	-
Gross carrying amount at 31 March 2016	527.434	303.972	442.579	276.438	15.028	37.471	1,602.922	87.335
Accumulated depreciation (including accumulated impairment losses) at 1 April 2015	-	49.587	142.265	118.492	-	11.036	321.380	6.609
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.145)	(0.985)	0.215	-	-	0.915	-	-
Depreciation charge for the year	16.742	6.053	37.957	5.446	-	0.089	66.287	3.162
Depreciation and impairment on disposals	(0.075)	(0.108)	(2.194)	-	-	(0.027)	(2.404)	-
Depreciation written out to the Revaluation Reserve	(16.522)	(9.586)	(14.193)	-	-	(0.286)	(40.587)	-
Depreciation written out to the surplus or deficit on the provision of services	-	(1.212)	(1.202)	-	-	(0.042)	(2.456)	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2016	0.000	43.749	162.848	123.938	-	11.685	342.220	9.771
Balance sheet net carrying amount at 31 March 2016	527.434	260.223	279.731	152.500	15.028	25.786	1,260.702	77.564
Balance sheet net carrying amount at 1 April 2015	485.526	252.105	281.481	149.400	4.948	25.655	1,199.115	79.820

2014-2015	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2014	509,577	316,907	360,202	260,110	15,288	37,233	1,499,317	85,552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	(0.106)	-
Other asset reclassifications	(0.535)	(7,812)	35,281	-	(27,602)	0.668	(0.000)	-
Additions	4,477	3,039	33,018	7,782	17,262	0.246	65,824	0.877
Disposals	(1,421)	(3,671)	(2,727)	-	-	(1,601)	(9,420)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26,466)	(1,669)	0.693	-	-	0.185	(27,257)	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5,102)	(2,721)	-	-	(0.040)	(7,863)	-
Gross carrying amount at 31 March 2015	485,526	301,692	423,746	267,892	4,948	36,691	1,520,495	86,429
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	58,550	113,271	113,243	-	11,103	296,167	4,893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.018)	(5,984)	5,984	-	-	0.018	0.000	-
Depreciation charge for the year	16,983	6,581	33,413	5,249	-	0.064	62,290	3,132
Depreciation and impairment on disposals	(0.047)	(3,609)	(2,579)	-	-	(0.102)	(6,337)	-
Depreciation written out to the Revaluation Reserve	(16,918)	(7,481)	(7,404)	-	-	(0.032)	(31,835)	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1,371	(0,713)	-	-	(0,015)	0,643	(1,416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0,159	0,293	-	-	-	0,452	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	-	49,587	142,265	118,492	-	11,036	321,380	6,609
Balance sheet net carrying amount at 31 March 2015	485,526	252,105	281,481	149,400	4,948	25,655	1,199,115	79,820
Balance sheet net carrying amount at 1 April 2014	509,577	258,357	246,931	146,867	15,288	26,130	1,203,150	80,659

Note 14 Investment properties

The following items of income and expense have been accounted for in the "financing and investment income and expenditure" line in the **comprehensive income and expenditure statement**:

2014-2015		2015-2016
£m		£m
(0.111)	Rental income from investment property	(0.113)
(0.111)	Net (gain) or loss	(0.113)

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

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

2014-2015		2015-2016
£m		£m
1.575	Opening balance at 1 April	1.575
-	Asset Reclassification	0.459
-	Net gains or (losses) from fair value adjustments	(0.077)
1.575	Closing balance at 31 March	1.957

Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

	Quoted Prices in active markets for identical Assets (level 1)	Other significant observable inputs (level 2)	Other significant unobservable inputs (level 3)	Fair Value as at 31 March 2016
	£m	£m	£m	£m
Commercial Units	-	0.628	-	0.628
Office Units	-	0.077	-	0.077
Commercial Sites	-	0.957	-	0.957
Other	-	0.295	-	0.295
Total	-	1.957	-	1.957

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

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

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

Note 15 Heritage Assets

The movement in the fair value of heritage assets is as follows:

2014-2015		2015-2016	
£m		£m	
38.661	Opening balance at 1 April	38.977	
0.316	Additions (at cost)	-	
38.977	Closing balance at 31 March	38.977	

The combined collections managed by the Renfrewshire Arts and Museums Service number in excess of 350,000 objects and it is impractical to undertake a full valuation of all the items in the collection. The balances above reflect a combination of external valuations and those undertaken by museum curators for insurance purposes. Internal valuations are generally derived on a collection basis as opposed to valuing individual objects.

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

- Art collection: 2013 (Sotheby's)
- Shawls and textiles: 2012 (internal)
- Natural and human history: 2012 (internal)

An inventory of objects is currently held in a variety of both manual and electronic formats. A centralised electronic collections management system has been procured and a project is underway to transfer records to this new system. It is recognised however that this is a significant task and may take a substantial period of time to complete.

A summary of transactions over the previous 5 years is shown below:

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
	£m	£m	£m	£m	£m
Acquisitions	0.016	-	0.252	0.316	-
Donations	-	0.030	-	-	-
Disposals	-	-	-	-	-
Revaluations	(0.238)	(2.083)	-	-	-

Note 16 Assets held for sale

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

2014-2015		2015-2016	
£m		£m	
1.176	Opening balance at 1 April	0.756	
Assets newly classified as "held for sale":			
0.106	Council Dwellings	0.026	
-	Other Land and Buildings	0.129	
-	Revaluation losses	(0.060)	
(0.526)	Assets sold	(0.107)	
0.756	Closing balance at 31 March	0.744	

Note 17 Intangible assets

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

2014-2015		2015-2016	
Purchased software licences		Purchased software licences	
£m		£m	
	<i>Balances at start of year:</i>		
2.517	Gross carrying amount	2.717	
(1.553)	Accumulated amortisation	(1.857)	
0.964	Net carrying amount at start of year	0.860	
0.208	Additions: purchases	0.178	
-	Asset Reclassification	0.081	
(0.008)	Disposals	-	
0.007	Accumulated amortisation derecognised on disposal	-	
(0.311)	Amortisation for the year	(0.290)	
0.860	Net carrying amount at end of year	0.829	
	<i>...comprising:</i>		
2.717	Gross carrying amount	2.976	
(1.857)	Accumulated amortisation	(2.147)	
0.860	Net carrying amount at end of year	0.829	

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

Note 18 Capital expenditure and capital financing

Capital Expenditure involves the creation of assets, the benefit of which will be available to future council tax and non-domestic rate payers. It is financed from borrowing and capital income (sales receipts), and so the cost of the asset is effectively borne over a number of years. The council's overall capital investment programme is sub-divided into two programmes – housing and non-housing. In 2015-2016 total spending on capital projects was £47.438 million (£66.348 million in 2014-2015) and was within the overall prudential limits approved by Council. £4.484 million (£2.536 million in 2014-2015) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £12.129 million (£34.472 million in 2014-2015) was financed from external borrowing and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, and the resources used to finance this expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The movement in the CFR during the year is also analysed in the table below.

2014-2015		2015-2016	
£m		£m	
370.730	Opening Capital Financing Requirement	367.563	
	<i>Capital investment:</i>		
65.824	Property, plant and equipment	47.260	
0.208	Intangible assets	0.178	
0.316	Heritage Assets	-	
	<i>Sources of finance:</i>		
(1.682)	Capital receipts – sale of council houses	(2.290)	
(0.854)	Capital receipts – sale of other council assets	(2.194)	
(25.477)	Government grants and other contributions	(26.411)	
(3.863)	Sums set aside from revenue – direct revenue contributions	(4.414)	
(37.639)	Loans Fund/Finance Lease principal repayments	(21.767)	
367.563	Closing Capital Financing Requirement	357.925	
	<i>Explanation of movements during the year</i>		
(0.624)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(7.022)	
(0.008)	Reduction in finance leases obligations	-	
(2.535)	Increase/(decrease) in PPP finance lease creditor	(2.616)	
(3.167)	Increase or (decrease) in Capital Financing Requirement during the year	(9.638)	

At 31 March 2016 the Council had commitments on capital contracts for non-housing projects of £33.731 million (£12.785 million in 2014-2015) and for housing projects of £8.019 million (£13.169 million in 2014-2015). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 19 Public Private Partnerships

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

When the agreement ends in 2038, the buildings will be handed to the Council at nil consideration with a guarantee of no major maintenance requirements for a five-year period. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the course of the remainder of the contract. The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are shown in the movement on the Property, Plant and Equipment balance in Note 13.

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards. Under the agreement the Council is committed to paying the following sums (assuming an average inflation rate of 2.5% per annum and excluding any performance/availability deductions).

Future Repayment Periods	Service Charges	Liability Repayment	Interest Repayment	Contingent Rentals	Total
	£m	£m	£m	£m	£m
Payable within 1 year	4.779	2.604	6.146	2.721	16.250
Payable within 2-5 years	21.041	10.989	22.531	13.193	67.754
Payable within 6-10 years	31.858	14.665	23.454	21.265	91.242
Payable within 11-15 years	35.471	18.578	17.475	27.579	99.103
Payable within 16-20 years	38.210	25.819	9.055	34.557	107.641
Payable within 21-25 years	16.114	9.832	0.868	12.537	39.351
Total	147.473	82.487	79.529	111.852	421.341

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

2014-2015		2015-2016	
£m		£m	
87.638	Balance outstanding at 1 April	85.103	
2.535	Payments during the year	2.616	
85.103	Balance outstanding at 31 March	82.487	

Note 20 Leases

Renfrewshire Council as Lessee

Operating Leases

The Council has acquired 22 properties by entering into operating leases, with average lives of 22 years. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2015		31 March 2016	
£m		£m	
0.899	Not later than one year	0.841	
3.022	Later than one year and not later than five years	2.662	
5.192	Later than five years	4.732	
9.113		8.235	

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2014-2015		2015-2016	
£m		£m	
0.899	Minimum lease payments	0.857	
0.899		0.857	

Renfrewshire Council as Lessor

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

31 March 2015		31 March 2016
£m		£m
0.239	Not later than one year	0.256
0.818	Later than one year and not later than five years	0.858
8.597	Later than five years	8.384
9.654		9.498

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

Note 21 Inventories

2014-2015		2015-2016
Consumable Stores		Consumable Stores
£m		£m
0.898	Carrying amount at 1 April	1.084
6.651	Additions during the year	6.368
(6.462)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.638)
(0.009)	Recognised as an expense during the year: inventories written down	(0.054)
0.006	Reversals during the year of previous inventory write-downs	0.008
1.084	Carrying amount at 31 March	0.768

Note 22 Intangible assets (current assets)

The council accounts for Carbon Reduction Commitment (CRC) allowances purchased prospectively as intangible assets. These allowances will be surrendered in accordance with the CRC scheme's requirements.

2014-15		2015-16
CRC Allowances		CRC Allowances
£m		£m
-	Net carrying amount at start of year	0.931
0.931	Additions: purchases	-
-	Disposals	(0.463)
0.931	Net carrying amount at end of year	0.468

Note 23 Debtors

31 March 2015			31 March 2016			
Short Term £m	Long Term £m		Short Term £m	£m	Long Term £m	£m
24.423	-	Central government bodies, excluding NHS Scotland		8.107		-
0.783	-	Central government bodies: NHS Scotland		0.657		-
0.644	-	Other local authorities		1.618		-
0.015	-	Public corporations and trading funds		0.001		-
6.761	-	HM Revenue and Customs		4.035		-
		<i>Other entities and individuals:</i>				
13.964	-	Council tax arrears	14.823			-
(9.276)	-	Council tax arrears impairment	(10.172)			-
4.688	-	Council tax arrears net of impairment		4.651		-
2.668	-	Rent arrears	2.305			-
(2.429)	-	Rent arrears impairment	(1.778)			-
0.239	-	Rent arrears net of impairment		0.527		-
17.409	-	Trade debtors	19.829			-
(11.549)	-	Trade debtors impairment	(12.641)			-
5.860	-	Trade debtors net of impairment		7.188		-
1.609	11.284	Other debtors	4.922		12.733	
-	(5.873)	Other debtors impairment			(7.003)	
1.609	5.411	Other debtors net of impairment		4.922		5.730
45.022	5.411	Total debtors		31.706		5.730

Note 24 Cash and cash equivalents

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

31 March 2015		31 March 2016
£m		£m
(2.257)	Current account balances with the council's banker	(3.236)
0.291	Collection account balances not with the council's banker	0.034
14.008	Callable deposits with UK banks	16.610
8.003	Callable deposits with non UK banks	8.004
9.204	Callable deposits in money market funds	17.936
0.049	Imprest accounts held at council establishments	0.048
29.298	Total cash and cash equivalents	39.396

Note 25 Creditors

The analysis below details the main creditor balances.

31 March 2015			31 March 2016		
Short	Long		Short	Long	
Term	Term		Term	Term	
£m	£m		£m	£m	
2.839	-	Central government bodies, excluding NHS Scotland	4.507		
0.336	-	Central government bodies: NHS Scotland	0.748		
0.903	-	Other local authorities	0.828		
0.171	-	Public corporations and trading funds	0.217		
5.448	-	HM Revenue and Customs	5.931		
8.934	-	Strathclyde Pension Fund and SPPA	5.302		
8.079	-	Accrued payrolls	5.643		
2.615	82.488	PPP finance lease creditor	2.604	79.883	
-	-	Other finance lease creditor	-	-	
-	0.010	Financial guarantees		0.007	
30.679	0.048	Other entities and individuals	36.739	-	
60.004	82.546	Total creditors	62.519	79.890	

Note 26 Provisions

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

There are two classes of provision – short and long term. The accrual associated with short-term accumulating compensated absence is classed as a short term provision and is matched by the Employee Statutory Adjustment Account (an unusable reserve – Note 12(vi)). The accrual associated with teacher's maternity pay is also a short term provision. This provision has been made to reflect the changes in European legislation that allow teachers to accrue all holidays during maternity leave.

The movement in these short term provisions is detailed below:

2014-2015			2015-2016		
Short term accumulating compensated absence	Teachers' maternity pay	Total	Short term accumulating compensated absence	Teachers' maternity pay	Total
£m	£m	£m	£m	£m	£m
7.196	0.070	7.266	6.867	0.068	6.935
6.867	0.068	6.935	7.015	0.085	7.100
(7.196)	(0.070)	(7.266)	(6.867)	(0.068)	(6.935)
6.867	0.068	6.935	7.015	0.085	7.100

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

	2015-2016			
	Equal pay and Holiday pay compensation payments	Insurance claims	Other	Total
	£m	£m	£m	£m
Balance at 1 April 2015	1.236	4.274	0.311	5.821
Additional provisions and increases/(decreases) to existing provisions made during the year		0.724	0.631	1.355
Amounts used during the year	(0.400)	(1.097)	(0.311)	(1.808)
Balance at 31 March 2016	0.836	3.901	0.631	5.368

Equal pay and Holiday pay compensation payments

The council has received and settled, and expects to potentially receive further, equal pay claims arising from equality issues under equal pay legislation and the implementation of the single status agreement. In addition the council has received a number of claims arising from a European Court of Justice ruling in relation to holiday pay. A provision has been made to reflect the potential outcome of outstanding and potential claims.

Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The council has increased its net assessment by £0.724 million on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

Other

The council has received a number of claims in relation to construction projects. Although the claims are disputed, a provision has been made at a prudent level to reflect potential settlements. All other provisions are individually insignificant.

Note 27 Financial Instruments

Categories of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer term investments. The following categories of financial instrument are carried in the **balance sheet**. (Those financial instruments that are classified as cash and cash equivalents are not included in this table – see Note 24 for details of these.)

31 March 2015			31 March 2016		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	24.694	Loans and receivables - fixed term deposits		66.897	
3.116	-	Available-for-sale financial assets - insurance fund investments	3.117	-	
3.116	24.694	Investments	3.117	66.897	
1.452	0.075	Loans and receivables - loans to other entities and individuals	0.799	0.078	
3.959	40.259	Loans and receivables - trade receivables	4.931	26.977	
5.411	40.334	Debtors	5.730	27.055	
(165.932)	(9.690)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(154.410)	(14.338)	
-	(54.783)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.389)	(34.382)	
-	(6.038)	Financial liabilities at amortised cost - borrowing from group entities	-	(6.314)	
(165.932)	(70.511)	Borrowing	(174.799)	(55.034)	
-	(34.928)	Financial liabilities at amortised cost - trade payables	-	(43.039)	
(82.488)	(2.615)	PFI/PPP and finance lease liabilities	(79.883)	(2.604)	
(0.010)	-	Financial guarantees	(0.007)	-	
(82.498)	(37.543)	Creditors	(79.890)	(45.643)	

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275 million (2014-2015 £0.900 million), home loans of £0.553 million (2014-2015 £0.562 million), soft loans to service users of £0.028 million (2014-2015 £0.038 million) and soft loans to employees of £0.022 million (2014-2015 £0.027 million).

Fair value of financial instruments

When financial instruments are initially recognised they are measured at fair value (less any material transaction costs), fair value being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Subsequent to initial recognition, the balance sheet measurement method for a financial instrument depends on its classification, and the fair value will, for some financial instruments, diverge from the balance sheet carrying amount:

- (i) Subsequent to initial recognition, available-for-sale financial assets continue to be carried in the balance sheet at fair value.
- (ii) Subsequent to initial recognition, loans and receivables and financial liabilities at amortised cost are carried in the balance sheet at amortised cost, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

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

31 March 2015			31 March 2016		
Balance sheet carrying amount	Fair value		Balance sheet carrying amount	Fair value	
£m	£m		£m	£m	
24.694	24.717	Loans and receivables - fixed term deposits	66.897	66.914	
3.116	3.116	Available-for-sale financial assets - insurance fund investments	3.117	3.117	
27.810	27.833	Investments	70.014	70.031	
1.527	1.570	Loans and receivables - loans to other entities and individuals	0.877	0.924	
44.218	44.221	Loans and receivables - trade receivables	31.908	31.911	
45.745	45.791	Debtors	32.785	32.835	
(175.622)	(231.239)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(168.748)	(226.240)	
(54.783)	(70.003)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.771)	(70.350)	
(6.038)	(6.038)	Financial liabilities at amortised cost - borrowing from group entities	(6.314)	(6.314)	
(236.443)	(307.280)	Borrowing	(229.833)	(302.904)	
(34.928)	(34.928)	Financial liabilities at amortised cost - trade payables	(43.039)	(43.039)	
(85.103)	(85.103)	PFI/PPP and finance lease liabilities	(82.487)	(82.487)	
(0.010)	(0.010)	Financial guarantees	(0.007)	(0.007)	
(120.041)	(120.041)	Creditors	(125.533)	(125.533)	

The council's available-for-sale financial assets comprise the council's insurance fund investments. The fair value of the insurance fund investments equates to the market value of those investments, and this valuation has been provided by the council's investment manager, Standard Life Wealth Limited.

The assessment of the fair value of fixed term deposits (within loans and receivables) and borrowing (within financial liabilities at amortised cost), has been carried out on the council's behalf by the council's treasury advisers, Capita Asset Services. This fair value assessment uses the "net present value" approach, which provides an estimate of the value, in today's terms, of the cash flows which are expected to take place over the remaining term of the financial instruments. The discount rate used in the assessment is the comparable new deposit/borrowing rate for a financial instrument of similar structure and terms, from a comparable borrower/lender. This is the rate applicable in the market, on the date of valuation, for an instrument with duration equal to the outstanding period from the date of valuation to the maturity date of the instrument being assessed. In the case of borrowings from the Public Works Loan Board (PWLB), the interest rate used to assess fair value is the appropriate new borrowing rate, and not the more penal rate which is applied in the event of premature repayment of PWLB borrowings. A consistent approach has been applied to financial assets and to financial liabilities.

The assessment of the fair value of loans to other entities and individuals (within loans and receivables) follows a similar "net present value" method to that for fixed term deposits and borrowing, with discount rates being estimated using the prevailing market rate of interest for similar instruments and similar borrowers.

Due to the short-term nature of trade receivables (within loans and receivables) and trade payables (within financial liabilities at amortised cost), and the fact that no quoted interest rate applies to these, such financial instruments are carried at the original contract amount (net of any impairment in the case of trade receivables). For these instruments the contract amount, the amortised cost and the fair value are considered to be not materially different.

The fair value of loans and receivables is greater than the balance sheet carrying amount as at 31 March 2016. This is because the council has placed fixed term deposits, and has made loans to other entities and individuals, where the contractual interest rate is higher than the rates available for similar deposits/loans at that date. This represents a notional future gain (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest above current market rates.

Similarly, the fair value of financial liabilities at amortised cost is greater than the balance sheet carrying amount as at 31 March 2016. This is because the council has taken borrowing where the contractual interest rate is higher than the rates available for similar borrowing at that date. This represents a notional future loss (based on economic conditions at 31 March 2016) attributable to a commitment to pay interest to lenders above current market rates.

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

The following items of income, expense, gain and loss relating to financial instruments are included within the lines "financing and investment income and expenditure" and "(surplus) or deficit on the revaluation of available-for-sale financial assets" in the **comprehensive income and expenditure statement**.

2015-2016

Interest expense (including finance lease interest)
Impairment losses
Total expense in the (surplus) or deficit on the provision of services
Interest income
Dividend income
Other income
Total income in the (surplus) or deficit on the provision of services
Net (gain) or loss on revaluation
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)
Net (gain) or loss for the year (in total comprehensive income and expenditure)

Financial assets: loans and receivables £m	Available-for-sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
-	-	17.766	17.766
1.130	-	-	1.130
1.130	-	17.766	18.896
(0.689)	-	-	(0.689)
-	(0.088)	-	(0.088)
(0.008)	-	-	(0.008)
(0.697)	(0.088)	-	(0.785)
-	0.086	-	0.086
-	0.086	-	0.086
0.433	(0.002)	17.766	18.197

2014-2015	Financial assets: loans and receivables £m	Available-for-sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)	-	-	18.782	18.782
Impairment losses	0.802	-	-	0.802
Total expense in the (surplus) or deficit on the provision of services	0.802	-	18.782	19.584
Interest income	(0.552)	-	-	(0.552)
Dividend income	-	(0.066)	-	(0.066)
Other income	(0.010)	-	-	(0.010)
Total income in the (surplus) or deficit on the provision of services	(0.562)	(0.066)	-	(0.628)
Net (gain) or loss on revaluation	-	(0.205)	-	(0.205)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(0.205)	-	(0.205)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.240	(0.271)	18.782	18.751

Note 28 Nature and extent of risks arising from Financial Instruments

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

Credit Risk

Credit risk arises from the short-term lending of surplus funds to financial institutions and local authorities, as well as credit exposures to the council's customers. It is the policy of the council to place deposits only with a limited number of high quality banks, building societies and money market funds whose credit rating is independently assessed as sufficiently secure by the council's treasury advisers and to restrict lending to a prudent maximum amount for each entity.

The following analysis summarises the council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the council expects full repayment on the due date of deposits placed with its counterparties.

2015-2016	Amount at 31 March 2016 £m	Historical experience of non-payment adjusted for market conditions at 31 March 2016 12.86%	Estimated maximum exposure to default and uncollectability at 31 March 2016 £m
Deposits with financial institutions	109.447		
Customers (sundry income)	9.996		1.286
Total	119.443		1.286

The Council does not generally allow credit for customers, such that as at 31 March 2016 £6.490 million of the £9.996 million (£5.284 million of £7.397 million in 2014-2015) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2015		31 March 2016	
£m		£m	
1.467	Less than three months and past due	3.147	
0.429	Three to six months	0.615	
0.468	Six months to one year	0.649	
2.920	More than one year	2.079	
5.284	Sundry income debtors past due	6.490	

Collateral

Renfrewshire Council occasionally provides loans to residents who wish to buy their homes under “right to buy” legislation. In such cases the council takes a standard security over the property. As at 31 March 2016 the outstanding value of loans advanced by the council was £0.552 million (£0.562 million as at 31 March 2015).

Liquidity risk

The council’s main source of borrowing is HM Treasury’s Public Works Loans Board. There is no significant risk that the council will be unable to raise finance to meet its commitments under financial instruments. The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The council’s policy is to ensure that not more than 15% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

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

31 March 2015			31 March 2016		
£m			£m		
		<i>Principal maturing...</i>			
59.625	26.43% *	in less than one year	44.438	20.31% *	
11.522	5.11%	between one and two years	31.212	14.26%	
18.052	8.00%	between two and five years	8.066	3.69%	
136.358	60.46%	in more than five years	135.132	61.74%	
225.557	100.00%	Principal element of borrowing	218.848	100.00%	

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

Market risk: interest rate risk

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

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

- it is the policy of the council to limit its exposure to variable rate borrowing to a maximum of 25% of what it borrows;

- during periods of falling rates and where it is economically advantageous to do so, the council will consider the repayment and restructuring of fixed interest rate debt;
- the council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.

To illustrate the notional impact of changes in interest rates upon the council, the following table shows the financial effect if rates had been 1% higher during 2015-2016, with all other variables held constant.

	2015-2016
	£m
<i>Notional impact on the surplus or deficit on the provision of services:</i>	
Increase in interest payable on new fixed rate borrowings taken during the year	
Increase in interest receivable on deposits placed during the year	(0.895)
Notional impact on the surplus or deficit on the provision of services	(0.895)
Share of this impact which would be attributable to the Housing Revenue Account	(0.497)
<i>Accounting presentation changes, which would have no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.082
Decrease in the fair value of fixed rate borrowing	43.562

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

Market risk: price risk

The council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the council by Standard Life Wealth Limited in the Phoenix Fund. The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The benchmark return is LIBOR+2% per annum. During 2015-2016 the book cost of investments increased by £0.088 million (£0.066 million increase during 2014-2015).

The investment is classified as "available-for-sale", meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is a prescribed presentational requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the council, an increase or fall of 5% in the general price of shares at 31 March 2016 would have resulted in a £0.050 million gain or loss being recognised in other comprehensive income and expenditure for 2015-2016.

Market risk: foreign exchange risk

The council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Note 29 Cash flow statement

29a. Cash flow: operating activities – adjustments to the net provision of services for non-cash movements

2014-2015		2015-2016
£m		£m
(70.916)	Depreciation, amortisation, impairment and revaluations	(67.405)
(2.311)	(Increase)/decrease in impairment provision for bad debts	(1.849)
(4.234)	(increase)/decrease in creditors	(1.832)
8.598	Increase/(decrease) in debtors	(11.611)
0.186	Increase/(decrease) in inventories	(0.316)
(17.343)	Pension (liability)/asset	(16.362)
(3.610)	Carrying amount of non-current assets sold	(5.967)
0.170	Other non-cash items charged to the net surplus or deficit on the provision of services	0.374
(89.460)	Adjustment to net (surplus)/deficit on the provision of services for non – cash movements	(104.968)

29b. Cash flow statement: investing activities

2014-2015		2015-2016
£m		£m
66.348	Purchase of property, plant and equipment, investment property and intangible assets	47.438
-	Purchase of short-term and long-term investments	42.204
(3.088)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4.840)
(2.640)	Proceeds from short-term and long-term investments	-
(25.477)	Other receipts from investing activities	(26.411)
35.143	Net cash flows from investing activities	58.391

29c. Cash flow statement: financing activities

2014-2015		2015-2016
£m		£m
2.543	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	2.616
14.604	Repayment of short-term and long-term borrowing	6.610
17.147	Net cash flows from financing activities	9.226

29d. Cash flow statement: interest paid and received

The Net cash flow from operating activities in Note 29a includes the following elements of interest paid and received:

2014-2015		2015-2016	
£m		£m	
(1.235)	Interest received	(1.537)	
13.486	Interest paid	12.806	
6.534	Interest element of finance lease and PPP payments	6.342	
18.785		17.611	

Note 30 Trading operations

The Council's trading operations are required to operate in a commercial environment, with income being generated from other parts of the Council or from other organisations. In the course of 2013-2014, the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued revised guidance with regards the classification of trading operations as "significant"; the implication of this classification being that under the Local Government in Scotland Act 2003 there is a statutory requirement to maintain separate accounts and to break even financially over a rolling three year period. In light of this revised guidance, the Council reviewed the status of the trading operations it undertakes. The Council agreed that the existing two significant trading operations – Building Services and Roads Services - no longer met the relevant criteria to be classed as such. Therefore this note has been revised to account for all trading operations as non-significant, however the trading accounts are produced for management purposes and are therefore disclosed.

		2013-2014	2014-2015	2015-2016	Total of last three years
		£m	£m	£m	£m
Building Services	Turnover	17.882	17.373	17.507	52.762
	Expenditure	16.581	16.876	16.920	50.377
	Surplus	1.301	0.497	0.587	2.385
Roads Services	Turnover	4.893	4.441	4.884	14.218
	Expenditure	4.766	4.296	4.751	13.813
	Surplus	0.127	0.145	0.133	0.405
Catering	Turnover	5.178	5.772	5.696	16.646
	Expenditure	4.749	5.316	5.239	15.304
	Surplus	0.429	0.456	0.457	1.342
Transport Workshop	Turnover	2.996	3.252	3.057	9.305
	Expenditure	2.496	2.733	2.543	7.772
	Surplus	0.500	0.519	0.514	1.533
Total for all trading operations	Turnover	30.949	30.838	31.144	92.931
	Expenditure	28.592	29.221	29.453	87.266
	Surplus	2.357	1.617	1.691	5.665

The surplus on these trading operations has been taken to the Council's **comprehensive income and expenditure statement**.

Note 31 Agency services

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Renfrewshire Council and East Renfrewshire Council. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water.

2014-2015		2015-2016	
£m		£m	
106.316	Scottish Government - Contributions (to) or from the non-domestic rates pool	102.915	
14.515	Non-domestic rates collected: East Renfrewshire	14.384	
0.055	Service income from East Renfrewshire Council for collection of non-domestic rates	0.055	
25.811	Domestic water and sewerage charges collected	26.764	
25.811	Domestic water and sewerage charges paid over to Scottish Water	26.764	
0.636	Service income from Scottish Water for collection of domestic water and sewerage charges	0.689	
-	Paisley First Business Improvement District	0.010	

Note 32 Related parties

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

Central and Scottish Government

Central and Scottish Government have the potential to influence the general operations of the council, being responsible for providing the statutory framework within which the council operates. The Scottish Government provides the majority of the council's funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties such as council tax billing. Grants received from the Scottish Government are set out in the analysis in Note 10. Grant conditions outstanding at 31 March 2016 are shown in Note 9.

Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests are available on the Council website, www.renfrewshire.gov.uk. Services to the value of £1.061 million were commissioned from three companies in which three elected members had an interest. Contracts were entered into in full compliance with the Council's contract standing orders. Services totalling £0.107 million were commissioned from two organisations in which one elected member has a non-financial interest. The relevant member played no role in the decision relating to services commissioned. One elected member is employed by Renfrewshire Leisure Ltd (RLL). This member has declared this interest and recuses themselves from any Board or Committee meeting where items pertaining to RLL are under discussion.

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

Note 33 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2015-2016 were £0.349 million (£0.349 million in 2014-2015). There were no fees paid to Audit Scotland in respect of any other services.

Note 34 Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019. Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate from 1 April 2015 was 14.9% of pensionable pay, increasing to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

Based on the proportion of employer contributions paid in 2014-2015, Renfrewshire Council's level of participation in the scheme is 2.7%. The Council paid £9.688 million (£9.049 million in 2014-2015) for employer's contributions to the Scottish Public Pensions Agency. £0.483 million of expenditure (£0.548 million in 2014-2015) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.8% of teachers' pensionable pay (0.9% in 2014-2015).

Note 35 Defined benefit pension schemes**(i) Participation in pension schemes**

The pension scheme for teachers – the Scottish Teachers' Superannuation Scheme – is explained in Note 34 whilst this note relates exclusively to the pension scheme for all other employees – the Local Government Pension Scheme.

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

The principal risks to the scheme are assumptions relating to longevity, inflation, and investment performance; in addition statutory changes to the scheme. These risks are mitigated to an extent by statutory requirements limiting charges to the Council's general fund.

The Council has additional liabilities for unfunded discretionary pension payments outside the main schemes such as arrangements for the award of discretionary post-employment benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

(ii) Transactions relating to post-employment benefits

The council 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 accounting for investment returns on any resources set aside to meet the costs. However, the charge according to statutory regulations that is required to be made against the General Fund Balance and the Housing Revenue Account Balance is based upon the employer contributions payable by the council to the pension fund in the year. This requires an adjustment to be made in the **movement in reserves statement** to remove the cost (according to generally accepted accounting practices) of post-employment benefits, and replace that cost with the value of employer contributions payable to the fund in the year. The following transactions have been made in the **comprehensive income and expenditure statement** and the General Fund Balance via the **movement in reserves statement** during the year:

2014-15		2015-16
£m		£m
	<i>Included within net cost of services:</i>	
28.525	Current service cost	31.639
4.575	Past service cost/(gain)	4.598
(4.482)	Losses or (gains) on curtailments and settlements	(7.356)
	<i>Included within financing and investment income and expenditure:</i>	
48.207	Interest cost	40.507
(37.634)	Expected return on scheme assets	(30.285)
39.191	Total of LGPS post-employment benefits charged to the surplus or deficit on the provision of services	39.103
	<i>Included within other comprehensive income and expenditure:</i>	
	Remeasurement of the Net Defined Benefit Liability comprising:	
(46.577)	Return on Assets excluding amounts included in net interest	6.088
28.975	Actuarial gains and losses arising on changes in Demographic Assumptions	-
126.529	Actuarial gains and losses arising on changes in Financial Assumptions	(111.433)
(51.912)	Actuarial gains and losses arising on changes in Other Assumptions	(15.379)
96.206	Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement	(81.621)
	<i>Movement in reserves statement:</i>	
57.015	Actuarial losses or (gains)	(120.724)
39.191	Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	39.103
(21.848)	Employer contributions and direct payments to pensioners payable in the year	(22.741)
74.358	Movement in the year on the Pension Reserve	(104.362)

The cumulative amount of actuarial gains and losses recognised in the **comprehensive income and expenditure statement** as at 31 March 2016 is a loss of £202.427 million (loss of £323.151 million as at 31 March 2015).

(iii) Assets and liabilities relating to post-employment benefits

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2016, the defined benefit obligation exceeded scheme assets by £212.702 million (£317.064 million as at 31 March 2015). The defined benefit obligation is valued on an actuarial basis using the "projected unit credit" method, which estimates the pensions that will be payable in future years (dependent on assumptions about mortality rates, salary levels and other factors) discounted to their present value. The discount rate used at 31 March 2016 was 3.5% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2014.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2016, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension liability of £212.702 million represents a reduction of £104.362 million between 31 March 2015 and 31 March 2016. The net pension liability has a substantial impact on the net worth of the council as recorded in the **balance sheet**. However, statutory arrangements for funding the deficit mean that the financial position of the council remains assured. The deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

Local government legislation provides that local authorities have an obligation to meet the expenditure of the joint boards of which they are constituent members. As a consequence, Renfrewshire Council has additional liabilities arising from the pension scheme deficits of the Renfrewshire Valuation Joint Board. In accordance with accounting regulations, the group accounts include a share of the post-employment benefits transactions, defined benefit obligations and scheme assets of this joint board. Further information can be found in the annual report and accounts of each joint board.

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

(iv) Movement in defined benefit obligation (scheme liabilities)

The following is a reconciliation of the 2015-2016 opening and closing balances of the present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation (that is, scheme liabilities).

2014-15		2015-16	
£m		£m	
1,119.216	Opening balance at 1 April	1,276.378	
28.525	Current service cost	31.639	
48.207	Interest cost	40.507	
6.188	Member contributions	6.106	
103.592	Actuarial losses or (gains)	(126.812)	
4.575	Past service cost	4.598	
(4.482)	Estimated benefits paid: unfunded	(22.700)	
(29.443)	Estimated benefits paid: other	(31.779)	
1,276.378	Closing balance at 31 March	1,177.937	

(v) Movement in scheme assets

The following is a reconciliation of the 2015-2016 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2014-15		2015-16	
£m		£m	
876.510	Opening balance at 1 April	959.314	
37.634	Expected return on scheme assets	30.285	
6.188	Member contributions	6.106	
21.848	Employer contributions	22.741	
4.482	Contributions in respect of unfunded benefits	4.769	
46.577	Actuarial (losses) or gains	(6.088)	
(4.482)	Estimated benefits paid: unfunded	(20.113)	
(29.443)	Estimated benefits paid: other	(31.779)	
959.314	Closing balance at 31 March	965.235	

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy as provided by the administering authority. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets from 1 April to 31 December 2015 was (0.3%).

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

31 March 2015			31 March 2016		
Quoted Prices in active markets	Prices not quoted in active markets	Total	Quoted Prices in active markets	Prices not quoted in active markets	Total
£m	£m	£m	£m	£m	£m
351.682	0.724	352.406	351.171	0.761	351.932
-	0.005	0.005	-	0.001	0.001
-	93.348	93.348	-	93.890	93.890
-	87.646	87.646	-	103.694	103.694
10.452	391.592	402.044	8.726	373.498	382.224
0.294	-	0.294	0.234	-	0.234
-	23.571	23.571	32.230	1.030	33.260
362.428	596.886	959.314	392.361	572.874	965.235
Fair value of scheme assets			Fair value of scheme assets		

(vi) Scheme history: analysis of defined benefit obligation and scheme assets

The council's share of the accumulated deficit or surplus in the scheme is shown below. The analysis shows the nature of various elements of the council's share of the scheme's defined benefit:

31 March 2015		31 March 2016
£m		£m
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities:	
(610.383)	Current employee members	(572.748)
(104.298)	Pre-local government reorganisation (1996) liabilities	(93.604)
(100.743)	Deferred pensioners	(88.502)
(369.785)	Pensioners	(337.189)
<u>(1,185.209)</u>	Defined benefit obligation - funded liabilities	<u>(1,092.043)</u>
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - <u>unfunded</u> liabilities:	
(75.447)	Retirals from Renfrewshire Council	(71.896)
(15.722)	Retirals pre-local government reorganisation (1996)	(13.998)
<u>(91.169)</u>	Defined benefit obligation - <u>unfunded</u> liabilities	<u>(85.894)</u>
<u>(1,276.378)</u>	Present value of defined benefit obligation	<u>(1,177.937)</u>
959.314	Fair value of scheme assets	965.235
<u>(317.064)</u>	Net liability arising from defined benefit obligation	<u>(212.702)</u>

Basis for estimating assets and liabilities

The following table shows the principal assumptions used by Hymans Robertson LLP, the Fund's independent actuaries, to estimate the council's post-employment benefits transactions for 2015-2016, and the council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2016:

31 March 2015		31 March 2016
3.2%	Discount rate for defined benefit obligation	3.5%
3.2%	Long-term expected rate of return on scheme assets*	3.5%
4.3%	Rate of increase in salaries	4.2%
2.4%	Rate of increase in pensions	2.2%
2.4%	Rate of inflation	2.2%
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
22.1 years	Men	22.1 years
23.6 years	Women	23.6 years
	Longevity at age 65 for future pensioners:	
24.8 years	Men	24.8 years
26.2 years	Women	26.2 years
	Commutation assumptions - percentage of the maximum additional tax-free cash (per HM Revenue & Customs limits) converted from annual pension into retirement lump sum:	
50%	for pre-April 2009 service	50%
75%	for post-April 2009 service	75%

*The expected rates of return are set equal to the discount rate as per IAS19

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

Impact on the Defined benefit Obligation in the Scheme

	Movement in Employer Liability	
	£m	%
Longevity (increase or decrease by 1 year)	35.338	3%
Salary Increase Rate (increase or decrease by 0.5%)	41.248	4%
Pension Increase Rate (increase or decrease by 0.5%)	76.324	6%
Real Discount Rate (decrease or increase by 0.5%)	119.921	10%

Impact on the Authority's cash flows

An objective of the Fund is to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2015-2016 to 2017-2018.

The total contributions expected to be made by the council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2017 is £19.385 million. The weighted average duration of the defined benefit obligation is 18.6 years.

Note 36 Contingent assets and liabilities

The Council has agreed repayment terms with a company relating to a prior year land sale, whereby the interest on the outstanding balance owed to the Council only becomes payable after a certain period of time has elapsed. The interest accruing in this event is viewed as a contingent asset.

Following recent Employment Tribunal decisions, the Council recognises a contingent liability for potential historic claims related to enhanced holiday payments. Further tribunal and legal decisions are anticipated and this will provide clarity with regards to potential costs to the Council.

The Council has been notified of a number of contractor claims for additional costs incurred on a construction contract. The Council disputes the claims, which may be referred for arbitration. The Council recognises a contingent liability for potential costs which may be incurred to resolve this dispute.

Housing Revenue Account income and expenditure statement

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing (Scotland) Act 1987. The Housing Revenue Account income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the **movement on the Housing Revenue Account statement**.

2014-2015		2015-2016	
£m		£m	£m
	<i>Expenditure:</i>		
11.489	Repairs and maintenance	11.514	
14.768	Supervision and management	12.504	
30.641	Depreciation and impairment of non-current assets	32.434	
0.098	Increase or (decrease) in the allowance for bad debts	(1.059)	
1.306	Other expenditure	1.563	
58.302			56.956
	<i>Income:</i>		
(46.640)	Dwelling rents	(46.178)	
(1.303)	Non-dwelling rents	(1.329)	
(0.377)	Housing Support Grant	-	
(0.352)	Other income	(0.983)	
(48.672)			(48.490)
9.630	Net cost of HRA services as included in the comprehensive income and expenditure statement		8.466
0.055	HRA share of corporate and democratic core		0.055
0.333	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to a specific service.		0.133
10.018	Net cost of HRA services		8.654
	<i>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</i>		
(0.153)	(Gain) or loss on sale of HRA non-current assets		(0.252)
6.793	Interest payable and similar charges		6.967
(0.425)	Interest and investment income		(0.481)
(0.416)	Income from trading operations		(0.486)
0.769	Pensions interest cost and expected return on pensions assets		0.679
16.586	(Surplus) or deficit for the year on HRA services		15.081

Movement on the Housing Revenue Account statement

This statement shows the movement in the year on the Housing Revenue Account (HRA) Balance. The surplus or deficit for the year on the HRA income and expenditure statement represents the true economic cost of providing the council's HRA services, more details of which are shown in the HRA income and expenditure statement itself. The adjustments between accounting basis and funding basis under regulations detail the adjustments that are made to the HRA income and expenditure, as recognised by the council in the year in accordance with proper accounting practice, to the statutory amounts required to be charged to the HRA Balance for dwellings rent setting purposes.

2014-2015		2015-2016			
£m		£m	£m	£m	£m
(11.245)	Balance on the HRA at the end of the previous year				(10.645)
16.586	(Surplus) or deficit for the year on the HRA income and expenditure statement			15.081	
	<i>Adjustments between accounting basis and funding basis under regulations:</i>				
0.259	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		0.274		
0.153	Reverse out gain or (loss) on sale of HRA non-current assets		0.252		
	HRA share of contributions to or (from) the Pension Reserve:				
(3.177)	Reverse out net charges made for post-employment benefits in accordance with IAS19	(2.912)			
1.590	Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund	1.510			
(1.587)	HRA share of contributions to or (from) the Pension Reserve		(1.402)		
0.024	HRA share of contributions to or (from) the Employee Statutory Adjustment Account		(0.033)		
2.017	Capital expenditure funded by the HRA		1.836		
	Transfer to or (from) the Capital Adjustment Account:				
(30.641)	Reverse out depreciation and impairment losses on non-current assets	(32.434)			
0.065	Reverse out credits made for capital grants	0.530			
12.167	Loans fund principal contribution from the HRA	13.213			
(18.409)	Transfer to or (from) the Capital Adjustment Account		(18.691)		
(17.543)	Total of adjustments between accounting basis and funding basis under regulations			(17.764)	
(0.957)	Net (increase) or decrease before transfers to or from reserves			(2.683)	
1.557	Transfers to or (from) reserves			3.089	
0.600	(Increase) or decrease in the year on the HRA				0.406
(10.645) *	Balance on the HRA at the end of the current year				(10.239)

* £3.432m of the £10.239m balance has been earmarked for Welfare Reform support.

Notes to the Housing Revenue Account income and expenditure statement

1. The number and types of dwelling in the council's housing stock

The Council was responsible for managing 12,188 dwellings during 2015-2016 (12,344 in 2014-2015). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2014-2015			2015-2016		
Number at 31 March 2015	Average weekly rent £	Type of dwelling	Number at 31 March 2016	Average weekly rent £	
419	56.28	One-apartment	417	58.65	
3,660	64.15	Two-apartment	3,662	66.73	
5,975	72.74	Three-apartment	5,863	75.26	
2,074	81.30	Four-apartment	2,051	84.26	
216	87.15	Five+apartment	215	90.78	
12,344		Total	12,208		

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£1.066 million in 2015-2016 and £1.403 million in 2014-2015), but excludes irrecoverables and bad debts. Average rents were £73.67 per week in 2015-2016 (£71.18 in 2014-2015). The total rent income for 2015-2016 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

3. The amount of rent arrears

At 31 March 2016 total rent arrears amounted to £2.247 million (£2.600 million at 31 March 2015). This is 4.6% of the total value of rents due at 31 March 2016.

4. The provision considered to be necessary in respect of uncollectable rent arrears

In the financial year 2015-2016 the rental bad debt provision has been decreased by £0.651 million (£0.446 million increase during 2014-2015). The provision to cover the potential loss of income stands at £1.778 million at 31 March 2016. This is 3.7% of the total value of rents due at that date.

5. The nature and amount of any prior year items not disclosed in the statement

NIL

Councils raise taxes from residents by way of a property tax – the council tax – which is based on property values. Each dwelling house in a local authority area is placed into one of eight valuation bands, “A” to “H”. The council declares an annual charge for band D properties and all other properties are charged a proportion of this – lower valued properties pay less, higher valued properties pay more. The council tax income account shows the gross income raised from council taxes levied and deductions made under statute. The Council Tax Reduction Scheme represents a discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government’s welfare reform programme. The resultant net income is transferred to the council’s comprehensive income and expenditure statement.

2014-2015		2015-2016	
£m		£m	
92.833	Gross council tax levied	93.658	
(13.187)	Council tax reduction scheme	(12.623)	
(13.634)	Other discounts and reductions	(13.751)	
(1.518)	Write-off of uncollectable debts and allowance for impairment	(1.548)	
(0.189)	Adjustment to previous years’ community charge and council tax	0.412	
64.305	Transfer to the comprehensive income and expenditure statement	66.148	

Calculation of the council tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest “A” to the highest “H”. The council tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings. The band D council tax charge is calculated using the council tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2015-2016 was £1,164.69 (unchanged from 2014-2015).

In 2015-2016 if only one person over 18 lived in a property a discount of 25% was applied. From 1 April 2013 a continuous discount of 10% was available for furnished properties which are not anyone’s main home, for example second and holiday homes. Discounts of 50% were made for unoccupied property for a period of up to six months, with a continuous discount of 10% available thereafter. Certain persons are disregarded for Council Tax purposes, including people who are in detention, students and people who are severely mentally impaired. Reductions in council tax payable are also available for people with disabilities.

Charges for water and sewerage services are the responsibility of Scottish Water. Renfrewshire Council collects total monies and makes a precept payment to Scottish Water on the basis of collection levels based on a pre-determined formula. The figures below exclude the water and sewerage charges.

Annual council tax charges

2015-2016	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	776.46	£ 905.87	£ 1,035.28	£ 1,164.69	£ 1,423.51	£ 1,682.33	£ 1,941.15	£ 2,329.38

Calculation of the council tax base

2015-2016	Number of dwellings	Number of exemptions	Disabled relief	Discounts of 25%	Discounts of 50%	Total equivalent dwellings	Ratio to Band D	Band D equivalents
Band A	13,763	1,777	14	8,273	439	9,796	6:9	6,531
Band B	25,629	1,392	112	13,143	407	20,712	7:9	16,109
Band C	14,427	465	76	5,832	158	12,398	8:9	11,020
Band D	11,628	253	49	3,924	119	10,352	1:1	10,352
Band E	10,396	153	66	2,395	76	9,587	11:9	11,718
Band F	5,875	73	47	999	35	5,507	13:9	7,955
Band G	3,490	95	19	727	28	3,180	15:9	5,300
Band H	216	15	0	31	9	189	18:9	378
Total	85,424	4,223	383	35,324	1,271	71,721		69,363
Band A dwellings subject to disabled relief								7
Class 17 and 24 dwellings								87
Sub-total								69,457
Provision for non-payment and future award of discounts and reliefs								(2,543)
Council tax base								66,914

This account is an agent's statement that reflects the statutory obligation for those councils who issue bills to non-domestic rate payers to maintain a separate **non-domestic rate account**. The account shows the rates collected from non-domestic rate payers during the year. Any difference between the rates collected and the amount the council is guaranteed to receive under the national pooling arrangements is adjusted via the Scottish Government's general revenue grant to the council. Non-domestic rate income is redistributed from the national non-domestic rate pool in proportions based on the prior year mid-year income returns net of prior year adjustments. In 2012-2013 the Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) which allows councils, where an agreed target income figure is exceeded, to retain 50% of the 'above target' income.

2014-2015		2015-2016	
£m		£m	
112.792	Gross rates levied	113.087	
(21.132)	Reliefs and other deductions	(20.173)	
(1.801)	Write-off of uncollectable debts and allowance for impairment	(1.847)	
89.859	Net non-domestic rate income	91.067	
(5.441)	Adjustment to previous years' non-domestic rates	2.138	
21.898	Contribution (to) or from the national non-domestic rate pool	9.710	
-	Non-domestic rate income retained by authority (BRIS)	0.068	
106.316	Transfer to comprehensive income and expenditure statement	102.983	

The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the First Minister for Scotland. For 2015-2016 the charge was 48.0 pence in the pound. From 1 April 2010 the Scottish Government amended the existing Small Business Bonus Scheme (SBBS). Under the SBBS properties with a rateable value up to and including £10,000 are entitled to a 100% reduction in their business rates. Properties with a rateable value of between £10,001 and £12,000 receive a 50% reduction and properties with a rateable value of between £12,001 and £18,000 receive a 25% reduction. This allows a business with two or more properties with a combined rateable value of under £35,000 to qualify for relief. The relief is 25% for properties with an individual rateable value less than £18,000. For properties with a rateable value over £35,000 a supplement of 1.3 pence in the pound was added as per the Non-domestic Rates (Levying) (Scotland) Regulations 2004 as amended.

Analysis of Renfrewshire Council's rateable values

		2015-2016	
		£m	£m
Rateable value at 1 April 2015:	Commercial	101.596	
	Industrial and freight transport	29.588	
	Education and public service	27.942	
	Communications	28.779	
	Others	47.276	
			235.181
Running roll (full-year rateable value)			0.676
Rateable value at 31 March 2016			235.857
Wholly exempt subjects			(1.684)
Net rateable value at 31 March 2016			234.173

Annual Accounts 2015-2016 Group Movement in Reserves Statement

The **group movement in reserves statement** shows the movement in the year on the different reserves held by the council's group, analysed into the council's usable reserves, the council's unusable reserves and the council's share of the reserves of the subsidiaries, associates and joint ventures within the group. Further explanation about this statement can be found on page 25.

The group movement in reserves statement shows the movement in the year on the different reserves held by the council's group, analysed into the council's usable reserves, the council's unusable reserves and the council's share of the reserves of the subsidiaries, associates and joint ventures within the group. Further explanation about this statement can be found on page 25.	Usable reserves											Council's share of reserves of subsidiaries, associates and JV's	Total reserves				
	General Fund Balance					Housing Revenue Account Balance		Revenue statutory funds		Capital Receipts Reserve				Capital statutory funds		Council's Total usable reserves	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
		52.925	11.245	2.856	3.208	22.543	92.777	607.744	700.521	38.387	738.908						
		10.973	(16.586)	-	-	-	(5.613)	-	(5.613)	(2.218)	(7.831)						
		-	-	-	-	-	-	(52.875)	(52.875)	(0.394)	(53.269)						
	G5	10.973	(16.586)	-	-	-	(5.613)	(52.875)	(58.488)	(2.612)	(61.100)						
		(3.520)	-	-	-	-	(3.520)	-	(3.520)	3.520	-						
	7	7.453	(16.586)	-	-	-	(9.133)	(52.875)	(62.008)	0.908	(61.100)						
		3.379	17.543	-	0.552	-	21.474	(21.474)	-	-	-						
11	10.832	0.957	-	0.552	-	12.341	(74.349)	(62.008)	0.908	(61.100)							
	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-	-	-							
	5.929	(0.600)	(0.003)	0.552	6.463	12.341	(74.349)	(62.008)	0.908	(61.100)							
	58.854	10.645	2.853	3.760	29.006	105.118	533.395	638.513	39.295	677.808							
Movement in reserves during 2014-2015:																	
	26.624	(15.081)	-	-	-	11.543	-	11.543	(6.736)	4.807							
	-	-	-	-	-	-	208.498	208.498	4.203	212.701							
G5	26.624	(15.081)	-	-	-	11.543	208.498	220.041	(2.533)	217.508							
	(7.545)	-	-	-	-	(7.545)	-	(7.545)	7.545	-							
7	19.079	(15.081)	-	-	-	3.998	208.498	212.496	5.012	217.508							
	14.140	17.764	-	0.356	-	32.260	(32.260)	-	-	-							
11	33.219	2.683	-	0.356	-	36.258	176.238	212.496	5.012	217.508							
	(30.695)	(3.089)	0.002	-	33.782	-	-	-	-	-							
	2.524	(0.406)	0.002	0.356	33.782	36.258	176.238	212.496	5.012	217.508							
	61.378	10.239	2.855	4.116	62.788	141.376	709.633	851.009	44.307	895.316							
Balance at 31 March 2016 carried forward																	

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing operations during the year. It includes, on an accruals basis, all day-to-day expenses and related income. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that councils need to take into account when setting the annual council tax charge. The required adjustments between accounting basis and funding basis under regulations are shown in the **group movement in reserves statement**.

2014-2015							2015-2016		
Gross expenditure	Gross income	Net expenditure					Gross expenditure	Gross income	Net expenditure
£m	£m	£m		Note			£m	£m	£m
20.647	(8.614)	12.033	Central services to the public				20.028	(6.595)	13.433
37.531	(12.152)	25.379	Cultural and related services				30.199	(11.771)	18.428
177.965	(21.399)	156.566	Education services				182.596	(21.633)	160.963
31.074	(8.653)	22.421	Environmental services				32.994	(11.031)	21.963
58.302	(48.672)	9.630	Housing services - Housing Revenue Account				56.956	(48.490)	8.466
77.314	(69.277)	8.037	Housing services - other				77.746	(71.060)	6.686
14.500	(8.021)	6.479	Planning and development services				14.804	(8.589)	6.215
25.539	(7.988)	17.551	Roads and transport services				25.016	(5.801)	19.215
153.960	(49.051)	104.909	Social work				146.859	(45.057)	101.802
11.629	(2.444)	9.185	Corporate and democratic core				13.464	(4.182)	9.282
1.168	(0.081)	1.087	Non-distributed costs				(0.001)	(0.080)	(0.081)
609.629	(236.352)	373.277	Net cost of services				600.661	(234.289)	366.372
			Other operating expenditure:						
		0.421	(Gains) or losses on the disposal of non-current assets						1.127
		28.520	Financing and investment income and expenditure	G6					26.964
		(393.069)	Taxation and non-specific grant income	10					(398.857)
		9.149	(Surplus) or deficit on the provision of services						(4.394)
		(1.318)	Share of the (surplus) or deficit on the provision of services by associates and joint ventures	G4					(0.413)
		7.831	Group (surplus) or deficit						(4.807)
		(4.941)	(Surplus) or deficit on the revaluation of non-current assets						(88.633)
		0.643	Impairment (gains) or losses on non-current assets charged to the revaluation reserve						-
		(0.938)	(Surplus) or deficit on the revaluation of available-for-sale financial assets	G15					1.606
		57.291	Actuarial (gains) or losses on pension assets and liabilities						(123.844)
		1.214	Share of other comprehensive income and expenditure of associates and joint ventures	G4					(1.830)
		53.269	Other comprehensive income and expenditure						(212.701)
		61.100	Total comprehensive income and expenditure						(217.508)

The **group balance sheet** shows the value as at 31 March 2016 of the assets and liabilities recognised by the council. The net assets of the council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **group movement in reserves statement**.

31 March 2015		Note	31 March 2016
£m			£m
1,213.465	Property, plant and equipment	G9	1,275.392
2.344	Investment property	G10	2.670
39.196	Heritage assets	G11	39.196
0.860	Intangible assets	17	0.829
18.972	Long-term investments	G15	18.019
12.614	Investments in associates and joint ventures	G3	14.476
5.411	Long-term debtors	23	5.730
1,292.862	Long-term assets		1,356.312
24.694	Short-term investments	G15	66.897
1.143	Inventories		0.849
0.931	Short-term Intangible Assets	22	0.468
45.728	Short-term debtors	G12	32.260
29.428	Cash and cash equivalents		39.477
0.756	Short-term assets held for sale	16	0.744
102.680	Current assets		140.695
(68.007)	Short-term borrowing	G15	(52.373)
(61.004)	Short-term creditors	G13	(63.178)
(6.935)	Short-term provisions	26	(7.100)
(135.946)	Current liabilities		(122.651)
(165.932)	Long-term borrowing	G15	(174.799)
(82.546)	Long-term creditors	25	(79.890)
(5.821)	Long-term provisions	26	(5.368)
(3.464)	Liabilities in associates and joint ventures	G3	(3.083)
(320.512)	Other long-term liabilities		(213.030)
(3.513)	Grants Receipts in Advance	9	(2.870)
(581.788)	Long-term liabilities		(479.040)
677.808	Net assets		895.316
127.702	Usable reserves	G7	164.402
550.106	Unusable reserves	G8	730.914
677.808	Total reserves		895.316

The unaudited accounts were issued on 22 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

The **group cash flow statement** shows the changes in cash and cash equivalents of the council's group during the year. It shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the council. The council's share of the cash flows of its associates and joint ventures is disregarded for the purpose of this statement because the council's share of the associates' and joint ventures' reserves is unusable and cannot be used to fund services.

2014-2015		2015-2016	
£m		Note	£m
7.831	Group (surplus) or deficit		(4.807)
(88.190)	Adjust group surplus or deficit for non-cash movements		(104.110)
28.701	Adjust for items included in the group net surplus or deficit that are investing and financing activities		31.300
(51.658)	Net cash flows from operating activities		(77.617)
35.007	Net cash flows from investing activities		58.342
17.147	Net cash flows from financing activities	29c	9.226
0.496	Net (increase) or decrease in cash and cash equivalents		(10.049)
(29.924)	Cash and cash equivalents at the beginning of the reporting period		(29.428)
(29.428)	Cash and cash equivalents at the end of the reporting period		(39.477)

Note G1 Details of the group's combining entities

Renfrewshire Council is represented on the board of a number of organisations. The extent of the council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the group accounts. Those organisations, which have a significant impact on the council's operations, are listed below. The accounting period for all of these bodies is the year to 31 March 2016. In addition to the information included in the group accounts on the preceding pages the accounting regulations require specific disclosures about the combining entities and the nature of their business.

Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds and the charitable trusts administered by Renfrewshire Council (as sole trustee) are treated as subsidiaries in the council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Renfrewshire Leisure Limited is a company limited by guarantee formed in 2014 and registered as a charity in Scotland. Its principal place of business is the Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB. The charity provides leisure and culture facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within Renfrewshire plus a range of cultural service buildings, libraries and community halls. The objectives of the charity are to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire. Any surplus generated by the charity is applied solely to its continuation and development. The accounts of the charity are published separately and may be obtained from the Chief Executive, Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB.

The **group comprehensive income and expenditure statement** includes total net comprehensive income for the year of £2.844 million (2014-2015 £0.820 million) for Renfrewshire Leisure Limited, total net comprehensive expenditure for the year of £0.097 million (2014-2015 (£1.662 million)) for the Paisley, Renfrew and Johnstone Common Good Funds and total net comprehensive income for the year of £0.022 million (2014-2015 £0.038 million) for the charitable trusts.

The **group balance sheet** includes net assets of £0.170 million (2014-2015 £2.673 million) for Renfrewshire Leisure Limited, net assets of £32.040 million (2014-2015 £32.137 million) for the Common Good Funds and net assets of £0.704 million (2014-2015 £0.681 million) for the charitable trusts.

Strathclyde Concessionary Travel Scheme Joint Committee comprises the twelve councils in the west of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the twelve constituent councils and by direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the scheme on behalf of the committee. In 2015-2016, Renfrewshire Council contributed £0.333 million or 7.83% of the committee's estimated running costs (2014-2015 £0.333 million or 7.83%) and its share of the year-end net asset was £0.131 million (2014-2015 £0.128 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.994 million (8.01%) to the committee's estimated running costs in 2015-2016 (2014-2015 £2.994 million or 8.01%) and its share of the year-end net asset was £14.345 million (2014-2015 £12.486 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Renfrewshire Valuation Joint Board was formed in 1996 at local government re-organisation by Act of Parliament. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. The board's running costs are met by the three member councils. Surpluses or deficits on the board's operations are shared between the councils. In 2015-2016, Renfrewshire Council contributed £1.282 million or 56.2% of the board's estimated running costs (2014-2015 £1.278 million or 56.0%) and its share of the year-end net liability was £1.587 million (2014-2015

£2.243 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire Council, Renfrewshire House, Paisley PA1 1JB. The following additional disclosures are required under accounting regulations for Renfrewshire Valuation Joint Board because it is a related party to the council.

Renfrewshire Valuation Joint Board	Renfrewshire Council's Share	Renfrewshire Valuation Joint Board	Renfrewshire Valuation Joint Board	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
0.748	0.419	Current assets	0.650	0.366
(0.788)	(0.441)	Current liabilities	(0.688)	(0.387)
(3.966)	(2.221)	Long-term liabilities	(2.786)	(1.565)
(4.006)	(2.243)	Net assets / (liabilities)	(2.824)	(1.586)
2014-2015			2015-2016	
£m	£m		£m	£m
2.655	1.487	Income	2.738	1.539
2.843	1.592	Expenditure	3.016	1.695
(0.188)	(0.105)	Surplus / (deficit) for the year	(0.278)	(0.156)

Park Lane Developments (Renfrewshire) Limited Liability Partnership was formed in 2010 by Renfrewshire Council and Park Lane Real Estate LLP in order to facilitate the regeneration of Paisley town centre through the transformation of the town's former Arnotts store into a mixed use retail, office and residential development. Renfrewshire Council holds 50% (£50) of the issued share capital. The partnership's profit and loss account discloses a net deficit of £0.550 million for the twelve months to 31 March 2016 (2015 £0.239 million) and its balance sheet a negative net worth of £2.824 million at 31 March 2016 (2015 £2.442 million). Copies of the financial statements for the partnership may be obtained from its registered office at 87 Port Dundas Road, Cowcaddens, Glasgow G4 0HF.

Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share	Park Lane Developments (Renfrewshire) Limited Liability Partnership	Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
1.857	0.929	Current assets	2.531	1.265
(1.004)	(0.502)	Current liabilities	(2.036)	(1.018)
(3.295)	(1.648)	Long-term liabilities	(3.486)	(1.743)
(2.442)	(1.221)	Net assets / (liabilities)	(2.991)	(1.496)
2014-2015			2015-2016	
£m	£m		£m	£m
0.036	0.018	Income	0.904	0.452
0.275	0.138	Expenditure	1.454	0.727
(0.239)	(0.120)	Surplus / (deficit) for the year	(0.550)	(0.275)

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. On 27 June 2015, Scottish Ministers legally established **Renfrewshire's Integration Joint Board** as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements. Copies of the financial statements for the IJB may be obtained from Chief Officer, Renfrewshire Integrated Joint Board, Renfrewshire House, Cotton Street, Paisley PA1 1WB.

Renfrewshire Integrated Joint Board	Renfrewshire Council's Share	Renfrewshire Integrated Joint Board	Renfrewshire Integrated Joint Board	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
-	-	Current assets	0.005	0.003
-	-	Current liabilities	(0.005)	(0.003)
-	-	Long-term liabilities	-	-
-	-	Net assets / (liabilities)	-	-
2014-2015			2015-2016	
£m	£m		£m	£m
-	-	Income	0.267	0.134
-	-	Expenditure	0.267	0.134
-	-	Surplus / (deficit) for the year	-	-

Note G2 Non-material interest in other entities

In addition to the combining entities detailed in note G1, the council has a “significant interest” in a further three joint committees. The council’s share of the net assets or liabilities of these joint committees is not material to the fair understanding of the financial position and transactions of the council. Accordingly, the group accounts do not include these organisations. In the interest of transparency, the following disclosures are made concerning the business nature of each organisation.

Clyde Muirshiel Park Authority is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Renfrewshire Council contributed £0.490 million (60.7%) to the authority’s estimated running costs in 2015-2016 (£0.521 million in 2014-2015).

Scotland Excel is formed by agreement among local authorities throughout Scotland and is maintained through a joint committee comprising representatives from all of the member councils. Launched on 1 April 2008 as a centre of procurement expertise for the local government sector, it is the largest non-profit making purchasing agency in Scotland. Its aim is to help improve the efficiency and effectiveness of public sector procurement. Renfrewshire Council contributed £0.103 million (3.2%) to the committee’s estimated running costs in 2015-2016 (£0.106 million in 2014-2015).

Glasgow and the Clyde Valley Strategic Development Planning Authority Joint. The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.072 million (12.5%) to the committee’s estimated running costs in 2015-2016 (£0.072 million in 2014-2015).

Glasgow City Region – City Deal Cabinet is a Joint Committee, the purpose of which is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The City Deal programme aims to deliver a £1.13 billion investment programme through 20 infrastructure projects and will drive innovation and growth through the support of the key sectors, including delivery of labour market and innovation programmes.

Note G3 Summarised financial information of associates and joint ventures

The aggregate value of the assets, liabilities, income and expenditure of the council's associates and joint ventures are shown in the two tables which follow. The net asset figure from these two tables combined (£12.889 million asset less £1.496 million asset = £11.393 million net asset) equates to the net of two figures disclosed in the **group balance sheet** as "investments in associates and joint ventures" (£14.476 million) and "liabilities in associates and joint ventures" (£3.083million).

Aggregate of associates' results	Renfrewshire Council's Share	Associates	Aggregate of associates' results	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
133.014	10.655	Long-term assets	153.447	12.292
132.029	10.930	Current assets	108.417	8.994
(46.701)	(4.117)	Current liabilities	(42.443)	(3.730)
(64.832)	(7.097)	Long-term liabilities	(41.501)	(4.667)
153.510	10.371	Net assets / (liabilities)	177.920	12.889
2014-2015			2015-2016	
£m	£m		£m	£m
97.469	9.074	Income	100.297	9.346
93.579	8.853	Expenditure	90.040	8.658
3.890	0.221	Net surplus / (deficit) for the year	10.257	0.688

Aggregate of joint ventures' results	Renfrewshire Council's Share	Joint ventures	Aggregate of joint ventures' results	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
1.857	0.929	Current assets	2.536	1.268
(1.004)	(0.502)	Current liabilities	(2.041)	(1.021)
(3.295)	(1.648)	Long-term liabilities	(3.486)	(1.743)
(2.442)	(1.221)	Net assets / (liabilities)	(2.991)	(1.496)
2014-2015			2015-2016	
£m	£m		£m	£m
6.257	2.818	Income	1.171	0.586
3.792	1.721	Expenditure	1.721	0.861
2.465	1.097	Net surplus / (deficit) for the year	(0.550)	(0.275)

Note on contingent assets, contingent liabilities and capital commitments

The Council is unaware of any material contingent asset or contingent liability as at 31 March 2016 in relation to any of its associates or joint ventures. The Council is unaware that any capital commitments have been entered into by any of its associates or joint ventures as at 31 March 2016, either with the Council itself or with other parties.

Note G4 Material items of group income and expenditure

In order to assist the reader in a better understanding of the impact of the inclusion of the results of the associates and joint ventures, the following tables provide an analysis of the council's share of the material amounts of income and expenditure disclosed in the **group comprehensive income and expenditure statement**.

2014-2015		2015-2016	
£m		£m	
	<i>Share of (surplus) or deficit:</i>		
	<i>Subsidiaries:</i>		
(0.559)	Paisley, Renfrew and Johnstone Common Good Funds	(0.714)	
0.038	Charitable trusts administered by Renfrewshire Council	0.052	
0.537	Renfrewshire Leisure Limited	0.266	
	<i>Associates:</i>		
(0.325)	Strathclyde Partnership for Transport	(0.842)	
(0.001)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.002)	
0.105	Renfrewshire Valuation Joint Board	0.156	
	<i>Joint Ventures:</i>		
(1.217)	Cart Corridor Joint Venture Company Limited	-	
-	Refrewshire Intregation Joint Board	-	
0.120	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.275	
(1.302)	Aggregate share of (surplus) or deficit	(0.809)	
	<i>Share of other comprehensive (income) and expenditure:</i>		
	<i>Subsidiaries:</i>		
(1.103)	Paisley, Renfrew and Johnstone Common Good Funds	0.811	
-	Charitable trusts administered by Renfrewshire Council	(0.074)	
0.283	Renfrewshire Leisure Limited	(3.110)	
	<i>Associates:</i>		
0.476	Strathclyde Partnership for Transport	(1.017)	
-	Strathclyde Concessionary Travel Scheme Joint Committee	-	
0.738	Renfrewshire Valuation Joint Board	(0.813)	
	<i>Joint Ventures:</i>		
-	Cart Corridor Joint Venture Company Limited	-	
-	Refrewshire Intregation Joint Board	-	
-	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-	
0.394	Aggregate share of other comprehensive (income) and expenditure	(4.203)	

Note G5 Adjustments between group accounts and council accounts

In the **group movement in reserves statement**, adjustments between group accounts and council accounts are required to bring the council's reserve balances back to the amount presented in the council-only figures (before adjustments between accounting basis and funding basis under regulations). This is because intra-group transactions are eliminated when total comprehensive income and expenditure is calculated for the group. The adjustments between group accounts and council accounts can be analysed as follows:

2014-2015		2015-2016	
£m		£m	
0.246	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.229	
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059	
(0.016)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.021)	
-	Interest income received from Renfrewshire Council by the charitable trusts administered by Renfrewshire Council	-	
(3.892)	Service charge payable by Renfrewshire Council to Renfrewshire Leisure Limited	(7.830)	
0.084	Charges for services, such as accounting and administration, payable by Renfrewshire Leisure Limited to Renfrewshire Council	0.021	
(0.001)	Interest income received from Renfrewshire Council by Renfrewshire Leisure Limited	(0.003)	
(3.520)	Total adjustments between group accounts and council accounts	(7.545)	

Note G6 Group financing and investment income and expenditure

2014-2015		2015-2016	
£m		£m	
22.098	Interest payable and similar charges	21.453	
10.696	Pensions net interest expense	10.408	
(1.303)	Interest receivable and similar income	(1.626)	
(0.575)	Income and expenditure in relation to investment properties and changes in their fair values	(0.466)	
(0.773)	Other investment income	(1.137)	
(1.623)	Net (surplus) or deficit on trading operations	(1.668)	
28.520	Total financing and investment income and expenditure	26.964	

Note G7 Usable reserves

Usable reserves are those reserves the council's group is able to apply to fund expenditure or reduce taxation, and comprise both capital and revenue reserves. Movements in the revenue reserves during the year are outlined in the **group movement in reserves statement**, however a summary is shown below.

2014-2015		2015-2016	
£m		Note	£m
58.854	General Fund Balance	11	61.378
10.645	Housing Revenue Account Balance	11	10.239
2.853	Revenue statutory funds	11	2.855
3.760	Capital Receipts Reserve	11	4.116
29.006	Capital statutory funds	11	62.788
21.360	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds		22.121
0.449	Charitable trusts administered by Renfrewshire Council: usable balances		0.407
0.775	Renfrewshire Leisure Limited: usable reserves		0.498
127.702	Total usable reserves		164.402

Note G8 Unusable reserves

Unusable reserves are those reserves that the council is not able to utilise to provide services. Included within the group's unusable reserves are the unusable reserves of the Paisley, Renfrew and Johnstone Common Good Funds and of the sundry trusts administered by Renfrewshire Council; also included is the council's share of the reserves of the associates and joint ventures within the council's group.

328.457	Revaluation Reserve	12	405.005
0.331	Available for sale Financial Instruments Reserve	12	0.245
543.420	Capital Adjustment Account	12	538.486
(14.882)	Financial Instrument Adjustment Account	12	(14.387)
(317.064)	Pension Reserve	12	(212.702)
(6.867)	Employee Statutory Adjustment Account	12	(7.014)
3.592	Paisley, Renfrew and Johnstone Common Good Funds: available for sale financial instruments reserve		2.072
7.185	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve		7.847
0.232	Charitable trusts administered by Renfrewshire Council: revaluation reserve		0.297
-	Renfrewshire Leisure Limited: revaluation reserve		
(3.448)	Renfrewshire Leisure Limited: pension reserve		(0.328)
	<i>Renfrewshire Council's share of the reserves of the associates and joint ventures within the group:</i>		
12.486	Strathclyde Partnership for Transport		14.345
0.128	Strathclyde Concessionary Travel Scheme Joint Committee		0.131
(2.243)	Renfrewshire Valuation Joint Board		(1.587)
(1.221)	Park Lane Developments (Renfrewshire) Limited Liability Partnership		(1.496)
550.106	Total unusable reserves		730.914

Note G9 Property, Plant and Equipment

2015-2016

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total property, plant and equipment £m	Of which funded by PPP £m
Gross carrying amount at 1 April 2015	485.526	316.195	427.054	267.892	4.948	37.052	1,538.667	86.429
Assets reclassified (to) or from the "held for sale" category	(0.026)	(0.129)	-	-	-	-	(0.155)	-
Other asset reclassifications	(4.227)	(1.571)	7.883	-	(7.669)	5.135	(0.449)	-
Additions	4.393	1.118	15.553	8.546	17.749	-	47.359	0.906
Disposals	(2.194)	(0.569)	(2.271)	-	-	(3.274)	(8.308)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	43.962	3.489	0.594	-	-	(0.758)	47.287	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	0.330	(2.902)	-	-	(0.323)	(2.895)	-
Gross carrying amount at 31 March 2016	527.434	318.863	445.911	276.438	15.028	37.832	1,621.506	87.335
Accumulated depreciation (including accumulated impairment losses) at 1 April 2015	-	52.192	143.481	118.492	-	11.036	325.201	6.609
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.145)	(0.985)	0.215	-	-	0.915	-	-
Depreciation charge for the year	16.742	6.474	38.096	5.446	-	0.089	66.847	3.162
Depreciation and impairment on disposals	(0.075)	(0.108)	(2.238)	-	-	(0.027)	(2.448)	-
Depreciation written out to the Revaluation Reserve	(16.522)	(10.029)	(14.193)	-	-	(0.286)	(41.030)	-
Depreciation written out to the surplus or deficit on the provision of services	-	(1.212)	(1.202)	-	-	(0.042)	(2.456)	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2016	0.000	46.332	164.159	123.938	-	11.685	346.114	9.771
Balance sheet net carrying amount at 31 March 2016	527.434	272.531	281.752	152.500	15.028	26.147	1,275.392	77.564
Balance sheet net carrying amount at 1 April 2015	485.526	264.003	283.573	149.400	4.948	26.016	1,213.466	79.820

2014-2015

	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2014	509,577	332,323	362,040	260,110	15,288	37,934	1,517,272	85,552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	(0.106)	-
Other asset reclassifications	(0.535)	(7,812)	35,281	-	(27,602)	0.668	(0.000)	-
Additions	4,477	3,250	33,097	7,782	17,262	0.246	66,114	0.877
Disposals	(1,421)	(4,821)	(1,577)	-	-	(1,926)	(9,745)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26,466)	(1,643)	0,934	-	-	0.170	(27,005)	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5,102)	(2,721)	-	-	(0.040)	(7,863)	-
Gross carrying amount at 31 March 2015	485,526	316,195	427,054	267,892	4,948	37,052	1,538,667	86,429
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	60,774	114,332	113,243	-	11,103	299,452	4,893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.018)	(5,984)	5,984	-	-	0.018	0.000	-
Depreciation charge for the year	16,983	7,081	33,568	5,249	-	0.064	62,945	3,132
Depreciation and impairment on disposals	(0.047)	(3,609)	(2,579)	-	-	(0.102)	(6,337)	-
Depreciation written out to the Revaluation Reserve	(16,918)	(8,021)	(7,404)	-	-	(0.032)	(32,375)	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1,793	(0,713)	-	-	(0.015)	1,065	(1,416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0,159	0,293	-	-	-	0,452	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	-	52,193	143,481	118,492	-	11,036	325,202	6,609
Balance sheet net carrying amount at 31 March 2015	485,526	264,002	283,573	149,400	4,948	26,016	1,213,465	79,820
Balance sheet net carrying amount at 1 April 2014	509,577	271,549	247,708	146,867	15,288	26,831	1,217,820	80,659

Note G10 Group investment properties

The following items of income and expense have been accounted for in the "financing and investment income and expenditure" line in the **group comprehensive income and expenditure statement**:

2014-2015		2015-2016	
£m		£m	
(0.473)	Rental income from investment properties	(0.454)	
-	Direct operating expenses arising from investment property	-	
(0.473)	Net (gain) or loss	(0.454)	

There are no restrictions on the council's or the common good funds' ability to realise the value inherent in their investment property or on the council's or the common good funds' right to the remittance of income and the proceeds of disposal. Neither the council nor the common good funds have any contractual obligations to purchase, construct or develop investment property, nor do they have contractual obligations in relation to repairs, maintenance or enhancement.

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

2014-2015		2015-2016	
£m		£m	
2.249	Opening Balance at 1 April	2.344	
-	Additions		
-	Assets reclassified (to) or from the "held for sale" category	0.368	
-	Disposals		
0.102	Net gains or (losses) from fair value adjustments	(0.064)	
-	Transfers (to) or from inventories and property, plant and equipment		
(0.007)	Other changes	0.022	
2.344	Closing balance at 31 March	2.670	

Note G11 Group heritage assets

The movement in the fair value of group heritage assets is as follows:

2014-2015		2015-2016	
£m		Note	£m
38.880	Opening Balance at 1 April		39.196
0.316	Additions (at cost)		
-	Assets reclassified (to) or from Community Assets		-
-	Disposals		-
-	Impairment losses		-
-	Revaluations		-
39.196	Closing balance at 31 March		39.196

Included in the above are the heritage assets of the Paisley, Renfrew and Johnstone Common Good Funds. These comprise civic regalia and equipment which have been externally valued on a present value insurance basis at £0.219 million as at 31 March 2016 (£0.219 at 31 March 2015). Further information on the heritage assets other than those of the Paisley, Renfrew and Johnstone Common Good Funds can be found at Note 15.

Note G12 Group short-term debtors

The balances detailed below are composed mostly of the debtors of the council, to which the debtors of Renfrewshire Leisure Limited and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

2014-2015		2015-2016	
£m		£m	£m
24.423	Central government bodies, excluding NHS Scotland		8.107
0.783	Central government bodies: NHS Scotland		0.657
0.644	Other local authorities		1.618
0.015	Public corporations and trading funds		0.001
6.761	HM Revenue and Customs		4.035
	<i>Other entities and individuals:</i>		
13.964	Council tax arrears	14.823	
(9.276)	Council tax arrears impairment	(10.172)	
4.688	Council tax arrears net of impairment		4.651
2.668	Rent arrears	2.305	
(2.429)	Rent arrears impairment	(1.778)	
0.239	Rent arrears net of impairment		0.527
18.115	Trade debtors	20.383	
(11.549)	Trade debtors impairment	(12.641)	
6.566	Trade debtors net of impairment		7.742
1.609	Other debtors	4.922	
-	Other debtors impairment	-	
1.609	Other debtors net of impairment		4.922
45.728	Total short term debtors		32.260

Note G13 Group short-term creditors

The balances detailed below are composed mostly of the creditors of the council, to which the creditors of Renfrewshire Leisure Limited and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

2014-2015		2015-2016
£m		£m
2.839	Central government bodies, excluding NHS Scotland	4.507
0.336	Central government bodies: NHS Scotland	0.748
0.903	Other local authorities	0.828
0.171	Public corporations and trading funds	0.217
5.448	HM Revenue and Customs	5.931
8.934	Strathclyde Pension Fund and Scottish Public Pensions Agency	5.302
8.079	Accrued payrolls	5.643
2.615	PPP finance lease creditors	2.604
-	Other finance lease creditor	-
31.679	Other entities and individuals	37.398
61.004	Total short term creditors	63.178

Note G14 Amounts owing and owed between Renfrewshire Council and its associates and joint ventures

An analysis of the amounts owing and owed between the council and its associates and joint ventures, analysed into amounts relating to loans and amounts relating to other balances, is shown in the table below.

2014-2015		2015-2016
£m		£m
	<i>Amounts owing to Renfrewshire Council:</i>	
3.483	Loans	3.563
0.643	Other balances	1.261
4.126	Total amounts owing to Renfrewshire Council	4.824
	<i>Amounts owed by Renfrewshire Council:</i>	
(0.728)	Loans	(0.636)
(0.009)	Other balances	(0.006)
(0.737)	Total amounts owed by Renfrewshire Council	(0.642)

Note G15 Group financial instruments

Balance sheet carrying amounts of group financial instruments

The following categories of financial instrument are carried in the **group balance sheet**. Those financial instruments that are classified as cash and cash equivalents are not included in this table; Note 24 provides details of these. Additional qualitative information on the various categories of financial instruments can be found at Note 27.

31 March 2015			31 March 2016		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	24.694	Loans and receivables - fixed term deposits	-	66.897	
3.116	-	Available-for-sale financial assets - insurance fund investments	3.117	-	
15.856	-	Available-for-sale financial assets - Common Good Fund investments	14.902	-	
18.972	24.694	Investments	18.019	66.897	
1.452	0.075	Loans and receivables - loans to other entities and individuals	0.799	0.078	
3.959	40.965	Loans and receivables - trade receivables	3.595	28.867	
5.411	41.040	Debtors	4.394	28.945	
(165.932)	(9.690)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(154.410)	(14.338)	
-	(54.783)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.389)	(34.382)	
-	(3.534)	Financial liabilities at amortised cost - borrowing from group entities	-	(3.653)	
(165.932)	(68.007)	Borrowing	(174.799)	(52.373)	
-	(35.928)	Financial liabilities at amortised cost - trade payables	-	(43.698)	
(82.488)	(2.615)	PFI/PPP and finance lease liabilities	(79.883)	(2.604)	
(0.010)	-	Financial guarantees	(0.007)	-	
(82.498)	(38.543)	Creditors	(79.890)	(46.302)	

Fair value of group financial instruments

The available-for-sale financial assets carried on the **group balance sheet** comprise the council's insurance fund investments, the investments of Renfrewshire Leisure Limited, the investments of the Paisley, Renfrew and Johnstone Common Good Funds and the investments of the charitable trusts administered by Renfrewshire Council. The fair value of these investments equates to the market value of the investments as provided by the council's investment manager, Standard Life Wealth Limited.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date and Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. See table below:-

2015-2016						
	Level 1	Level 2	Carrying Value	Level 1	Level 2	Fair Value
Investments	14.902	70.014	84.916	14.902	70.031	84.933
Debtors	-	34.092	34.092	-	34.142	34.142
Borrowing	-	(226.563)	(226.563)	-	(299.634)	(299.634)
Creditors	-	(127.554)	(127.554)	-	(127.554)	(127.554)

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date and Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. See table below:- Again, those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 24 provides details of these. The short-term nature of cash and cash equivalents means that their fair value equates to their balance sheet carrying amount. Additional qualitative information on the fair value of financial instruments can be found at Note 27.

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

The following items of income, expense, gain and loss relating to group financial instruments are included within the lines "financing and investment income and expenditure" and "(surplus) or deficit on the revaluation of available-for-sale financial assets" in the **group comprehensive income and expenditure statement**.

2015-2016

	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)			17.742	17.742
Realised losses on disposal				-
Impairment losses				-
Fee expense	1.130			1.130
Total expense in the (surplus) or deficit on the provision of services	1.130	-	17.742	18.872
Interest income	(0.689)	(0.001)		(0.690)
Dividend income		(0.670)		(0.670)
Other income	(0.008)	(0.554)		(0.562)
Total income in the (surplus) or deficit on the provision of services	(0.697)	(1.225)	-	(1.922)
Net (gain) or loss on revaluation		1.606		1.606
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	1.606	-	1.606
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.433	0.381	17.742	18.556

2014-2015

	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)	-	-	18.765	18.765
Realised losses on disposal	-	-	-	-
Impairment losses	0.802	-	-	0.802
Fee expense	-	-	-	-
Total expense in the (surplus) or deficit on the provision of services	0.802	-	18.765	19.567
Interest income	(0.552)	(0.001)	-	(0.553)
Dividend income	-	(0.623)	-	(0.623)
Other income	(0.010)	(0.216)	-	(0.226)
Total income in the (surplus) or deficit on the provision of services	(0.562)	(0.840)	-	(1.402)
Net (gain) or loss on revaluation	-	(0.938)	-	(0.938)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(0.938)	-	(0.938)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.240	(1.778)	18.765	17.227

Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2016 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

Service Reporting

One of the requirements of the Service Reporting Code of Practice (SeRCOP) is for Councils to show expenditure and income in the Income and Expenditure Statement in generic service groups as prescribed by SeRCOP. The standard expenditure analysis is designed to make inter-authority comparisons more meaningful. The service groups shown in the Comprehensive Income and Expenditure Statement therefore reflect the standard generic groups and not the management of service delivery and budgetary responsibilities as determined by the Council.

Accruals of Expenditure and Income

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

- i. Revenue from the sale of goods or provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser or can measure reliably the percentage completion of the transaction, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- ii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.
- iii. Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by 31 March 2016 or relate to services associated with the prior financial year.

Business Improvement District

Following the formation of the Paisley First BID company on 15 January 2015, the Council has entered into an agreement to act as the billing body for the purposes of the Planning etc. (Scotland) Act 2006 and the Regulations and is responsible for the administration, collection and recovery of the BID Levy. As the Council is acting as agent for the BID company, no transactions in relation to the BID levy or BID Revenue Account are included in the Comprehensive Income and Expenditure Statement with the exception of any contribution made by the Council to the BID project, the costs and income related to the collection of the BID levy or any income from the BID company in relation to services provided.

Carbon Reduction Commitment Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase which ends on 31 March 2019. The UK government announced in 2016 that the CRC energy efficiency scheme will be abolished following the 2018-19 compliance year. The Council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. energy is used) a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of services and is apportioned on the basis of energy consumption.

Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are defined as call accounts, money market funds and instant deposits. Fixed term deposits are not classified as cash or cash equivalents as these are held for investment purposes rather than for meeting short-term cash commitments.

Charges for the Use of Assets

Services are charged for the use of assets no matter how they are financed and this charge includes a provision for depreciation where appropriate.

In the case of the Council's Trading Operations, the charge for the use of assets includes a provision for depreciation plus an interest charge for the actual cost of borrowing for capital expenditure. This accounting treatment fully complies with the specific reporting requirements under the Local Government in Scotland Act 2003 for the Council's Trading Operations.

Contingent Assets and Liabilities

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

Employee BenefitsBenefits payable during employment

All salaries and wages earned up to 31 March 2016 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy. The Council is only demonstrably committed to a termination when it has a detailed formal plan for the termination and it is without realistic possibility of withdrawal.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post employment benefits

The Council participates in two formal pension schemes: the Local Government Pension Scheme which is administered by Strathclyde Pension Fund; and the Scottish Teachers' Superannuation Scheme. Liabilities for the Scottish Teachers' Superannuation Scheme cannot be identified specifically to the Council, therefore the scheme is accounted for as a defined contributions scheme.

The Local Government Pension Scheme is accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS19) (as revised in 2011). Renfrewshire Council's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year. Liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method. Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

Events after the Balance Sheet date

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

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted.

Events taking place after the date of authorisation for issue are not reflected in the Statements.

Prior Period Adjustments

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

Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied prospectively. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

Financial Instruments

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Included within long-term debtors are a number of interest free pay advances to employees as part of negotiated changes to pay cycles (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the

instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value based on quoted market prices. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. For the Council's short-term deposits and most of its other lending, the interest disclosed is the amount receivable for the year in the loan agreement.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus/Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented

in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Income and Expenditure Account in the year of extinguishment. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Guarantees

Financial guarantees are recognised at fair value assessed as the probability of the guarantees being called and the likely amount payable under the guarantees.

Loans Fund

The Council operates a Loans Fund and all loans raised are paid into the Fund. Advances are made to departments to finance capital expenditure during the year. Repayments to the Loans Fund are calculated using the annuity method.

Interest is calculated and allocated to the Comprehensive Income and Expenditure Statement in accordance with Local Authorities Scotland Accounts Advisory Committee's (LASAAC) Guidance Note 2: Statement on the Calculation and Allocation of Loans Fund Interest and Expenses.

Government Grants and other Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Heritage Assets

The Council's heritage assets are held in the museums operated by the Council's Arts and Museum Service (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and also in a secure store). The purpose of holding these assets according to the Renfrewshire Council Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. Purchased

acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the Renfrewshire Council Museums Acquisition and Disposal Policy.

The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Shawl and textile design	The museums hold a collection of approximately 1,000 Paisley-type shawls, and a considerable collection of original designs for shawl manufacture. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Natural History	The collection includes vertebrate and invertebrate zoology, botany, geology and microslide collections; in addition to a library of natural history books. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Human History	The museums hold collections relating to social history, transport, science (including an important collection of astronomical apparatus in Coats Observatory), archaeology, arms, local archives, numismatics, photography, textiles, ethnography and Egyptology. The collection is included in the balance sheet at insurance valuation which is based on market values. However where an external valuation or cost information is available, or a valuation may be secured at a cost which is not prohibitive relative to the value of the item, then the Council will recognise the asset in the balance sheet at this value. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

In addition to the museums collections, there are a number of public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout Renfrewshire. These assets are not generally recognised in the balance sheet. The Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets and the lack of comparable data. However, where reliable cost information can be reasonably obtained, the asset will be included in the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Museums service will occasionally dispose of heritage assets in accordance with the Renfrewshire Council Museums' Acquisitions and Disposal Policy (a copy of which is available from the Arts and Museums Service). Assets are only disposed of for curatorial reasons (eg the item has deteriorated to such an extent it is no longer suitable for public display) and not with the aim of generating funds. Any proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. Expenditure incurred in preserving individual items is recognised in the comprehensive income and expenditure statement.

Intangible Assets

The Council accounts for purchased software licences and CRC allowances purchased prospectively as Intangible Assets. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Council has material interests in a charitable company and Joint Boards and Committees that have the nature of subsidiaries and associates under accounting conventions, requiring it to prepare group accounts. In the Council's own single-entity accounts, these interests are not recorded as the Council has no shares in, or ownership of, any of these organisations.

Reflected in the Council's single-entity balance sheet is a 50% share in an Integrated Joint Board and a 50% holding in a limited liability partnership, which is recorded as an investment.

Inventories

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

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Leases

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

The Council as Lessee***Finance Leases***

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The

asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement. Title to the property, plant or equipment remains with the lessor.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received), and
- finance income (credited to the Comprehensive Income and Expenditure Statement)

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement.

Overheads and Central Support Costs

The net cost of all central support departments is fully allocated to user departments. The method of allocation is determined by the individual support departments and in many instances is time based.

Corporate & democratic core and direct service activities are differentiated as required by the Code. The Code further defines corporate and democratic core activities into "corporate management" (CM) and "democratic representation and management" (DRM). CM includes all expenses incurred in providing the infrastructure that allows services to be provided. DRM includes all Councillor-related expenses including meetings of the Council and its Boards, officer support to Councillors, advice to voluntary bodies and activities undertaken by Councillors to represent local interests.

PFI Schemes – School Buildings Maintenance and Other Facilities

The Council carries the assets used under PFI contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The accounting treatment of the PFI scheme is in accordance with IFRIC12 *Service Concession Arrangements*.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating

The cost of assets acquired other than by purchase is deemed to be its fair value. The valuation of work-in-progress is based on cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de-minimus level does not apply where certain categories of these assets are grouped together and form part of the approved capital programme. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH). Council dwellings are valued using a Beacon Principle (adjusted vacant possession) methodology in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance.
- Vehicles, plant, furniture and equipment – depreciated replacement cost
- Other land and buildings – fair value, determined as the market value amount that would be paid for the asset in its existing use (existing use value – EUV). Operational assets are shown at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets are shown at the lower of net current replacement cost or net realisable value.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of any revaluation is 31 March. Valuations are undertaken by the Council Valuer who is MRICS qualified. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices in active markets for identical assets that the authority can access at the measurement date;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly;
- Level 3 - unobservable inputs for the asset.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, investment properties and assets that are not yet available for use (ie, assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property of between 10 and 50 years as estimated by the Council Valuer
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer based on useful lives of between 3 and 30 years.
- infrastructure – straight-line allocation over 40 years.

General Fund services are charged with depreciation where appropriate for the use of assets no matter how they are financed. Depreciation on the Council's non-operational assets is not charged to service revenue accounts. It is however reflected in the Comprehensive Income and Expenditure Statement through non-distributable costs.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Significance is determined by comparing a component's cost against the overall cost of an asset, and a component is deemed significant if its cost is 20% or more of the total asset cost. The de-minimis threshold for componentisation is £1 million.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the 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.

Financial Instruments - Fair Value Measurement

The 2015/16 Code of Practice includes a number of changes to reflect the adoption of IFRS 13 Fair Value Measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Reserves

The Council has various reserve funds. The two capital reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former of these represents the store of gains on revaluation of fixed assets not yet realised through sales and the latter relates to amounts set aside from capital resources to meet past expenditure.

The two accounting reserves arising from the restatement of financial instruments to "fair value" are the Financial Instruments Adjustment Account and the Available-for-Sale Financial Instruments Reserve. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending & borrowing by the Council. The Available-for-Sale Financial Instruments Reserve is a store of gains or losses on revaluation of the investments of the Insurance Fund not yet realised through sales.

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

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Trading Operations

All trading operations are classified as non-significant in terms of the Local Government in Scotland Act 2003. The surplus or deficit on each trading operation is allocated to the General Fund balance; with the exception of Building Services where the surplus is apportioned between the General Fund balance and the Housing Revenue Account balance based on the level of Housing related turnover.

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.

Accounting Policies - Group

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2015-2016 ("the Code") requires local authorities to consider their interests in all types of entity. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, for example statutory bodies such as valuation boards. Authorities are required to prepare a full set of group accounts in addition to their own council's accounts where they have a material interest in such entities.

Combining entities

Renfrewshire Council's group accounts consolidate the results of the council with the results of the Paisley, Renfrew and Johnstone Common Good Funds; other charitable trusts administered by Renfrewshire Council; and six other entities:

1. Renfrewshire Leisure Limited
2. Strathclyde Partnership for Transport
3. Strathclyde Concessionary Travel Scheme Joint Committee
4. Renfrewshire Valuation Joint Board
5. Renfrewshire Integrated Joint Board
6. Park Lane Developments (Renfrewshire) Limited Liability Partnership.

Under accounting standards, the council requires to include the results of Renfrewshire Leisure Limited as a *subsidiary* with Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee and Renfrewshire Valuation Joint Board included as *associates* because the council has a "significant influence" over their financial and operating policies. The council has no shares in, or ownership of, any of these four organisations, which are entirely independent of the council under law and for taxation.

Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee are included within the group accounts under the definition of *associate*, even though the council holds less than 20% or more of the voting (or potential voting) power (which is the criterion normally used to confer significant influence). However the view has been taken that the nature of the funding arrangements between the constituent councils and these entities is sufficient to confer significant influence.

Renfrewshire Valuation Joint Board is included within the group accounts as an *associate* (rather than *subsidiary*) because the council does not have a "controlling interest" in the body in terms of the voting rights.

Renfrewshire Council's share of each associate's net assets or liabilities is calculated based on the council's proportionate contribution to each associate's annual revenue costs.

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. Scottish Ministers legally established Renfrewshire's Integration Joint Board on 27 June 2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. The council also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) Limited Liability Partnership. These two entities are included as *joint ventures* in the council's group accounts. Renfrewshire Council's share of each joint venture's net liabilities is calculated based on the council's proportionate ordinary shareholding in each joint venture.

The council has effective control over Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds and other charitable trusts administered by Renfrewshire Council (as sole trustee) and, as such, these are treated as *subsidiaries* in the council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Basis of preparation of group statements and going concern

For the three associates and two joint ventures detailed above, the combination has been accounted for under the accounting conventions of the “acquisition basis” using the *equity method*, with the council’s share of the net assets or liabilities of each entity being incorporated and adjusted each year by the council’s share of that entity’s results and the council’s share of other gains and losses (recognised in the **group comprehensive income and expenditure statement**).

For two of the five entities the council has a share in a net liability. The net liability position of the Renfrewshire Valuation Joint Board arises from the inclusion of liabilities related to the defined benefit pension schemes as required by IAS19 (which requires that pension liabilities reflect the long-term cost of paying post-employment benefits). For Park Lane Developments (Renfrewshire) LLP the net liability arises from long-term borrowing to fund regeneration work within and around the site of the former Arnotts store in Paisley.

All of the above associates and joint ventures consider it appropriate that their statement of accounts should follow the “going concern” basis of accounting. Arrangements with the Council and other funders for the longer-term funding of Park Lane Developments (Renfrewshire) Limited Liability Partnership are considered sufficient to meet future funding requirements.

Consideration for acquisition of associates’ net assets or liabilities

The council has acquired its share of the net assets of its associates for a nil consideration. There is no deferred or contingent purchase consideration. A fair value for its share of the net assets or liabilities of the three joint boards and committees (those numbered 2, 3 and 4 in the preceding list) at the point of acquisition and the post-acquisition results are unable to be accurately determined in view of the length of time since the transfer of these responsibilities at local government re-organisation in 1996 and the change in accounting for pensions under FRS17 in 2003-2004. It is not possible to provide the fair value of the investment in the other combining entities of the council as there are no published price quotations for these entities. No goodwill has been included in the **group balance sheet** in view of the length of time since acquisition, that no consideration was involved and that a fair value at the date of acquisition cannot now be properly assessed.

Group boundary: non-material interests in other entities

The council has a “significant interest” in three joint committees that have not been included in the group accounts. The council’s share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the council. In the interest of transparency, details of the business nature of each organisation are shown in note G2.

Post-employment benefits

In common with Renfrewshire Council, all combining entities, except Park Lane Developments (Renfrewshire) Limited Liability Partnership, participate in the Local Government Pension Scheme, which is administered locally by Glasgow City Council through the Strathclyde Pension Fund. The associates have accounting policies for pensions accounting that are consistent with those of the council.

Value added tax

Value added tax paid by Renfrewshire Leisure Limited is accounted for within income and expenditure to the extent that it is irrecoverable from HM Revenue and Customs.

Property, plant and equipment

The basis of valuation across the combining entities is in accordance with the Code. Operational property, plant and equipment assets are shown at the lower of net replacement cost or net realisable value in existing use with the following exceptions:

- (i) The Renfrewshire Valuation Joint Board and the Concessionary Travel Scheme Joint Committee have no fixed assets.

(ii) Strathclyde Partnership for Transport holds exceptional types of fixed assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also “third-party” assets that are rolling stock and other public assets used by other transport operators but which the partnership has the power to direct to the benefit of the travelling public within the partnership’s operating area – these are held at historic cost.

(iii) Renfrewshire Leisure Limited uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use on a replacement cost basis. Renfrewshire Leisure Limited also uses depreciated historic cost for its computers, plant, furniture and fittings rather than the council’s depreciated replacement cost basis, however this is not considered to be material given the small values involved.

Inventories

Inventories (generally consumable stock) are included in the **group balance sheet** at weighted average cost and the lower of cost or net realisable value: weighted average cost – council’s stock; lower of cost or net realisable value – Renfrewshire Leisure Limited’s stock. The difference in valuation methods does not have a material effect on the results of the group given the levels of stockholdings in these entities.

Restrictions on the transfer of funds

The council’s share of the reserves of its associates is unusable in that it cannot be used to fund the council’s services nor to reduce taxation. All associates are entirely independent of the council under law and for taxation. The council is unable to access their reserves, whether classified as usable or otherwise in the associate’s own financial statements.



Renfrewshire
Council

Finance and Resources, Renfrewshire House, Cotton Street, Paisley PA1 1JB

Telephone: 0141 618 7364 Fax: 0141 618 7351

www.renfrewshire.gov.uk

RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY SCo19478

RENFREW SCo19479

JOHNSTONE SCo19480

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

2015-16



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Trustees' Annual Report

Introduction

Renfrewshire Council acts as sole trustee for the Common Good Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

SC019478	Paisley Common Good Fund
SC019479	Renfrew Common Good Fund
SC019480	Johnstone Common Good Fund

The principal address of the Common Good Funds is:

Renfrewshire Council
Finance and Resources
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Common Good Funds and separately accounts for them. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The council provides a wide range of public services such as education, social services, environmental services and housing and economic regeneration.

They do not form part of the Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Common Good "vest[s] in" the relevant local authority. However they are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above.

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

Investment Managers: Standard Life Wealth Limited
 1 George Street
 Edinburgh
 EH2 2LL

Investment Advisors: Hymans Robertson LLP
 20 Waterloo Street
 Glasgow
 G2 6DB

Trustees

The Common Good is not a Trust, and is not governed by trust law. Therefore in terms of the "Trustees" of the Common Good, the guidance provided by OSCR is that those who have "general control and management" of the charity are the charity trustees. Decisions regarding the general control and management of the Common Good Funds are made by the Finance and Resources Policy Board (FRPB) of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council :

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady	John Hood
Cathy McEwan	Iain McMillan
Brian Lawson	Audrey Doig
Jim Sharkey	Anne Hall
Terry Kelly	Allan Noon
Kenny MacLaren	Michael Holmes
Tommy Williams	Jim Harte
Eddie Devine	James McQuade
Marie McGurk	Sam Mullin
Lorraine Cameron	Iain Nicolson
Mark Macmillan	Roy Glen
Margaret Devine	Mags McLaren
Maureen Sharkey	Stephen McGee
Jacqueline Henry	Andy Doig
Derek Bibby	Maria Brown
Chris Gilmour	James McLaren
Stuart Clark	Paul Mack
Will Mylet	Bill Brown

Day to day management of the Common Good Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All of the trustees for the accounts are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees.

Structure, Governance and Management

The Common Good is a fund of money and assets which the Council has a statutory obligation (under Section 15(4) of the Local Government etc (Scotland) Act 1994) to administer "having regard to the interests of the inhabitants of the area to which the Common Good formerly related" (i.e. the former burghs of Paisley, Renfrew and Johnstone). Although the Common Good is administered separately from mainstream local authority funding, it is owned outright by the Council (s222 of the Local Government (Scotland) Act 1973) and does not have an identity separate from the Council, nor a constitutional form distinct from the Council.

The charity test, set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 provides that "a body meets the charity test if –

- (a) its purposes consist of only one or more charitable purposes, and
- (b) it providespublic benefit in Scotland or elsewhere."

The Common Good Funds are not "bodies" separate from the Council, and the Council's purposes consist of much more than the charitable purposes listed in the Act. In this context officers of the Council are exploring with OSCR and the Scottish Government the appropriateness of the charitable status of the Common Good on an ongoing basis.

History

The Common Good comprises land granted to a Burgh by the Crown, further grants of land and buildings, mainly in the late 19th and early 20th century by local industrialists and other landowners for the common good of the inhabitants of the Burgh and the rental income and sale proceeds from such land. The bulk of the Paisley Common Good was granted to the Burgh of Paisley by the King Charles II Charter dated 27 and 28 July 1666, and has been administered by the Burgh and its successors since that date. The bulk of the Renfrew Common Good was granted to the Royal Burgh of Renfrew by the Queen Anne Charter dated 7 August 1703 and again has been administered by the Burgh and its successors since that date.

Governance and Management

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Common Good is owned by the Council, these specific provisions are supplemented by the general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance

and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006.

Decisions regarding the operation, assets, processes or policies of the Common Good Funds are delegated by the Council to the Finance and Resources Policy Board. Income to the Common Good Funds is solely from investment returns (both financial investments and property rental income) and bank interest – no donations to the Funds are solicited. The only other source of income which arises periodically is from the sale of fixed assets.

The investment performance of the Common Good Funds is monitored regularly by Council officers, and is reported bi-annually to the Investment Review Board, which is comprised of 5 cross party elected members. The minutes of the Investment Review Board are submitted to the Finance and Resources Policy Board, whose meetings are held in public. In turn, the minutes of this Board are submitted to the full Council for ratification. Therefore each elected member is informed of both the performance of the funds, and any decision regarding the operation of the Funds which would be made by the Finance and Resources Policy Board.

Regular training is offered to the members of the Investment Review Board through information sessions at each meeting.

Risk

The Trustees have overall responsibility for the Common Good Funds' systems of internal control that are designed by senior management to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The main risk for the Common Good relates to the investment income available for disbursement through grants. As mentioned above, investment performance is monitored quarterly by officers of the Council and they receive specialist advice in this regard from Hymans Robertson LLP, appointed investment advisors. A Statement of Investment Principles has been agreed by the Investment Review Board and this is regularly reviewed to ensure the benchmark against which performance is monitored remains relevant and appropriate.

Objectives and Activities

As mentioned above, there is no governing document for the Common Good. The assets were gifted for the common good of the inhabitants of the burgh. The most concise statement of the administration of the Common Good is contained in a judgement by Lord Kyllachy:

"The Common Good is corporate property and falls as such to be administered by the Council – and applied by them for the benefit of the community in such a manner as, and using such reasonable judgement as, they think proper".

Therefore in terms of the aims of the Common Good, they can not be narrowed down from that detailed above, i.e. that the funds are used for the benefit the inhabitants of the burgh to which they are related.

Grantmaking

There are two elements to the grants awarded from Common Good Funds: recurring grants (i.e. those awarded for a period of some years) or large grant awards that are agreed by the FRPB. In addition the FRPB also agrees the budget available to Local Area Committees (LACs) for subsequent award to community groups. LACs were set up in an effort to involve communities more directly in the decision-making of the Council, and they are comprised of the elected members of the relevant wards, along with representatives from local community groups e.g. Community Councils, Elderly Forums, Youth Groups etc. Each LAC now is allocated an annual budget, and they consider at each LAC meeting (held in public) the grant requests they have received. Only eligible grants may be considered – further information on the eligibility criteria may be obtained from the Council.

Achievements and Performance

In 2015-16 grants totalling £102,568 were awarded by Local Area Committees to a wide variety of community organisations. Other grant expenditure totalling £228,740 was made throughout the year. This included grants to: the Cherrie Centre (out of school care provider); contributions to finance CCTV : grants to help fund Christmas light displays in Renfrew and Paisley town centres and a grant to help finance Renfrew Gala Week.

Investment performance

The Common Good Funds have adopted a total return policy for investment income, and have agreed income targets which the Investment Manager exceeded in year. During the year the average yield on investments was 3.9% (3.5% in 2014-15). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.61% (0.63% in 2014-15).

Overall, the Common Good Funds reported a combined net movement in funds of £0.097 million that is added to the previous fund balance brought forward. The surplus achieved is mainly related to unrealised gains on investments and on the revaluation of fixed assets.

Financial Review

The Common Good Funds have no explicit reserves policy, but as a general principle the "capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year.

No individual Common Good Fund is in deficit.

The main funding sources for the Common Good Funds this year are dividend and investment income (62%) and property rental income (36%).

The Investment Review Board has agreed a Statement of Investment Principles (SolP) which regulates the relationship between the Council and the Investment Manager. The SolP details benchmark asset class holdings and also the restrictions which the Council has agreed i.e. no direct holdings in tobacco stocks or companies involved in the manufacture or supply of military equipment; and a minimum holding of 15% of the total funds to be held in fixed interest stocks.

Future Plans

The Common Good Funds will continue to make grants available to local organisations through the Local Area Committee grant making process, and will also continue to fund recurring commitments such as Christmas Lights displays.

The Council will also continue to review the funding provided by the Common Good Funds to ensure it remains appropriate and in line with the objectives of the Funds and to the benefit of the inhabitants of the relevant Burghs.

The Community Empowerment (Scotland) Act 2015 places new obligations on Councils with regards recording and the use of Common Good assets. The Council is required to prepare and publish a register of all Common Good properties and make it publicly available. The Act also requires local authorities to publish any proposals and consult with community bodies before disposing of or changing the use of Common Good assets.

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

Signed:

Date:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor Michael Holmes
Convener – Finance and Resources Policy Board
Renfrewshire Council

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

a) Statement of responsibilities in respect of the annual report and accounts

The Trustees are responsible for preparing the annual report and financial statements for each financial year, in accordance with the accounting policies set out in note 1 to the accounts and the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014. The financial statements give a true and fair view of the incoming resources and application of the resources of the charity during the year and of the charity's state of affairs at the end of the financial year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

b) Statement of disclosure of information to auditors

The trustees who held office at the date of approval of this annual report and accounts confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Signed:

Cllr Michael Holmes
Convener – Finance and Resources Policy Board
Renfrewshire Council

Date:

Independent Auditors Report to the Trustees of Renfrewshire Council Common Good Funds and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council Common Good Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities in respect of the Annual Report and Financial Statements, the trustees are responsible for the preparation of the financial statements which give a true and fair view. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Anne McGregor

Senior Audit Manager,

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place

Glasgow

G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Statement of Financial Activities for the Year Ended 31st March 2016

This Account summarises the resources that have been generated and consumed in providing services and managing the Common Good Funds during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed. This Account also includes the Statement of Total Recognised Gains and Losses which brings together all of the gains and losses of the Funds for the year and shows the aggregate increase in their net worth. All Common Good Funds have unrestricted funds only; there were no restricted or endowment funds during 2015-16 or in 2014-15.

		Year to 31 st March 2016				Year to 31 st March 2015			
		Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
Notes		£m	£m	£m	£m	£m	£m	£m	£m
Income and Endowments from:									
Investments	2(a)	0.138	0.000	0.465	0.603	0.132	0.000	0.441	0.573
Rental and Other Income	2(b)	0.049	0.000	0.292	0.341	0.049	0.000	0.414	0.463
Total from Income and Endowments		0.187	0.000	0.757	0.944	0.181	0.000	0.855	1.036
Expenditure on:									
<u>Raising Funds</u>									
Fundraising Trading		0.000	0.000	0.002	0.002	0.000	0.000	0.011	0.011
Investment Management Costs		0.014	0.000	0.046	0.060	0.011	0.000	0.037	0.048
Total Raising Funds		0.014	0.000	0.048	0.062	0.011	0.000	0.048	0.059
<u>Charitable Activities</u>									
Charitable Activities	3(a)	0.127	0.000	0.204	0.331	0.147	0.000	0.187	0.334
Governance Costs	3(b)	0.016	0.000	0.047	0.063	0.016	0.000	0.048	0.064
Depreciation and Impairment		0.046	0.000	0.296	0.342	0.048	0.000	0.290	0.338
Total Charitable Activities		0.189	0.000	0.547	0.736	0.211	0.000	0.525	0.736
Total Expenditure		0.203	0.000	0.595	0.798	0.222	0.000	0.573	0.795
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments		(0.016)	0.000	0.162	0.146	(0.041)	0.000	0.282	0.241
Gains/(Losses) on Investment Assets	5	(0.221)	0.000	(0.745)	(0.966)	0.214	0.000	0.735	0.949
Net Income/(Expenditure)		(0.237)	0.000	(0.583)	(0.820)	0.173	0.000	1.017	1.190

Statement of Financial Activities for the Year Ended 31st March 2016

	Notes	Year to 31 st March 2016				Year to 31 st March 2015			
		Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
Transfer between Funds		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total after funds Transfer		(0.237)	0.000	(0.583)	(0.820)	0.173	0.000	1.017	1.190
Other Gains or Losses									
Gains/(Losses) on Revaluation of Fixed Assets	4	0.471	0.000	0.252	0.723	(0.015)	0.000	0.487	0.472
Total Other Recognised Gains or Losses		0.471	0.000	0.252	0.723	(0.015)	0.000	0.487	0.472
Net Movement in Funds		0.234	0.000	(0.331)	(0.097)	0.158	0.000	1.504	1.662
Funds Reconciliation:									
Total Funds Brought Forward		4.888	0.052	27.197	32.137	4.730	0.052	25.693	30.475
Total Funds Carried Forward		5.122	0.052	26.866	32.040	4.888	0.052	27.197	32.137

The notes on pages 14 to 23 form part of these financial statements.

Balance Sheet as at 31st March 2016

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

		At 31 st March 2016				At 31 st March 2015			
	Note	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
Fixed Assets									
Tangible Fixed Assets	4	1.048	0.000	12.265	13.313	0.623	0.000	12.308	12.931
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	3.408	0.000	11.494	14.902	3.626	0.000	12.230	15.856
		4.519	0.047	23.868	28.434	4.312	0.047	24.647	29.006
Current Assets									
Debtors	13	0.000	0.000	0.018	0.018	0.005	0.000	0.032	0.037
Short term deposits	15	0.617	0.005	3.032	3.654	0.574	0.005	2.533	3.112
		0.617	0.005	3.050	3.672	0.579	0.005	2.565	3.149
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	14	(0.014)	0.000	(0.052)	(0.066)	(0.003)	0.000	(0.015)	(0.018)
		(0.014)	0.000	(0.052)	(0.066)	(0.003)	0.000	(0.015)	(0.018)
Net Current Assets		0.603	0.005	2.998	3.606	0.576	0.005	2.550	3.131
Net Assets		5.122	0.052	26.866	32.040	4.888	0.052	27.197	32.137
Funds of the Charities									
<u>Unrestricted Funds</u>									
Income Funds		3.535	0.036	18.550	22.121	3.406	0.036	17.918	21.360
Revaluation reserve : Investments		0.497	0.000	1.575	2.072	0.843	0.000	2.749	3.592
Revaluation reserve : Other Fixed Assets		1.090	0.016	6.741	7.847	0.639	0.016	6.530	7.185
		5.122	0.052	26.866	32.040	4.888	0.052	27.197	32.137

The unaudited accounts were issued on 14 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Signed:

Date:

Alan Russell

Director of Finance and Resources
Renfrewshire Council

Signed:

Date:

Councillor Michael Holmes

Convener – Finance and Resources Policy Board
Renfrewshire Council

Cash Flow Statement for Year Ended 31st March 2016

This statement summarises the inflows and outflows of cash arising from the transactions with third parties on both day to day revenue transactions and expenditure on capital activities. For the purposes of this statement, cash is defined as cash in hand and deposits repayable on demand.

	Notes	Year ended 31st March 2016				Year ended 31st March 2015			
		Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Net Cash Inflow from Operating Activities	7	0.046	0.000	0.509	0.555	0.005	0.000	0.425	0.430
Capital Expenditure and Financial Investment									
Cash paid for fixed asset investment		(0.845)	0.000	(2.759)	(3.604)	(0.343)	0.000	(1.150)	(1.493)
Receipts from sales of fixed asset: investments		0.788	0.000	2.556	3.344	0.420	0.000	1.416	1.836
Receipts from sales of fixed asset: property		0.000	0.000	0.000	0.000	0.000	0.000	0.426	0.426
Payments to acquire tangible fixed assets		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net cash flow from capital expenditure and financial investments		(0.057)	0.000	(0.203)	(0.260)	0.077	0.000	0.692	0.769
(Increase)/decrease in cash held for investments		0.054	0.000	0.193	0.247	(0.079)	0.000	(0.271)	(0.350)
Increase/(decrease) in cash held in the year		0.043	0.000	0.499	0.542	0.003	0.000	0.846	0.849
Reconciliation of net cash flow to movement in net funds									
(Decrease)/increase in cash in year		0.043	0.000	0.499	0.542	0.003	0.000	0.846	0.849
net funds at 1 April		0.574	0.005	2.533	3.112	0.571	0.005	1.687	2.263
Net funds at 31 March		0.617	0.005	3.032	3.654	0.574	0.005	2.533	3.112

Notes to the Financial Statements

1: Accounting Policies

Introduction

The Financial Statements for the year ended 31 March 2016 have been compiled in accordance the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published on 16 July 2014. They are designed to give a true and fair view of the financial performance and position of the Common Good Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Charities will not significantly curtail the scale of their operations.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 “Accounting Policies” (FRS18).

Income and Endowments

Recognition of income and endowments

These are included in the Statement of Financial Activities (SOFA) when:

- The charity becomes entitled to the resources;
- The trustees are virtually certain they will receive the resources; and
- The monetary value can be measured with sufficient reliability.

Grants and Donations

Grants and donations are only included in the SOFA when the charity has unconditional entitlement to the resources.

Gifts in Kind

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

Investment Income

This is included in the accounts when receivable.

Investment Gains and Losses

This includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

Expenditure

Liability Recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

Charitable Activities

Decisions regarding the way the Common Good Funds' income is spent are taken by the Finance and Resources Policy Board, whose membership comprises of 15 of the trustees of the Common Good Funds. Voluntary groups are encouraged to apply for funding from the available funds allocated to Renfrewshire Council Local Area Committees.

Governance Costs

Governance costs include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters;
- cost of administering grants; and
- property maintenance.

Grants Payable without Performance Conditions

These are recognised in the accounts when the grant has been paid.

Assets

Valuation

Land and buildings have been valued on the basis of market value in relation to existing use, assessed either on a comparative basis or on a depreciated replacement cost basis. The valuations have been compiled by the Council Valuer who is Member of the Royal Institute of Chartered Surveyors (MRICS) qualified. Assets under construction are shown at historic cost. Land and buildings are revalued every five years, with increases in valuation matched by credits to the Revaluation Reserve.

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

The civic regalia and equipment (heritage assets) have been valued on a present value insurance basis.

Investments are valued at market value.

Depreciation

Depreciation is charged on a straight -line basis on all assets other than land, heritage assets and assets under construction. The Council Valuer determines the useful life of property assets. Depreciation is based on expected life of costs capitalised.

Impairment

The value of each category of asset is reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a revaluation exercise, the loss is charged to the SOFA.

Departures from the Charities SORP

Operational land and buildings have been valued on a depreciated replacement costs basis, not a historic basis as per the Charities SORP. The main reason for this is the obligation under the Local Government Code of Practice on local authority accounting to apply a depreciated replacement cost valuation basis, and it is under the Local Government Code that the Common Good Accounts have been audited in previous years.

Events after the Balance Sheet date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 16 provides further information.

2: Income and Endowments

a) Investments

	2015-16				2014-15			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Grant income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dividend income	0.134	0.000	0.448	0.582	0.128	0.000	0.429	0.557
Interest income	0.004	0.000	0.017	0.021	0.004	0.000	0.012	0.016
Total grant & investment income	0.138	0.000	0.465	0.603	0.132	0.000	0.441	0.573

b) Rental and Other Income

	2015-16				2014-15			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Rental income from properties	0.049	0.000	0.292	0.341	0.049	0.000	0.313	0.362
Other Income	0.000	0.000	0.000	0.000	0.000	0.000	0.101	0.101
Total rental and other income	0.049	0.000	0.292	0.341	0.049	0.000	0.414	0.463

3: Expenditure

a) Charitable Activities

	2015-16				2014-15			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Voluntary organisation grants	0.035	0.000	0.067	0.102	0.030	0.000	0.058	0.088
Civic related grants	0.092	0.000	0.137	0.229	0.117	0.000	0.129	0.246
Total charitable activities grants	0.127	0.000	0.204	0.331	0.147	0.000	0.187	0.334

b) Governance Costs

	2015-16				2014-15			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accountancy and Administrative Services	0.008	0.000	0.020	0.028	0.005	0.000	0.013	0.018
Property Services	0.008	0.000	0.027	0.035	0.011	0.000	0.035	0.045
Total Governance Costs	0.016	0.000	0.047	0.063	0.016	0.000	0.048	0.063

4: Tangible Fixed Assets

a) Paisley Common Good Fund

	Operational Land and Buildings	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m
Gross Book Value				
At 1 st April 2015	0.477	0.337	0.814	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.232	0.000	0.232	0.000
At 31st March 2016	0.709	0.337	1.046	0.063
Depreciation				
At 1 st April 2015	0.191	0.000	0.191	0.000
Depreciation for Year	0.048	0.000	0.048	0.000
Depreciation write back on revaluations	(0.239)	0.000	(0.239)	0.000
Impairment losses written out on revaluation	(0.002)	0.000	(0.002)	0.000
At 31st March 2016	(0.002)	0.000	(0.002)	0.000
Net Book Value at 31st March 2016	0.711	0.337	1.048	0.063
Net Book Value at 31st March 2015	0.286	0.337	0.623	0.063

b) Renfrew Common Good Fund

	Operational Land and Buildings	Plant and Equipment	Non- operational assets – Investment Properties	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m	£m	£m
Gross Book Value						
At 1 st April 2015	9.980	1.923	0.791	0.024	12.718	0.109
Additions	0.000	0.000	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	0.091	0.000	(0.091)	0.000	0.000	0.000
Revaluations	(0.041)	0.000	0.013	0.000	(0.028)	0.000
At 31st March 2016	10.030	1.923	0.713	0.024	12.690	0.109
Depreciation						
At 1 st April 2015	0.347	0.041	0.022	0.000	0.410	0.000
Depreciation for year	0.199	0.041	0.007	0.000	0.247	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation write back on revaluations	(0.203)	0.000	(0.029)	0.000	(0.232)	0.000
Impairment losses written out on revaluation	0.000	0.000	0.000	0.000	0.000	0.000
At 31st March 2016	0.343	0.082	0.000	0.000	0.425	0.000
Net Book Value at 31st March 2016	9.687	1.841	0.713	0.024	12.265	0.109
Net Book Value at 31st March 2015	9.634	1.882	0.769	0.024	12.308	0.109

c) Johnstone Common Good Fund

	Heritage Assets £m
Gross Book Value	
At 1 st April 2015	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
At 31st March 2016	0.047
Depreciation	
At 1 st April 2015	0.000
Depreciation for year	0.000
At 31st March 2016	0.000
Net Book Value at 31st March 2016	0.047
Net Book Value at 31st March 2015	0.047

d) Heritage Assets

Heritage Assets include items of civic regalia and equipment formerly used by the Provost of the Council on civic occasions. The assets are now held in Renfrewshire museums.

5: Fixed Asset Investments

Investments are held specifically to provide the funds from which donations and civic activities can be funded from.

a) Analysis of market values

	2015-16			2014-15		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1 st April 2015	3.626	12.230	15.856	3.410	11.490	14.900
Additions	0.845	2.759	3.604	0.343	1.150	1.493
Disposals	(0.788)	(2.556)	(3.344)	(0.420)	(1.416)	(1.836)
Net gain/(loss) on revaluation	(0.221)	(0.746)	(0.967)	0.214	0.735	0.949
Increase/(decrease) in cash in bank awaiting investment	(0.054)	(0.193)	(0.247)	0.079	0.271	0.350
At 31st March 2016	3.408	11.494	14.902	3.626	12.230	15.856

b) Asset Allocation Analysis

	2015-16			2014-15		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.157	0.553	0.710	0.234	0.811	1.045
Other UK Bonds	0.284	0.941	1.225	0.219	0.731	0.950
Overseas Bonds	0.114	0.379	0.493	0.166	0.555	0.721
Equities:						
UK Equities	1.493	5.024	6.517	1.725	5.614	7.339
Overseas Equities	1.153	3.911	5.064	1.064	3.789	4.853
Non-Region Specific	0.024	0.081	0.105	0.045	0.153	0.198
Property Investments	0.140	0.471	0.611	0.079	0.264	0.343
Cash	0.039	0.120	0.159	0.094	0.313	0.407
Accrued Interest	0.004	0.014	0.018	-	-	-
Total Investment Assets	3.408	11.494	14.902	3.626	12.230	15.856

All investments during 2015-16 and in 2014-15 were held in unrestricted funds.

6: Reserves Cover

	2015-16				2014-15			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Free Reserves								
Unrestricted Funds	3.551	0.036	18.388	21.975	3.447	0.036	17.737	21.220
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.016)	0.000	0.162	0.146	(0.041)	0.000	0.181	0.140
Total Unrestricted Funds	3.535	0.036	18.550	22.121	3.406	0.036	17.918	21.360
Less Funds tied up in fixed assets	(3.408)	0.000	(11.494)	(14.902)	(3.626)	0.000	(12.230)	(15.856)
Total Free Reserves	0.127	0.036	7.056	7.219	(0.220)	0.036	5.688	5.504
Annual Running Costs exclude impairment	0.203	0.000	0.595	0.793	0.222	0.000	0.573	0.795
Number of months held in reserve	0	0	142	n/a	0	0	119	n/a

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

7: Cash Flow Statement

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

	Year to 31 st March 2016			Year to 31 st March 2015		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£m
Net income/expenditure before other gains or losses	(0.016)	0.000	0.162	(0.041)	0.000	0.282
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.046	0.000	0.296	0.048	0.000	0.290
Gain on sale of fixed asset - property	0.000	0.000	0.000	0.000	0.000	(0.101)
Decrease/(increase) in debtors	0.005	0.000	0.014	0.000	0.000	(0.015)
Increase/(decrease) in creditors	0.011	0.000	0.037	(0.002)	0.000	(0.031)
Net cash (inflow)/outflow from operating activities	0.046	0.000	0.509	0.005	0.000	0.425

b Analysis of changes in net funds

	At 1 April 2015	Cash- flow	At 31 March 2016	At 1 April 2014	Cash- flow	At 31 March 2015
	£m	£m	£m	£m	£m	£m
Short term deposits						
Paisley	0.574	0.043	0.617	0.571	0.003	0.574
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	2.533	0.499	3.032	1.687	0.846	2.533
	3.112	0.542	3.654	2.263	0.849	3.112

8: Trustees' remuneration and expenses

Neither the Trustees of the Common Good Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during 2015-16.

9: Related Parties

During the year, the Common Good Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. The costs of this are disclosed in note 3(b), Governance Costs. The Council also acts as the banker for the Common Good Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' balance sheets. There are no outstanding balances due to or from Renfrewshire Council other than those that appear in the balance sheet.

10: Commitments

As at March 2016, no Common Good Fund had outstanding commitments on capital contracts. There were no outstanding commitments for operating lease rentals.

11: Staff Costs and Emoluments

No members of staff were employed directly via the Common Good Funds during 2015-16 (2014-15 nil). All costs were incurred by Renfrewshire Council and recharged as detailed in note 3(b) Governance Costs. There are therefore no employees with emoluments above £60,000 (2014-15 nil).

12: Audit Costs

Costs of £4,550 were incurred in relation to the audit of the 2015-16 financial statements.

13: Debtors

	Year to 31 st March 2016				Year to 31 st March 2015			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accrued Income	0.000	0.000	0.018	0.018	0.005	0.000	0.032	0.037
Total Debtors	0.000	0.000	0.018	0.018	0.005	0.000	0.032	0.037

14: Creditors

	Year to 31 st March 2016				Year to 31 st March 2015			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Trade Creditors	0.014	0.000	0.048	0.062	0.003	0.000	0.010	0.013
Rents in Advance	0.000	0.000	0.004	0.004	0.000	0.000	0.005	0.005
Total Creditors	0.014	0.000	0.052	0.066	0.003	0.000	0.015	0.018

15: Short Term Deposits

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

16: Events after the Balance Sheet date

Events taking place after the authorised issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

On 23 June the result of the referendum on membership of the European Union was a majority vote to leave. The UK Government would cease its EU membership from the date of agreement or, failing that, within two years of the notification under Article 50 process to negotiate the terms of the UK's exit, with the possibility of extending this time frame with the agreement of the other 27 member states. There is no immediate impact on the Common Good, however, the referendum result has created uncertainty in various areas, for example, employment legislation, procurement, pension liabilities and many more. It is not currently possible to comment on the impact that this may have on the medium term for the Common Good.

RENFREWSHIRE COUNCIL TRUST FUNDS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS 1 APRIL 2015 to 31 MARCH 2016



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Trustees' Report

1. INTRODUCTION

Renfrewshire Council acts as sole trustee for the Trust Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

The following charities' financial statements are included in this report:

Charity Number	Charity Name	Charity Number	Charity Name
SC042035	Renfrew Burgh Citizens Fund	SC042036	Renfrewshire Council Citizens Fund
SC042037	Paisley Burgh Citizens Fund	SC019454	Coats Observatory Fund

The principal address of the Trust Funds is:

Renfrewshire Council
Finance and Resources
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Trust Funds and separately accounts for them. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, social services, environmental services, council housing and economic regeneration.

The Trust Accounts do not form part of Renfrewshire Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trusts "vest[s] in" the relevant local authority. However, the Trust Fund accounts are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above.

Independent Auditors: Audit Scotland

4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT

TRUSTEES

In terms of the "Trustees" of the Trusts, the guidance provided by OSCR is that those who have "general control and management" of the charity are the charity trustees. Decisions regarding the general control and management of the Trust Funds are made by the Finance and Resources Policy Board of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

The following individuals were the Trustees of the Trust Funds in their capacity as elected members of Renfrewshire Council :

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady	John Hood
Cathy McEwan	Iain McMillan
Brian Lawson	Audrey Doig
Jim Sharkey	Anne Hall
Terry Kelly	Allan Noon
Kenny MacLaren	Michael Holmes
Tommy Williams	Jim Harte
Eddie Devine	James McQuade
Marie McGurk	Sam Mullin
Lorraine Cameron	Iain Nicolson
Mark Macmillan	Roy Glen
Margaret Devine	Mags McLaren
Maureen Sharkey	Stephen McGee
Jacqueline Henry	Andy Doig
Derek Bibby	Maria Brown
Chris Gilmour	James McLaren
Stuart Clark	Paul Mack
Will Mylet	Bill Brown

Day to day management of the Trust Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All of the trustees for the accounts are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

The three Citizens Funds were set up in 2011 as successor funds to the various sundry trusts controlled by Renfrewshire Council. The Council made use of the reorganisation provisions of the Charities and Trustee Investment (Scotland) Act 2005 to enable better use to be made of the balances within the existing funds, and reorganize them into larger funds with updated purposes. The reorganisation was completed with the consent of OSCR.

The Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council as Trustees own the buildings comprising the Coats Observatory.

HISTORY

The following table gives an indication of the purpose of the Trusts:

Charity No.	Name	Purpose
SC042035	Renfrew Burgh Citizens Fund	Promoting the welfare of individuals who are in need by reason of age, ill-health, disability, financial hardship or other disadvantage and fostering good citizenship and community wellbeing and regeneration by giving financial assistance by way of grant to those living or working in the area. To further voluntary activity or to contribute to the regeneration of the community in the area formerly known as the Burgh of Renfrew
SC042036	Renfrewshire Council Citizens Fund	As above, but for the area for which Renfrewshire Council and its successors is responsible
SC042037	Paisley Burgh Citizens Fund	As above, but for the area formerly known as the Burgh of Paisley
SC019454	Coats Observatory Fund	"for the upkeep of Coats Observatory equipment" The above purpose was relevant while there were cash funds available; however these funds have been exhausted, and only the property assets remain.

GOVERNANCE AND MANAGEMENT

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Trust Funds are controlled by the Council, these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014.

Decisions regarding the operation, assets, processes or policies of the Trust Funds are delegated by the Council to the Finance & Resources Policy Board (FRPB). The FRPB will request the appropriate Local Area Committee (LAC) - the view of the Local Area Committee being representative of the general public view for that locality - to submit proposals for the Board to consider for project expenditure, taking account of the original intentions

of the donors of the funds as to purpose and location within the Local Area Committee boundary. Proposals submitted by LACs are then considered for approval by the FRPB.

RISK

The Trustees have overall responsibility for the Trust Funds' system of internal control. This system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

3. OBJECTIVES AND ACTIVITIES

Income to the Trust Funds is solely from interest earned on balances held by Renfrewshire Council Loans Fund – no donations to the Funds are solicited.

4. ACHIEVEMENTS AND PERFORMANCE

During the year two payments were made from the Renfrew Burgh Citizens Fund. £20,000 was awarded to the Renfrew Development Trust to help with the regeneration of Renfrew Town Centre. Four awards totalling £5,900 were paid from the Renfrewshire Council Citizens Fund. These payments were made from funds associated with Kilbarchan, to organisations in the Kilbarchan area.

Two awards were made from the Paisley Burgh Citizens Fund during the year to the Paisley Sea Cadets (£3,846.38) and Glenburn Seniors Club (£500).

The combined monies of the Trusts were invested in the Council's Loans Fund on the basis that the returns available were better than those available commercially. The average rate of interest achieved in the period was 0.61% (0.63% in 2014/15).

5. FINANCIAL REVIEW

The Trust Funds have no explicit reserves policy, and it is anticipated that the Citizens Funds will be fully disbursed in the coming years. No individual Trust Fund is in deficit.

6. FUTURE PLANS

It is anticipated that as further community projects are recommended for funding, the Citizens Funds will in time be wound up, their balances having been fully disbursed.

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

Signed:

Date:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor Michael Holmes
Convener – Finance & Resources Policy Board
Renfrewshire Council

Independent Auditor's Report to the Trustees of Renfrewshire Council Trust Funds and the Accounts Commission for Scotland

The accounts are still subject to independent examination. The appointed examiner is:

Independent auditor's report to the trustees of Renfrewshire Council Trust Funds and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council Trust Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, Statement of Balances and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Trustees' Report, all elected members of Renfrewshire Council have general control and management responsibilities, the Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2016 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Anne McGregor
Senior Audit Manager,
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Trust Accounts Financial Statements Overview

1. INTRODUCTION

The following pages detail the Statement of Receipts and Payments, the Statement of Balances and relevant Notes to the Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as all of the charities are classified as small charities as defined in the Charities Statement of Recommended Practice (SORP) and therefore are exempt from producing a Cash Flow Statement.

2. STATEMENT OF RECEIPTS AND PAYMENTS

The Statement of Receipts and Payments provides an analysis of the incoming and outgoing cash and bank transactions for the period. The Trust Funds have income and expenditure in their respective unrestricted funds.

If applicable, the Statement would also show any cash movements in relation to fixed assets. In the case of the Trust Funds, there have been no purchases or sales of fixed assets.

3. STATEMENT OF BALANCES

The Statement of Balances reconciles the cash and bank balances at the beginning and end of the financial year with the surpluses or deposits shown in the Statement of Receipts and Payments. The Statement of Balances also summarises final closing balances at the end of the period.

4. NOTES TO THE ACCOUNTS

Notes to the accounts expand on or explain the information contained in the Statement of Receipts and Payments and the Statement of Balances.

Statement of Receipts and Payments for the year ended 31st March 2016

Year ended 31st March 2016					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Coats Observatory Fund SC019454 Unrestricted £	Total £
Receipts					
Income from other charities	0.00	0.00	0.00	0.00	0.00
Income from investments other than land and buildings	15.00	81.00	112.00	0.00	208.00
Other receipts	0.00	0.00	0.00	0.00	0.00
Total receipts	15.00	81.00	112.00	0.00	208.00
Receipts from investment sales					
Proceeds from sale of investments	0.00	0.00	0.00	0.00	0.00
Total receipts from investment sales	0.00	0.00	0.00	0.00	0.00
Payments					
Charitable activities	4,346.38	20,000.00	5,900.00	0.00	30,246.38
Governance costs	333.33	333.33	333.34	0.00	1,000.00
Building maintenance costs	0.00	0.00	0.00	0.00	0.00
Total payments	4,679.71	20,333.33	6,233.34	0.00	31,246.38
Transfer between funds	0.00	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	(4,664.71)	(20,252.33)	(6,121.34)	0.00	(31,038.38)

Year ended 31st March 2015					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Coats Observatory Fund SC019454 Unrestricted £	Total £
Receipts					
Income from other charities	0.00	0.00	0.00	0.00	0.00
Income from investments other than land and buildings	28.00	149.00	215.28	0.00	392.28
Other receipts	0.00	0.00	0.00	104,630.53	104,630.53
Total receipts	28.00	149.00	215.28	104,630.53	105,022.81
Receipts from investment sales					
Proceeds from sale of investments	0.00	0.00	0.00	0.00	0.00
Total receipts from investment sales	0.00	0.00	0.00	0.00	0.00
Payments					
Charitable activities	433.00	4,920.46	11,260.00	0.00	16,613.46
Governance costs	333.33	333.33	333.34	0.00	1,000.00
Building maintenance costs	0.00	0.00	0.00	104,630.53	104,630.53
Total payments	766.33	5,253.79	11,593.34	104,630.53	122,243.99
Transfer between funds	0.00	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	(738.33)	(5,104.79)	(11,378.06)	0.00	(17,221.18)

Statement of Balances as at 31st March 2016

As at 31st March 2016

	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Total	Total
	£	£	£	£	£	£	£
Cash funds							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	5,008.26	25,678.81	31,008.78	0.00	0.00	0.00	61,695.85
Surplus / (deficit) for period	(4,664.71)	(20,252.33)	(6,121.34)	0.00	0.00	0.00	(31,038.38)
	343.55	5,426.48	24,887.44	0.00	0.00	0.00	30,657.47
Other assets (at current valuation)							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	673,090.86	673,090.86	673,090.86
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	673,090.86	673,090.86	673,090.86

As at 31st March 2015

	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Total	Total
	£	£	£	£	£	£	£
Cash funds							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	5,746.59	30,783.60	42,386.84	0.00	0.00	0.00	78,917.03
Surplus / (deficit) for period	(738.33)	(5,104.79)	(11,378.06)	0.00	0.00	0.00	(17,221.18)
	5,008.26	25,678.81	31,008.78	0.00	0.00	0.00	61,695.85
Other assets (at current valuation)							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	619,603.96	619,603.96	619,603.96
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	619,603.96	619,603.96	619,603.96

The Accounts are authorized for issue.

Signed:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

Date:

Signed:

Councillor Michael Holmes
Convener – Finance & Resources Policy Board
Renfrewshire Council

Date:

Notes to the Financial Statements

1. ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2016 been prepared in accordance with Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their account in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of "materiality" and "going concern" have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities' operations, however it is anticipated that the Citizens Funds will not continue indefinitely as their balances reduce. This has no impact on the financial statements as the assets of these Funds comprise entirely cash balances which are not subject to a valuation estimation.

The accounting concept of "accruals" is not relevant to these statements, which have been prepared on a receipts and payments basis.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 "Accounting Policies" (FRS18).

Fund Accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity.

Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

The 2014-15 comparative figures have been brought forward unchanged.

INCOMING/OUTGOING RESOURCES

Recognition of incoming resources

All income is recognised and included in the Statement of Receipts and Payments (SoRP) when the money is actually received.

Recognition of expenditure

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

Charitable Activities

Decisions regarding the way the Trust Funds' income is spent are taken by the Finance & Resources Policy Board, whose membership comprises 16 of the trustees of the Trust Funds.

Costs of Generating Funds

The cost of administering the Trust Funds is borne entirely by Renfrewshire Council.

Governance Costs

Governance costs, where applicable, include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters; and
- cost of administering grants.

Grants Payable Without Performance Conditions

These are recognised in the accounts when the grant has been paid.

ASSETS

The Citizens Funds hold no assets other than cash which is held on deposit with Renfrewshire Council (see Note 4).

The Observatory Fund includes the land and buildings of Coats Observatory, Paisley. The valuation is based on fair value, determined as the market value that would be paid for the asset in its current use. Valuations are provided by the Council Valuer who is MRICS qualified, and are updated as a minimum every five years. The Observatory building is being depreciated on a straight-line basis over 30 years.

2. ANALYSIS OF RECEIPTS/PAYMENTS

The income received in the year was from Renfrewshire Council and relates to interest on Trust Fund balances invested with Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees.

Details of payments are provided in the Trustees' Annual Report explaining the grants paid out.

3. TRUSTEES' REMUNERATION AND EXPENSES

Neither the trustees of the Trust Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the trustees during the period (2014-15 nil).

4. RELATED PARTIES

During the period, the Trust Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. No costs were incurred by the Trust Funds for this administration. The Council also acts as the banker for the Trust Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' statement of balances, labelled as "balances held with Renfrewshire Council". There are no other outstanding balances due to or from Renfrewshire Council.

5. MOVEMENT IN FUNDS

	At 01/04/2015 £	Net movement in funds £	Transfers between funds £	At 31/03/2016 £
Unrestricted funds	61,695.85	(31,038.38)	0.00	30,657.47
Endowment funds	0.00	0.00	0.00	0.00
Restricted funds :				
Coats Observatory	0.00	0.00	0.00	0.00
	<u>61,695.85</u>	<u>(31,038.38)</u>	<u>0.00</u>	<u>30,657.47</u>

The restricted funds hold the Coats Observatory building and land asset. The current market value of the Coats Observatory at 31/03/2016 is £673,090.86.



To: Audit, Scrutiny and Petitions Board

On: 19 September 2016

Report by: Chief Auditor

Heading: Summary of Internal Audit Findings for Quarter to end of June 2016

1. Summary

- 1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board. To comply with this requirement Internal Audit submits regular reports on the findings and conclusions of audit engagements to the Audit, Scrutiny and Petitions Board.
- 1.2 Appendix 1 attached to this report provides a summary of internal audit findings in relation to final reports issued for those engagements completed during the period 1 April – 30 June 2016
- 1.3 In addition to the reports listed in the Appendix, Internal Audit has an ongoing commitment to:
- A range of corporate and service initiatives;
 - Progressing of information security matters in partnership with ICT and Legal Services;
 - The regular provision of advice to departmental officers;
 - The provision of internal audit services to the associated bodies for which Renfrewshire Council is the lead authority and to Renfrewshire Leisure Ltd and Renfrewshire Health and Social Care Integrated Joint Board;
 - Co-ordination of the Council's corporate risk management activity;
 - Management of the counter fraud team;
 - Management of the risk management and insurance team.

2. **Recommendations**

- 2.1 Members are invited to consider and note the Summary of Audit Findings reported during the quarter from 1 April to 30 June 2016.
-

Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning –
Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.
11. **Privacy Impact** – None

Author: Karen Campbell – 01416187016

Appendix 1

Renfrewshire Council

Internal Audit Service

Quarterly Update for Audit, Scrutiny and Petitions Board

Final Audit Reports issued from 1 April– 30 June 2016

Category	Service	Audit Title	Main Issues	Rec's agreed
Assurance Audits	Finance and Resources	Cash, Collection & Banking	<ul style="list-style-type: none"> A review was undertaken to ensure that the arrangements in place for payments made to the council through satellite kiosks were adequately controlled and reconciled. In general, it was found that the procedures followed in relation to collection and banking of kiosk income were satisfactory. Issues did arise in relation to the replenishment of the kiosk floats and recommendations that will improve the robustness of this process were made. Management agreed to implement these. 	Yes
		Workforce Planning	<ul style="list-style-type: none"> A review was undertaken to ascertain the current position within Renfrewshire Council with regards to workforce planning. In order to avoid duplication of effort, Audit Scotland asked Internal Audit to obtain answers and evidence from the appropriate personnel to complete their 'Scotland's Public Sector Workforce: Local Follow –Up' questionnaire. The Organisational Development Strategy 2016 – 2019 was approved by the Leadership Board in December 2015 and indicated the first stages in following Audit Commission/ Audit Scotland good practice. The implementation phase of the strategy has also commenced and arrangements are in place 	Yes

			to regularly update the Corporate Management Team on progress.	
		Council Tax	<ul style="list-style-type: none"> An audit reviewing the controls in place over the liability and billing aspect of the council tax system, found that the processes in operation are well established and provide the appropriate controls. 	Yes
	Chief Executive's	Internal Communications	<ul style="list-style-type: none"> Effective communication between leaders and employees is essential to keep everyone informed and involved. As the council is currently implementing significant change programmes it was agreed that internal Audit would undertake a review of the internal corporate communications processes to ensure they are effective. At the time of the review, there was not an up to date documented internal communications strategy in place for one of the Council's major change programmes. In addition, inconsistencies across services were found in terms of the manner in which internal communications are addressed. Management agreed to implement the audit actions to address these matters. 	Yes
	Development & Housing	Sickness Absence Monitoring	<ul style="list-style-type: none"> A review was undertaken of the application of the Supporting Attendance at Work Policy within the Building Standards and Economic Development Sections of Development and Housing Services. The electronic Absence Management System (AMS) was rolled out to these teams from April 2015. The audit review identified some instances where we were unable to confirm that the council's Supporting Attendance at Work Policy had been consistently followed due to the lack of evidence held. Furthermore, a number of key officers had not been sufficiently trained in the use of the electronic Absence Management System. 	Yes

ICT Audit	Finance and Resources	Service Desk	<ul style="list-style-type: none"> • Management agreed to act upon the recommendations made and ensure the appropriate managers are adequately trained. • A high level review of the ICT service desk was carried out to ensure that all calls are properly administered and managed. • This audit highlighted that satisfactory arrangements are in place for resolving service desk calls and communication with end users. Some recommendations were made relating to closer monitoring of performance indicators and resolving calls in line with priorities shown in current guidance which management agreed to implement. 	Yes
Governance Audits	Finance and Resources	Corporate Governance – Employees Code of Conduct	<ul style="list-style-type: none"> • A review was undertaken to provide assurance that the Code of Conduct for Employees is fit for purpose and that there is an awareness of the code among employees. • The audit identified some occasions where there was no evidence that employees had acknowledged receipt of the current Code of Conduct for Employees. Given that a revised draft code is being finalised, it was recommended that management put arrangements in place to ensure that all existing employees sign acknowledgements that they have agreed to abide by the revised code. 	Yes



To: Audit, Scrutiny and Petitions Board

On: 19 September 2016

Report by: Chief Auditor

Heading: Internal Audit and Counter Fraud Progress and Performance for Period to 30 June 2016

1. Summary

- 1.1 The Internal Audit Annual Plan was approved by the Audit, Scrutiny and Petitions Board on 21 March 2016. Normally, Internal Audit measures the progress and performance of the team on a regular basis using a range of performance indicators and reports these to members as part of this report. However, since we are currently transferring over to a revised audit management system, only the percentage of Audit Plan completion performance indicator is available for the period 1 April 2016 to 30 June 2016.
- 1.2 The Internal Audit Plan is intended to be sufficiently flexible to deal with unplanned investigations and emerging priorities. An assessment of the resources required for these activities has been undertaken. This report recommends changes to the Audit Plan to accommodate increased resources being targeted towards further anticipated unplanned work.
- 1.3 In terms of Counter Fraud, the current focus in this area is establishing the priorities for this new team and therefore it has been agreed with the Director of Finance and Resources that no performance targets will be established for 2016/17.
- 1.4 The report details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team from 1 April 2016 to 30 June 2016.

2. **Recommendations**

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 30 June 2016.
- 2.2 Members are asked to approve the proposed changes to the internal audit plan.

3. **Background**

- 3.1 The progress and performance of the Internal Audit and Counter Fraud Team is usually subject to regular monitoring using a number of performance measures. However, we are currently transferring over to a new audit management system and therefore in order to avoid duplication of effort by populating two systems with the 2016/17 Audit Plan, it was decided that only the Percentage of Audit Plan completion indicator would be prepared. This is because all the indicators would have to be prepared manually. The Director of Finance and Resources has set annual targets for the team to demonstrate continuous improvement.
- 3.2 The Internal Audit Plan is intended to be sufficiently flexible to deal with unplanned investigations and emerging priorities. It has been identified that the current planned resource will not be sufficient to accommodate the resource required for the remainder of the year.
- 3.3 This report provides members with the progress and performance of both the Internal Audit and Counter Fraud Team for the period from 1 April 2016 to 30 June 2016.
- 3.4 Internal Audit and the Counter Fraud Team support a variety of local and national initiatives through participation in professional practitioner groups and co-ordination of national initiatives such as the National Fraud Initiative.

4. Internal Audit Team Performance

(a) Percentage of audit plan completed as at 30 June 2016

This measures the degree to which the Audit plan has been completed

Actual 2015/16	Annual Target 2016/17	Audit Plan Completion Target to 30 June 2016	Actual to 30 June 2016
95.1%	95.0%	20.0%	21.0%

Actual performance is currently ahead of target. This is mainly due to focus being on completing last year's outstanding audits and also as a result of our investigation budgeted time being included as part of the operational audit time. Internal Audit management will closely monitor the audit plan completion progress throughout 2016/17.

5. Proposed amendments to the 2016/17 Internal Audit Plan

- 5.1 The 2016/17 Internal Audit Plan provides for 100 days of resource directed towards unplanned investigative work and 209 days for project, consultancy and emerging priorities.
- 5.2 There has been a higher proportion of investigations undertaken between April and July than would normally be anticipated, which has resulted in the investigation resource being 80% used. It is anticipated that an additional 100 days will be required to meet the anticipated demand to 31 March 2017.
- 5.3 At the time of planning it was anticipated that Internal Audit would provide consultancy support in relation to process redesign during the implementation stage of the Enterprise Resource Planning project. To date the team has had significant involvement in the design workshops and the project board.
- 5.4 Following on from a structured session led by the Police Scotland National Counter Corruption Unit which was delivered to Chief Officers and other key personnel from across the Council based on case studies involving public sector fraud, corruption, abuse of position and poor contract management, it has become an emerging priority to ensure that the Council's processes are sufficiently robust to mitigate these risks. As a result, Internal Audit has been working in partnership with the Police Scotland Counter Corruption Unit Auditor to develop an action plan which will be taken forward and monitored by the Council's Integrity Group.

- 5.5 Both of the above areas of work have required a higher than anticipated use of contingency / consultancy time than would normally be expected at this time of year. As a result, the contingency resource allocated at the time of planning is currently 70% used. It is anticipated that an additional 50 days will be required to meet the anticipated demand to 31 March 2017.
- 5.6 Internal Audit staff assist at election events and there is time in the plan to accommodate this. To date, however, more resource than anticipated has been used, given the number of election events and the number of staff called upon to assist.
- 5.7 As a result, the following planned reviews contained on the Audit Plan are recommended for cancellation at this stage. The 130 days will be reallocated to meet the anticipated demand for investigations and contingency / consultancy work:
- Governance of ALEOs
 - Trading Standards
 - Carbon Management
 - Housing Benefit and CTR
 - Programme Management – Option Appraisal
 - HR Policies and Procedures
- 5.8 The additional 20 days required will be achieved through a targeted review of prior year recommendations and anticipated savings on some planned reviews.
- 5.9 The additional resources being transferred to investigations and contingency will be regularly monitored and should the revised budget not be required, the above audits recommended for cancellation will be reinstated to the plan on a priority basis.
- 6. External Quality Assessment**
- 6.1 The Public Sector Internal Audit Standards require that an external quality assessment is undertaken at least once every 5 years. The Board agreed to participate in the Scottish Local Authorities Chief Internal Auditors' Group peer review framework in March 2014.
- 6.2 The review is being undertaken by West Lothian Council and the self assessment checklist and supporting evidence has been submitted to the review team for assessment against the standards. A report will be brought to a future Board meeting on the outcome of the external quality assessment.
- 7. Counter Fraud Team Progress and Performance**
- 7.1 The Housing Benefit investigation work transferred to the Department for Work & Pensions' (DWP) Single Fraud Investigation Service

officially from 1 March 2016. Similarly with the majority of other Local Authorities, a Corporate Counter Fraud Resource has now been established within the Internal Audit Service consisting of two Counter Fraud Officers with one of the Internal Auditors being seconded to lead the establishment of the team.

7.2 Per the Service Level Agreement with the DWP, there is a requirement for an Officer to act as the Single Point of Contact (SPOC) to route potential fraud referrals to them, liaise with the Council's Housing Benefit Team and DWP Fraud Officers and retrieve the necessary evidence for the DWP Fraud Officers from the Housing Benefit System. The resource that has been required for this role since March is one FTE Counter Fraud Officer.

7.3 The remainder of the Corporate Counter Fraud resource is currently focusing on reviewing the Council functions to determine the areas where there is a potential for fraud to incur and also investigating non-benefit fraud referrals received to date in areas such as council tax reduction, tenancy and education.

7.4 The focus of the work for the remainder of the year will be on ensuring that there are adequate policies and procedures in place to support the counter fraud agenda.

8. Scottish Local Authorities Chief Internal Auditors' Group

Each year, SLACIAG produces an Annual Report highlighting achievements and ongoing workstreams and a copy of the report for 2015/16 is attached at Appendix 1 for information.

9. Local and National Initiatives

9.1 As the current Chair of the Scottish Local Authorities Chief Internal Auditors' Group, which is a special interest group of CIPFA, there is a requirement for the Chief Auditor to attend the CIPFA Branch Executive meetings.

9.2 The Chief Auditor attended her first meeting of this group in August and provided an update on progress of the participants in the External Quality Assessment peer review framework.

9.3 In addition, there was discussion around CIPFA developing an accredited Counter Fraud qualification suitable for Scottish Local Authority Counter Fraud Officers. As no such qualification currently exists feedback was positive and discussions are continuing.

Implications of the Report

1. **Financial** - The Council has in place arrangements to recover the any overpayments identified from the work of the Counter Fraud Team and the National Fraud Initiative.
2. **HR & Organisational Development** - None
3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The progress and performance reported relates to the delivery of the risk-based internal audit plan and the mitigation of the risk of fraud and error.
11. **Privacy Impact** – None

Author: Andrea McMahon – 01416187017

ANNUAL REPORT FROM THE CHAIR – 2015

1. INTRODUCTION

- 1.1 Membership of the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) is made up of the Heads of Internal Audit from each Scottish Local Authority and Strathclyde Partnership for Transport. The Group is a Special Interest Group of CIPFA Scotland, with operational arrangements, vision, and objectives set out in a formal Constitution.
- 1.2 The Group's vision is to be the voice of Internal Audit across Scottish Local Authorities and a driving force for best practice in respect of local authority and public transport bodies internal audit, governance, and operations. In support of that vision the Group has the following objectives:
 - To secure a quality and responsive service for members of the group ;
 - To develop the influence of the group with key decision makers and institutions in Scotland, as the key representative body for internal audit in local government with a particular emphasis on governance, risk, control and assurance matters;
 - To strengthen links and build long term relationships across the internal audit community within the public service;
 - To provide an effective group for the discussion of issues of common concern, sharing of good practice and commissioner of work to develop advanced practice
 - To consider the development and training needs of our people as a collective to ensure that the best available products are procured at the best price
 - To uphold the groups key values including: Respect; Openness and Honesty; Adding Value; Professional Team working; Sharing Best Practice; Integrity; Continuous Improvement.
- 1.3 One of the Group's previous objectives to seek statutory recognition for the role of Internal Audit in Scotland has been achieved through The Local Authority Accounts (Scotland) Regulations 2014 which came into force on 10 October 2014. The regulations require a local authority to operate a professional and objective internal auditing service. This service must be provided in accordance with recognised standards and practices in relation to internal auditing. Recognised standards and practices are those set out in the Public Sector Internal Audit Standards: Applying the IIA International Standards to the UK Public Sector. The standards require internal audit to have suitable operational independence from the authority.
- 1.4 The purpose of this Annual Report to key stakeholders is to provide an update on the Group's activities and achievements over the course of 2015.

2. SLACIAG ACTIVITY AND ACHIEVEMENTS DURING 2015

- 2.1 SLACIAG met four times during 2015:
 - 20 March 2015 – hosted by East Ayrshire Council;
 - 8 and 9 June 2015 – SLACIAG Conference in Dundee;
 - 18 September 2015 – hosted by Renfrewshire Council; and
 - 27 November 2015 – hosted by Falkirk Council.
- 2.2 All of the meetings were very well attended, re-affirming the value of the Group to members through the variety of topics considered by the Group over the course of the year and the calibre of speakers who attended and presented. This is particularly pleasing at a time of such significant change across Local Government generally and for Internal Audit in particular. The membership of SLACIAG also continues to change, with new members joining and an ever increasing emphasis on the involvement of members of Internal Audit teams as well as Heads of Internal Audit.
- 2.3 As usual, the Group held its Annual General Meeting in March 2015. At that meeting the Treasurer, Kenneth Ribbons of West Lothian Council, provided an update on the Group's finances, which continue to show a healthy financial position. This allowed rates for attendance at the June 2015 Conference to be held at a level which offered very good value, enabled support for training provision, and allowed subscriptions to be held at the same rate.

- 2.4 As well as allowing the Group to conduct its AGM business, the March meeting provided the opportunity to continue some of the themes from the previous year including corporate fraud and health and social care integration. Owen Smith of Audit Scotland gave his perspective on the 2014/15 National Fraud Initiative exercise. Laura Friel, Corporate Director - Finance and Corporate Support of North Ayrshire Council, spoke very enthusiastically and positively about the integration work being undertaken, both at a local and a national level.
- 2.5 SLACIAG's biennial Conference on 8 and 9 June 2015 in Dundee, which had a theme of 'Transforming Internal Audit' was very positive and productive. Over the two days, around 60 day and residential delegates (including Heads of Internal Audit and members of their teams) heard from a range of engaging and entertaining speakers and participated in workshop sessions aimed at exploring various topics in more detail.
- 2.6 Tracy Forth, Intelligence Team Leader, National Anti-Fraud Network (NAFN) enlightened the delegates on the resources and services provided by NAFN which was followed by a workshop on how these could be utilised within our counter fraud practices to positive effect.
- 2.7 Andrea Calder, Corporate Improvement Manager, Dundee City Council, and Colin O'Kane, Senior Business Improvement Analyst, ACCA, provided their own perspectives, insights and experiences of Transformational Change in Scottish Local Government covering risks, challenges and opportunities, and the role of internal audit.
- 2.8 Brian Moore, Chief Officer Health & Social Care Partnership, Inverclyde Council, gave his Chief Officer perspective on Health and Social Care Integration and the role of Internal Audit. The success of the Conference was not only down to the quality of the speakers, but also the relevance of the topics to life as a Local Government Internal Auditor. This was used as a platform for future meetings.
- 2.9 The morning of Day 2 of the Conference focussed on our own teams and individuals to consider the challenges facing Internal Audit, the management of client expectations, and how Internal Audit can demonstrate added value. Tree of Knowledge came recommended by many of our employing organisations so we asked for their involvement. Gavin Oattes brought a fresh perspective to the conference, engaging and energising the delegates with his presentation style, whilst focusing our thoughts towards how we can effectively meet the challenges ahead.
- 2.10 Probably the most significant development during 2015 was the inaugural meeting in September 2015 of the Heads of Internal Audit from NHS Boards joining SLACIAG members to share our thoughts on the implications of Health and Social Care Integration for our organisations and our internal audit services. Paul Leak of the Scottish Government joined the Group and our colleagues to get to grips with the risks, challenges and opportunities associated with Health and Social Care Integration, and we used the opportunity to talk about the evolving regulations and guidance, as well as some of the issues to be considered by Internal Audit both pre and post implementation. It was agreed that there would be an annual joint LA/NHS Heads of Internal Audit meeting in September to discuss integration matters.
- 2.11 2015 was also a pivotal year in relation to the implementation across a number of Councils of the SLACIAG peer review approach to External Quality Assessment to meet the 2013 Public Sector Internal Audit Standards requirement that Internal Audit sections undergo periodic (at least 5 yearly) external assessment against the Standards. This was discussed at the November 2015 meeting. Over the course of 2016 and subsequent years this approach will continue to be rolled out to all remaining Councils willing to participate, and a timetable for this programme has been agreed.
- 2.12 Another significant development during 2015 was the Scottish Local Authority Investigators Group (SLAIG), which was formerly affiliated to IRRV, becoming the corporate fraud sub-group of SLACIAG. The synergies are apparent given the renewed corporate fraud focus in the public sector and the extent to which Internal Audit can input into prevention and detection of fraud within their organisations (particularly where there is shared responsibility across Internal Audit and Corporate Fraud teams). The mission statement of SLAIG, which consists of counter fraud practitioners from local authorities in Scotland, is to: Raise the profile of the counter fraud agenda; Share good practice; Raise awareness of the risk of fraud; and Ensure that fraud is investigated in a professional manner. SLAIG will provide a periodic update to the full meeting of SLACIAG on the work of their sub-group in accordance with SLACIAG's constitution.

- 2.13 The counter fraud theme continued at the November 2015 meeting when Fraser Paterson (National Counter Fraud Manager - Prevention) gave a very interesting presentation on the role of the NHS Counter Fraud Service, strategy including the 4D principles (deter, disable, detect, deal with), and the outcomes of some recent cases.
- 2.14 The Group continued to strive to source and provide value for money training and development for its members. The June 2015 Conference was an interactive event with participation in workshop sessions aimed at exploring various topics in more detail and it also provided an opportunity to identify specific training and development needs or themes. The Training Sub-Group arranged training events on Counter Bribery and Corruption and on Social Media provided by CIPFA in November 2015. Both events were very well attended, offered excellent value, and attracted positive feedback from delegates. Further opportunities for training and development will continue to be explored for members of SLACIAG and its computer audit and counter fraud Sub-Groups.

3. COMPUTER AUDIT SUB-GROUP

- 3.1 The main aim of the Computer Audit Sub-Group (CASG), which is a permanent sub-group of SLACIAG, is to provide a forum to share and discuss computer audit practices and developments. This includes raising awareness of new standards, updates to legislation, new and current topics of interest, and computer audit developments, resources, and techniques. CASG meets three times per annum and the meetings, which are hosted by Councils, continue to cater for computer audit knowledge from novice through to professional level and were attended by auditors from Local Authorities as well as from Strathclyde Partnership for Transport and Scottish Water.
- 3.2 Meetings have included presentations and discussions on a range of topics with speakers from within and out-with the group. In the past year, presentation topics have included: Contract for outsourced IT services; Key Cyber Security Risks; Social Media; Audit of cloud computing; ICT resilience; Information Governance; Systems Security; The Digital Agenda; Public Sector Network compliance.

4. SUMMARY

- 4.1 In summary, SLACIAG has had another very successful year, and I believe that, individually and collectively, the Group will continue to be at the forefront of developments, is well positioned to meet the considerable challenges of the future, and that our voice will continue to be heard as experts in matters of risk management, governance and control. Group members, in their Authorities, will continue to adapt as necessary to support their Board and Executive Management Teams to maintain delivery of well governed services in the context of reducing resources and significant transformation.
- 4.2 Specific challenges ahead for members and for the Group will include: implementing the full programme of peer review External Quality Assessments; the provision of a statutory internal audit service in conformance with the mandatory requirements of the PSIAS; and responding to strategic developments within the public sector, including Health and Social Care Integration. However, the groundwork has been laid through the development focus of our meetings and Conference which will place members in a strong position to meet those challenges going forward.
- 4.3 Finally, I would like to take this opportunity to thank the Committee and all Group members for their strong support and contributions during my two years as Chair, and wish the Group every success for the future.



Jill Stacey (Chief Officer Audit and Risk, Scottish Borders Council)
Chair of SLACIAG
17 March 2016



To: Audit, Scrutiny and Petitions Board

On: 19 September 2016

Report by: Chief Auditor

Heading: Internal Audit Charter

1. Summary

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013. In April 2016, the standards were revised to include the Mission of Internal Audit and the Core Principles for the Professional Practice of Internal Auditing.
- 1.2 This report presents the new Internal Audit Charter (Appendix 1) that has been developed to ensure compliance with the revised Public Sector Internal Audit Standards (PSIAS). This replaced the current Internal Audit Charter.
-

2. Recommendations

- 2.1 Members are asked to approve the Internal Audit Charter.
-

3. Background

- 3.1 The Internal Audit Charter is considered for a review on an annual basis.

- 3.2 The Charter is now being revised to take account of the revisions made to the PSIAS, to include the Mission of Internal Audit and the Core Principles for the Professional Practice of Internal Auditing.
- 3.3 The Mission of Internal Audit is defined in the PSIAS (2016) as “To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”
- 3.4 The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively. How an internal auditor, as well as an internal audit activity, demonstrates achievement of the Core Principles may be quite different from organisation to organisation, but failure to achieve any of the principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit’s mission. The Core Principles are defined as:
- Demonstrates integrity.
 - Demonstrates competence and due professional care.
 - Is objective and free from undue influence (independent).
 - Aligns with the strategies, objectives, and risks of the organisation.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.
 - Promotes organisational improvement.
- 3.5 The current review identified that it would be beneficial to include a section detailing the arrangements for internal audit in the Council’s associate/other bodies, which are delivered under a service level agreement, and defining the terms ‘Board’ and ‘Senior Management’ for those bodies are required by the PSIAS.
- 3.6 The appointment of the Chief Auditor as the Chief Internal Auditor for the Renfrewshire Health and Social Care Integration Joint Board and recognition that Internal Audit may undertake work for other organisations on a commercial basis, where this is in the interests of the Council is also reflected.

- 3.7 The revised Internal Audit Charter does not represent material change from the previous Charter in respect of the purpose or principal activities of Internal Audit.
- 3.8 Furthermore, there is no change to the role of Internal Audit or how Internal Audit will discharge its role.

Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - Conformance with the PSIAS mitigates the risk of the Internal Audit Service being ineffective.
11. **Privacy Impact** – None

Author: Andrea McMahon – 01416187017

INTERNAL AUDIT CHARTER



INTRODUCTION:

Internal Audit is an independent and objective assurance and consulting activity designed to add value and improve the operations of Renfrewshire Council. It assists Renfrewshire Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

MISSION:

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

DEFINITION OF ROLES:

The Public Sector Internal Audit Standards require that the Internal Audit Charter defines the terms 'board', 'senior management' and 'Chief Audit Executive' in relation to the work of Internal Audit. For the purposes of the Internal Audit work function at Renfrewshire Council:

- the 'board' refers to the Audit, Scrutiny and Petitions Board which has delegated responsibility for overseeing the work of Internal Audit;
- 'senior management' is defined as the Council's Corporate Management Team which oversees the work of Internal Audit in its capacity as the Audit Panel; and
- 'Chief Audit Executive' refers to the Chief Auditor.

PROFESSIONALISM:

Renfrewshire Council's Internal Audit service will comply with the PSIAS which encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), including the *Definition of Internal Auditing*, the *Core Principles for the Professional Practice of Internal Audit*, the *Code of Ethics*, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing in the public sector and for evaluating the effectiveness of the internal audit activity's performance.

The internal audit service will adhere to Renfrewshire Council's relevant policies and procedures and the internal audit manual which sets out the internal audit activity's standard operating procedures.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies.

AUTHORITY:

The authority of Internal Audit is set out in the Council's Financial Regulations and Codes. Internal Audit will safeguard all information obtained in the carrying out of its duties and will only use it for the purposes of an audit, investigation, or consultancy work. Internal Audit has authorised full, free, and unrestricted access to any and all of Renfrewshire Council's records, physical properties, and personnel pertinent to carrying out any engagement. Internal Audit will make no disclosure of any information held unless this is *authorised* or there is a legal or professional requirement to do so. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board.

ORGANISATION:

The Chief Auditor will report functionally to the Board and administratively (i.e. day to day operations) to the Director of Finance and Resources. The Chief Auditor will communicate and interact directly with the Board, including in Board meetings and between Board meetings as appropriate. The Chief Auditor may report direct to the Chief Executive, Board members or the Council regarding any matters of concern that could place the Council in a position where the risks it faces are unacceptable or the independence of Internal Audit is under threat.

INDEPENDENCE AND OBJECTIVITY:

Internal Audit is an independent review activity. In conducting its activities, Internal Audit activity will remain free from any undue influence or other pressure affecting its actions and reporting. This includes matters of audit selection, scope, procedures, frequency, timing, or report content.

Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. It is the responsibility of the Council's managers to ensure that the management of the areas under their control is adequate and effective and that their services have a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Where the Chief Auditor has responsibility for operational activities the periodic review of these activities will be conducted by parties independent of the Internal Audit function.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Auditor will confirm to the board, at least annually, the organisational independence of the internal audit activity.

RESPONSIBILITY:

The Council's Internal Audit Service adds value to the Council by providing objective and relevant assurance, and contributing to the effectiveness and efficiency of governance, risk management and control processes.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. This includes:

- Independent review and appraisal of the control environment throughout the organisation.
- Providing assurance to management and the Board that the established systems ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or projects to ascertain whether results are consistent with established objectives and goals and whether the operations or projects are being carried out as planned.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Supporting the Council to improve its internal control, governance and risk management processes.
- Evaluating the extent to which risks have been identified and managed to achieve the Council's objectives.
- Working in partnership with external auditors and other review bodies to coordinate activities with internal audit to avoid duplication and seek to rely on the work of these other assurance providers where professional standards and the nature and quality of the work they have undertaken would make it appropriate to do so.
- Undertaking consulting and advisory services related to governance, risk management and control as appropriate for the organisation.

- Supporting the Chief Executive (Head of Paid Services), the Director of Finance and Resources (Chief Financial Officer) and the Head of Corporate Governance (Monitoring Officer) in the discharge of their statutory duties;
- Encouraging a culture of personal and corporate responsibility and accountability through the promotion of anti-fraud and corruption and ethical values.
- Having the right of access to examine the accounts and other financial records and data of external organisations as set out in the conditions of funding or other agreement.
- Investigating any suspicion of fraud, irregularity or corrupt practice in accordance with the Council's Defalcation procedures.

INTERNAL AUDIT PLAN:

The authority for the production and execution of the audit plan rests with the Chief Auditor. The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Board. At least annually, the Chief Auditor will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as resource requirements for the next financial year.

The Chief Auditor will communicate the impact of any resource limitations and any significant deviation from the approved internal audit plan will be communicated to senior management and the Board through periodic performance reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Chief Auditor or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to senior management and the Board.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within 3 weeks) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations.

PERIODIC ASSESSMENT:

The Chief Auditor will at least annually, report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Annual reporting will also provide an annual audit opinion on the overall adequacy and effectiveness of the Council's internal control environment, and include details of any significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

In addition, the Chief Auditor will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement programme, including results of internal assessments and external assessments conducted at least every five years.

PROVISION OF SERVICES TO ASSOCIATE/OTHER BODIES:

The Chief Auditor provides internal audit services to various associate bodies and the principles of this Audit Charter apply to those associate bodies by means of a service level agreement between the Council and the body:

Associate Body	Defined 'Board'	Defined "Senior Management"
Renfrewshire Valuation Joint Board	Joint Board	Assessor and Electoral Registration Officer
Clyde Muirshiel Park Authority	Joint Committee	Park Manager
Renfrewshire Leisure Ltd	Board of Directors	Chief Executive
Scotland Excel	Joint Committee	Director
Glasgow and Clyde Valley Strategic Development Planning Authority	Joint Committee	Strategic Development Plan Manager
North Strathclyde Community Justice Authority	North Strathclyde Community Justice Authority	Chief Officer

The Chief Auditor is the appointed internal auditor for the Renfrewshire Health and Social Care Integration Joint Board. Services are provided under the Internal Audit Charter for that Board.

The Chief Auditor may provide internal audit services to other organisations, on a commercial basis, if this is in the interests of Renfrewshire Council.

APPROVAL

The Internal Audit Charter will be approved by the Board and shall be subject to regular review by the Chief Auditor in consultation with senior management.

Effective date 19 September 2016



To: Audit, Scrutiny and Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: National Fraud Initiative in Scotland

1. Summary

- 1.1 Audit Scotland's report on the National Fraud Initiative (NFI) in Scotland 2014/15 was published in June 2016 and is attached at Appendix 1.
 - 1.2 The report highlights that Scottish public bodies have recorded outcomes of £16.8 million arising since the last NFI report in June 2014. The cumulative outcomes from the NFI in Scotland are now around £110.6 million and £1.39 billion across the UK.
-

2. Recommendations

- 2.1 To note the report from Audit Scotland and the significant outcomes for Renfrewshire Council.
 - 2.2 To note the Councils current arrangements and improvement actions arising from the recommendations contained within the Audit Scotland report.
 - 2.3 To note that a further NFI exercise will be carried out in 2016/2017.
-

3. Background

- 3.1 The NFI is a national data matching exercise carried out by Audit Scotland with the aim of identifying instances of possible fraud or error. The NFI 2014/15 involved 104 Scottish bodies across three sectors. Scottish bodies submitted 585 data sets which generated 347,715 data matches for further

investigation. The initiative, which is co-ordinated in this council by internal audit, operates on a two year cycle with the data being downloaded and electronically matched centrally one year, and the results issued, investigated and reported on the next. In October 2014, data was downloaded from our systems and uploaded onto the secure NFI website and matched. Examples of matches are as follows:

- Council tax records to the latest Electoral Register
- Housing Benefit to employees and public sector occupational pensions
- Blue Badge records to deceased persons records

- 3.2 As stated previously, £16.8 million of outcomes have been recorded by Scottish public bodies since the last NFI report in June 2014. This includes £2.1 million of outcomes from further follow-up work on the 2012/13 exercise. Therefore, in absolute terms, £14.7 million of outcomes have been recorded following the investigation of 2014/15 matches to the end of March 2016 and this will continue to rise.

Impact and Outcomes

- 3.3 A total of 868 housing benefit/council tax benefit overpayments were recorded from the exercise throughout Scotland. Renfrewshire Council has so far identified housing benefits overpayments of £202, 278 and achieved the second highest level of outcomes from their 2014/15 NFI investigations.
- 3.4 It is worthy of note that one outcome resulted in a £120,000 overpayment of housing benefit and council tax benefit and is featured in Audit Scotland's Report at case study 3.
- 3.5 Local authorities are responsible for the award of single person discounts as part of their administration of council tax and should ensure that they have sufficient evidence to apply these discounts to a person's council tax bill. People's circumstances change and it is important that household details and eligible discounts are kept up to date by councils, while recognising that it is the taxpayer's legal responsibility to notify the council of any changes in their circumstances that would affect this discount.
- 3.6 As a result of the National Fraud Initiative, 16 councils have processed 9,067 single person discount matches and recorded £5.6 million outcomes with 430 still being investigated as at 31 March 2016. Within Renfrewshire 874 single person discounts were cancelled with £1.4 million outcomes. Again Renfrewshire were noted as having the second highest outcomes for this match. This overpayment detailed in the Audit Scotland report is different to the overpayment amount reported to this Board previously, due to the basis of calculation used by Audit Scotland.

Areas for improvement

- 3.7 The report highlights areas for improvement which should be addressed by participating bodies. These are summarised below along with the current arrangements in Renfrewshire Council and any identified improvement actions:-

- Regular reporting of NFI Progress and outcomes to both senior management and elected members is limited or does not happen - *Within this Council, there are regular assessments of progress to the Corporate Management Team as part of the Audit Panel. Regular updates on the progress is also provided to Elected Members as part of Internal Audits Performance and Progress quarterly report.*
- There is limited or no internal audit monitoring of the NFI approach and outcomes to ensure identified weaknesses are addressed – *Internal Audit are responsible for the co-ordination of the NFI Exercise. The ongoing monitoring activity undertaken by Internal Audit ensures that they have oversight of the outcomes arising and an opportunity to address any areas of weakness with the services.*
- Bodies are slow to follow up matches and/or not focussing on recommended matches – *Internal Audit follow up with services the progress of NFI matches at regular intervals and the appropriate officers are encouraged to concentrate on the recommended matches in the first instance. There was a strong commitment from the Services in undertaking this exercise. If there were any resource issues, these would be discussed with the Director of Finance Resources.*
- Bodies submitted data for NFI after the specified processing deadline – *All files were uploaded within the required timescale.*
- Officers nominated to coordinate the exercise were not considered suitable for the role. – *The exercise for Renfrewshire is led by the Chief Auditor and regular updates are provided to the Director of Finance and Resources*
- Bodies did not record their outcome fully on the NFI Secure web Application – *Internal Audit check that outcomes have been recorded by Service staff as part of the overall monitoring process.*
- Audit Committees or equivalent, did not review the self-appraisal checklist included in the report – *The checklist is included as part of the Appendix to this report and will be completed and submitted to the ASPB for the 2016/17 exercise.*
- Key contacts did not review the self-appraisal checklist included in the report. – *Internal Audit used this checklist to ensure all the tasks in preparation for the exercise had been undertaken. However, for the 2016/17 exercise this checklist will be fully completed and submitted to the Director of Finance & Resources and to members of the Board.*

DWP's Fraud and Error Service

3.8

The report also states that with the establishment of this service and the transfer from Local Authorities of many experienced and trained counter-fraud officers, there is a risk for some local government bodies, that they have not ensured that sufficient capacity remains to counter non benefit corporate frauds. Within Renfrewshire, a dedicated counter fraud team has been established within the Internal Audit Service to prevent and investigate non benefit potentially fraudulent activities against the Council.

NFI 2016/17

- 3.9 A further NFI exercise will be carried out in 2016/2017, in which Renfrewshire Council will participate, as required. Preparation for this exercise is on-going between Internal Audit and the appropriate services. The Data is due to be uploaded in October 2016.
-

Implications of the Report

1. **Financial** - The financial outcomes in relation to the NFI 2014/2015 exercise have been recorded in the report.
2. **HR & Organisational Development** - None
3. **Community Planning – Wealthier and fairer** – The National Fraud Initiative (NFI) exercises make a significant contribution to the security of public sector finances by confirming that services are provided to the correct people and by eliminating fraud and error.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - Priority is given to investigating matches with a higher risk of fraud and error.

11. **Privacy Impact** – There is a requirement to issue privacy notices in preparation for the 2016/17 NFI exercise. This requirement is being complied with.

Author: Andrea McMahon – 01416187017

The National Fraud Initiative in Scotland



Prepared by Audit Scotland
June 2016

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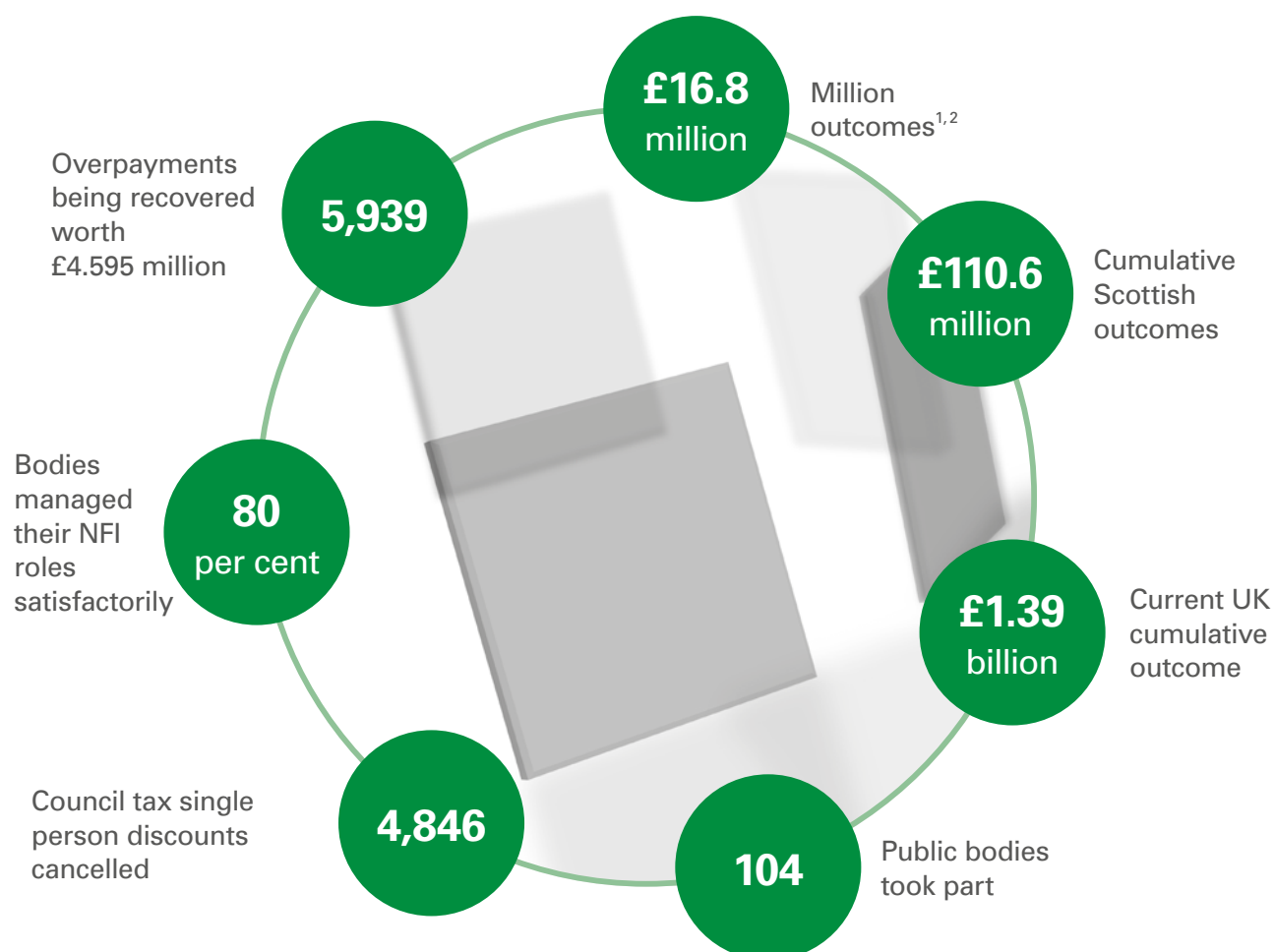


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Web link

Key facts




Notes:

1. For national reporting purposes, outcomes are collated as at 31 March 2016. Outcomes recorded by participants after this date are included in subsequent reports.
2. The outcome figures referred to in this report include amounts for fraud and error detected and also an estimate for those future losses that have been prevented. Estimates are included where it is reasonable to assume that fraud, overpayments and error would have continued undetected without the NFI data matching.

Summary



Key messages

- 1** Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population, providing services and financial assistance to all citizens including those that need them the most. Systems underpinning public spending can be complex and errors can happen. Unfortunately, there are also some individuals who seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.
- 2** Fraud does not recognise organisational or geographic boundaries. Data sharing enables bodies to match data internally and externally. Technology provides an efficient way to connect discrete data sets and can therefore limit the gaps available for fraudsters to manipulate and can help identify those that have. It also supports bodies to identify and implement process and control improvements that should reduce future errors and the costs of correcting these errors.
- 3** Audit Scotland, working closely with public bodies, external auditors and the Cabinet Office, has completed another major data sharing and matching exercise. The National Fraud Initiative (NFI) exercises make a significant contribution to the security and transparency of public sector finances by confirming that services are provided to the correct people and by reducing fraud and error.
- 4** Since we last reported on [The National Fraud Initiative in Scotland](#)  in June 2014, outcomes valued £16.8 million have been recorded and the cumulative outcomes from the NFI in Scotland are now at £110.6 million. These outcomes represent a significant return to the public finances of Scotland at a time when public finances continue to be under pressure. Across the UK the cumulative total is now £1.39 billion.
- 5** What cannot be measured, but is also important, is the deterrent effects that undertaking regular data sharing and matching exercises, such as the NFI, has on persons who may be considering committing fraudulent acts.
- 6** The NFI 2014/15 involved 104 Scottish bodies across three sectors. Scottish bodies submitted 585 data sets which generated 347,715 data matches for further investigation.
- 7** There are 2,522 investigations still in progress and action is being taken to recover £4.2 million of overpayments.

- 8** The benefits of data sharing and matching enabled bodies external to those who submitted the data to identify outcomes of £0.7 million.
- 9** Most organisations take advantage of the opportunities provided by the NFI but some could act more promptly and ensure that appropriate officers are in place who have sufficient time available to investigate matches, stop frauds and correct errors.
- 10** The introduction of the Department for Work and Pensions' Fraud and Error Services (DWP FES) has had some resourcing implications for progressing housing benefit matches.

Recommendations

All participants:

- Audit Committees, or equivalent, should review the self-appraisal checklist at [Appendix 2, Part A \(page 41\)](#) to ensure that they are fully informed of the planning and the progress being made by their officers investigating the NFI 2016/17 exercise.
- All public bodies participating in the NFI should ensure that they maximise the benefits of their participation in the NFI. In particular, they should consider:
 - whether it is possible to work more efficiently on the NFI matches: reviewing the suggestions at [Appendix 3 \(page 45\)](#) should help
 - using the NFI matches in conjunction with alternative matching services either internally or from other providers where appropriate
 - where appropriate using the NFI flexible data matching service and point of application data matching service.

Local authorities:

- Local authorities should ensure they have sufficient capability to investigate non housing benefit fraud or corporate fraud, including relevant NFI matches.
 - Local authorities that administer pension schemes should consider regular matching to deceased records where they do not already do so.
 - Local authorities should ensure that they embed the regular use of data matching as part of their overall control arrangements to identify council tax discount fraud and error in order to maximise council tax income.
-



Part 1

Background



Key messages

- 1** The NFI is linked to the statutory audit of participating bodies and the results are reported every two years by Audit Scotland.
- 2** Data matching is an effective and efficient method to identify areas for further investigation by connecting discrepancies between different data sets.
- 3** The powers to undertake data matching given to Audit Scotland enable it to look across entity boundaries and national borders.
- 4** The success of the NFI comes primarily from the public servants who investigate the data matches and the external auditors who review their arrangements.

1. [Public audit in Scotland](#)  sets out the shape, principles and common themes of public audit and the priorities identified by the Auditor General and the Accounts Commission. It also drives Audit Scotland's [Corporate plan 2016/17 update](#)  which sets out our vision to be a world-class audit organisation that improves the use of public money and that maximises the difference that public audit makes to public services, the people that they serve and the outcomes that those people experience.

2. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Cabinet Office to identify fraud and error. These exercises help support participating bodies demonstrate to the public that public money has been spent properly, known as the National Fraud Initiative in Scotland (the NFI), are undertaken every two years and are linked to the statutory audits of the participating bodies. The latest exercise (NFI 2014/15) started in October 2014 and is now nearing completion.

3. The success of the NFI comes primarily from the public servants who:

- investigate the NFI data matches
- identify and stop frauds and errors
- recover overpayments
- hold fraudsters accountable
- improve their systems to help prevent fraud and error.

4. Auditors in the public sector undertake a wider scope audit including reviewing audited bodies' governance and financial management arrangements incorporating action to prevent and detect fraud. Active participation in the NFI is one way in which bodies can demonstrate good governance and sound financial management.

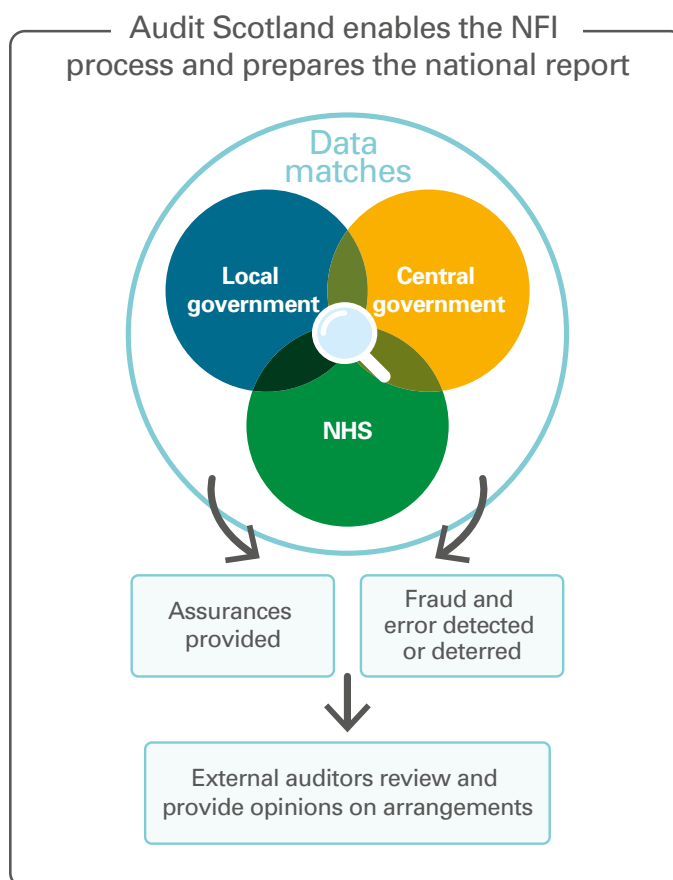
5. The role of external auditors in the NFI is also important. They review and conclude on the effectiveness of the local NFI arrangements. They also provide assurance on the progress being made on the NFI investigations. Auditor conclusions provide the evidence for the [Part 3. Making a difference \(page 28\)](#) section of this report.

6. The public also have a duty to report any change in circumstances that could affect their entitlement to many public services such as pensions, benefits or council tax discounts that they receive. Failure to do so can be serious and lead to overpayment recovery and possibly to fraud prosecution.

7. Exhibit 1 summarises the relationships and responsibilities within the NFI in Scotland.

Exhibit 1

Relationships and responsibilities within the NFI in Scotland



Source: Audit Scotland

8. The NFI in Scotland is now well established with this being the fifth biennial exercise since 2006/07. The NFI enables public bodies to take advantage of computer data matching techniques to detect fraud and error. The NFI remains the largest national fraud detection and prevention scheme that can provide data matches within and between public bodies. Its key features are that it:

- acts as a deterrent to potential fraudsters
- identifies errors and fraud thus enabling appropriate action to recover money and/or press criminal charges
- can provide assurances, similar to a regular health check, that systems are operating well and can also identify where improvements are required
- operates across boundaries between public bodies in different sectors and countries
- represents value for money in terms of the efficiencies deliverable through centralised data processing and identifying targeted high priority matches.

9. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. A match does not automatically mean that there is a fraud or error and investigations are required to enable the correct conclusion to be drawn for each match. Bodies investigate these and record on a secure web application appropriate outcomes based on their investigations.

10. The outcomes figures used throughout this report capture detected fraud, error, overpayments and recoveries and also, where appropriate, a value for estimated future losses that have been prevented. These estimates are included where it is reasonable to assume that fraud, overpayments and error would have continued undetected without the NFI data matching. A more detailed explanation is included in [Appendix 4 \(page 46\)](#).

11. In total, 104 bodies participated in the 2014/15 NFI exercise. This is a reduction from 2012/13 mainly owing to the local government police and fire authorities being merged into national bodies. Two further education colleges were invited but didn't submit any data.

12. Audit Scotland included data about its own employees in NFI exercises and those of audit firms carrying out external audit work for the Auditor General for Scotland and the Accounts Commission.

13. In total, 585 data sets were submitted for data matching. These returned 347,715 matches and of these 65,778 were identified as recommended matches, being matches with a higher risk of fraud or error. It is up to individual bodies to determine which and how many matches to investigate.







14. Although there has been a reduction in data sets and matches from NFI 2012/13, when Scottish bodies submitted 599 data sets which generated 382,137 data matches, overall outcomes have risen from £16 million to £16.8 million.

15. Exhibit 2 provides some examples of the types of data set matches undertaken.

16. In addition to the main matching exercise, a separate exercise has been undertaken to match electoral registers against those households where council tax single person discounts are being claimed.

Exhibit 2

Examples of the types of data set matches undertaken

Type of data match	Potential fraud or error
 Council tax records to the latest electoral register	A council tax payer gets council tax single person discount but the person is living with other countable adults, and so does not qualify for a discount.
 Housing benefit claimants to employees and public sector occupational pensions	Employees or occupational pensioners may claim benefit without declaring their income or by under-declaring the amounts.
 Employees to employees	An employee may be on long-term sick leave while working at another body.
 Public sector pensions to deceased persons' records	A pensioner's death may not have been reported to the pension authority. The pension continues to be paid to a bank account or may be collected by a relative.
 Blue badges to deceased persons' records	The permit holder's death may not have been reported to the council. The permit may continue to be used fraudulently or be sold for improper use.
 Employees to immigration records ¹	It is unlawful for someone to obtain employment if they are not entitled to reside or work in the UK.

Note: 1. This includes data about refused and expired visas, and visas where there is no right to work and failed asylum applications.

Source: Audit Scotland

17. The data uploads took place in October 2013 and the results were provided to councils in January 2014 to investigate. Two councils, Angus and Perth & Kinross Councils, decided not to upload data for this particular data match. The NFI is one of the proven ways by which councils can address fraud and error in this area. A number of councils also employ credit reference agencies to match single-person details against a wider range of data sets such as credit and utility records. Both of these councils are now doing alternative data matching using these data sets.

18. As this is the area where most outcomes originated for the NFI 2014/15, it is recommended that councils should embed regular data matching in this area as part of their overall control systems to identify and reduce council tax discount fraud and error and maximise council tax income.

19. Audit Scotland carries out the NFI process under powers in The Criminal Justice and Licensing (Scotland) Act 2010. It is important for all parties involved that this exercise is properly controlled and data handled in accordance with the law. The governance arrangements for the NFI are summarised at [Appendix 1 \(page 39\)](#).

20. The NFI is important in the context of the economic climate and fiscal projections for future public sector expenditure. The NFI exercises make a significant contribution to the security and transparency of public sector finances by:

- ensuring that services and benefits are only paid to the correct people
- identifying and reducing fraud and error
- allowing overpayments to be recovered
- enabling penalties to be imposed.

Part 2

Impact and outcomes



Key messages

- 1** Outcomes from the NFI 2014/15 are £16.8 million.
- 2** £14.7 million have been identified directly from the NFI 2014/15 investigations.
- 3** £2.1 million are further savings from the NFI 2012/13.
- 4** 5,939 overpayments are being recovered worth £4.595 million.
- 5** Cumulative NFI outcomes in Scotland are now £110.6 million.
- 6** Across the UK £1.39 billion of NFI outcomes have now been recorded.

Outcomes

21. Since we last reported on the [The National Fraud Initiative in Scotland](#) in June 2014 outcomes valued at £16.8 million have been recorded. Cumulative outcomes from the NFI in Scotland are now at £110.6 million and represent a significant return to the public finances of Scotland.

22. The 2014/15 outcomes are split:

- £14.7 million of outcomes from the NFI 2014/15 matches.
- £2.1 million of outcomes from further follow-up work on the NFI 2012/13 matches.

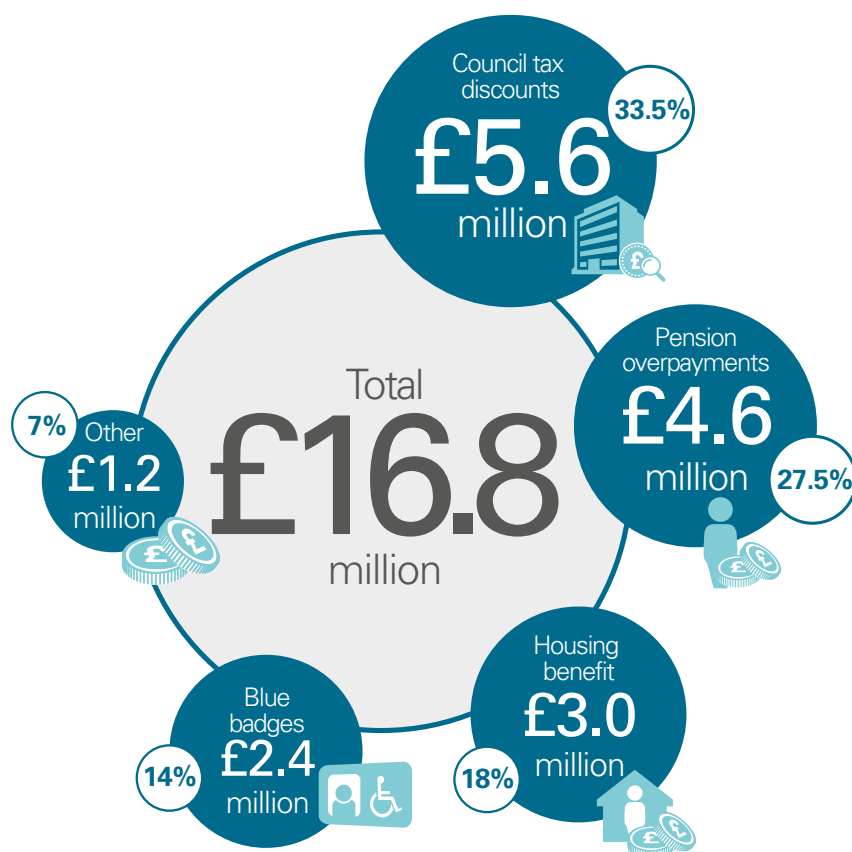
[Exhibit 3 \(page 13\)](#) provides more detail of key outcome areas recorded by bodies as at 31 March 2016.

23. Investigations from NFI 2014/15 are on-going. As at 31 March 2016, there were 2,522 investigations for this exercise still in progress. The evidence from previous exercises is that between reports, significant outcomes continue to be delivered. The last two NFI reports showed that:

- 20 per cent of 2012/13 outcomes arose after March 2014
- 39 per cent of 2010/11 outcomes arose after March 2012
- 43 per cent of 2008/09 outcomes arose after March 2010.

Exhibit 3

Analysis of NFI outcome from April 2014 to March 2016



Source: The Cabinet Office NFI secure web application

24. If this pattern is continued we could expect to see further outcomes in the region of £2.9 million to £6.3 million from the NFI 2014/15.

25. Importantly once overpayments have been identified appropriate recovery action can be taken. As at 31 March 2016, there was £4.6 million of recovery action being taken in 5,939 cases. This is a slight increase in value from the £4.5 million that was being recovered at the end of NFI 2012/13 in March 2014. There are more overpayments being identified from the NFI 2014 but these are at a lower value than those identified in the 2012/13 NFI exercise.

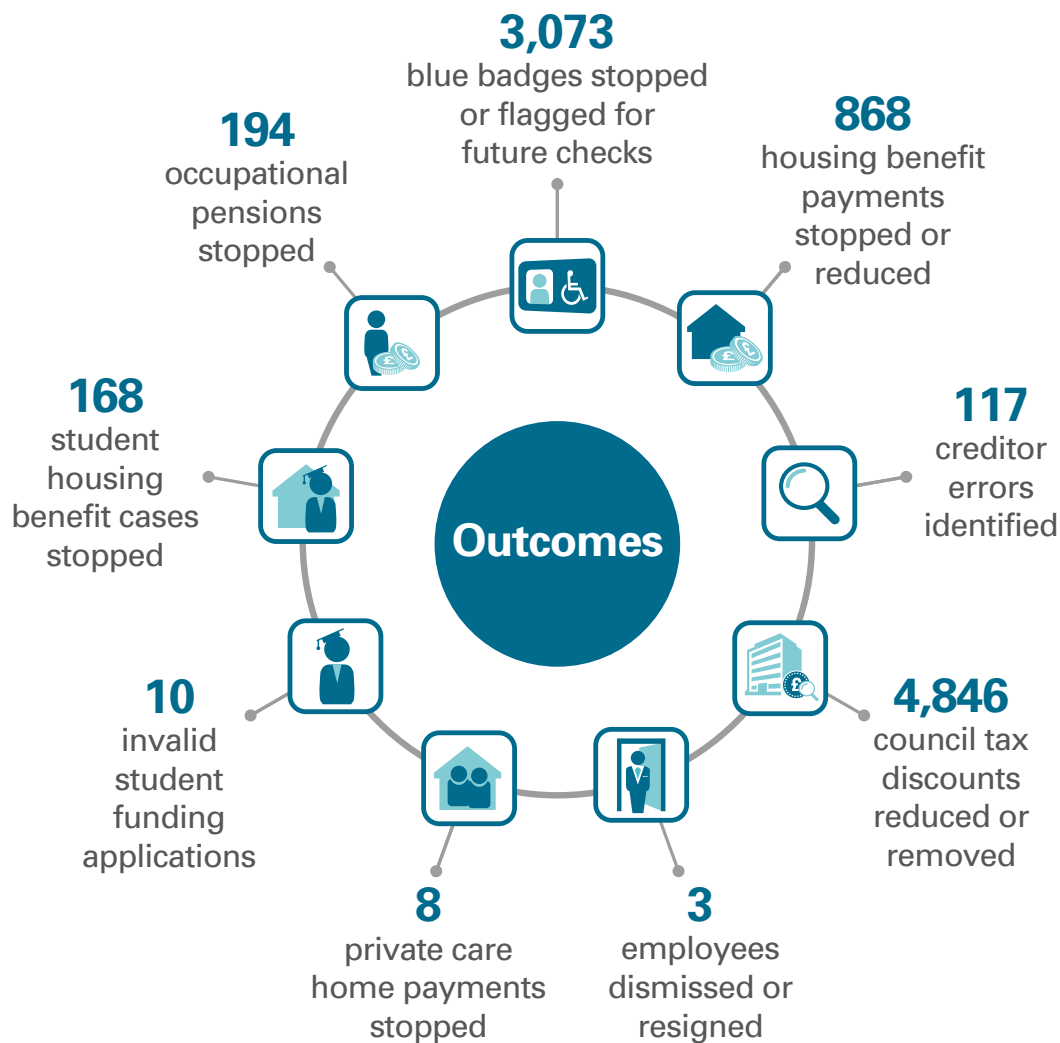
26. What cannot be measured directly is the value of the deterrent effect that the planned biennial NFI data matching has on potential fraudsters. Its significance should not be overlooked and is a key benefit to the Scottish public and taxpayers.

27. Overall outcomes are up on the last NFI exercise by five per cent in Scotland while outcomes have fallen by 2.5 per cent across the UK. Late savings in Scotland are significantly down between exercises at £2 million for 2014/15 compared with £5.5 million for 2012/13. However, no obvious national trend can be assumed from the results of the last five NFI exercises because of changes in the scope of the NFI exercises, the number and variety of bodies participating and in the approach taken by bodies to tackling fraud and error.

28. The NFI is more than the financial value of the financial outcomes recorded
[Exhibit 4](#) sets out the main results from the 2014/15 matches:

Exhibit 4

Main results from the 2014/15 matches



Source: The Cabinet Office NFI secure web application

29. The matches which generated the most outcomes from the current exercise, excluding late savings, in terms of financial outcomes accounting for 92 per cent (£13.6 million) of the total (£14.7 million), are:

- council tax discounts – 38 per cent
- pensions – 31 per cent
- blue badges – 12 per cent
- housing benefits – 11 per cent.

30. When comparing outcomes originating from NFI 2014/15 to those originating from NFI 2012/13, excluding late savings from previous NFI data matching exercises, outcomes are up with council tax reduction outcomes having increased significantly. Blue badge and pension matches have also generated increased levels of outcomes. The largest drop is in the area of housing benefit outcomes which is discussed later.





Council tax single person discounts

31. People living on their own or with no countable adults in the household are eligible for a 25 per cent Single Person Discount (SPD) off their annual council tax bill. Local authorities are responsible for the award of these discounts as part of their administration of council tax and should ensure that they have sufficient evidence to apply these discounts to a person's council tax bill. People's circumstances change and it is important that household details and eligible discounts are kept up to date by councils, while recognising that it is the taxpayer's legal responsibility to notify the council of any changes in their circumstances that would affect this discount.

32. The Scottish Government estimates that two-fifths of chargeable dwellings were entitled to the discount in 2015.¹ [Exhibit 5](#) provides an indicator of the scale of the discount value across Scotland when applied to average council tax band D charge.

Exhibit 5

Council tax SPD estimate

	Number of single person households	955,505
	Scottish band D average charge (2014/15)	£1,149
	25% discount	£287.25
	Annual discount value	£274,468,811

Source: Scottish Local Government Financial Statistics 2014-15

33. This demonstrates that the single person discount is of considerable value. Failure to award discounts correctly and to regularly check household compositions can reduce the council tax income available to spend on council services.

34. This NFI match is a very simple one in that it matches council tax records to the electoral register. A match is returned where a single person discount has been awarded but the electoral register indicates that another countable adult is living there.² A letter can then be issued by council staff seeking clarification of household composition and initiate further investigations if required. Where a second countable person is confirmed or no response provided then the single person discount can be cancelled and recovery sought.

35. There were 75,604 matches returned to the 30 Scottish councils that submitted data. Of these, 16 councils have processed 9,067 matches and recorded £5.6 million outcomes with 430 still being investigated as at 31 March 2016. There are 14 councils who have not recorded any outcomes for this match. The two councils recording the highest outcomes for this match were:

- Renfrewshire Council – 874 discounts cancelled with £1.4 million outcomes
- Aberdeen City Council – 993 discounts cancelled with £1.3 million outcomes.

36. The average return of the 9,067 matches processed is £618 per match which is significantly higher than the £158 per match reported for NFI 2012/13.

37. It is not for Audit Scotland to determine which data matching service a council should use and when. Some councils use additional data matching options to undertake this review and do not record results on the NFI system. The City of Edinburgh Council used alternative data matching arrangements to perform their own separate council tax single person discount match and utilised a variety of alternative data sets including mobile phone accounts, number of bins ordered, credit cards and pay day loans. These arrangements have gained an extra £940,000 of revenue for the council.

38. However, as part of this exercise Audit Scotland checked with all councils to establish that where they were not investigating the NFI matches that they had alternative arrangements in place. All confirmed that they did or that they had arrangements in place to undertake this in the future.

39. Lack of resources and expertise have been cited as reasons by councils to call in data matching companies to complete work on this match rather than investigating the NFI matches internally. These companies are remunerated on either a fixed fee or on a percentage of discount value cancelled. The NFI web application now has built-in mail merge facilities that can deliver similar services as these companies and will generate a letter asking council tax payers to confirm that they are a still single household where a match is returned. If there is no response in say four weeks then the discount can be cancelled.

40. Audit Scotland would recommend that they investigate the NFI matches, in conjunction with other data matching suppliers as they determine appropriate, to ensure that their awarded discounts are kept up to date and that they demonstrate value for money.

Pension outcomes

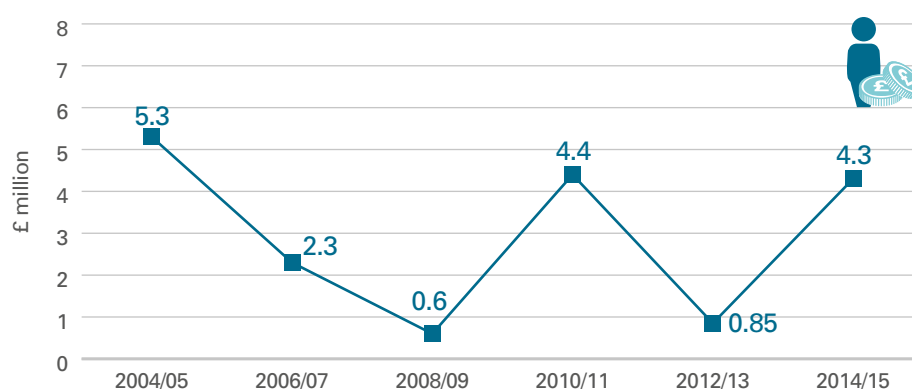
41. The NFI provides pensions administering councils and the Scottish Public Pensions Agency (SPPA) with an efficient and effective means of checking that payments are only being made to living persons. The NFI 2014/15 helped these

bodies identify 194 pensioners whose deaths had not been reported to them. Including other pension-related outcomes (for example, cases where early retirees have returned to work but not reported circumstances that require their pension to be reduced) and forward savings, the amounts for the NFI 2014/15 total £4.6 million (£3.8 million for the NFI 2012/13).

Scottish Public Pensions Agency

42. The NFI recorded outcomes of £4.3 million from its 2014/15 matches against SPPA data. This includes a forward saving estimate for pension outcomes that assumes that the annual pension that would have been paid from date of death until age 85. SPPA matched 172 cases and in 168 of these cases recovery is in progress. This is an increase from the £0.85 million identified from 23 outcomes from NFI 2012/13 matches. [Exhibit 6](#) summarises SPPA pension outcomes since the NFI started.

Exhibit 6 SPPA pension outcomes



Source: The Cabinet Office NFI secure web application

43. The numbers of recommended matches for investigation of the re-employment matches, ie identification of pensioners who may have gone back into employment that should have resulted in an abatement of their pension (generally abatements apply in instances where the pay from the new employment plus the pension exceeds the level of pay at the time of retirement) have increased since NFI 2012/13 from 2,213 to 3,118. This is as a result of the continuation of the work that saw historic teachers re-employment cases being included in SPPA's data for the first time in the previous NFI exercise.

44. For SPPA obtaining up-to-date information on pensioners returning to work and on deceased data from over 50 countries around the world where pensioners live is a constant challenge.

45. However, the SPPA has been undertaking more regular data matching opportunities that have helped lead to an increase in overpayments identified. The SPPA has found the additional mortality screening available from the NFI outside the two-yearly cycles useful in identifying further matches for investigation.

Investment in other regular data matching can significantly help reduce the value of overpayments that may build up.

46. The NFI 2014 report recommended that local authorities that administer pension schemes and are not already using more regular data matching to deceased records should consider doing so. This recommendation remains as these overpayments are often large and recovery difficult and the sooner these are identified the lower the value of overpayments that will be generated and any recovery should be easier.

Case study 1

The City of Edinburgh Council



A NFI pension match identified a fraud in excess of £15,000 which had taken place for almost 13 years.

The match was not a perfect match as a middle initial had been omitted in one of the individual's records. It had previously been picked up by NFI on two separate occasions. Each time the pension officer sent out a Life Certificate for completion and both times the forms were returned duly completed, signed and witnessed.

The third time the match was identified through NFI, a more senior pension officer checked it and noticed that the witness signatures on the previous two Life Certificates were by the same person. As a cautionary measure, a stop was put on the pension and photographic evidence requested. No evidence was received. More investigations were undertaken and a death date of 2003 was identified. The case is now the subject of a police investigation.

Local government

47. While SPPA outcomes are up there has been a significant reduction in local government-run pension scheme outcomes from £2.9 million of outcomes across 73 cases in NFI 2012/13 to £275,756 pension outcomes across 43 cases for the current exercise.

48. There are 11 local government administered pension bodies in Scotland. All investigated their NFI pension matches and four returned outcomes. As in previous NFI exercises, the majority of the outcomes from local government are in the:

- Strathclyde Pension Fund (SPF) administered by Glasgow City Council which has a membership of over 210,000 and which recorded outcomes of £199,130. These outcomes were from 29 cases which are being recovered (£2.2 million of outcomes across 52 cases in NFI 2012/13)
- Lothian Pension Fund administered by The City of Edinburgh Council with over 72,000 members and which achieved an outcome of £30,137 from one case which has been referred to Police Scotland (£0.3 million across three cases in NFI 2012/13).

Blue badges

49. The Disabled Persons' Parking Places (Scotland) Act 2009 was passed by the Scottish Parliament on 26 February 2009 and came into force on 1 October 2009. The Act places a duty on all local authorities to promote the proper use of disabled parking places, and aims to make all disabled persons' parking bays enforceable.

50. The blue badge scheme allows individuals with mobility problems, and who may have difficulty using public transport, to park free at on-street parking meters and pay-and-display machines. Holders are also allowed to park in designated blue badge spaces and may also be permitted to park on single or double yellow lines in certain circumstances.

51. Badges are sometimes used or renewed improperly by people after the death of the badge holder. The use of a blue badge by an unauthorised person is an offence. Importantly by using a blue badge to park without need, the space is denied to people with actual mobility issues. This is the true social cost of this type of fraud.

52. Councils do not always attempt to recover a badge relating to a deceased person to avoid causing distress but, by 'flagging' the relevant records, they can at least ensure that badges are not incorrectly renewed in the future. By sharing information with other departments councils can also recover valuable equipment and aids if they have not been informed of a person's death.

53. Scottish councils have reported correcting 3,073 (2,876 in 2012/13) blue badge records where the NFI helped them to identify that the holder was deceased. North Lanarkshire Council has corrected 838 blue badge records.

54. The Audit Commission first identified the problem of blue badge fraud in a report published in September 2009 and also in their subsequent annual *Protecting the Public Purse* reports. They identified how criminals falsify blue badges or steal genuine ones from cars, and how a blue badge can be sold on the black market. An estimate of £575 has been applied to any cancelled blue badges but they can be sold for more than this.

Case study 2

Glasgow City Council



NFI blue badge matches identified one individual who had two blue badge parking permits registered to them; one in Scotland and one in England. The Scottish permit was subsequently cancelled.

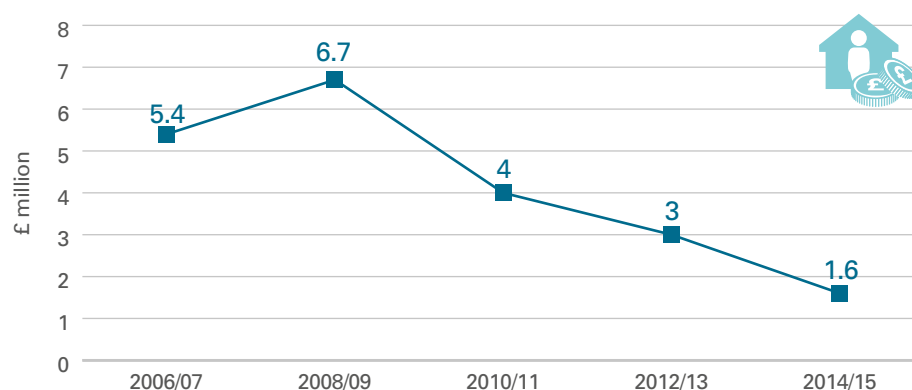
Benefit outcomes

55. The NFI provides councils and the DWP with the opportunity to identify a wide range of benefit frauds and errors. The most common are caused by undeclared occupational pensions and undeclared earnings from public sector employment.

56. Exhibit 7 summarises the benefit outcomes from all the NFI exercises to date, excluding late savings.

Exhibit 7

Housing and other benefits outcomes



Source: The Cabinet Office NFI secure web application

57. This would indicate that there has been a significant decline in benefit outcomes in the last exercise. The possible reasons are:

- previous NFI exercises have detected the most significant and longest running frauds and errors
- the trend may demonstrate the NFI exercise's impact and local measures in deterring fraud
- the efforts of bodies to continuously improve housing benefit systems and participating in the DWP's Fraud and Error Reduction Incentive Scheme aimed at identifying and reducing housing benefit fraud and error
- due to potential frauds having to now be referred to FES by councils and with some delays arising from this new procedure as it beds in.

58. £1.4 million of NFI 2012/13 outcomes were recorded after the last NFI report in June 2014. If this trend is repeated then we would expect to see benefit outcomes increase but be still significantly lower than the last exercise.

59. Although the number of cases recorded with overpayments at 868 is significantly down on the previous exercise of 1,862, the individual value of overpayments has increased from £2,694 to £3,515. This would indicate that resources are still being applied and councils are effectively targeting high-value and high-risk matches first.

60. In terms of value, Glasgow City Council and Renfrewshire Council have so far achieved the highest levels of outcomes from their NFI 2014/15 benefits investigations (£419,095 and £202,278 respectively). This may be due to Glasgow City Council having been involved as a DWP FES pilot from 2013 and therefore processes would be expected to be more mature than for councils

transferring during 2015/16. Renfrewshire Council did not transfer housing benefit fraud investigations to DWP FES until March 2016 and therefore their internal investigations team continued to action matches during 2015/16. Five councils recorded benefits outcomes in excess of £100,000. Aberdeenshire Council, East Lothian Council, Moray Council, North Ayrshire Council, the Scottish Borders Council and Shetland Islands Councils have recorded no benefit outcomes as at 31 March 2016. This is because there were no outcomes following investigations (Moray Council and Shetland Islands Council) or because the investigations are still in progress.

Student funding to housing benefit claims

61. One of the most successful matches in terms of numbers and coverage is student funding to housing benefits. With a few exceptions, mainly lone parents and disabled students, students are not eligible for housing benefits. This match takes council data and matches it against the Student Awards Agency for Scotland (SAAS) student funding data.

62. The match enabled councils to stop 168 housing benefits payments worth £0.3 million to ineligible students. This is a reduction from the 302 payments worth £0.7 million that were stopped as a result of NFI 2012/13.

Housing benefit claims by public sector workers and pensioners

63. It is critical that the public has trust in its public servants. This match identifies errors and frauds that have taken place between public sector payrolls and pensions. By the end of March 2016, councils had identified benefit overpayments from their NFI 2014/15 matches relating to (2012/13 figures are in brackets):

- 441 (1,089) public sector pensioners
- 122 (290) local government employees
- 48 (131) persons working in the NHS in Scotland
- 3 (8) central government employees

Again outcomes are significantly lower than NFI 2012/13.

64. While no overpayments are desirable, [Exhibit 8 \(page 22\)](#) puts some of these figures in the context of the populations involved and it does provide some overall assurance that these areas do not have high levels of fraud and error.

Payroll

65. This match includes all participating bodies' employee payroll data as well as those of MSPs and councillors. This level of transparency is important to demonstrate to the public that they can rely on the honesty of the employees providing their services and their elected representatives.

66. The NFI matches data to identify cases of potential payroll fraud. But investigations can also lead, for example, to the discovery that employees are in breach of conditions of service or EU working time limits. Apart from other consequences, excessive working hours may pose public safety risks.

Exhibit 8

The NFI benefits outcomes compared to source populations

Sector	Number	Overpayments identified	Percentage of overpayments identified in population	Overpayment value
Public sector pensioners	356,000	441	0.12%	£185,556
Local government employees	244,800	122	0.05%	£306,556
NHS employees	161,400	48	0.03%	£38,009
Civil servants	42,300	3	0.01%	£16,408

Source: The Cabinet Office NFI secure web application; *Public Sector Employment in Scotland: Statistics for 4th Quarter 2015*; and the Scottish Public Pensions Agency

Case study 3

Renfrewshire Council



A NFI housing benefit to payroll match identified a case which has been proven as a 'living together' and 'non-commercial tenancy' fraud resulting in £120,000 of housing benefit and council tax benefit having been improperly claimed.

The data match showed a female housing benefit claimant to be living and claiming from the same address as a male council employee. The claimant had been claiming housing benefit and council tax benefit at this address since 2010.

Investigations identified that the council employee had purchased the property in 2010 and that the claimant and employee appeared to be living as a couple.

Previous addresses for the claimant were subsequently examined and it was found that a previous address had been shared with her mother. Further checks into the mother's circumstances showed that the mother and the landlord of this previous address appeared to have been living there as husband and wife. This meant that the claimant's claim for this secondary property for the period 2002 to 2007 was incorrect.

The case against the claimant and the employee has also been reported to the Procurator Fiscal for consideration of proceedings; the second case against the mother and her landlord has been passed to DWP's FES and is on-going.

67. The NFI also matches payroll data to Home Office immigration data. It is unlawful to seek employment if you are not entitled to reside or work in the UK and the NFI provides bodies with a means of supplementing their recruitment checks.

68. As a result of the 2014/15 matches, three public sector employees in Scotland have so far been dismissed after it was confirmed that they did not have permission to reside or work in the UK.

Case study 4

NHS Greater Glasgow and Clyde



A payroll match identified an NHS employee had not renewed his visa and had earned £27,697 while working with the expired visa. The employee was suspended without pay pending investigation. The employee was subsequently dismissed when he did not turn up at a disciplinary hearing.

Student immigration checks

69. Since the NFI 2006/07 the Student Awards Agency for Scotland (SAAS) has been provided with its own matches, identifying cases where students may not hold valid permissions to reside or study in the UK.

70. SAAS has recorded ten cases of students that were found, after investigating the NFI matches with the Home Office, not to be entitled to receive support. This was because either these individuals were not entitled to be in the UK, produced false documents, or they had lied about their personal circumstances. These students had received student support amounting to around £213,316. NFI 2012/13 also resulted in ten cases where students were not entitled to support although lower outcomes of £163,451 were recorded.

Case study 5

Student Awards Agency for Scotland



A student award NFI match highlighted that a student nurse had only limited leave to remain in the United Kingdom and as such was not entitled to receive support. Funding of £14,056 has been overpaid which is not being recovered due to it originating from an error however further future support of £40,344 has now been retracted.

Case study 6

Student Awards Agency for Scotland



An immigration NFI match identified that a non EU foreign national was given an entry clearance visa to enter the United Kingdom as a visitor. The person was not entitled to work and had no recourse to public funds. The individual applied for student funding as a British National and lied on the application about the right to be in the UK. As a result the person fraudulently gained £11,204 in funding. The individual pled guilty at trial and was sentenced to 200 hours community pay back. Recovery action is being taken.

Creditor outcomes

71. The NFI provides an efficient means of checking payments are made only to appropriate creditors. NFI 2014/15 has resulted in 139 creditor outcomes of £0.71 million compared to 105 outcomes worth £1.1 million in 2012/13. Recovery action is taking place for 117 of these overpayments. In other cases overpayments have already been returned or credit notes provided.

Case study 7

Scottish Fire & Rescue Service



NFI creditor matches identified a duplicate payment. An invoice had been paid twice in error owing to two slightly different invoice references being recorded. The amount overpaid was £15,478. The overpayment is being recovered and monthly duplicate payment checks are being implemented to prevent this issue from occurring again.

Payments to private residential care homes

72. The NFI matches information about private residential care home payments to data about deceased persons. This can identify where payments may be continuing for people who have died.

73. The NFI 2014/15 helped councils identify eight cases resulting in overpayments worth £103,111 (£22,150 in NFI 2012/13). All of these overpayments are being recovered.

Case study 8

East Dunbartonshire Council



Five private residential care home resident matches identified that the residents were deceased. Overpayments totalling £89,000, (£45,000 in respect of one resident) were identified and are being recovered. The council has since revised their working practices. Previously the council accepted verbal notifications of the death of care home residents. As a result of the NFI exercise only written notification is now accepted.

Matches benefiting other bodies

74. One of the key benefits in undertaking a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders.

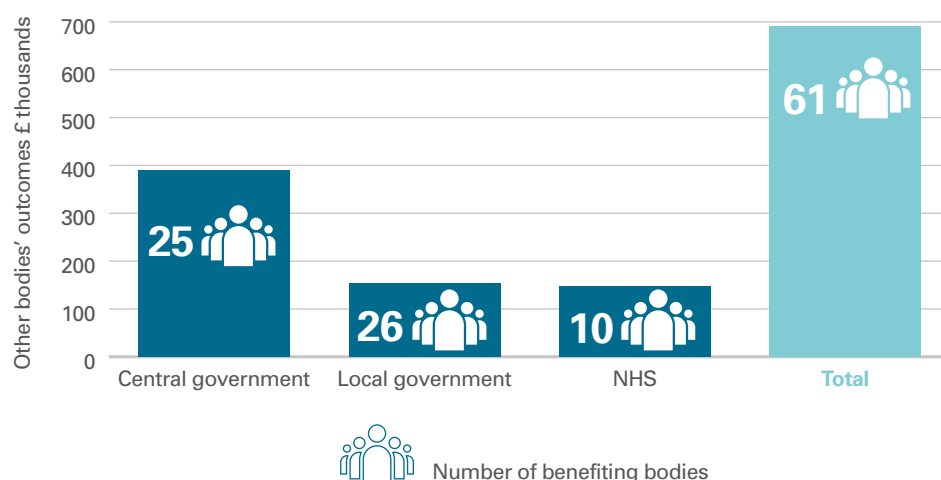
'In Scotland we recognise the importance of working together across organisational boundaries to protect our precious public resources from the risk of fraud, bribery and corruption.'

John Swinney, Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy and Michael Matheson, Cabinet Secretary for Justice

75. [Exhibit 9](#) summarises these for the NFI 2014/15 exercise for Scottish data submitted.

Exhibit 9

Matches benefiting other bodies



Source: The Cabinet Office NFI secure web application

76. The cross-sector scope of the NFI enabled 53 bodies to identify and take action on 396 outcomes worth £691,570. The majority are from cross-body housing benefits to other data sources such as student funding, payroll or pensions. This is a significant reduction in matches benefiting other bodies from NFI 2012/13 when 46 bodies were able to take action on 717 outcomes worth £1.5 million. This again is a reflection of the drop in housing benefit outcomes.

77. In the main these matches related to other Scottish bodies but 15 English councils, the Northern Ireland Housing Executive, Civil Service Pensions and the Northern Ireland Department of Finance and Personnel were also able to identify outcomes from Scottish data.

78. For those participating bodies or sectors taking part in the NFI who may not always identify significant outcomes from their own matches, it is important to appreciate that other bodies and sectors may. If we look at the data submitted by central government and the NHS we see:

- central government bodies recorded direct outcomes of £4.8 million but also enabled £390,549 of outcomes to be identified at other bodies
- the NHS has recorded direct outcomes of £75,331 but also enabled £147,196 of outcomes to be identified at other bodies.

'Fraud does not respect boundaries. Fraudsters use the same tactics and deceptions, and cause the same harm throughout the UK.'

'Fraud in Scotland', Fraud Advisory Panel, 2014

What bodies actually save or recover because of the NFI

79. The estimated value of the NFI to the public purse since we last reported in June 2014 is £16.8 million. However, some of this represents overpayments that will never be recovered and estimated values that have been attached, for example to cancelling a blue badge. These amounts may not translate into cash savings, but they are valuable outcomes nonetheless.

80. Audit Scotland previously canvassed bodies and established from those that responded that the NFI overpayments are usually subject to the same recovery processes that apply to other debt. Most bodies do not keep separate records of the NFI recoveries. Indeed, Audit Scotland would prefer that bodies devoted their resources to investigation work, rather than require them to record the NFI amounts that are often recovered by frequent small payments over long periods of time.

81. Based on the current NFI exercise the recovery rate is 81 per cent, excluding estimates. If we add the estimated forward savings from areas such as benefits and pensions, being public money which has been prevented from being paid out in fraud or error following investigations, we can reasonably estimate that the actual cash savings or recoveries for the public purse are at least half of the total outcomes of £16.8 million.

82. These cash savings and recoveries are an identified cash return to public bodies and taxpayers where fraud and errors have taken place. There are also other costs that are incurred where frauds and errors are identified. These include:

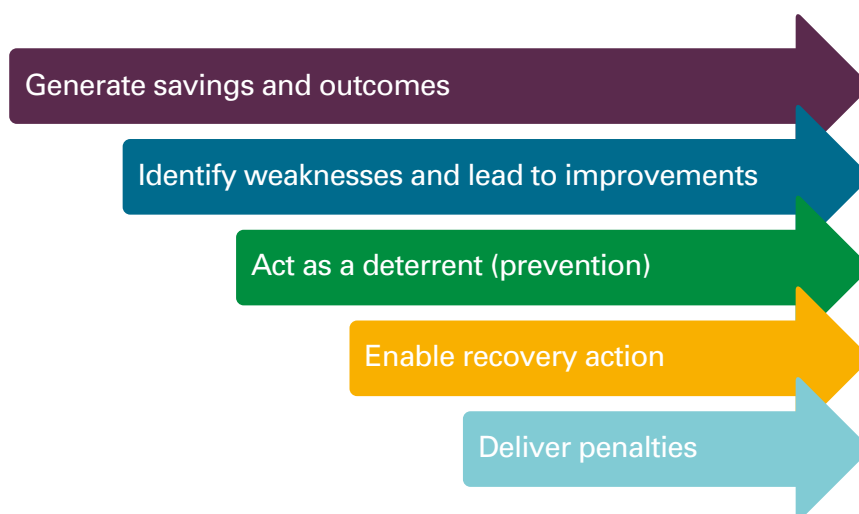
- the cost of investigating, correcting and recovering frauds and errors
- the opportunity cost of investigating, correcting and recovering frauds and errors instead of providing services
- the social cost of awarding incorrect benefits or providing ineligible services
- the reputational cost of failing to prevent frauds or in making errors.

What does the level of outcomes tell us?

83. The NFI impacts on a number of levels and across a number of bodies. These levels can be summarised in [Exhibit 10](#).

Exhibit 10

The NFI impacts on a number of levels and across a number of bodies



Source: Audit Scotland

84. A key benefit of the NFI is the fact that by identifying fraud and error the opportunity is provided to bodies to establish why they occurred and then improve their systems. This can be done by:

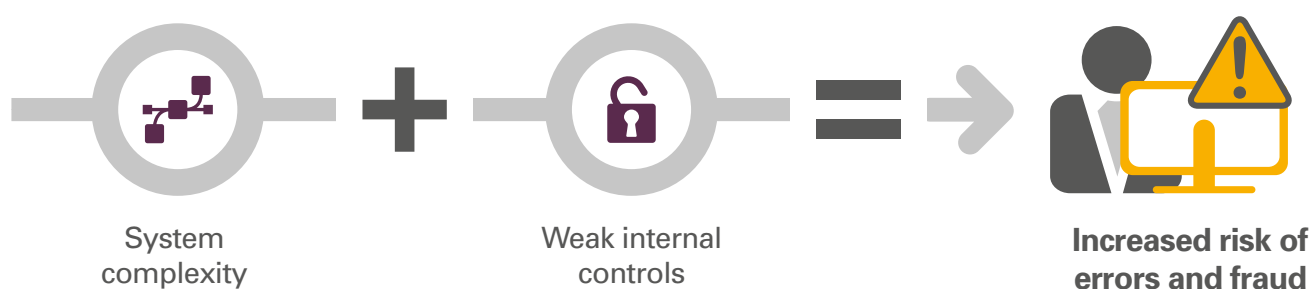
- simplifying system processes
- reviewing and strengthening the internal controls that failed to stop or capture errors or fraud.

85. As a result of this NFI exercise 36 bodies have recorded that they made improvements in order to address control weaknesses. This includes data cleansing and revisions to processes.

86. While it would be difficult to eliminate all errors and prevent all frauds, the NFI can provide the focus for such reviews to take place. [Exhibit 11](#) summarises the circumstances where fraud and error are most likely to be found.

Exhibit 11

Circumstances that increase the risk of error and fraud



Source: Audit Scotland

87. System complexity can result in errors made by either the individual wishing to obtain a service or by the public servant processing the data. Where an individual knowingly exploits systems and controls by providing incorrect information, this is fraud.

88. The most effective approach to reduce the overall cost of fraud and error is to prevent it occurring in the first place. Both fraud and error can be reduced by public bodies establishing and maintaining sound systems of internal controls.

'We will disable fraud, bribery and corruption through improving our systems and controls to support our operations.'

Protecting Public Resources in Scotland, Scottish Government, 2015

89. Audit Scotland does not take a view on whether high levels of the NFI outcomes are a good result or not. High levels of outcomes could be due to increased fraud and error in the system or to poor internal controls in operation.

90. Equally important is the assurance given to these bodies with few matches that in the areas covered by the NFI there do not appear to be significant problems and the deterrent effect, created by the NFI exercise taking place and being communicated to those whose data is included, is working.

Part 3

Making a difference



Key messages

- 1** 80 per cent of participating bodies managed their roles in the 2014/15 NFI exercise satisfactorily.
- 2** The effectiveness of the NFI arrangements have improved in the central government sector but declined slightly in the local government and the NHS sectors.
- 3** Almost half (41 per cent) of bodies need to follow up their matches more promptly.
- 4** Only 31 per cent of audit committees reviewed the NFI 2014 report and carried out the self-assessment checklist contained within it.
- 5** 23 per cent key contacts had not reviewed the NFI 2014 report and carried out the self-assessment checklist contained within it.
- 6** The transfer of investigative staff to the DWP's FES has had major implications for resourcing the NFI in some councils.

Overall findings

91. Local auditors concluded that 80 per cent of participating bodies had managed their role in the NFI 2014/15 exercise satisfactorily (81 per cent in the NFI 2014 report). However, a few showed scope for significant improvement.

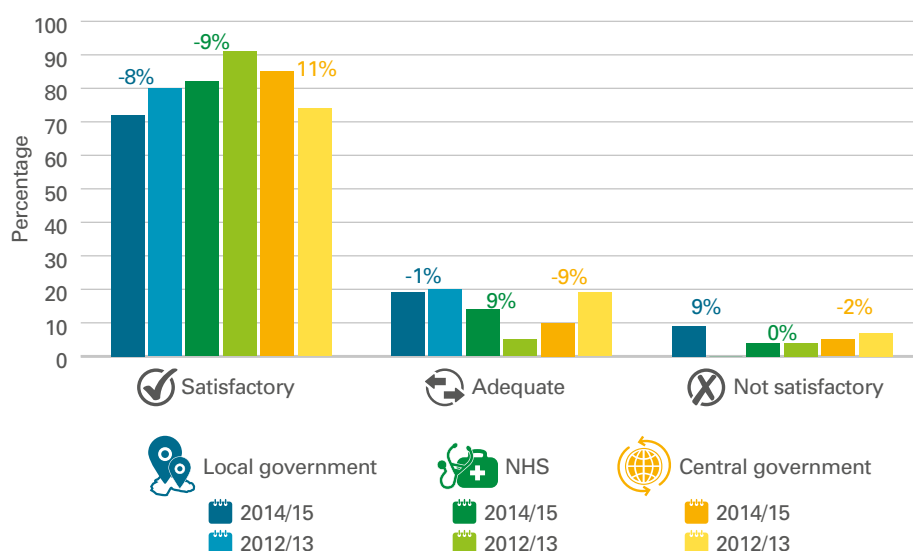
92. [Appendix 2](#) includes a two-part checklist that we encourage all bodies to use to self-appraise their involvement in the NFI prior to and during the NFI 2016/17 exercise. [Part A \(page 41\)](#) is designed to assist audit committee members when reviewing, seeking assurance over or challenging the effectiveness of their body's participation in the NFI. [Part B \(page 42\)](#) is for officers involved in planning and managing the NFI exercise.

93. The conclusions continue to indicate a high degree of commitment to the NFI. Local auditors are providing strong assurance that most participating bodies are taking the NFI seriously by putting adequate arrangements in place. Central government bodies have better arrangements in comparison with NHS and local government sectors.

94. The biggest change from the last exercise is that central government bodies have, overall, significantly improved their arrangements and this is commendable. In comparison, NHS bodies' arrangements declined by nine per cent and local government arrangements declined by eight per cent. This is of concern especially as the NFI 2014 report recommended that bodies should review the appendix to the report in order to try to ascertain whether it is possible to work more efficiently on the NFI matches. It should be noted that bodies are not expected to investigate all NFI matches. A robust risk-based approach, in conjunction with the risk profiling of matches in the NFI system, should be used when selecting matches for investigation.

Exhibit 12

External auditor review of the NFI arrangements



Source: External auditors

95. The transfer of counter-fraud resources from local government to the DWP's FES had major implications for the resourcing of fraud activity in some local authorities. The sector also has the largest range of data sets and number of matches returned. It is not entirely unexpected, therefore, that they have been identified as having scope to improve.

96. Auditors have identified that NHS bodies' arrangements for NFI have weakened. Previously in the NFI 2012/13 arrangements were found to have considerably improved. The quality of arrangements in NHS has now fallen back to just below the level in the NFI 2012/13.

97. Local auditors provided up-to-date information about each body's planning for the NFI 2014/15 exercise as well as progress and results midway through the exercise in June 2015. In reaching their conclusions, auditors did not attach significant weight to the value of NFI outcomes achieved by bodies but instead looked to see that bodies had approached the exercise proportionately and effectively.

98. Overall, local auditors concluded in June 2015 that the majority of participating bodies had managed their role in the NFI 2014/15 exercise satisfactorily so far. However, six participating bodies were found to have scope for significant improvement. As a result, the Assistant Auditor General wrote to these six bodies highlighting the following areas of significant concern:

- [Aberdeenshire Council](#) – no match investigation work carried out owing to a lack of resources
- [Dumfries & Galloway Council](#) – late submission of data sets and limited match investigation work carried out owing to a lack of resources including no dedicated fraud staff in place
- [Dundee City Council](#) – late submission of data sets and limited match investigation work carried out
- [East Ayrshire Council](#) – late submission of data sets and limited match investigation work carried out owing to a lack of resources and forward planning
- [Scottish Borders Council](#) – no match investigation work started
- [Scottish Police Authority](#) – late submission of data sets, no match investigation work started and a lack of clarity regarding roles and responsibilities in relation to NFI.

99. Auditors followed up progress in these six bodies in February 2016 and found improvements in all but two participants. The position was as follows (final auditor assessments are in brackets):

- Aberdeenshire Council had processed 1,682 (73 per cent) matches out of the 2,309 recommended matches and a further 85 were in progress, although none had been closed off to date (adequate).
- Dumfries & Galloway Council had investigated 77 (23 per cent) matches out of 335 recommended matches. However, limited progress had been made with regard to investigations: (not satisfactory).
- Dundee City Council was found to have made progress including improving the prioritisation given to investigating NFI matches. This had resulted in overpayments of £179,000 being identified: (satisfactory).
- In East Ayrshire Council it was found that in the majority of areas there had been improvement and sufficient involvement in the investigation of matches and recording of results (satisfactory).
- Scottish Borders Council received a total of 3,990 matches. 2,827 matches had been closed of which 798 were recommended matches: (satisfactory).
- Scottish Police Authority had made progress, however there are still some recommended matches which have not yet been examined. Auditors were advised that the majority of matches had been followed up, however this was not updated on the NFI system (only ten of the 18 NFI match reports have been opened according to the NFI system): (not satisfactory).

100. Other key aspects of auditor reviews:

- 36 bodies have made improvement controls in order to address control weaknesses identified as a result of NFI activity.
- Seven bodies use alternative data-matching arrangements on areas such as purchase ledger information to help identify duplicate payments and duplicate suppliers, and for single-person discount council tax comparing council tax and employee records.

Areas that need improvement

101. There has been some reduction in the quality of certain aspects of NFI arrangements since our 2014 report. [Exhibit 13 \(page 33\)](#) summarises the key areas where local auditors indicated that there was room for improvement.

102. In June 2015, auditors reported concerns in 34 (41 per cent) bodies in respect of bodies not following up matches promptly and/or not focusing on recommended matches. This is the first time auditors have undertaken a review mid way through a NFI exercise. Previously this was evaluated towards the end of the exercise when most bodies had processed the majority of matches. Issues identified by auditors in June 2015 include staffing changes, year end processes and a lack of resources (91 per cent of bodies correctly gave priority to following up recommended matches in the NFI 2013/14 report and 71 per cent of bodies followed up matches promptly).

















103. The majority of the officers directly involved in preparing for the NFI and following up matches demonstrate commitment. However, auditors identified issues in 16 per cent of bodies in respect of limited NFI skills, insufficient authority and insufficient time available for NFI in respect of officers nominated to coordinate the exercise.

104. Despite the NFI 2014 report recommending that audit committees, or equivalent, should review the self-appraisal checklist included in the report to ensure that they are fully informed of the planning and the progress being made by their officers investigating the NFI 2014/15 exercise, auditors concluded that only 31 per cent of audit committees reviewed the NFI 2014 report including assessing themselves against the checklist contained within it. It was also noted that 19 (23 per cent) bodies reported that the key contact had not reviewed Appendices included in the NFI 2014 report. Interestingly, in 15 of these participating bodies, neither the key contact nor the audit committee (or equivalent) reviewed the self-assessment checklist.

105. Auditors reported that 24 per cent of bodies did not record their outcomes fully on the NFI secure web application. Many could also improve the way they record their investigations and conclusions on the NFI application. Councils report that for some housing benefit matches delays have been experienced in receiving updates from the DWP's FES. Audit Scotland will work with colleagues in the Cabinet Office to improve the clarity of recording requirements and the future arrangements for housing benefit matches.

106. [Appendix 3 \(page 45\)](#) provides some help in this area. However, the likely effect is that the value of the outcomes referred to in this report is understated in some areas.

Exhibit 13**Areas of concern**

Areas of concern	Percentage of bodies needing to improve NFI 2014/15	Percentage of bodies needing to improve NFI 2012/13
Regular reporting of NFI progress and outcomes to both senior management and elected/board members is limited or does not happen	 25%	 24%
There is limited or no internal audit involvement and/or monitoring of the NFI approach and outcomes to ensure identified weaknesses are addressed	 51%	 39%
Bodies are slow to follow up matches and/or not focusing on recommended matches	 41%	 n/a
Bodies submitted data for NFI after the specified processing deadline	 16%	 11%
Officers nominated to coordinate the exercise were not considered suitable for the role	 16%	 10%
Bodies did not record their outcomes fully on the NFI secure web application	 24%	 21%
Audit Committees, or equivalent, did not review the self-appraisal checklist included in the report	 69%	 n/a
Key contacts did not review the self-appraisal checklist included in the report	 23%	 n/a

Source: External auditors

DWP's Fraud and Error Service

107. The introduction of the DWP's FES and the transfer of many experienced and trained counter-fraud experts to the DWP by March 2016 had implications for resourcing of some council's counter-fraud work. The risk for some local government bodies is that they have not ensured that sufficient capacity remains to counter non benefit corporate frauds.

108. Despite the recommendation in the NFI 2014 report for local authorities to take steps to retain or invest in sufficient capability, in the short and long term, to investigate non housing benefit fraud or corporate fraud, including relevant NFI matches, after the FES is introduced, local auditor updates in June 2015 identified that this had not happened in some councils. At that time five Scottish councils had still to make decisions about retaining investigative resources and three councils had already decided not to retain a dedicated corporate fraud investigation resource. In other councils corporate fraud teams have been set up retaining some or all of the experienced counter-fraud experts.

109. Interestingly, of the councils deciding not to retain a corporate fraud resource, Dumfries & Galloway and East Ayrshire Councils were found not have engaged to a satisfactory level with NFI 2014/15 at June 2015 and received reminder letters from Audit Scotland.

110. Auditors will follow up these findings as part of the NFI 2016/17 exercise.

Case study 9

North Ayrshire Council



The council has created a counter-fraud team within its internal audit service, comprising previous housing benefit investigators, which even in its infancy is demonstrating its worth and enhancing the arrangements within the council regarding prevention and detection of fraud. The key strengths of the team include:

- the reporting lines to the Chief Internal Auditor
- the skills mix combines expertise in investigation of internal and external fraud
- added value and follow-up of findings, for example referrals of benefit fraud, are made to DWP; however, where they have council tax implications these are followed up by the counter-fraud team.

During the first year of operation, the team has:

- carried out eight separate internal investigations on council employees with various outcomes including disciplinary action being taken
 - carried out investigations in respect of council tax, discretionary housing payment and the Scottish Welfare Fund which have led to £12,000 of backdated recoveries as well as an on-going cost reduction of a further £10,000
 - reviewed all properties in receipt of 100 per cent non domestic rates Empty Property Relief which resulted in the withdrawal of £60,000 of on-going relief as well as backdated recovery of a further £87,000.
 - recovered five blue badges where there was fraud or misuse of the badge.
-

Part 4

Future of the NFI



Key messages

- 1** The NFI 2016/17 exercise is due to start in July 2016 and will again look to review the suitability of participating bodies.
- 2** The NFI is increasing its opportunities for flexible and real time data matching options aimed at fraud prevention through the application checker module (AppCheck) and the flexible matching service.

Participating bodies and data sets

111. Audit Scotland will continue to look at which bodies should be asked to submit data and which data sets. This exercise mandated a number of data sets for the first time and had previously expanded the number of bodies participating so it is unlikely that the number of bodies will increase significantly.

112. The Cabinet Office has recently launched an AppCheck fraud prevention service, complementing their other detection services. AppCheck is designed to help quickly identify and prevent fraud or mistaken payments from being made in the first place. This ultimately helps protect budgets which can then be deployed to help genuine applicants.

113. They have invested significant resources into developing the AppCheck product to facilitate point of application checking. This preventative service complements the traditional detection tools and allows organisations to stop fraudulent applications from being successful. Stopping them at the point of application reduces administration and future investigation costs. This is valuable at any time, but when overall capacity to tackle fraud and error has been falling it is particularly important. [Exhibit 14 \(page 36\)](#) provides more details.

114. The Cabinet Office also offers a flexible data-matching service which allows participating bodies to re-perform any of the existing NFI data matching at a time convenient to them. This service matches against data from the most recent NFI exercise with regularly refreshed immigration data from the Home Office, as well as student loans and Amberhill police data.

115. The draft data specifications for the NFI 2016/17 are available on the Cabinet Office website (Gov.uk) and key contacts have been notified of these.

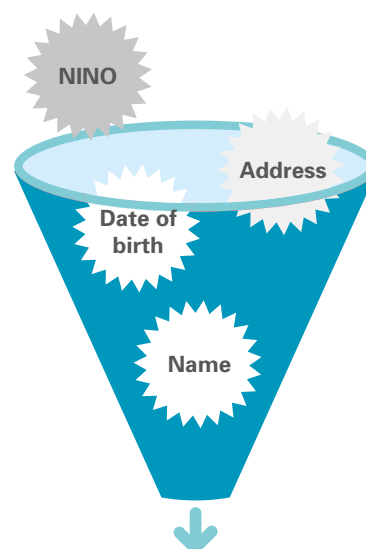
Exhibit 14

Application Checker

AppCheck from the Cabinet Office National Fraud Initiative can help significantly reduce the number of application referrals organisations have to investigate. Using the AppCheck software will ensure that, from the outset, you have a validation and authentication process in place to minimise errors and costly investigations in the future.

- Reduce the risk of your organisation falling victim to fraud by stopping invalid or fraudulent claims at the point of application.
- Establish if an applicant has no right to work – helping to mitigate the risk of falling foul of the latest requirements on employment legislation.
- Reduce and stop the provision of invalid or fraudulent payments.
- Reduce administration and future investigations cost by managing the risk of getting it wrong at application.

Enter the applicant's details into Application Checker



Research against NFI core data and refreshed immigration data

Source: Cabinet office

116. The provision of social care is one of the largest expenditure areas for councils. This is a complex area where client care requirements often change. Audit Scotland would like to work with council social work services to ensure that payments are accurate and reflect the level of care provision provided. This would have to be provided on a voluntary basis but Audit Scotland sees it as an area where a positive impact can be made.

117. A pilot data-matching exercise will be considered to review social work systems containing details of approved care packages, creditor payments to care providers and data about deceased persons.

The NFI 2016/17 aims

118. The overall aims of the NFI are to serve the public interest by:

- safeguarding public money against losses from fraud or misappropriation
- contributing effectively to the fight against fraud.

119. To meet these aims the NFI 2016/17, which will be launched in July 2016, will involve work in the following areas:

- continuing with successful batch data matches and developing the service to offer more flexibility and meet new risks

- putting more emphasis on fraud prevention through the development of real time data-matching services
- extending data matching for fraud purposes to a broader range of organisations and sectors
- for council tax single person discounts to consider mandating this data for the NFI exercises on an annual basis – previously it has been every two years, and this would bring it in to line with the rest of the UK.

120. Audit Scotland looks forward to the next NFI exercise and continuing to work with the Cabinet Office, other UK audit agencies and participating bodies to successfully deliver these aims.

121. In the longer term the roll-out of Universal Credit is expected to have further impact on the number of data sets contributing to the NFI. The future direction of the exercise will be assessed at that time.

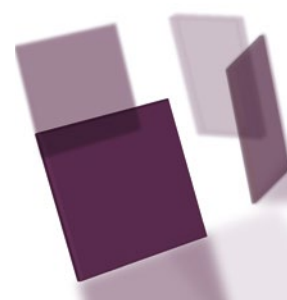
Endnotes



- ◀ 1 Scottish Local Government Financial Statistics 2014-15.
- ◀ 2 For NFI data matching, individuals recorded as qualifying for council tax single person discount on the basis that they live with other disregarded adults are excluded.

Appendix 1

Governance arrangements



Background

The following summarises the key legislation and controls governing the NFI data-matching exercise.


Legislation

The NFI 2014/15 exercise was carried out under powers given to Audit Scotland for data matching included in The Criminal Justice and Licensing (Scotland) Act 2010 passed by the Scottish Parliament. Under this legislation:

- Audit Scotland may carry out data-matching exercises for the purpose of assisting in the prevention and detection of fraud or other crime and in the apprehension and prosecution of offenders
- Audit Scotland may require specified persons to provide data for data-matching exercises. These include all the bodies to which the Auditor General for Scotland or the Accounts Commission appoints auditors, licensing boards, and officers, office holders and members of these bodies or boards
- other persons or bodies may participate in Audit Scotland's data-matching exercises on a voluntary basis. Where they do so, the statute states that there is no breach of confidentiality and generally removes other restrictions in providing the data to Audit Scotland
- the requirements of The Data Protection Act 1998 continue to apply
- Audit Scotland may disclose the results of data-matching exercises where this assists the purpose of the matching, including disclosure to bodies that have provided the data and to the auditors appointed by the Auditor General for Scotland and the Accounts Commission
- Audit Scotland may disclose both data provided for data matching and the results of data matching to the Auditor General for Scotland, the Accounts Commission, the Audit Commission, or any of the other UK public sector audit agencies specified in Section 26D of The Public Finance and Accountability (Scotland) Act 2000, for the purposes described above
- wrongful disclosure of data obtained for the purposes of data matching by any person is a criminal offence

- Audit Scotland must prepare and publish a Code of Practice with respect to data-matching exercises. All bodies conducting or participating in its data-matching exercises, including Audit Scotland itself, must have regard to this code
- Audit Scotland may report publicly on its data-matching activities.

Code of data matching practice

The Criminal Justice and Licensing (Scotland) Act 2010 includes important data-protection safeguards such as a requirement for Audit Scotland to prepare a Code of data matching practice, and to consult with the UK Information Commissioner and others before publication. Our code, [The Code of data matching practice 2010](#) , was updated in November 2010 to reflect the new legislation and to ensure that the NFI exercises continue to comply with data protection requirements and best practice in notifying individuals about the use of their information for the NFI purposes.

The NFI web application

Bodies access the application via the internet using password access and encryption controls similar to internet banking. The secure website is the safest method of providing the data matches to bodies. The Cabinet Office regularly reviews the application and implements developments to improve its functionality, ease of use, and security.

Interactive training was available to participating bodies and auditors via the web application to support the Cabinet Office and Audit Scotland Guidance.

Security review and accreditation

The National Fraud Initiative (NFI) system has undergone accreditation against HMG Information Assurance Standard No.1&2 (IAS1&2), Issue 4.0 April 2012 and is accredited to handle, store and process information up to a level of Impact Level 3 aggregating to Impact Level 5 covering information with a protective marking of OFFICIAL or legacy protective marking of RESTRICTED. OFFICIAL-SENSITIVE where the caveat is used to cover sensitive personal information can also be processed by the system.

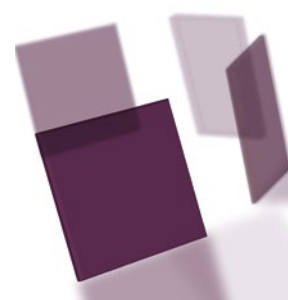
This accreditation involved demonstrating that the NFI is suitably secured and that information risks are managed to government standards.

As well as regular internal reviews by the Cabinet Office, the other UK audit agencies (ie, Audit Scotland, the Wales Audit Office, the Northern Ireland Audit Office and the National Audit Office) now also share a programme of independent audits of the different aspects of the NFI data security.

All of these measures provide current and future NFI participants with assurances that data is processed according to rigorous government security standards.

Appendix 2

Self-appraisal checklist



Part A: for those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
Leadership, commitment and communication			
1 Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?			
2 Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?			
3 Have we considered using the real-time matching (Flexible Matching Service) facility and the point of application data-matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?			
4 Are the NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?			
5 Where we have not submitted data or used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?			
6 Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?			
Cont.			

Part A: for those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
7 Do we review how frauds and errors arose and use this information to improve our internal controls?			
8 Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?			

Part B: for the NFI key contacts and users	Yes/No/Partly	Is action required?	Who by and when?
Planning and preparation			
1 Are we investing sufficient resources in the NFI exercise?			
2 Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.			
3 Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly?			
4 Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?			
5 Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?			
6 Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?			
7 Do we plan to provide all NFI data on time using the secure data file upload facility properly?			

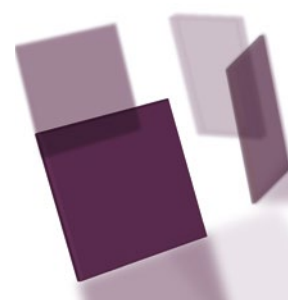
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Part B: for the NFI key contacts and users	Yes/No/Partly	Is action required?	Who by and when?
8 Do we adequately consider the submission of any 'risk-based' data sets in conjunction with our auditors?			
9 Have we considered using the real-time matching (Flexible Matching Service) facility and the point of application data-matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?			
Effective follow-up of matches			
10 Do all departments involved in NFI start the follow-up of matches promptly after they become available?			
11 Do we give priority to following up recommended matches, high-quality matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?			
12 Do we recognise that NFI is no longer predominantly about preventing and detecting benefit fraud? Have we recognised the wider scope of NFI and are we ensuring that all types of matches are followed up?			
13 Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?			
14 (In health bodies) are we drawing appropriately on the help and expertise available from NHS Scotland Counter-Fraud Services?			
15 Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?			
Cont.			

Part B: for the NFI key contacts and users	Yes/No/Partly	Is action required?	Who by and when?
16 Do we avoid deploying excessive resources on match reports where early work (eg, on recommended matches) has not found any fraud or error?			
17 Where the number of recommended matches is very low, are we adequately considering the related 'all matches' report before we cease our follow-up work?			
18 Overall, are we deploying appropriate resources on managing the NFI exercise?			
Recording and reporting			
19 Are we recording outcomes properly in the secure website and keeping it up to date?			
20 Do staff use the online training modules and guidance on the secure website and do they consult the NFI team if they are unsure about how to record outcomes (to be encouraged)?			
21 If, out of preference, we record some or all outcomes outside the secure website have we made arrangements to inform the NFI team about these outcomes?			

Appendix 3

How to work more efficiently

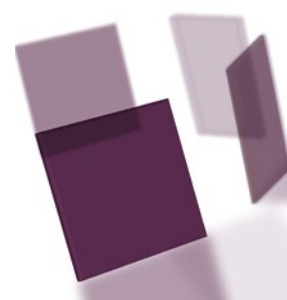


Concerns	How to work more efficiently
Many participants are not using the latest time-saving enhancements to the NFI software.	Ensure staff within the organisations that take part in the NFI keep up to date with new features of the web application and good practice by reading the guidance notes and watching the online training modules before they begin work on the matches.
Matches that are time critical and could identify an overpayment are not acted on first.	Key contacts should schedule staff resources so that time-critical matches, such as housing benefit to students and payroll to immigration, can be dealt with as soon as they are received.
Investigations across internal departments are not coordinated resulting in duplication of effort or delays in identifying overpayments.	Key contacts should coordinate investigations across internal departments and, for example, organise joint investigation of single person discount matches involving housing benefit, to ensure all relevant issues are actioned.
Disproportionate time is spent looking into every match in every report.	Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches that are the highest risk. This will save time and free up staff for the most important investigations.
Enquiries from other organisations that take part in the NFI are not always responded to promptly.	Prioritise responses to enquiries from other organisations so investigations can be progressed.
Data-quality issues that are highlighted within the web application are not addressed before the next NFI exercise.	Review the quality of the data supplied before the next exercise as external providers normally have to phase in changes to extraction processes. Better data quality will improve the quality of resulting matches.

Source: Cabinet Office NFI team

Appendix 4

Estimation bases



The figures used in this report for detection of fraud, overpayments and errors include outcomes already delivered (actual amounts recorded by participants) and estimates. Estimates are included where it is reasonable to assume that the fraud, overpayment and/or error would have continued undetected without NFI data matching.

Details of estimate calculations used in the report as shown in the table below.

Data match	Basis of calculation of estimated outcomes
Pensions	Cabinet Office formula: annual pension multiplied by the number of years until the pensioner would have reached the age of 85. ¹
Council tax single person discount	Annual value of the discount cancelled multiplied by two years.
Housing benefit	Weekly benefit reduction multiplied by 21 weeks. ²
Blue badges	Number of badges confirmed as deceased multiplied by £575 to reflect lost parking and congestion charge revenue. ³
Payroll	£5,000 per case where an employee is dismissed or resigns, or £10,000 per immigration case (estimated amounts based on future losses prevented where a fraudulent employee resigns or is removed from post).
Private residential care homes	£7,000 per case based on average weekly cost of residential care multiplied by 13 weeks.

Notes:

1. Following a review in February 2016, the 'pensioner age', for outcomes from NFI 2014/15, has been reduced from 90 to 85, to align with the latest average life expectancy for pensioners at age 65
2. Following a review in February 2016, the estimated duration of overpayments, for outcomes from NFI 2014/15, has increased from 13 weeks to 21 weeks to align with the methodology used by DWP to calculate future overpayments prevented from detecting and stopping fraud and error.
3. Following a review in February 2016, for outcomes from NFI 2014/15, this estimate has increased from £500 to £575 to reflect research and statistics relating to blue badge fraud

Source: Cabinet Office NFI team

The National Fraud Initiative in Scotland

This report is available in PDF and RTF formats, along with a podcast summary at:

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To: Audit, Scrutiny and Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Absence Statistics

1. Summary

- 1.1 The purpose of this report is to advise the Audit, Scrutiny and Petitions Board of the Quarterly Absence Returns for the period 1 January 2016 to 19 June 2016. The report breaks down the absence statistics by service and by category of staff. Attached to this report are appendices A-D described in the index of appendices at the end of this report
- 1.2 The report provides information in relation to absence targets and how services have performed against them. An analysis of the reasons for absence for the latest quarter has also been compiled and details are included within the report. Information is also provided on supporting attendance activity and the costs of sick pay.
-

2. Recommendations

- 2.1 It is recommended that the Board notes the content of this report.
-

3. Background

- 3.1 At its meeting on 25 June 2002 the Scrutiny Board agreed that absence levels will be reported to the Scrutiny Board (now Audit, Scrutiny and Petitions Board) on a quarterly basis. It was agreed that the report will include the

following information relating to maximising attendance:-

- Absence statistics broken down by department and category of staff.
- Reasons for absence broken down by department and category of staff.
- Progress on implementation of departmental maximising attendance action plans.

4. Absence Statistics - Quarters Ending 23 March 2016 and 19 June 2016

4.1 Please find service and Council overall absence performance for quarter ending 23 March 2016 given in the table to follow. In line with the reporting requirements for Scottish Councils, absence is expressed as a number of work days lost per full time equivalent (FTE) employee. The absence performance for quarter ending 23 March 2015 has also been included in the table for comparison purposes.

Service/Area	Quarter Ending 23 March 2015	Quarter Ending 23 March 2016	Quarter Ending 23 March 2016 Target
Chief Executive's Services	1.14	0.77	1.20
Education and Leisure Services	2.12	-	-
Children's Services	-	2.50	2.35
Community Resources	2.75	2.79	3.22
Finance and Resources	1.88	2.73	2.00
Development and Housing Services	1.66	1.93	2.53
Health and Social Care Partnership	-	3.68	3.54
Social Work Services	3.09	-	-
Council Overall	2.33	2.70	2.69

4.2 Please find service and Council overall absence performance for quarter ending 19 June 2016 given in the table to follow. In line with the reporting requirements for Scottish Councils, absence is expressed as a number of

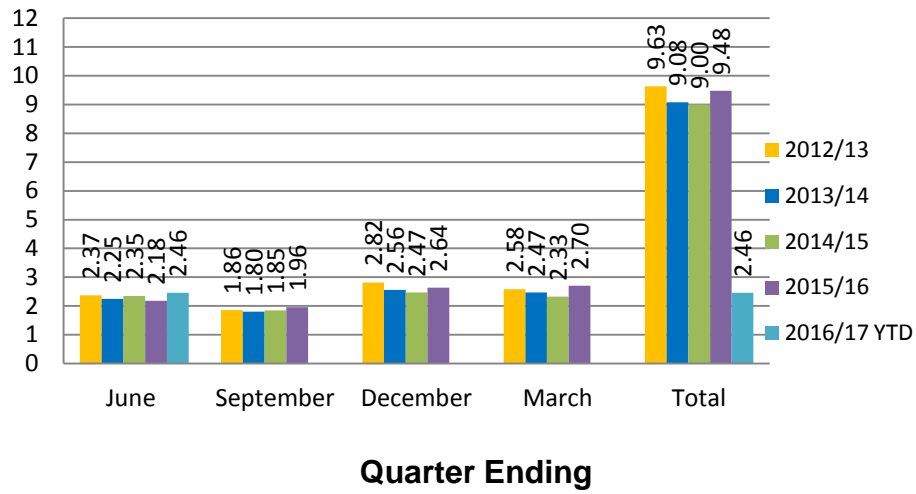
work days lost per full time equivalent (FTE) employee. The absence performance for quarter ending 22 June 2015 has also been included in the table for comparison purposes.

Service/Area	Quarter Ending 22 June 2015	Quarter Ending 19 June 2016	Quarter Ending 19 June 2016 Target
Chief Executive's Services	2.10	1.17	0.80
Education and Leisure Services	1.79	-	-
Children's Services	-	1.85	1.56
Community Resources	2.62	2.96	2.15
Finance and Resources	1.85	2.02	1.34
Development and Housing Services	1.52	1.79	1.69
Health and Social Care Partnership	-	4.29	2.36
Social Work Services	3.15	-	-
Council Overall	2.18	2.46	1.79

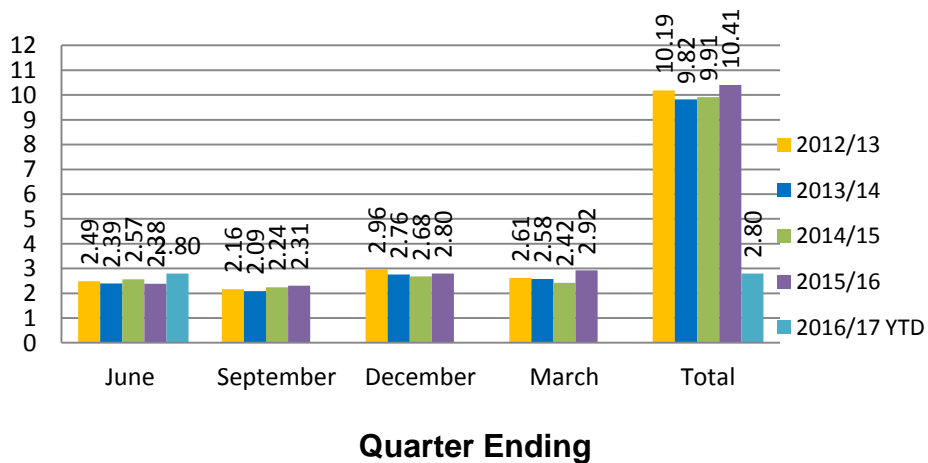
5. Analysis and Trends - Quarters Ending 23 March 2016 and 19 June 2016

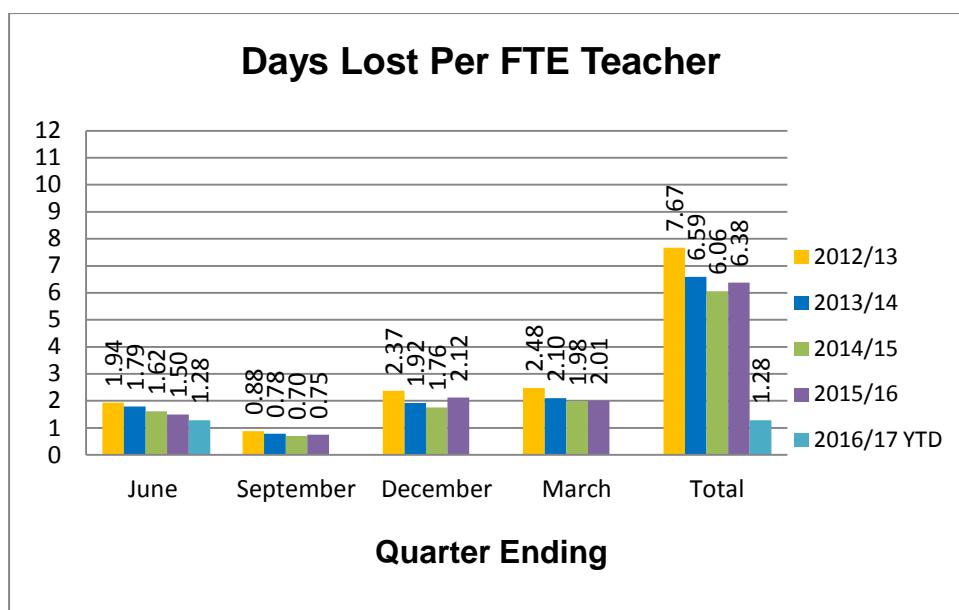
- 5.1 The number of days lost per FTE employee due to absence has reduced from 2.70 to 2.46 between quarters ending 23 March 2016 and 19 June 2016 respectively. Also, overall absence in quarter endings quarters ending 23 March 2016 and 19 June 2016 has increased by 0.37 days and 0.28 days respectively per FTE employee compared to the equivalent quarters in the previous year.
- 5.2 The following tables detail the percentage absence levels by employee category for 2016/17 year to date as at quarter ending 19 June 2016, and for the equivalent quarters in 2012/2013 to 2015/2016:-

Overall Days Lost Per FTE Employee



Days Lost Per FTE Local Government Employee





6. Absence Targets 2015/2016 to 2016/2017 and Ranking Information

- 6.1 The absence performance of services, the Council overall and employee groups against the set absence targets for quarter ending 19 June 2016 is shown at **Appendix A**.
- 6.2 The Council has recorded an overall absence rate of 2.46 days lost per FTE employee for the quarter which is 0.67 days **above** the target figure of 1.79 days. In addition the Teacher absence level of 1.28 days lost per FTE employee is also 0.26 days **below** the quarterly target of 1.54 days. The absence performance of Local Government employees at 2.80 days lost per FTE employee is 0.88 days **above** the quarterly target of 1.92 days.
- 6.3 The Council has recorded an overall absence rate of 9.48 days lost per FTE employee for 2015/2016 which is 0.51 days **above** the annual target figure of 8.97 days. This represents a 0.48 days per FTE employee increase in absence when compared to 2014/2015.
- 6.4 In addition the absence performance of Teachers increased by 0.32 days per FTE employee in 2015/2016 compared to 2014/2015 and was 1.30 days **below** the annual target of 7.68 days. The absence performance of Local Government Employees was 0.81 days per FTE employee **above** the 9.60 day annual target, and experienced a 0.5 days per FTE employee increase in the absence levels reported for 2014/2015.
- 6.5 Please see **Appendix B** for trends in Council overall and employee group absence performance in recent years, in comparison to other Scottish Councils.
- 6.6 At the Audit, Scrutiny and Petitions Board meeting on 6 June 2016 there was an action to provide additional comparative information for other Scottish local authorities in relation to their absence statistics. Please find the Scottish

Council absence performance of Teachers for 2010/2011 to 2014/2015 outlined in **Appendix C**, and for Local Government employees during the same time period provided in **Appendix D**. In line with the reporting requirements for Scottish Councils, absence is expressed as a number of work days lost per full time equivalent (FTE) employee.

- 6.7 It is of note that Renfrewshire Council's Local Government and Teacher absence performance rankings all improved between 2013/2014 and 2014/2015. This resulted in absence performance improving for the Council overall, from 10th to 9th place for Local Government employees and from 20th to 12th position for Teachers. The ranking information for 2015/ 2016 will not be available until later this year.

7. Reasons for Absence

- 7.1 The category with the highest level of absence in quarter ending June is 'Psychological' – 26.47% (non work related – 23.58%, work related – 2.89%), with the second highest being 'Musculoskeletal and Joint Disorders' – 26.29%. This compares with quarter ending 23 March 2016 when the category with the highest level of absence was 'Psychological' - 23.90% (non work related - 20.77%, work related - 3.13%), with the second highest being 'Musculoskeletal and Joint Disorders' - 20.21%.
- 7.2 At the Audit, Scrutiny and Petitions Board meeting on 6 June 2016 information was also requested in relation to work related stress. Consistently, the 'Psychological – work related' illness category is responsible for less than 5% of Council quarterly sickness absence. To assist with all psychological health issues and absence, including those due to work or non work related stress, the Council has a range of support services that employees can be referred to at an early stage for assistance, including the Time for Talking counselling service and the Occupational Health Service which also provides access to Cognitive Behavioural Therapy. There are also Council policies, guidance and training to assist managers and employees which are specific to stress related issues. At a national level the 2015 Chartered Institute of Personnel Development's Absence Management annual survey report outlined stress as a common cause of both short and long term absence.

8. Supporting Attendance Activity

- 8.1 Recent and planned actions to improve absence performance include the following:-
- Proactively contacting managers who have absence cases of 2 to 4 weeks in duration, to monitor action taken to date and proposed next steps. This is to ensure that managers intervene early in absence cases and keep in regular contact with absent employees. In turn, discussion is facilitated around the employee's progress, any support that may be required and allows flexible return to work options to be explored.
 - Ongoing promotion of the Occupational Health Service Early Intervention Helpline for managers. The aim is to ensure managers receive prompt

medical guidance and employees can be quickly referred to support services, where appropriate.

- Continued delivery of supporting attendance training at a corporate level for managers, with the provision of tailored training for managers and employees at a service level on request.
- Ongoing health promotion activities including smoking cessation, mental health awareness and events aimed at raising employee awareness of health issues.
- Ongoing work to improve the absence information available to managers, and to streamline supporting attendance related processes to facilitate prompt absence reporting, recording and updating of relevant systems.

9. Costs of Sick Pay

9.1 The costs associated with sick pay are provided to the Audit, Scrutiny and Petitions Board. The table to follow outlines the costs of sick pay by employee group and overall for 2014/2015 to 2016/2017:-

Details of Occupational Sick Pay and Statutory Sick Pay Costs Per Employee Group and Overall for 2014/2015 to 2016/2017

Quarter/Year	Teachers (includes Supply Teachers)	All Other Employees	Overall
Quarter 1 of 2014/2015	£490,739	£1,085,444	£1,576,183
Quarter 2 of 2014/2015	£231,365	£1,108,770	£1,340,135
Quarter 3 of 2014/2015	£396,512	£999,266	£1,395,778
Quarter 4 of 2013/2014	£552,457	£944,041	£1,496,498
2014/2015 Overall	£1,671,073	£4,137,521	£5,808,594
Quarter 1 of 2015/2016	£393,394	£935,284	£1,328,678
Quarter 2 of 2015/2016	£125,710	£1,286,198	£1,411,908
Quarter 3 of 2015/2016	£546,844	£1,089,060	£1,635,904
Quarter 4 of 2015/2016	£468,848	£1,188,264	£1,657,112
2015/2016 Overall	£1,534,796	£4,498,806	£6,033,602
Quarter 1 of 2016/2017	£352,501	£1,196,057	£1,548,558
2016/2017 Year To Date	£352,501	£1,196,057	£1,548,558

Implications of this Report

- 1 **Financial Implications** - Improvement in attendance impacts on the financial costs of absence.
 - 2 **HR and Organisational Development Implications** - HR and Organisational Development Practitioners will continue to work with service managers and consult with the Trade Unions, on the implementation of the Supporting Attendance at Work Policy and Guidance and initiatives detailed in this report.
 - 3 **Community Planning**

Children and Young People - none.

Jobs and the Economy - none.

Community care, health and wellbeing - provides for continuous improvement in health and attendance.

Safer and Stronger - provides for improved service performance across the Council.

Greener - none.

Empowering our Communities - none.
 - 4 **Legal Implications** - none.
 - 5 **Property/Asset Implications** - none.
 - 6 **Information Technology Implications** - none.
 - 7 **Equality and Human Rights Implications** - none.
 - 8 **Health and Safety Implications** - it is integral to the Council's aim of securing the health and well being of employees.
 - 9 **Procurement Implications** - none.
 - 10 **Risk Implications** - Without continued effective supporting attendance focus, there is a risk that sickness absence levels will adversely impact on the Council both financially and in terms of service delivery. Consequently supporting attendance activities are monitored via the Corporate Risk Register.
 - 11 **Privacy Impact Implications** - none.
-

List of Background Papers - none.

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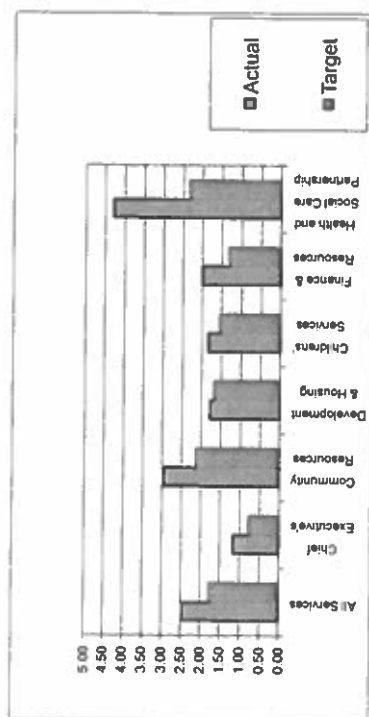
Index of Appendices

Appendix A	Graphs detailing trends in service, Council overall and employee group absence levels against targets for quarter ending 19 June 2016.
Appendix B	Graphs detailing trends in Council overall and employee group absence performance as well as sick pay costs, for the years 2010/2011 to 2016/2017 year to date.
Appendix C	Table detailing the Scottish Council absence performance of Teachers for 2010/2011 to 2014/2015.
Appendix D	Table detailing the Scottish Council absence performance of Local Government Employees for 2010/2011 to 2014/2015.

PERFORMANCE V TARGETS 2016/2017

Quarter 1

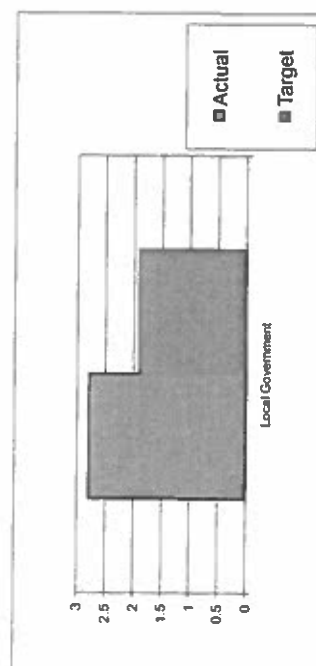
MARCH 2016 - JUNE 2016



	Actual	Target	Difference
All Services	2.46	1.79	0.67
Chief Executive's	1.17	0.80	0.37
Community Resources	2.96	2.15	0.81
Development & Housing	1.79	1.69	0.10
Children's Services	1.85	1.56	0.29
Finance & Resources	2.02	1.34	0.68
Health and Social Care			
Partnership	4.29	2.36	1.93

Quarter 1

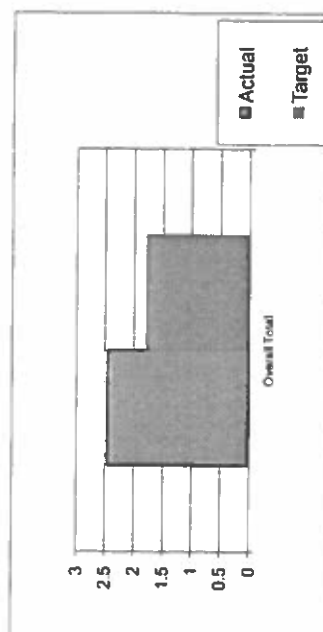
MARCH 2016 - JUNE 2016



	Actual	Target	Difference
Local Government	2.80	1.92	0.88

Quarter 1

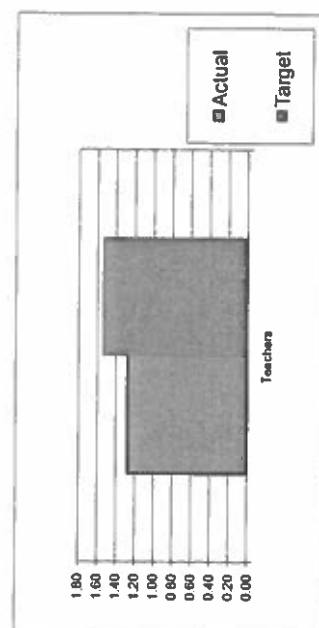
MARCH 2016 - JUNE 2016



	Actual	Target	Difference
Overall Total	2.46	1.79	0.67

Quarter 1

MARCH 2016 - JUNE 2016

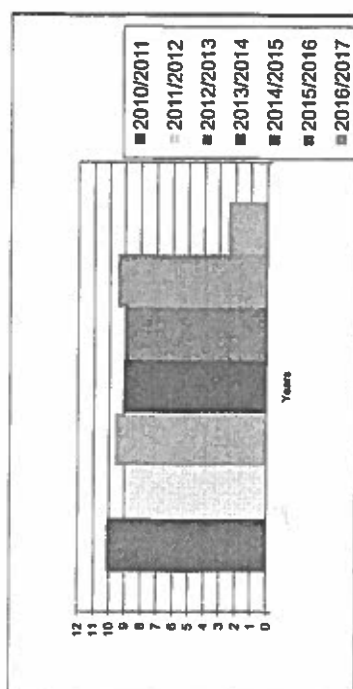


	Actual	Target	Difference
Teachers	1.28	1.54	-0.26

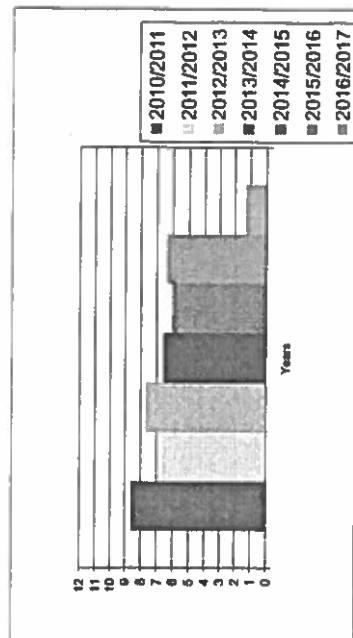
ABSENCE (DAYS LOST PER FTE EMPLOYEE) V OTHER SCOTTISH COUNCILS AND SICK PAY COSTS 2010/2011 TO 2016/2017

APPENDIX B

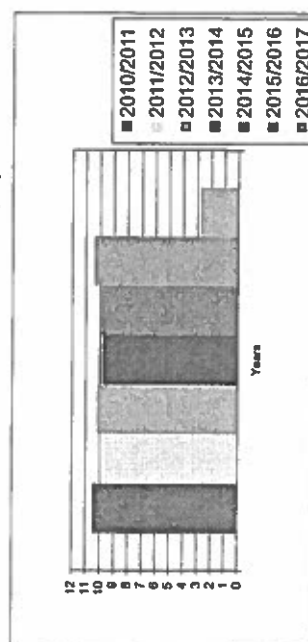
Council Overall



Teachers



Local Government Employees



Sickness Absence Days per Teacher

Local Authority	2010/11	Rank	2011/12	Rank	2012/13	Rank	2013/14	Rank	2014/15	Rank	% Value Change 2010/11-2014/15	Change In rank 2010/11-2014/15	% Value Change 2013/14-2014/15	Change In rank 2013/14-2014/15
Aberdeen City	6.92	21	6.74	22	6.69	19	6.70	23	5.57	8	-19.43	-13	-16.84	-15
Aberdeenshire	5.78	11	5.42	8	5.64	7	5.37	7	6.64	21	14.95	10	23.66	14
Angus	5.93	12	6.08	13	6.30	13	5.47	8	5.79	10	-2.36	-2	5.92	2
Argyll & Bute	7.85	25	7.62	28	8.16	28	6.71	24	8.07	28	2.86	3	20.33	4
Clackmannanshire	6.78	20	6.89	23	15.72	32	5.65	11	10.14	32	49.46	12	79.23	21
Dumfries & Galloway	9.32	32	7.04	24	6.72	20	6.95	27	6.51	20	-30.21	-12	-6.33	-7
Dundee City	6.58	17	6.28	15	6.17	12	6.10	17	6.94	24	5.39	7	13.82	7
East Ayrshire	5.57	8	5.13	4	5.88	11	5.14	2	5.26	4	-5.60	-4	2.34	2
East Dunbartonshire	4.78	4	7.75	29	6.67	18	6.92	26	6.14	14	28.62	10	-11.28	-12
East Lothian	6.76	19	5.67	9	5.49	6	5.76	14	8.27	29	22.31	10	43.53	15
East Renfrewshire	4.49	1	5.39	6	5.43	5	6.10	18	6.27	16	39.64	15	2.77	-2
Edinburgh City	6.32	15	5.90	10	5.28	4	5.63	10	5.39	5	-14.74	-10	-4.30	-5
Eilean Siar	8.72	29	7.76	30	7.18	23	5.78	15	9.58	31	9.77	2	65.76	16
Falkirk	4.65	2	4.16	1	4.90	2	4.34	1	4.76	2	2.31	0	9.73	1
Fife	5.73	9	5.41	7	6.52	14	5.81	16	5.70	9	-0.44	0	-1.81	-7
Glasgow City	6.68	18	5.97	12	6.63	17	6.12	19	5.83	11	-12.80	-7	-4.73	-8
Highland	6.42	16	6.31	16	5.70	9	5.14	3	5.56	7	-13.43	-9	8.11	4
Inverclyde	8.13	27	8.72	32	8.35	30	7.56	32	6.42	18	-21.05	-9	-15.08	-14
Midlothian	4.88	5	4.79	2	5.21	3	5.25	5	5.50	6	12.57	1	4.82	1
Moray	9.21	31	7.97	31	6.55	15	6.75	25	7.02	25	-23.71	-6	4.08	0
North Ayrshire	5.47	7	5.91	11	6.61	16	5.70	13	3.64	1	-33.49	-6	-36.21	-12
North Lanarkshire	8.75	30	7.52	27	8.23	29	7.02	28	7.81	27	-10.69	-3	11.25	-1
Orkney Islands	7.94	26	6.59	20	7.02	22	6.67	21	6.48	19	-18.35	-7	-2.84	-2
Perth & Kinross	7.45	23	7.20	25	8.42	31	7.24	30	6.88	22	-7.59	-1	-4.90	-8
Renfrewshire	8.59	28	6.56	18	7.68	25	6.61	20	6.05	12	-29.55	-16	-8.35	-8
Scottish Borders	5.76	10	6.36	17	7.47	24	6.69	22	6.34	17	10.14	7	-5.17	-5
Shetland Islands	6.15	13	6.68	21	5.82	10	5.70	12	7.56	26	22.94	13	32.66	14
South Ayrshire	6.16	14	6.56	19	7.72	26	7.09	29	8.40	30	36.43	16	18.53	1
South Lanarkshire	7.39	22	7.24	26	7.83	27	7.36	31	6.89	23	-6.77	1	-6.33	-8
Stirling	4.72	3	4.84	3	5.65	8	5.19	4	5.09	3	7.65	0	-2.01	-1
West Dunbartonshire	7.66	24	6.11	14	6.88	21	5.28	6	6.11	13	-20.24	-11	15.69	7
West Lothian	5.12	6	5.28	5	4.89	1	5.50	9	6.27	15	22.45	9	14.00	6
Scotland	6.60		6.21		6.64		6.10		6.28		1.16		2.99	

Sickness Absence Days per Employee (non-teacher)

Local Authority	2010/11	Rank	2011/12	Rank	2012/13	Rank	2013/14	Rank	2014/15	Rank	% Value Change 2010/11-2014/15	Change in rank 2010/11-2014/15	% Value Change 2013/14-2014/15	Change in rank 2013/14-2014/15
Aberdeen City	15.91	32	13.05	30	13.37	29	12.69	30	11.24	20	-29.34	-12	-11.42	-10
Aberdeenshire	9.79	7	9.82	11	10.04	7	9.57	5	9.84	8	0.49	1	2.79	3
Angus	9.79	6	10.34	18	10.78	15	9.74	8	10.00	10	2.17	4	2.65	2
Argyll & Bute	10.03	10	9.11	2	10.93	18	11.03	24	11.32	21	12.82	11	2.63	-3
Clackmannanshire	8.97	2	7.86	1	21.06	32	7.92	1	12.78	30	42.52	28	61.33	29
Dumfries & Galloway	10.33	12	10.71	21	11.09	19	11.05	26	12.66	28	22.61	16	14.62	2
Dundee City	10.98	22	11.01	25	11.78	26	11.73	27	11.97	24	9.03	2	1.99	-3
East Ayrshire	10.95	21	10.76	22	11.14	20	8.76	2	9.07	2	-17.19	-19	3.55	0
East Dunbartonshire	11.93	27	16.05	32	13.78	31	13.07	32	12.68	29	6.29	2	-2.99	-3
East Lothian	11.33	25	10.98	24	10.52	13	9.76	9	11.11	18	-1.91	-7	13.78	9
East Renfrewshire	10.83	18	10.71	20	11.32	22	12.19	29	13.37	31	23.38	13	9.65	2
Edinburgh City	10.91	19	10.33	17	9.71	3	9.90	11	10.74	14	-1.52	-5	8.53	3
Eilean Siar	13.02	31	13.81	31	10.39	10	10.54	19	12.58	27	-3.38	-4	19.36	8
Falkirk	10.71	17	10.22	14	11.47	23	10.66	21	11.48	22	7.22	5	7.71	1
Fife	12.87	30	11.77	27	12.23	28	10.60	20	10.95	15	-14.96	-15	3.24	-5
Glasgow City	9.35	3	9.24	3	9.73	4	9.61	6	10.15	13	8.57	10	5.63	7
Highland	10.45	13	9.26	4	9.86	5	9.16	4	9.77	7	-6.48	-6	6.75	3
Inverclyde	10.93	20	10.92	23	10.68	14	11.89	28	11.11	19	1.70	-1	-6.52	-9
Midlothian	9.63	5	9.97	13	10.47	12	10.04	14	10.11	11	4.91	6	0.61	-3
Moray	9.91	9	9.89	12	10.80	16	10.24	16	11.88	23	19.91	14	16.04	7
North Ayrshire	8.01	1	9.77	10	10.26	9	10.09	15	9.48	6	18.32	5	-6.06	-9
North Lanarkshire	11.16	23	10.32	16	11.30	21	9.91	12	10.12	12	-9.31	-11	2.18	0
Orkney Islands	9.56	4	9.74	8	9.20	1	8.95	3	8.80	1	-7.91	-3	-1.69	-2
Perth & Kinross	10.31	11	10.24	15	9.68	2	9.62	7	9.09	3	-11.83	-8	-5.51	-4
Renfrewshire	10.54	15	9.64	7	10.23	8	9.81	10	9.92	9	-5.93	-6	1.13	-1
Scottish Borders	11.93	28	10.36	19	11.62	24	11.04	25	11.01	16	-7.70	-12	-0.31	-9
Shetland Islands	12.23	29	12.97	29	12.15	27	10.38	17	12.22	26	-0.05	-3	17.67	9
South Ayrshire	11.71	26	11.25	26	11.63	25	10.98	23	9.31	5	-20.54	-21	-15.25	-18
South Lanarkshire	9.86	8	9.76	9	10.40	11	10.03	13	11.07	17	12.29	9	10.34	4
Stirling	10.46	14	9.40	6	9.91	6	10.45	18	9.13	4	-12.64	-10	-12.62	-14
West Dunbartonshire	11.26	24	12.22	28	13.45	30	12.90	31	14.46	32	28.35	8	12.09	1
West Lothian	10.64	16	9.28	5	10.89	17	10.87	22	12.16	25	14.30	9	11.89	3
Scotland	10.79		10.38		10.90		10.34		10.80		4.03		4.49	



To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Audit Scotland Reports– Benefits Performance Audit Annual Update 2015/16 & Housing Benefit Good Practice Guide.

1. Summary

- 1.1 The Council's external auditor is Audit Scotland, as part of their remit they are required to carry out Housing Benefit Audit Risk Assessments across the 32 Local Authorities in Scotland. The main objective of the benefit performance audit is to help councils improve their benefit services, but it also holds councils to account for any failing services.
- 1.2 Risk assessment reports are provided to council Chief Executives who are invited to prepare an improvement plan detailing the actions with associated timescales that they will take to address identified risks. These reports are also copied to the Department for Work and Pensions (DWP) to provide assurances over how Scottish councils are performing.
- 1.3 In June 2015 Audit Scotland published their report "*Benefits Performance Audit Annual Update 2015/16*" (copy attached as Appendix 1) This report provides a summary of the performance audit work carried out by Audit Scotland on the housing benefit services during 2015/16 including Renfrewshire Council.
- 1.6 The report highlights key issues from the Risk Assessments carried out and identifies good practice.

- 1.7 The outcome of the Risk Assessment carried out at Renfrewshire (noted above) was reported to the Audit, Scrutiny and Petitions Board on 21 September 2015.
- 1.8 In April 2016, Audit Scotland issued a '*Best Practice Guide*' (attached as appendix 2) The purpose of the report was to summarise in a single report, initiatives which had been introduced by Councils and identified by the Risk Assessments carried out during 2013/14 and 2014/15.
-

2. Recommendations

- 2.1 To note the Audit Scotland Report '*Benefits Performance Audit Annual Update 2015/16*' (appendix 1)
- 2.2 To note the Audit Scotland Report '*Housing Benefit Good Practice Guide*'
-

3. Background

- 3.1 Senior officers within the Service have examined the Audit Scotland report, '*Benefits Performance Audit Annual Update 2015/16*' (appendix 1)
- 3.2 As stated in section 1.7 above, the outcome of Renfrewshire Council's Risk Assessment was previously reported to the Board. Members may wish to note that only two risks to continuous improvement were identified. Paragraph 24 of the Annual Update details that a total of 45 risks were identified by the Risk Assessments carried out in 11 Councils during 2015/16.
- 3.3 Senior officers within the Service have reviewed the *Housing Benefit Good Practice Guide* and were encouraged that Renfrewshire Council had been highlighted as 'Best Practice' in relation to the proactive methods it uses to encourage customers to report changes. (Please refer to paragraph 31 of Appendix 2)
- 3.4 Officers have also reviewed in full all of the Best Practice examples highlighted in the *Housing Benefit Good Practice Guide*. With a strong, ongoing commitment to Continuous Improvement and the delivery of Best Value the Service has assembled a working group to consider the ideas in full and assess the appropriateness of their application in Renfrewshire.

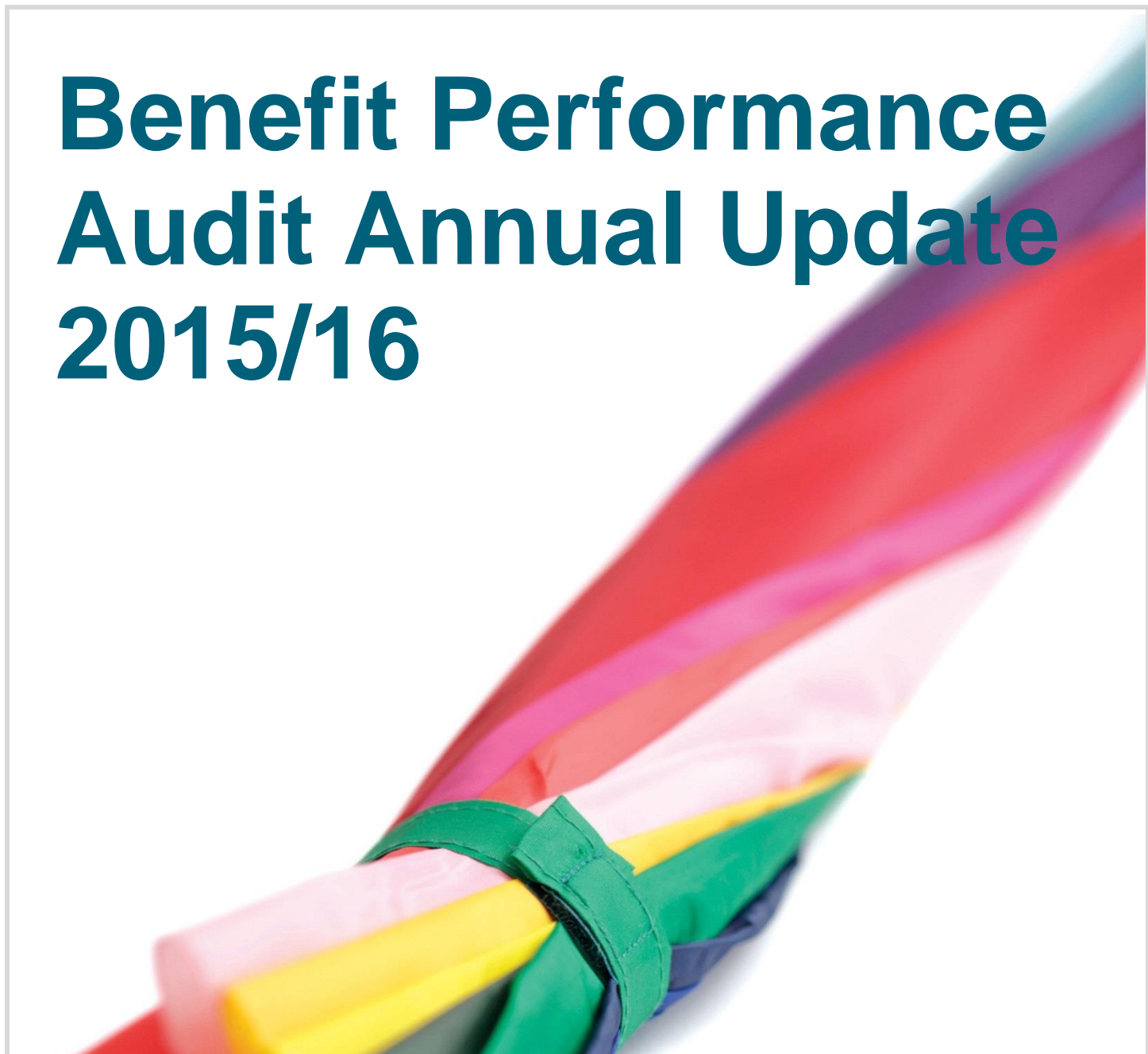
Implications of the Report

1. **Financial** – an efficient, effective Benefit Service assists council tenants meet their financial obligations in terms of rent and council tax and ensures overpayments are minimised and DWP subsidy maximised
 2. **HR & Organisational Development** - *none*
 3. **Community Planning** –

Community Care, Health & Well-being – An effective Benefits service is vital to the quality of life of many of our citizens as it provides vital support for low income households in order to sustain tenancies and meet their rent obligations
 4. **Legal** - *none*
 5. **Property/Assets** - *none*
 6. **Information Technology** - *none*
 7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety** - *none*
 9. **Procurement** – *none*
 10. **Risk** - *none*
 11. **Privacy Impact** - *none*
-

Author: Emma Shields ext 6880

Benefit Performance Audit Annual Update 2015/16



Prepared for The Accounts Commission
June 2016

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Purpose

1. This report provides a summary of the performance audit work carried out by Audit Scotland on Scottish councils' housing benefit (HB) services during 2015/16.

Key messages

2. During 2015/16 we issued 11 reports to councils which identified 45 risks to continuous improvement that were accepted. We found that 85% of risks identified during previous risk assessments had been either fully or partially addressed (83% in 2014/15). Council feedback on the performance audit process remains positive.
3. When benefit services are well managed they can deliver value for money and high quality services for customers. However, we found that:
 - speed of processing performance was of concern in seven councils. For example, in two councils the level of benefit processing resources may not be sufficient to sustain or improve current claims processing performance
 - quality checking is not carried out consistently, and that outcomes from quality checks are not routinely collated and analysed in six councils
 - business planning and performance reporting were weak in four councils which included targets not being set for all areas of the service and limited performance reporting in respect of all areas of the service.
4. Universal Credit (UC) continues to be rolled out across Scotland with all councils now having some local residents claiming UC. The Department for Work and Pensions (DWP) plan is that the majority of existing HB claims will migrate to UC by 2021.
5. Scottish councils have now completed the transfer of responsibility for investigating benefit fraud and, in many cases, fraud staff to the DWPs Single Fraud Investigation Service (SFIS). Councils need to ensure that sufficient resources are in place to investigate other types of fraud.
6. The Scottish Parliament's new devolved social security powers may result in some aspects of the devolved benefits being delivered by a number of organisations including local authorities.

Background

7. During 2015/16, one in five Scottish households received financial support to help pay for their rent in the form of means tested HB. Scottish councils paid out £1.73 billion in HB awards in 2015/16 (£1.74 billion in 2014/15).
8. Between March 2009 and March 2015, there has been a 7% increase in HB claims in Scotland. However, the increase has not been constant with a 1.6% reduction in claim numbers between March 2014 and March 2015. This is discussed in more detail at paragraph 30.
9. In 2015/16, councils received £27.8 million (£29.5 million in 2014/15) in funding from the DWP to deliver HB services. This 5.8% reduction in funding in 2015/16 is due to assumed efficiency savings. There is no consistent data available to allow comparison across Scottish councils regarding the cost of administering HB in 2015/16. The latest statutory performance indicators published for 2012/13, before council tax benefit was abolished, indicated that the cost of administration of both HB and council tax benefit at that time was £71.4 million in Scotland.
10. The main objective of the benefit performance audit is to help councils improve their benefit services but it also holds councils to account for any failing services. The audit has two phases:
 - a risk assessment phase that identifies risks to continuous improvement
 - a focused audit phase that examines the service, or parts of it in more detail, if a council is unable or unwilling to address key risks identified in phase one.
11. Risk assessment reports are provided to council Chief Executives who are invited to prepare an improvement plan detailing the actions, with associated timescales, that they will take to address the identified risks. These reports are also copied to the DWP to provide assurances over how Scottish councils are performing.
12. When a focused audit is required the Controller of Audit prepares a report to the Accounts Commission. Focused audit reports are provided to council Chief Executives and are also copied to the DWP and published on the Audit Scotland website.

Work carried out during 2015/16

13. We reviewed our risk based approach to benefit performance audit to ensure that the councils that we considered to be the highest risk were visited during the year. Appendix A contains the details of the 11 risk assessment reports that were issued to council Chief Executives during 2015/16. No focused audits were carried out.
14. Following receipt and review of council improvement plans to address the risks identified in our risk assessment reports, progress reports were requested from six councils. Three progress reports relate to risk assessment reports issued in 2014/15 as detailed in *Appendix B*.
15. To date, we have received progress reports from all six councils. Due to further improvements being required, we have requested updates from Clackmannanshire Council and East Dunbartonshire Council in July 2016. Action taken to address risks was considered to be satisfactory in all updates received to date.
16. In line with Audit Scotland's objective of identifying and sharing good practice, three thematic studies were undertaken during 2015/16. More information on each study is provided in the following paragraphs.

Review of housing benefit subsidy certification issues 2014/15

17. A review was undertaken of issues identified by auditors during the certification of the 2014/15 HB subsidy claims. Auditors identified 43 errors across 18 councils, an improvement from 2013/14 where auditors identified 60 errors in subsidy claims in respect of 19 councils. The errors identified resulted in subsidy being over claimed by £1.134 million (0.06% of expenditure) in the year-end claims submitted by councils to the DWP.
18. Auditors reported that most errors were identified in the classification of expenditure and the calculation of claimant income. The report is available on our [website](#).

Review of activity to reduce fraud and error in housing benefit

19. A review of the activity undertaken by Scottish councils in order to reduce fraud and error highlighted that the monetary value of HB fraud and error has been steadily rising across the UK, with 2014/15 showing a loss of £1.38 billion. Claimant error is the largest contributor to this figure with a total loss of £770 million (56%).

20. From April 2013, there was a reduction in intervention activity by some councils as a result of the need to manage the impact of the UK government's welfare reform agenda.
21. However, during 2014/15, there was a significant increase in intervention activity and improvements to the methods of identifying suitable cases. Although many councils have introduced innovative ways of carrying out interventions that have produced positive outcomes, there remains scope for further improvement in others. The report is available on our [website](#).

Housing Benefit Good Practice Guide: initiatives which deliver best value

22. This report summarises initiatives introduced by councils, and identified during our HB performance audits in 2013/14 and 2014/15, which have helped to deliver continuous improvement.
23. The report also considers the effectiveness of these initiatives in helping to deliver continuous improvement in benefit services and it is hoped that these might be of interest to councils that are finding it difficult to deliver continuous improvement going forward in an environment of reducing budgets and increasing workloads. The report is available on our [website](#).

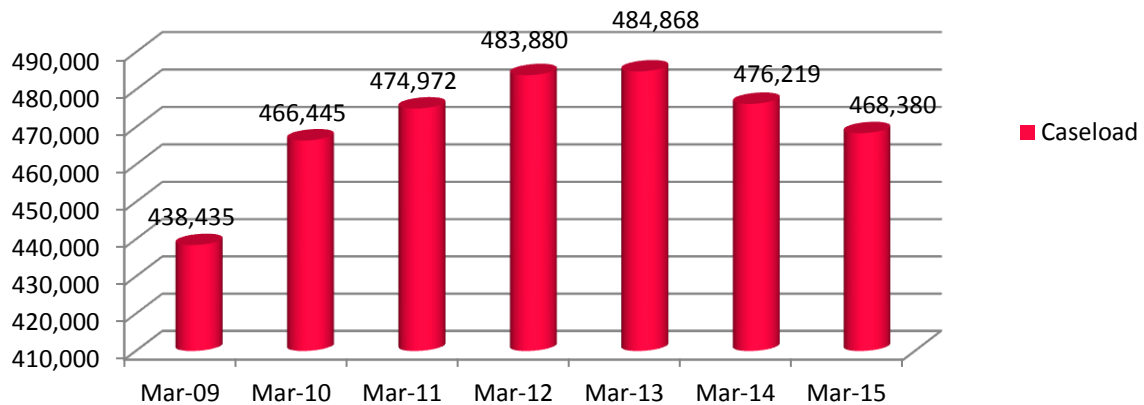
Outcomes of the 2015/16 risk assessments

24. Audit Scotland identified 45 risks to continuous improvement (70 in 2014/15) in the 11 risk assessments completed in 2015/16. We are pleased to report that only one risk to continuous improvement was identified in both the Moray Council and Orkney Islands Council.
25. Our work identified that 85% (123 out of 145) of previously agreed actions had been fully or partially implemented (83% in 2014/15).
26. Improvement plans have been received from all councils visited. Analysis of the risks identified shows that:
 - 100% (100% in 2014/15) of the identified risks were fully accepted by councils

- 17% (25/145) of agreed risks from previous risk assessments were carried forward (22% in 2014/15). Councils have cited resourcing issues as a reason why not all agreed actions have been implemented.
27. We have found that where benefit services are well managed they can deliver value for money and high quality services for claimants.
28. During 2015/16 Audit Scotland has identified weaknesses in the following key areas:
- Quality checking is not carried out consistently and outcomes are not routinely collated and analysed in respect of all activities to inform a risk-based approach. In addition, more work needs to be done to measure performance and improvement over time which can then be used to evaluate individual performance.
 - Business planning and performance reporting weaknesses were identified. It was noted that targets are not set for all areas of the service and/or there is limited performance reporting to senior management and elected members in respect of all areas of the service. The level of resources within the benefit service may not be sufficient to enable the service to continually improve or sustain current performance levels across all of its activities. The continued use of temporary staff on short term contracts could result in the further loss of staff to other areas of the council or externally.
 - Speed of processing performance issues were identified. It was noted that the current level of benefit processing resources may not be sufficient to sustain or improve on current claims processing performance in two councils.
29. Between March 2009 and March 2015, the number of HB claims in Scotland increased by 29,945 (7%). However the increase has not been constant as detailed in Exhibit 1 below which shows that claim numbers peaked at almost 485,000 during 2012/13 before falling by 1.8%, at March 2014. Exhibit 2 shows that claim numbers continued to fall during 2015/16 by

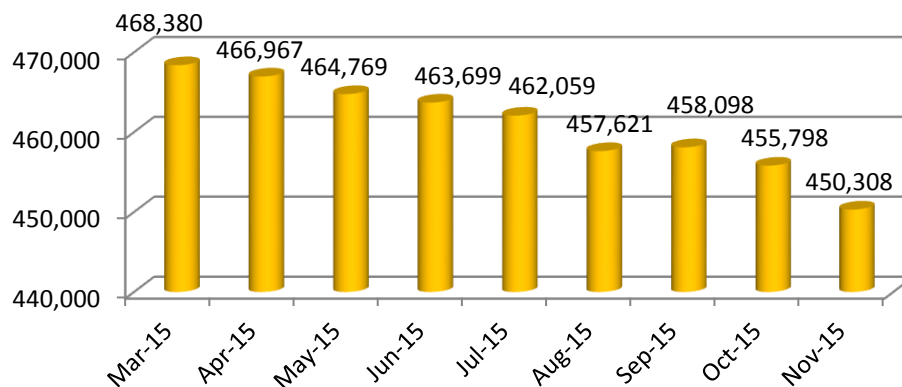
a further 1.6% between March 2015 and November 2015.

Exhibit 1: change in HB caseload in Scotland March 2009-March 2015



During 2015/16 the downward trend in claim numbers has continued as shown in exhibit 2 below.

Exhibit 2: HB caseload in Scotland during 2015/16



Exhibits 1 & 2: Source DWP caseload statistics

30. The fall in claim numbers in recent years may be due to several reasons including:
- people working longer before retiring
 - falling unemployment levels in some areas
 - claimants moving into work, possibly due to the claimant commitment changes in Jobseeker's Allowance, and the reducing numbers of people qualifying for Employment Support Allowance, Incapacity Benefit and Personal Independence Payments

- a small number of claimants moving to UC and therefore becoming ineligible for HB.

Stakeholder feedback

31. Feedback questionnaires are issued to benefit managers after each risk assessment in order to gain assurances over whether the audit methodology is effective and to look for areas which could be improved. During 2015/16, we received responses from 13 councils.
32. Overall the responses were positive and provided Audit Scotland with assurance that the audit methodology is fit for purpose and proportionate. The following comments help illustrate these responses:
 - "The audit report will inform our service review".
 - "It is helpful for elected members to have an accurate independent assessment of the service particularly during a time of major reform and limited resource availability".
 - "As well as suggestions for improvement, the report included positive feedback and recognition of improvements; this was a real morale boost when shared with staff".
 - "The audit provides a strong set of basic principles that in general can be adapted to other council services, thus helping to strengthen processes and outcomes in other non-benefit related areas".
 - "We have found the experience to be extremely beneficial and we found that our auditor had an excellent understanding of the challenges we face".
33. Whilst the majority of the responses were good, not every council found the process to be so positive. Particular concerns were raised by one council:
 - "In terms of the report it would be helpful to not have issues repeated across various areas as it was difficult to group items in a meaningful way for the action plan. I think that it was unclear what documentary evidence was required".
34. Audit Scotland has taken these comments on board in the planning and delivery of risk assessments. Councils are given as much notice as possible of risk assessments and discussions are held with benefit managers prior to submission regarding the self-assessment requirements. We also try to concentrate on the challenges facing each council and how they respond to those challenges.
35. HB risk assessment reports continue to be shared with the DWP. We also continue to monitor our approach in conjunction with the DWP through quarterly meetings between the Manager,

Benefits-Technical and senior officers in the DWP's Housing Delivery Division.

Welfare reform

36. Councils continue to work with partners to help deliver the UK government's welfare reform agenda.

Universal credit (UC)

37. UC roll-out has continued in the Inverness Jobcentre area where single claimants have claimed UC since November 2013. This was expanded to claims from couples in June 2014 and claims from families in January 2015. Highland Council has been providing personal budgeting support, digital access, housing cost knowledge, and advice and support to claimants.
38. The rollout of UC across the rest of Scotland began in February 2015 for single people who would otherwise have been eligible for income based Jobseeker's Allowance, including those with existing HB. By April 2016, all Scottish councils had some local residents claiming UC.

Universal Credit Full Digital Service

39. The Universal Credit Digital Service will allow users to make a claim, notify changes of circumstance and search for a job through a single account, making digital the primary channel for most working-age people to interact with the DWP.
40. On 23 March 2016, Musselburgh Job Centre in East Lothian was the first Job Centre in Scotland to provide the full Universal Credit Digital Service. Further roll-out of the full digital service will take place from May 2016 with phases 1 and 2 taking place between May and December 2016. Highland Council is the only Scottish council included in either of these phases. The UK government expects the national roll-out to the digital service to be completed in June 2018. The migration of the remaining working age existing HB claimants to the full UC service will start thereafter and expected to be completed by 2021.

DWP's Single Fraud Investigation Service (SFIS)

41. The DWP has completed the roll-out of its Single Fraud Investigation Service (SFIS). All Scottish councils have now transferred their responsibility for investigating benefit fraud, and in many cases, their fraud investigators to SFIS. Councils should ensure sufficient resources are in place to investigate other fraud unrelated to HB, such as council tax reduction fraud, tenancy fraud and other corporate fraud.

Devolved financial powers

42. The Smith Commission recommended that the Scottish Parliament be given complete autonomy to determine the structure and value of a range of powers over disability, and devolution of the components of the Regulated Social Fund. In addition, it was recommended that the Scottish Parliament should be given the power to make administrative changes to UC and to vary the housing cost element.
43. The Smith Commission's proposals will devolve around £2.7 billion (15.3%) of Scottish benefit expenditure to the Scottish Parliament.
44. Although the Scotland Act 2016 only received Royal assent in March 2016, the Scottish Government have been planning and preparing for the delivery of the devolved aspects of social security included within the Act. The Government's plans include:
- the introduction of a Scottish social security bill in the first year of the new Parliament
 - the setting up of a new agency to deliver the social security powers
 - the initial delivery of the devolved benefits by the DWP in order to help ensure a smooth transition and to avoid delays for claimants
 - a fully costed business case detailing how the new powers will be delivered will be published later this year.
45. It is possible that some of the devolved benefits will be delivered by a number of organisations including local authorities, DWP, and the third sector.

Appendix A – The 2015/16 risk assessment programme

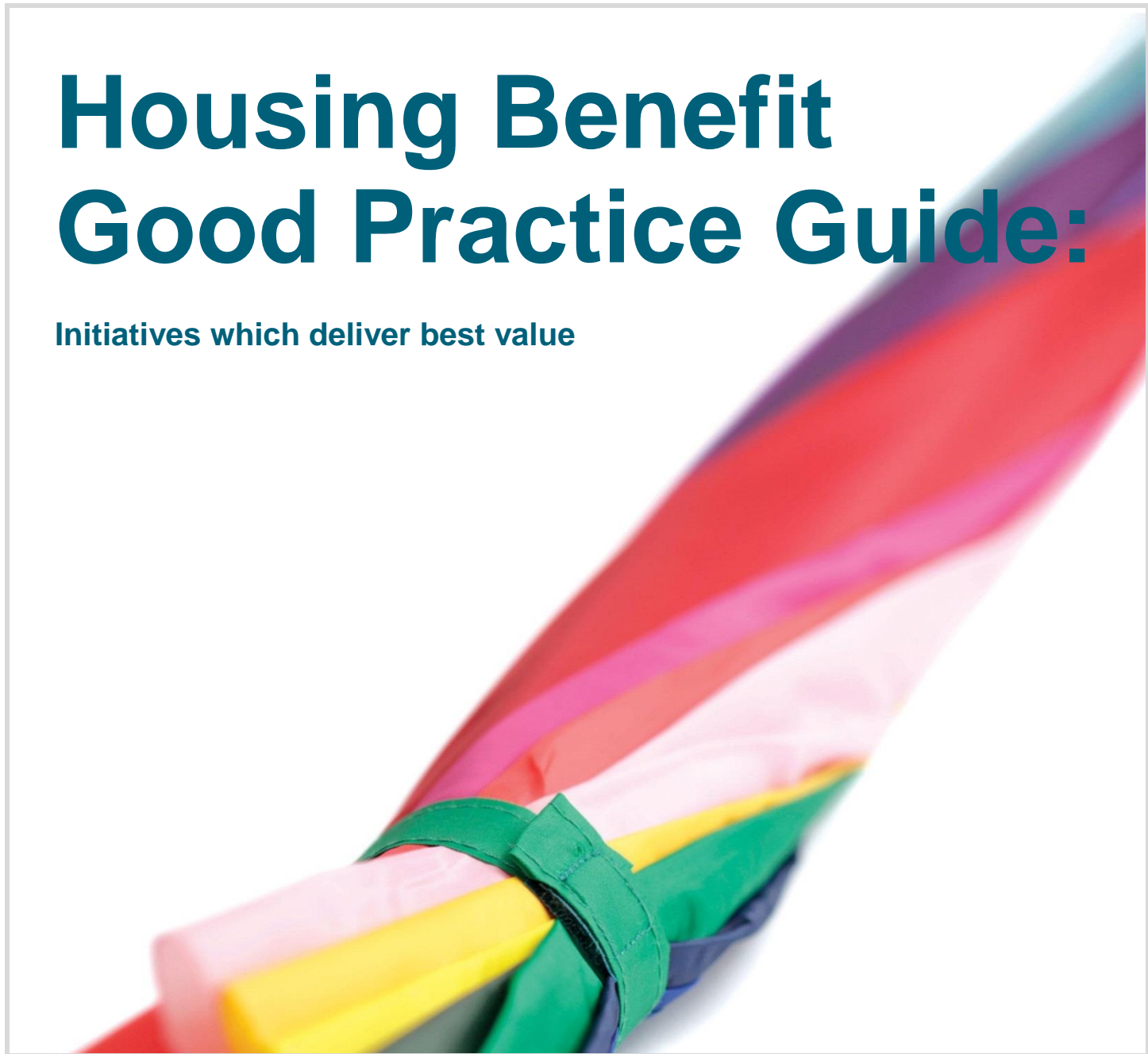
Date on site	Council	Date reported
March 2015	Clackmannanshire	May 2015
April 2015	East Dunbartonshire	May 2015
May 2015	Renfrewshire	June 2015
May 2015	North Ayrshire	June 2015
June 2015	Aberdeen City	July 2015
July 2015	Orkney	August 2015
August 2015	Moray	September 2015
September 2015	North Lanarkshire	November 2015
October 2015	East Lothian	November 2015
October 2015	Perth & Kinross	December 2015
December 2015	Falkirk	January 2016

Appendix B – Progress reports requested during 2015/16

Council	Date progress report received/expected	Conclusion on action taken to address risks
East Ayrshire Council	April 2015	Updates received and satisfactory progress made. A full risk assessment is planned for 2016.
East Renfrewshire Council	July 2015	Update received and satisfactory progress made.
West Lothian Council	August 2015	Update received and satisfactory progress made.
Clackmannanshire Council	November 2015, February 2016 & July 2016	Update received and satisfactory progress made to date. A further update has been requested by July 2016.
East Dunbartonshire Council	May 2016	Update received and a further update has been requested by July 2016.
North Ayrshire Council	May 2016	Update received and satisfactory progress made.

Housing Benefit Good Practice Guide:

Initiatives which deliver best value



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
28 April 2016

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website:

www.audit-scotland.gov.uk/about/ac

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Introduction

1. Audit Scotland undertakes housing benefit (HB) performance audits on behalf of the Accounts Commission as part of the audit of councils. Following each performance audit, a HB risk assessment report is provided to the council Chief Executives. These reports are also presented to council audit committees and copied to the Department for Work and Pensions (DWP).
2. The purpose of this report is to summarise into a single overarching report initiatives, that were introduced by councils and identified during our audits in 2013/14 and 2014/15, which have helped to deliver Best Value¹.
3. The report follows the same structure as HB risk assessment reports issued to councils in considering the effectiveness of these initiatives in helping to deliver continuous improvement in meeting national and local priorities, business planning, performance reporting and delivering outcomes. These initiatives might be of interest to councils that are finding it difficult to deliver continuous improvement going forward in an environment of reducing budgets and increasing workloads.
4. This report includes working practices introduced by councils and identified in our reports as having helped deliver Best Value. It is not intended to be a comprehensive list of all working practices introduced by councils which have led to performance or process improvements. Equally, we recognise that an initiative introduced in one council may not have the same impact when introduced elsewhere.
5. Although some of these initiatives might be considered 'normal business practice', we have included them as not all benefit services are operating in the same manner. Similarly we have included appendices containing some initiatives that we consider are innovative, or could be considered by councils when considering how they could improve benefit services.

National and local priorities

6. The UK Government's welfare reform agenda aims to simplify the benefits system by bringing together a range of working-age benefits, including HB, into a single payment of Universal Credit (UC) administered by DWP. This is the biggest change to the welfare system for over 60 years and has had a significant impact on local authorities and the services they provide.
7. Scottish councils have been participating in various working groups at a national level reviewing and planning for the implications of welfare reform. As well as working with external partners, councils have also set up internal cross-functional corporate working groups with action plans in place to address the challenges posed by welfare reform.

¹ Initiatives identified in risk assessments and reports to council Chief Executives

8. Welfare reform has also resulted in councils planning for and implementing new and additional activities locally such as the Scottish Welfare Fund (SWF), the Scottish Council Tax Reduction Scheme (CTRS), and the provision of budgeting support and advice. This has, in many cases led to significant change with the introduction of new IT systems, the restructuring of departments, and the re-training of staff.
9. Delays in the roll-out of UC have resulted in councils having to continue to ensure that benefit services are sustained and a high quality service continues to be provided until full migration to UC has taken place. Specific examples of what councils have been doing in order to prepare for welfare reform changes are shown below and in Appendix 1:
 - several councils have been working in partnership with the [Convention of Scottish Local Authorities](#) (COSLA) to help deliver the local support services framework in respect of UC
 - The Highland Council has been a partner in the DWP UC pathfinder project which introduced UC to the first jobcentre in Scotland in Inverness
 - the City of Edinburgh Council has worked with Dunedin Canmore Housing Association trialling direct payment of HB to claimants
 - Glasgow City Council piloted the DWPs Single Fraud and Investigation Service approach
 - South Lanarkshire Council has been part of the Scottish Government's UC pilot looking at developing online facilities at local offices to assist and support customers who do not have access to the internet
 - Dumfries and Galloway Council has been piloting digital inclusion. The benefit service has also been working with the council's employability and skills service to provide financial education and support.

Business planning and performance reporting

10. An effective business plan provides an opportunity for councils to set out the aims and objectives for each service and should contain key deliverables against which performance can be measured, monitored and reported. Performance initiatives in respect of business planning and performance reporting are detailed in Appendix 2. These include the two examples set out in the following paragraphs.

Case study 1 - North Ayrshire Council

11. North Ayrshire Council has a directorate plan setting out how the directorate will contribute to the council's *Good to Great Journey*. The performance indicators include targets for speed of processing and the gross administrative cost per case. This is supported by an operational plan which details the key improvement actions to be delivered, with associated completion dates. These include:

- implementing software to maximise the automation of DWP Automated Transfer to Local Authority Systems (ATLAS) notifications
- retaining [Customer Service Excellence](#) accreditation
- reviewing the new claims process using [Lean Six Sigma techniques](#)
- achieving DWP Fraud and Error Reduction Incentive Scheme (FERIS) lower threshold targets
- channel shift HB and CTRS customers to an online benefit claim form.

Case study 2 - Angus Council

12. Angus Council sets targets for all operational areas, and senior managers within the benefit service meet each month to review service performance, discuss any variances and agree any appropriate action. In addition, key performance information, including speed of processing, overpayments, complaints and costs, is reported to senior officers and made available to the public on the council's website.
13. The council has also introduced daily processing targets and regular feedback on processing and accuracy performance is provided to staff to ensure that each member of staff fully understands how their own performance impacts the overall service performance and delivery. Performance is evaluated daily by the benefit service management team and used to agree priorities for the next day. This effective management of productivity on a daily basis has helped improve overall performance across all areas of the service.

Delivering outcomes

14. Effective operational processes and IT systems, along with skilled staff help benefit services deliver sound performance and continuous improvement.

Speed of processing

15. When customers claim benefit, it is a time of financial uncertainty for them and, as such, it is essential that benefit services have sufficient fully trained and effective benefit processors in place that can make informed decisions on complex benefit claims and pay benefit promptly.
16. Performance initiatives in respect of speed of processing are detailed in Appendix 3. These include the two examples set out in the following paragraphs.

Case study 1 - Dumfries and Galloway Council

17. Dumfries & Galloway Council delivered improved speed of processing performance through:
 - introducing assisted interviews to ensure customers fully understand what further information is needed to support their claim at the earliest possible stage

- developing and delivering training to ensure all council and registered social landlord staff, who serve as a point of contact with benefit customers, know what information to ask for when a claim or a change notification is received and how to verify evidence as acceptable and correct
- reviewing all new claims and changes where there are any delays with a view to improving working practices and identifying any specific training requirements
- developing and introducing online forms that automatically populate the benefit IT system
- introducing an in-house performance management framework that has helped improve individual performance.

Case study 2 - Clackmannanshire Council

18. Clackmannanshire Council carried out a review of its working practices to identify process improvements and as a result now carries out pre-assessment checks as soon as a claim or additional information is received to determine if the claim can be processed and if not, the customer is contacted and advised of what further information is required. This ensures that only claims with sufficient information to process are passed to processing staff which has resulted in significant improvements to claims processing times.

Accuracy

19. The accurate and secure administration of HB should be a key priority for every council, and to support this it should have a robust quality assurance framework in place. Performance initiatives in respect of accuracy are detailed in Appendix 4. These include the example set out in the following paragraphs.

Case study - Aberdeen City Council

20. Aberdeen City Council's Quality Assurance team are responsible for helping assessors to make correct HB and council tax reduction decisions by providing advice, guidance, and remedial training where appropriate. The Quality Assurance Plan 2015/16 sets out the team's key priorities which include:
- conducting quality assurance checks on 10% of decisions made by staff
 - providing constructive feedback to team leaders and assessors
 - providing training for all staff throughout the year, including staff in other departments
 - monitoring staff performance in relation to its internal accuracy target
 - creating and maintaining desk aids/procedures for staff to follow
 - maintaining the Quality Assurance spreadsheet detailing staff's individual accuracy.
21. On a daily basis a random sample of claims are selected from a benefit IT system report which contains the cases which the council considers to be high-risk, based on previous analysis. The Quality Assurance team aims to carry out ten full case checks for each assessor

per month. In addition, the work of new staff, and staff that are under-performing, is subject to a 100% management check, which is reduced incrementally as performance improves.

22. Where staff are under-performing, the council's Performance Management Policy is instigated which involves discussions with staff to identify any underlying issues and the development of a personalised performance plan which details:
 - the required improvements in performance
 - the support/training that will be provided
 - the timescale for improvement
 - how progress will be monitored and reviewed
 - the potential consequences of failing to meet the required improvements.
23. The outcomes from the daily management checking activities are recorded electronically on a Quality Assurance database and subsequently extracted to a comprehensive spreadsheet which the Quality Assurance team uses to summarise and analyse the data to identify trends and patterns of error at individual, team and service level.
24. There is regular reporting of accuracy performance at the weekly benefit operational meeting and the weekly management meeting, and summary performance at service, team and individual level is updated monthly and displayed prominently on a 'performance wall' within the benefit team area. The service has found the 'performance wall' to be very effective in contributing to the significant improvements in speed of processing and accuracy performance in 2014/15.
25. At the end of each year the Quality Assurance team produces a comprehensive report which details the outcomes from all management checks, provides summary data on the types of errors found, and information on the actions carried out by the team to deliver improvements, for example, the issue of a weekly 'Did you know?' email.

Interventions

26. To minimise error in the caseload, councils must encourage customers to report changes of circumstances on time and have a robust intervention programme to identify changes and take appropriate corrective action.
27. Over the last year this is an area where the DWP has increased its focus on fraud and introduced FERIS to reward councils that are proactively working towards reducing fraud and error in the benefit system. Audit Scotland recently carried out a review of activity in Scottish councils to reduce fraud and error in the benefit system. The report is available on our [website](#).
28. Performance initiatives in respect of interventions are detailed in Appendix 5. These include the two examples set out in the following paragraphs.

Case study 1 - Scottish Borders Council

29. Information is checked across systems such as social work financial assessments, educational benefit applications, applications for a Discretionary Housing Payment (DHP), council tax, and the SWF to identify and investigate any discrepancies.
30. Examples of how this has highlighted inconsistencies include tax credit information provided for educational benefit claims which has differed from the information provided in respect of HB claims, additional occupants have also been identified on SWF applications and changes to rent liability and capital have come to light from homecare applications.

Case study 2- Renfrewshire Council

31. Renfrewshire Council has a strong commitment to encouraging and educating customers on the importance of reporting a change of circumstances and uses a number of methods to achieve this. For example:
 - including a reminder to report any change in circumstances in all outgoing mail
 - including a quarter page reminder on reporting changes in the 'Renfrewshire Magazine' that is issued quarterly to all residents, and a reminder in the annual council tax booklet
 - having a regular benefit advice column in the local newspaper
 - providing examples on the council website of the types of changes of circumstances that should be reported, and advice on how to report a change.
32. The service has continued to support a visiting officer who has carried out a review of the following claim types:
 - war pension cases
 - earned income where there has been no change to tax credits.

Overpayments

33. To protect public funds, councils should take appropriate steps to ensure that overpayments are minimised and that when they do occur they are correctly classified for subsidy purposes and rigorously recovered. This is an area which Audit Scotland has found to be weak in a number of councils and reported in our HB risk assessment reports and in our review of HB subsidy certification issues 2014/15.
34. With the introduction of FERIS the level of overpayments identified is expected to increase and therefore recovery methods should be efficient and effective with performance accurately recorded, monitored and reported. Performance initiatives in respect of overpayments are detailed in Appendix 6. These include the example set out in the following paragraphs.

Case study - Glasgow City Council

35. The council has a clear and structured approach to the recovery of overpayments and has a number of initiatives focused on preventing overpayments from occurring. These include:
 - regular dialogue with landlords regarding their responsibilities to report changes

- phoning customers to encourage repayment
 - regularly discussing overpayment recovery performance at service performance meetings, and at a separate scrutiny meeting to specifically address overpayment issues
 - developing a HB overpayments action plan which details issues that are impacting the recovery of overpayments, and the actions that are required to address these.
36. The council also has an excellent working relationship with Glasgow Housing Association (GHA), its largest RSL. As part of this relationship, a benefit officer is co-located in four GHA area housing offices and an IT interface has been developed which automatically suspends a benefit claim when a GHA tenant changes address. There are also regular meetings between the council and GHA where overpayment recovery is a standing agenda item.
37. As a result of these initiatives and new arrangements the council has developed for dealing with GHA tenants' overpayments, the value of GHA tenants' overpayments outstanding reduced significantly from £286,670 at October 2013 to £57,345, at October 2014, a reduction of approximately 80%.

Appeals and Reconsiderations

38. Customers who disagree with the council's decision on the manner in which their benefit application is processed have a right to request the claim to be reconsidered, and to appeal against the decision. Performance initiatives in respect of appeals and reconsiderations are detailed in Appendix 7. These include the example set out in the following paragraphs.

Case study - Dundee City Council

39. When a customer submits a request for a reconsideration or appeal it is reviewed by an officer not involved in the original decision. The outcomes from requests for reconsiderations and appeals are recorded on a spreadsheet which contains comprehensive management information. For example:
- the date the request was received and the reason for the dispute
 - details of the officer involved in the original decision
 - the date the customer was advised of the outcome.

Counter-fraud

40. The prevention, detection and investigation of fraudulent claims are important aspects of a secure and effective benefit service. Counter-fraud activities help to protect public funds by ensuring that fraudulent claims are identified and sanctions are applied where appropriate.
41. In line with the Autumn Statement by the Chancellor of the Exchequer on 5 December 2013, the DWPs SFIS was launched to bring together welfare benefit fraud investigations currently undertaken by DWP, local authorities and Her Majesty's Revenue and Customs. As part of the national roll out, the responsibility for investigating HB fraud in all Scottish councils has now transferred to DWPs SFIS.

42. However, many Scottish councils have retained investigators to focus on fraudulent activity not covered by SFIS. Performance initiatives in respect of counter-fraud are detailed in Appendix 8. These include the example set out in the following paragraph.

Case study - North Ayrshire Council

43. In order to retain experienced investigative resources, the council agreed to the establishment of a Corporate Fraud Team under the responsibility of the Senior Manager for Internal Audit and Risk Management. The creation of the Corporate Fraud team makes best use of the differing but complementary skills of internal auditors and fraud investigators. This arrangement has been mutually beneficial to both the on-going development of the officers in the enlarged Internal Audit and Risk Management team and to the council as a whole in tackling fraud and error.

Endnotes

[Benefits Performance Audit Annual Update 2014/15](#), Audit Scotland June 2015

[Review of activity to reduce fraud and error in housing benefit](#), Audit Scotland September 2015

[Housing benefit subsidy certification 2014/15](#), Audit Scotland January 2016

Appendix 1 - National and local priorities

Council	Benefit
<p>Dundee City Council created a Corporate Welfare Reform Group (CWRG) and a Revenues Division Welfare Reform Group. The CWRG makes use of a welfare reform risk register which is reviewed monthly with updates provided to the council's Strategic Management Team. A number of significant risks have been identified which include the implementation of UC, the potential shortfall in income to the council, and the adverse impact on the homeless service. The council has a number of work streams and initiatives in place. These include:</p> <ul style="list-style-type: none"> • bringing forward its personal computer modernisation programme. • training library staff to assist customers to apply for work and benefits online • the provision of a budgeting service to help customers manage their finances • successfully achieving funding from The Big Lottery Fund which has resulted in the creation of a specialist welfare reform team responsible for implementing initiatives within communities to help minimise the impact of the welfare reform changes. 	<p>The achievement of external funding and the forward planning and consultative approach taken by many councils could help to ease the transition to UC for customers and councils.</p>
<p>South Lanarkshire council's corporate priority of reducing callers at the council's local Question and Answer (Q&A) one stop facility offices saw the benefit service opening a call centre with trained call handlers to deal with all benefit enquiries and promoting the use of its online facilities, including a claim form, a changes of circumstances form and a benefit calculator. Assistance in the completion of online forms is provided by the call centre and local Q&A staff as required. Face-to-face enquiries are dealt with by trained customer service officers at the local Q&A offices. In recognition of the extensive work the Q&A one stop facility has done to meet the needs of its customers, a Customer Service Excellence accreditation award was achieved.</p>	<p>Multi-skilled staff enable the council to make best use of its resources and free up valuable time for processing staff to deal with more complex enquiries.</p>

Council	Benefit
<p>East Ayrshire Council's £705,000 Welfare Reform Fund was created to help mitigate the impact of welfare reforms and also to provide additional funding to the Citizens Advice Bureau to help them support those impacted by the changes. The council also extended its partnership based Financial Inclusion Group and developed a financial inclusion strategy to ensure citizens can readily access information, advice and support.</p> <p>Scottish Borders Council adopted a collaborative working approach to welfare reform and integrated its welfare reform programme into the local community planning process. The Welfare Reform Project forms part of the Future Model of Public Service Delivery community planning theme managed by a joint delivery team comprising of senior executives from partner organisations and the council's Chief Executive.</p> <p>In addition, the long established Strategic Partnership Against Poverty Group, which is chaired by the senior manager of the Welfare Benefits Service and Housing Strategy, comprises a range of external stakeholders, has undertaken a huge amount of activity including delivering two welfare reform conferences and the creation of a 'welfare aware campaign'. The Group meets quarterly to monitor progress against actions.</p> <p>Glasgow City Council's Revenues and Benefits division has close working relationships with key stakeholders which have assisted customers. Initiatives included:</p> <ul style="list-style-type: none"> • working with the Registrar's department to ensure that recently bereaved customers are receiving the correct amount of benefit and discounts • publicising and providing a tailored service to provide additional support to first time claimants • working with the Long Term Conditions and MacMillan Service, a free and confidential money advice and support service. <p>South Ayrshire Council's local priorities include sustaining the benefit service and retaining its</p>	<p>The achievement of external funding and the financial inclusion activity could help to ensure citizens receive appropriate information and support.</p> <p>Working with partners to share the responsibility for ensuring customers are provided with relevant information in preparation for welfare reform changes.</p> <p>Helps to ensure citizens receive appropriate information and support to claim the benefits to which they are entitled.</p> <p>Helping to ensure the benefit service is</p>

Council	Benefit
<p>experienced staff until the migration of the HB caseload to UC. To that end, the service took over the responsibility for administering applications for free school meals, clothing grants, the SWF, the CTRS and an increased DHP fund. Furthermore, in recognition of the slowdown of the roll out of UC temporary benefit posts were made permanent.</p>	<p>sustained during a period of uncertainty regarding the roll out of UC and is able to provide financial support in a range of areas.</p>
<p>A visiting service is provided for housebound customers by Stirling Council. Volunteers from the community are provided with training to identify customers that might be entitled to benefits or, who might be affected by the changes arising from the welfare reform agenda. These volunteers, known as 'spotters/referrers' help customers to contact the appropriate department for more information, guidance and support.</p>	<p>This could help to ensure housebound citizens receive the appropriate information, advice and support and receive the benefits they are entitled to.</p>

Appendix 2 - Business planning and performance reporting

Council	Benefit
Aberdeen City Council has a performance wall within the benefit service, which is updated monthly and shows speed of processing and accuracy performance at service, team, and anonymously at individual level. This is an innovative approach which the council told us has been very effective in contributing to significant improvements in speed of processing and accuracy performance in 2014/15.	Staff are keen to improve their individual performance which helps to drive team and service performance improvements.
Angus Council has introduced daily processing targets and performance is evaluated daily by the benefit service management team and used to agree priorities for the next day. This effective management of productivity on a daily basis has improved performance across all areas of the service.	Service performance is regularly reviewed and prompt action can be taken to re-prioritise workloads and address any issues such as staff/team under-performance.
<p>North Ayrshire Council has a directorate plan setting out how the directorate will contribute to the council's Good to Great Journey. The performance indicators in the plan include targets for speed of processing and the gross administrative cost per case. This is supported by an operational plan which details the key improvement actions to be delivered, with associated completion dates. These include:</p> <ul style="list-style-type: none"> implementing software to maximise the automation of DWP Automated Transfer to Local Authority Systems (ATLAS) notifications retaining Customer Service Excellence accreditation reviewing the new claims process using Lean Six Sigma techniques achieving DWP Fraud and Error Reduction Incentive Scheme (FERIS) lower threshold targets channel shift HB and CTRS customers to an online benefit claim form. 	Clearly setting out key objectives and targets for the service helps ensure that performance is kept in view and regularly reviewing progress against the plan will help the service prioritise its workload and focus resources on areas that require improvement.

Appendix 3 - Speed of processing

Council	Benefit
Clackmannanshire Council and Scottish Borders Council carry out a pre-assessment check as soon as a claim or additional information is received to determine if a claim can be processed. Where a claim cannot be progressed, the customer is contacted and advised of what further information is required.	Only claims where all information received that is required to process a payment are referred for assessment. This ensures that experienced processing staff are used to best effect.
Dundee Council and Midlothian Council have a fast-track scheme where the council has a stated commitment to process a claim within a specific number of days if all relevant information is provided by the customer at the first point of contact.	Customers are encouraged and educated on the benefits of providing the correct information at the first point of contact. Widely advertised, a fast-track process could also benefit landlords by enabling quicker payments and reducing the potential for rent arrears.
Fife Council implemented a timed appointment system, along with a text reminder service for customers to attend appointments.	Improve interview attendance rates and increase the number of customers that attend with the correct information.
Stirling Council provided each member of staff with training in a specialism, for example homelessness claims, and reviews this approach annually.	Staff gain greater experience across the full range of claim types and have increased confidence to make decisions across a number of areas of the business leading to better use of resources.
Midlothian Council has implemented dual monitors for processing staff.	Improved processing times and reducing the potential for errors as access to benefit IT systems will be quicker and simpler.
Midlothian Council has provided training on acceptable standards of evidence to key internal and external stakeholders, including officers from	External agents would be trained and accredited by the council to receive and copy evidence in support of a benefit claim. This

Council	Benefit
housing associations and private sector leasing landlords.	could help to ensure that a claim can be processed at the time it is received with the need for requesting further information.
Western Isles Council closes the benefit offices to the public one day each week and has introduced an appointment system at all other times.	Staff have more time to process benefit claims uninterrupted.
Edinburgh City Council and the Scottish Borders Council have implemented a home working solution for processing staff to work from home.	Increased productivity and reduced sickness leave.
Glasgow City Council and Edinburgh City Council have located a benefit processor within housing association office accommodation and provide that officer with a facility to access the council's benefit IT systems.	Improved liaison with housing association staff, the ability to prioritise and action cases that require urgent attention which, in turn, could help reduce the potential for rent arrears.
<p>Dumfries and Galloway Council has delivered improved speed of processing performance through:</p> <ul style="list-style-type: none"> introducing assisted interviews to ensure customers fully understand what further information is needed to support their claim at the earliest possible stage developing and delivering training to ensure all council and registered social landlord staff who serve as a point of contact with benefit customers know what information to ask for when a claim or a change notification is received and how to verify evidence as acceptable and correct reviewing all new claims and changes where there are any delays with a view to improving working practices and identifying any specific training requirements developing and introducing online forms that automatically populate the benefit IT system 	<p>Engaging with customers and stakeholders, and regularly reviewing the reasons for delays in claims processing could help to ensure that consistent information is being disseminated in respect of the correct completion of claim forms and on the required level of evidence. This could lead to an increase in the number of claims received that can be processed without the need for further action.</p>

Council	Benefit
<ul style="list-style-type: none">introducing an in-house performance management framework that has helped improve individual performance.	

Appendix 4 - Accuracy

Council	Benefit
Glasgow City Council benefit staff record any errors found during the assessment process on a log which is reviewed to identify patterns of error and areas where remedial training could be beneficial.	A better understanding of the type and frequency of errors found could help identify staff that are under performing and require support. A more holistic approach could also help the service reduce the number of LA error overpayments and maximise the available subsidy.
The outcomes from Aberdeen City Council's daily management checks are recorded electronically on a quality assurance database and subsequently extracted to a comprehensive spreadsheet. This data is analysed and summarised to identify trends and patterns of error at individual, team and service level.	Detailed analysis of management checks could help identify areas that require further investigation while providing a holistic view of the service's accuracy performance.

Appendix 5 - Interventions

Council	Benefit
<p>Aberdeen City Council's annual Interventions strategy sets out a programme of intervention activity. The council records the outcomes from all interventions including those where there is no change to benefit, and analyses outcomes in respect of the number of changes identified including the value of those changes. The council has a dedicated interventions team and produces an annual report summarising interventions activity which is used to determine the overall effectiveness of the service's approach, and set the focus and interventions timetable for the following year</p>	<p>The creation of a specialist interventions team in conjunction with an annual programme of interventions activity allows the council time to focus in greater detail on the areas that are considered to pose the greatest risk of having un-reported changes.</p> <p>Good use of outcome data and recording the number and value of un-reported changes identified establishes the effectiveness of each intervention campaign.</p>
<p>North Ayrshire Council used the set-up funding from the DWP's FERIS programme in 2014/15 for a Pan Ayrshire radio publicity campaign to raise awareness of reporting changes of circumstances. The council is also using maintenance funding in 2015/16 to employ one dedicated FERIS officer and using a bespoke FERIS module to identify and engage with customers assessed as high risk.</p>	<p>Good partnership working helps to develop and enhance working relationships while ensuring a consistent approach to publicising and raising awareness of the need to report changes of circumstances.</p>
<p>Renfrewshire Council uses a number of methods to encourage and educate customers on the importance of reporting a change of circumstances and uses a number of methods to achieve this. For example:</p> <ul style="list-style-type: none"> including a reminder to report any change in circumstances in all outgoing mail including a quarter page reminder on reporting changes in the 'Renfrewshire Magazine' that is issued quarterly to all residents, and a reminder in the 	<p>Regularly engaging with customers can help improve the understanding of the requirement to notify the council of a change of circumstances and could help reduce the number and value of overpayments.</p>

Council	Benefit
<p>annual council tax booklet</p> <ul style="list-style-type: none"> • having a regular benefit advice column in the local newspaper • providing examples on the council website of the types of changes of circumstances that should be reported, and advice on how to report a change. <p>The service also supported a visiting officer who has carried out a review of the following claim types:</p> <ul style="list-style-type: none"> • war pension cases • earned income where there has been no change to tax credits. 	<p>Information from other systems could help identify un-reported changes of circumstances that might otherwise have gone undetected resulting in the early intervention in respect of incorrect claims.</p>
<p>Information is checked across Scottish Borders Council's systems such as social work financial assessments, educational benefit applications, DHP, council tax and the SWF to identify and investigate any discrepancies.</p> <p>These checks highlighted inconsistencies, including tax credit information provided for educational benefit claims which differed from the information provided in respect of HB claims, additional occupants were identified on SWF applications, and changes to rent liability and capital came to light from scrutiny of homecare applications.</p>	

Appendix 6 - Overpayments

Council	Benefit
Renfrewshire Council and North Ayrshire Council immediately suspend a claim when it is clear that the reported change would result in an overpayment.	Minimises the risk of an overpayment arising and is considered good practice and an effective approach to caseload management.
Renfrewshire Council uses Direct Earnings Arrestment (DEA) as a means of recovering overpayments.	Ensures that the council can initiate recovery of an overpayment where all other avenues may have been exhausted.
North Ayrshire Council regularly reviews cases with ongoing deductions.	Ensures that recovery levels are accurate and set at the appropriate level or, where there is a change in the customer's circumstances that could result in an increase to the amount being recovered, that the maximum amount of benefit is being recovered.
North Ayrshire Council phones customers, where possible, to encourage payment.	Direct personal engagement with customers could help facilitate increased payments and quicker repayment of overpayments.
Glasgow City Council's benefit staff that are co-located within housing association offices have a direct IT interface which automatically suspends a benefit claim when a housing association tenant changes address.	The co-location of a council officer in housing association offices can lead to improved liaison and dissemination of information across both organisations. The example provided has resulted in the council developing new arrangements for its housing association tenants which has seen an 80% reduction in the value of housing association related overpayments outstanding from October 2013 to October 2014.
Falkirk Council has a separate product code or unique identifier on the benefit IT systems for fraud overpayments.	Ensures that fraud overpayments are easily identifiable and can be monitored and prioritised for recovery to act as a deterrent to others considering fraud against the council.

Appendix 7 - Appeals and reconsiderations

Council	Benefit
<p>When a customer submits a request for a reconsideration or appeal to Dundee City Council, it is reviewed by an officer not involved in the original decision. The outcomes are recorded on a spreadsheet which contains comprehensive management information. For example:</p> <ul style="list-style-type: none">the date the request was received and the reason for the disputedetails of the officer involved in the original decisionthe date the customer was advised of the outcome.	<p>The independent review of benefit decisions provides a level of assurance that all decisions that have been challenged have been rigorously scrutinised which could help reduce the number of subsequent appeals.</p> <p>Recording and analysing outcomes can help identify recurring issues and determine how effective the service is against internal targets for dealing with reconsiderations and appeals.</p>

Appendix 8 - Counter-fraud

Council	Benefit
Dundee City Council has taken a proactive approach to address the potential loss of fraud officers to the DWP's SFIS by putting a Corporate Fraud and Corruption Policy and a Corporate Fraud Action Plan in place which adopt the National Fraud Authority's (NFA) 'Fighting Fraud Locally' strategy. This allows the experience of the counter-fraud team to remain in-house to carry out investigations in specific high-risk pilot areas such as the CTRS, housing tenancies, and blue badges.	The council retains the skills, knowledge and experience of its benefit fraud team which are transferrable and beneficial to the investigation of corporate fraud.
North Ayrshire Council agreed to the establishment of a Corporate Fraud Team under the responsibility of the Senior Manager for Internal Audit and Risk Management. The creation of the Corporate Fraud Team was to ensure that best use was made of the differing but complementary skills of Internal Auditors and Fraud Investigators. In particular, the fraud investigators had specialist training in interview skills.	The council retains the skills, knowledge and experience of its benefit fraud team which are transferrable and beneficial to the investigation of corporate fraud.



To: Audit, Scrutiny & Petitions Policy Board

On: 19 September 2016

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

**Heading: Accounts Commission Report – “Maintaining Scotland's Roads -A
 Follow-Up Report” dated 4 August 2016**

1. Summary

1.1 The Accounts Commission published reports on Road Maintenance in 2011 and 2013. The report dated May 2013 was reported to the Audit, Scrutiny & Petitions Policy Board on 23 September 2013. This latest report published by the Accounts Commission on the 4 August 2016 was prepared by Audit Scotland and reviews:-

- Changes in road condition and spending on roads maintenance since the 2011 Report.
- Progress made against previous audit recommendations.
- Progress made against the actions set out in the National Roads Maintenance Review, in particular option 30 (Collaborative approach to Roads Maintenance).

1.2 This report to the Audit, Scrutiny and Petitions Policy Board provides the key highlights from the latest Audit Report and outlines the positive position of Renfrewshire Council in respect of the findings.

2. Recommendations

It is recommended that:

- 2.1 The Audit, Scrutiny & Petitions Board notes the findings of the Audit Scotland Report Maintaining Scotland's Road 'A Follow-Up Report' dated 4 August 2016 and Renfrewshire's position in respect of observations and recommendations.

3. Background

- 3.1 On 4 August 2016, The Accounts Commission published a report titled "Maintaining Scotland's Roads 'A Follow-Up Report'". This report built on previous Audit Reports in 2013 and 2011 and compared investments and road condition between the periods 2011/12 and 2014/15.
- 3.2 The report identifies that road maintenance represents significant expenditure nationally with £259m spent on local roads (Council maintained roads) in 2014/15 and £162m spent on trunk roads (Transport Scotland) in the same period. The national road length is 55,000km and trunk roads represent 6% of this.
- 3.3 The condition of Council maintained roads has remained stable at around 63% in acceptable condition over the period between 2011/12 and 2014/15 (although there are significant variations across councils). Overall, road maintenance expenditure on council maintained roads over this period reduced by 14%.
- 3.4 Councils have spent 13% less on planned and routine maintenance in 2014/15 than the Society of Chief Officers for Transportation in Scotland considers necessary to maintain the condition of local roads. Over the same period trunk road condition declined from 90% in acceptable condition to 87%. Spending on trunk roads over this same period declined by 4%.
- 3.5 The report concludes that there is evidence that Councils, as local road authorities are prioritising expenditure more effectively and that this is making reduced funds go further in the current challenging financial circumstances. It also reports, that it considers progress on introducing shared service approaches to road maintenance has been disappointingly slow.
- 3.6 Against the above findings a number of recommendations are made for the Strategic Action Group (the body which oversees the Roads Maintenance Review at a national level), councils, Transport Scotland and the Society of Chief Officers for Transportation in Scotland (SCOTS).

3.7 These recommendations are set out in detail in the summary from the Audit Report attached as an Appendix to this report. A summary of the recommendations is presented below:-

- (i) That the Strategic Action Group ensure that the Roads Collaboration Board works with regional group partners to detail a clear timetable for supporting the development of regional arrangements for road services, make decisions of the extent of shared services at an operational level and develop outcome measures which demonstrate the contribution of well maintained roads to Scotland's economy.
- (ii) That Councils work closely with the Roads Collaboration Programme and Regional Group Partners to determine the extent of shared service models for roads maintenance operations, ensure they implement roads asset management plans, implement methods for assessing and comparing road maintenance efficiency of councils, use surveys to obtain views and perception of roads services consistently and in turn help inform scrutiny and challenge of roads maintenance financial proposals.
- (iii) Councils and Transport Scotland should use asset management plans to inform elected members of the implications of long term investment plans for maintaining roads and ensure that the consequences of spending less than that necessary to maintain current road condition feature in budget setting processes.
- (iv) Transport Scotland have a number of specific actions including that it should seek to maximise opportunities for greater collaboration with councils (through contract conditions).
- (v) The Society of Chief Officers for Transportation in Scotland (SCOTS) should continue to work with councils to implement asset management plans and promote good practice, develop methods to assess and compare how efficient councils are at road maintenance, focus the work of the Scottish Roads Research Board to maximise innovation and share good practice.
- (vi) The Strategic Action Group was originally created to oversee delivery of the recommendations arising from the Roads Maintenance Review and commenced meeting in 2012. It meets twice a year and is co-chaired by the Minister for Transport and the Islands and the CoSLA spokesperson for Development, Economy and Sustainability. It's membership include representatives from Transport Scotland, Local Authorities and the Road Works Commissioner. Following the

recommendations in the Audit Report it is expected to publicly report on progress by the end of December 2017.

3.8 The key points arising from this latest audit report, as specific and relevant to Renfrewshire can be summarised as follows:-

- (i) Renfrewshire has approximately 60% of roads in acceptable condition, aligning with the Scottish average (best council being Orkney Islands with just under 80% in acceptable condition and worst council being Argyll Bute with just over 40%),
- (ii) Between 2011/12 and 2014/15 Renfrewshire roads have improved by 2% (14 councils have seen road condition deteriorate, 18 have seen improvement).
- (iii) Renfrewshire spent around £10,000 per kilometre between 2011/12 to 2014/15 on roads maintenance, the 7th highest level of spend across Scottish councils and reflective of the enhanced roads maintenance investment programme over this period.
- (iv) Renfrewshire spent slightly more in 2014/15 than was considered necessary to maintain road condition (18 councils did not spend enough and 14 councils spent more).

3.9 Renfrewshire's performance in respect of the maintenance and management of roads is presented positively in this latest report. With respect to collaboration, Renfrewshire is engaged in City Region which represents a successful and highly ambitious collaboration amongst 8 local authorities in the delivery of major infrastructure programmes to drive economic growth. The Clyde Valley Roads Alliance working group has, in the previous 12 to 18 months been exploring shared service/ collaboration opportunities. This working group has now been referred to the City Region connectivity portfolio, as led by the Chief Executive of North Lanarkshire Council. It is also the case that Renfrewshire is a constituent authority within Strathclyde Partnership for Transport which again is an exemplar model in the delivery of public transport services collaboratively across 12 local authorities.

Implications of the Report

- 1. **Financial** - none
- 2. **HR & Organisational Development** - none

3. **Community Planning** – Delivery of efficiently maintained roads supports economic activity and access for all to jobs, health facilities, shops and leisure.
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** - none
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on Renfrewshire Council's website.
8. **Health & Safety** - none
9. **Procurement** - none
10. **Risk** - none
11. **Privacy Impact** - none

List of Background Papers

(a) Background Paper 1

Maintaining Scotland's Roads 'A follow-up report' prepared by Audit Scotland
4th August 2016.

The foregoing background papers will be retained within Community Resources for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Scott Allan, email: scott.allan@renfrewshire.gcsx.gov.uk, tel: 0141 618 7932

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Maintaining Scotland's roads

A follow-up report



ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland
August 2016


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

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- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

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- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
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- check whether they achieve value for money.

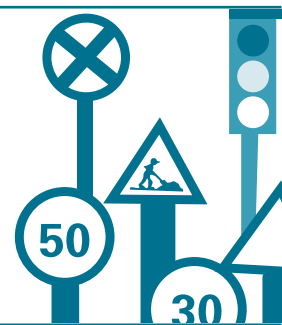
The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Environment Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

You can find out more about the work of the Auditor General on our website: www.audit-scotland.gov.uk/about/ags 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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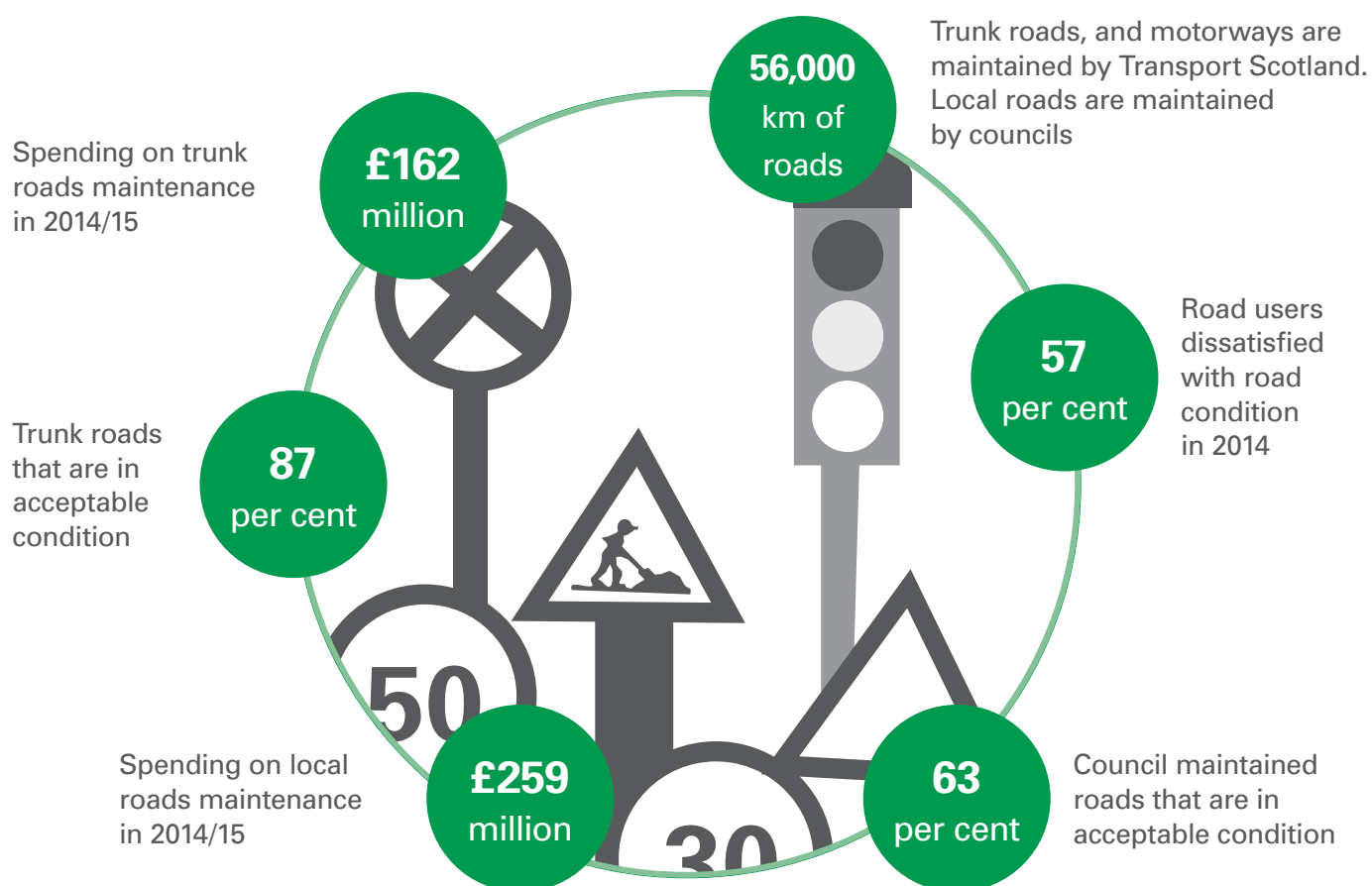
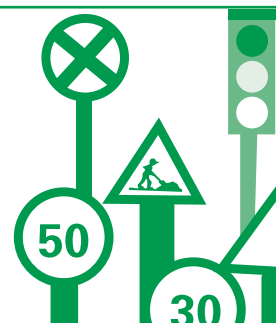


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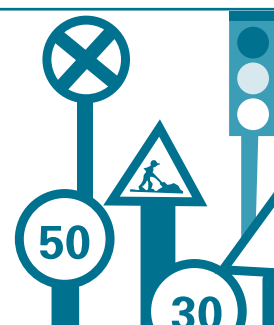
Links

-  PDF download
-  Web link

Key facts



Summary



- 1 The proper maintenance of the road network is vital to Scotland's economic prosperity and for road users to travel safely. Roads authorities, locally and nationally, urgently need to demonstrate a much greater commitment to innovation, comparing relative efficiency and being clearer with the public about the impact on road condition of agreed spending levels. It is clear that the status quo is no longer an option if there is to be any improvement in road condition. A longer-term view is required, one that takes into account both the need for new roads and the maintenance of the existing road network.
- 2 Independent survey results indicate that the condition of council-maintained roads has remained stable at around 63 per cent in acceptable condition over the period 2011/12 to 2014/15. There is significant variation in road condition among councils. There is also concern that the survey approach does not always pick up the full extent of failures in the structural integrity of lower road layers. Fifty-seven per cent of users report that road condition is a major concern. While 13 authorities increased their spending, overall council expenditure on roads maintenance continues to decrease, from £302 million in 2011/12 to £259 million in 2014/15 (14 per cent). Overall, councils spent £33 million (13 per cent) less on planned and routine maintenance in 2014/15 than the Society of Chief Officers of Transportation Scotland considers was necessary to maintain the current condition of local roads.
- 3 The condition of trunk roads declined from 90 per cent in acceptable condition in 2011/12 to 87 per cent in 2014/15. Most of this decline is associated with the condition of motorways. Transport Scotland attributes this to more resurfacing work, instead of more expensive reconstruction which would also improve the condition of the lower road layers. Transport Scotland's expenditure on trunk roads maintenance fell from £168 million in 2011/12 to £162 million in 2014/15 (four per cent). It spent £24 million (38 per cent) less on structural maintenance in 2014/15 than it considers was necessary to maintain trunk road condition at its current levels.
- 4 In the current context of reduced public spending, the competing priorities of some services, such as education, health and social care mean that roads maintenance budgets may be put under further pressure. There is evidence that roads authorities are better prioritising and targeting roads maintenance, and using cheaper treatment options. This has helped available budgets go further but carries risks. Increasing the use of surface dressing might help to maintain the condition of the surface of the road network in the short term, but this may not deliver value for money in the longer term. It is important that

roads
authorities
need to
demonstrate
greater
commitment
to improving
road
condition

proper scrutiny and challenge includes taking account of all options and users' views when considering spending on roads.

- 5** Progress with introducing a shared services approach to roads maintenance, a central theme of the 2012 National Roads Maintenance Review, has been disappointingly slow. Councils are in the process of establishing regional governance bodies for local roads maintenance but there is still no clear plan and timetable for determining the extent of shared services at an operational level. Scottish ministers want to see councils make more progress, and be able to demonstrate the efficiency savings and other benefits arising, before trunk roads could be considered for inclusion in such regional arrangements.

Recommendations

The Strategic Action Group should:¹

- Ensure that the Roads Collaboration Board works with regional group partners to determine a clear plan and timetable for:
 - supporting the development of regional arrangements for roads services to secure the benefits arising, such as efficiencies, increased service resilience and professional skills, while also preserving local accountability
 - making decisions on the extent of shared services at an operational level
 - learning lessons from existing shared service models such as the Ayrshire Roads Alliance, Tayside Contracts and further afield
 - establishing a baseline position, so that roads authorities can measure the expected benefits from collaboration over time
 - develop outcome measures which demonstrate the contribution of well-maintained roads to Scotland's economy.

Councils should:

- Ensure that they work closely with the Roads Collaboration Programme and regional group partners to determine the extent of shared service models for roads maintenance operations
- Ensure that they implement the findings of the consultant's review of Roads Asset Management Plans (RAMPs) where relevant
- Implement methods for assessing and comparing councils' roads maintenance efficiency with the aim of identifying and learning from councils delivering services more efficiently
- Use the National Highways & Transport (NHT) Network Survey, or similar, to obtain user views and perceptions of roads services consistently
- Use the results of user surveys to develop more proactive ways of engaging with the public over roads maintenance issues, and to help inform scrutiny and challenge of roads maintenance budgetary proposals.

Councils and Transport Scotland should:

- Ensure that they use their RAMPs to inform elected members and Scottish ministers of long-term investment plans for maintaining roads that take into account the whole-life costing of treatment options
- Ensure that the consequences of spending less than that necessary to maintain current road condition adequately features in budget-setting processes to allow elected members and Scottish ministers make informed choices which take account of competing demands and priorities.

Transport Scotland should:


- Make road condition information publicly available for the geographical areas of the trunk road network: North West, North East, South East and South West Scotland
- Identify unit cost or other efficiency measures to evaluate the value for money provided by operating companies
- Consider the overall trend in performance of operating companies and ensure it has appropriate mechanisms in place for addressing areas of poorer performance
- Fully take account of the needs of the existing trunk road network when considering the affordability of large-scale transport investments taken forward within the Scottish Government's Infrastructure Investment Plan
- Consider its future strategy for maintaining the trunk road network. The strategy should fully reflect the progress made by council regional groupings in determining the extent of shared service models for roads maintenance operations. If Transport Scotland decides to renew its existing operating contracts, it should seek to maximise opportunities for greater collaboration with councils through contract conditions.

The Society of Chief Officers of Transportation Scotland (SCOTS) should:

- Work with councils to implement the findings of the consultant's review of RAMPs, and promote good practice where it is identified
- Continue, as a matter of priority, to work with consultants to develop methods for assessing and comparing how efficient councils are at roads maintenance
- Focus the work of the Scottish Roads Research Board so that it identifies a programme of research projects aimed at maximising innovation and sharing current good practice in delivering roads maintenance services.

This is the third time we have reported on roads maintenance in the last six years. We expect the Strategic Action Group to publicly report on the progress made on implementing the recommendations contained in this report. It should publish this report no later than the end of December 2017.

Background

1. In February 2011, the Auditor General for Scotland and the Accounts Commission published [Maintaining Scotland's roads: A follow-up report](#) . The audit examined progress on implementing recommendations in *Maintaining Scotland's roads* which the Auditor General for Scotland and the Accounts Commission published in November 2004. The 2011 audit report found the following:

- The condition of Scotland's roads had worsened since 2004.
- Spending on roads maintenance had fallen, after taking account of road construction inflation.²
- Roads authorities could improve how they manage roads maintenance, for example by introducing Roads Asset Management Plans and using performance indicators to help them benchmark against other roads authorities.
- The Scottish Government should consider whether a national review of how the road network is managed and maintained is needed to stimulate service redesign and increase the pace of examining the potential for shared services.

2. The Scottish Government and councils initiated a National Review of Road Maintenance (NRM) later in 2011. A Strategic Action Group, jointly chaired by COSLA and the Minister for Transport and Islands, provided overall direction to the NRM. The findings of the NRM, published in July 2012, identified 30 actions under six main themes:

- Better asset management, including prioritising investment in roads maintenance.
- The use of performance information to support benchmarking.
- Using innovation.
- Enabling faster progress in improving road condition.
- Considering different delivery models, including the scope for greater collaboration and the 'optimum arrangements for the management and maintenance of roads in Scotland' (known as Option 30).
- Communicating with industry partners and road users.

[The Supplement](#) provides more details of the NRM actions.

3. In May 2013, the Accounts Commission published *Maintaining Scotland's roads: An audit update on councils' progress*. The audit examined councils' progress in implementing relevant recommendations in the 2011 audit report. It also reviewed progress on implementing the actions set out in NRM. The 2013 audit report found the following:

- The condition of local roads had improved marginally since 2010.

- Some progress had been made with the introduction of RAMPs and performance indicators but further work was needed.
- The NRMR was progressing but significant new ways of working would take time to put in place.

4. Overall, the Accounts Commission recognised that although councils were facing budget constraints, they needed to improve the condition of Scotland's roads more quickly.

About this audit

5. This audit follows up previous audit reports in 2011 and 2013. It reviews:

- changes in road condition and spending on roads maintenance since the 2011 report
- progress made against previous audit recommendations
- progress in implementing the actions set out in the NRMR, in particular Option 30.

6. During the audit we:

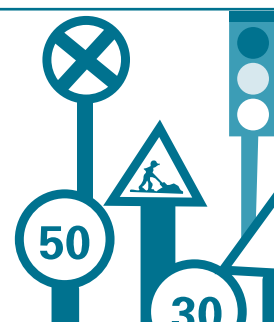
- analysed performance data, in particular road condition and spending on roads maintenance
- reviewed other key information and documents such as:
 - Transport Scotland strategic documents
 - Roads Collaboration Programme updates and reports
 - Scottish Roads Research Board documentation
 - User survey results, such as those generated from the Scottish Household Survey and the National Highways & Transport Network Survey
- conducted fieldwork at a sample of 11 roads authorities, where we:
- reviewed strategic documents such as Roads Investment Strategies, Roads Asset Management Plans and Annual Status and Options Reports
- interviewed senior officers and elected members at a sample of ten councils, and senior officers at Transport Scotland.

7. The report has two parts:

- [Part 1](#) outlines the condition and cost of maintaining Scotland's roads.
- [Part 2](#) reviews progress made in improving the management of roads maintenance.

Part 1

The condition and cost of maintaining Scotland's roads



Key messages

- 1 Independent survey results indicate the overall condition of council-maintained roads has remained stable, at around 63 per cent in acceptable condition over the period 2011/12 to 2014/15. Road condition varies among individual councils from 44 per cent to 79 per cent in acceptable condition. While 13 authorities increased their spending, overall council expenditure continues to decrease, from £302 million in 2011/12 to £259 million in 2014/15 (14 per cent). Overall, councils spent £33 million (13 per cent) less on planned and routine maintenance in 2014/15 than the Society of Chief Officers of Transportation Scotland (SCOTS) considers was necessary to maintain the current condition of local roads. Only a third of councils are presenting options to elected members on what kind of road condition can be expected from different levels of spending.
- 2 The condition of trunk roads declined from 90 per cent in acceptable condition in 2011/12 to 87 per cent in 2014/15. Most of this decline is associated with the condition of motorways. Transport Scotland attributes this to more resurfacing work, instead of more expensive reconstruction which would also improve the condition of the lower road layers. Its expenditure on trunk roads maintenance fell from £168 million in 2011/12 to £162 million in 2014/15 (four per cent). Transport Scotland spent £24 million (38 per cent) less on structural maintenance in 2014/15 than it considers necessary to keep trunk road condition at its current levels.
- 3 Fifty-seven per cent of users report that road condition is a major concern. Councils and Transport Scotland both need to be clearer with the public on the impact that current levels of investment will have on road condition. They also need to take account of users' views consistently to make informed budgetary decisions that take account of competing priorities.

**users
consider road
condition
as a major
concern**

Proper maintenance of the road network is vital to Scotland's economic prosperity and for road users to travel safely

8. Scotland's road network connects business with customers, suppliers and the workforce, helps people access places of employment and education, and helps move goods from point of production to local, national and international markets. There is no single indicator of how roads contribute to economic and social outcomes. But the Scottish Government considers that the road network plays a part in delivering nine of the 16 national outcomes in its National Performance Framework.³

9. Scotland's road network consists of almost 56,000 kilometres of road, as well as footways, bridges, lighting, signs and lines. Councils are responsible for 25,600 kilometres of classified roads and 26,800 kilometres of unclassified roads. Classified roads comprise:

- **A roads** – major roads which deliver the basic road links to certain areas or communities.
- **B roads** – roads that serve a local purpose and connect to strategic routes.
- **C roads** – mainly rural interconnecting roads.

10. Transport Scotland is responsible for 3,600 kilometres of motorways and trunk roads. Motorways and trunk roads make up only six per cent of the road network but, based on vehicle mileage, carry over a third of the traffic and nearly two-thirds of heavy goods vehicles (HGVs). In this report, the term trunk roads include motorways, while local roads mean council-maintained roads.

11. Councils are changing the way they value local roads with effect from 2016/17. The value of local roads will now be calculated on a similar basis to trunk roads, based on depreciated replacement cost, that is, the cost of replacing all roads to their current condition. The change is likely to lead to a significant increase in the value of Scottish councils' road network. Local roads will be the highest value asset on councils' balance sheets.

12. Road maintenance covers all work on roads other than major new-build work. It includes:

- structural maintenance, such as planned schedules of resurfacing or reconstruction works. Resurfacing is aimed at replacing a failed road surface. Reconstruction replaces a failed road structure, including the surface and lower road layers.
- surface dressing, to seal the surface, improve skidding resistance and restore ride quality
- routine maintenance, such as repairing potholes, emptying drains and gullies, and repairs to lighting and signs
- weather and winter services, such as applying salt and grit to remove snow and ice
- reactive maintenance, such as responding to inspections, complaints or emergencies.

Generally, the cost of materials forms the greatest proportion of spending associated with structural maintenance, while staff costs comprise the greatest proportion of spending on routine repairs.

13. Police accident records indicate that the biggest cause of road accidents is driver error or reaction, being a factor in 68 per cent of all road traffic accidents. Poor road condition is a small, but still important, contributory factor in the causes of road traffic accidents. Police accident records indicate that poor and defective road conditions are a contributory factor in around 0.7 per cent of fatal road traffic accidents in the UK, 0.8 per cent of serious road traffic accidents and 0.6 per cent of slight road

traffic accidents⁴. Between 2010 and 2014, there were 865 fatal, 8,039 serious and 38,957 slight road traffic accidents on Scottish roads. Extrapolating these figures means that poor and defective road condition may have been a contributory factor in six fatal, 64 serious and 234 slight road traffic accidents on Scottish roads over the five-year period.

14. Good road condition is also of vital interest to cyclists. The number of cyclists killed or injured on Scotland's roads increased from 776 in 2004 to 857 in 2014 (10.4 per cent).⁵ The number of accidents involving cyclists where road condition was a contributory factor is not recorded. While the increase in casualties is likely to be attributable, at least in part, to the growing popularity of cycling to work and as a leisure activity, the Scottish Household Survey routinely asks those surveyed why they do not cycle to work. On average, five per cent of those surveyed between 2010 and 2014 said that they do not cycle to work because the road surfaces are dangerous.⁶

The condition of the Scottish road network has worsened since 2011, mainly as a result of a decline in the condition of motorways

15. The Society of Chief Officers of Transportation Scotland (SCOTS) appoints WDM Ltd, a private firm with UK-wide experience in undertaking roads surveys, to undertake annual surveys of the condition of local roads on behalf of councils. *The Scottish Road Maintenance Condition Survey* uses a traffic speed machine based survey (Surface Condition Assessment for the National Network of Roads – SCANNER) to make a number of measurements that describe the condition of the road surface, including rutting, cracking and ride quality. This allows councils to assess the length of road requiring maintenance. The length of road surveyed annually includes:

- 100 per cent of A class roads with the direction of travel changed in alternate years
- 50 per cent of B and C class roads with the remaining 50 per cent surveyed the following year. The direction of travel is also alternated such that every B and C class road lane is surveyed every four years
- 10 per cent of unclassified roads are surveyed in one direction each year.

16. The results of the survey are used to classify local roads into one of three measures:

- **Green** – roads are in acceptable condition.
- **Amber** – some deterioration is apparent on the roads and should be investigated to determine the best time to carry out planned maintenance treatment.
- **Red** – roads are in poor condition and are likely to require repairs within one year.

17. A road that is assessed as in an acceptable condition through the survey does not necessarily mean it is free of any defects. Equally, a road that is in a poor condition does not necessarily mean it is unusable. But a road in poor condition:

- may require vehicles to travel at lower speeds
- increases the risk of vehicular suspension and other damage

- could present an increased safety risk, for example owing to the loss of the road's anti-skid properties.

18. SCANNER provides an indicator of the condition of the lower road layers but not an absolute measure. Transport Scotland tests the surface of the trunk road network using SCANNER. It also uses a Deflectograph to provide an estimate of the remaining useful life of trunk roads and to identify areas requiring strengthening. The Deflectograph is a lorry-mounted system involving a loaded wheel passing over the road. The size of the deflection is related to the strength of the lower road layers. Each year, Transport Scotland uses the Deflectograph to survey 20 per cent of the trunk road network.

19. The different approaches mean that, under normal circumstances, the reported condition of the local road network cannot be compared with that of trunk roads. Transport Scotland publicly reports trunk road condition using the combined results of its SCANNER and Deflectograph surveys. But it is also able to separate its survey results so that trunk road condition can be more directly comparable with that of local roads. This report outlines the condition of the trunk road network using both how Transport Scotland reports it (combined surface and lower road layer surveys) and surface survey only.

The condition of council-maintained roads has stabilised overall

20. The 2011 audit report found that the condition of council-maintained classified roads had deteriorated over the last five years. In 2005/06, 70 per cent were in acceptable condition. By 2010/11, the figure had dropped to 66 per cent in acceptable condition. Since then, the road condition survey indicates that the proportion of classified local roads in acceptable condition has remained the same ([Exhibit 1](#)).

Exhibit 1

The condition of council-maintained roads from 2011/12 to 2014/15

The proportion of local roads in acceptable condition remained the same between 2011/12 and 2014/15.

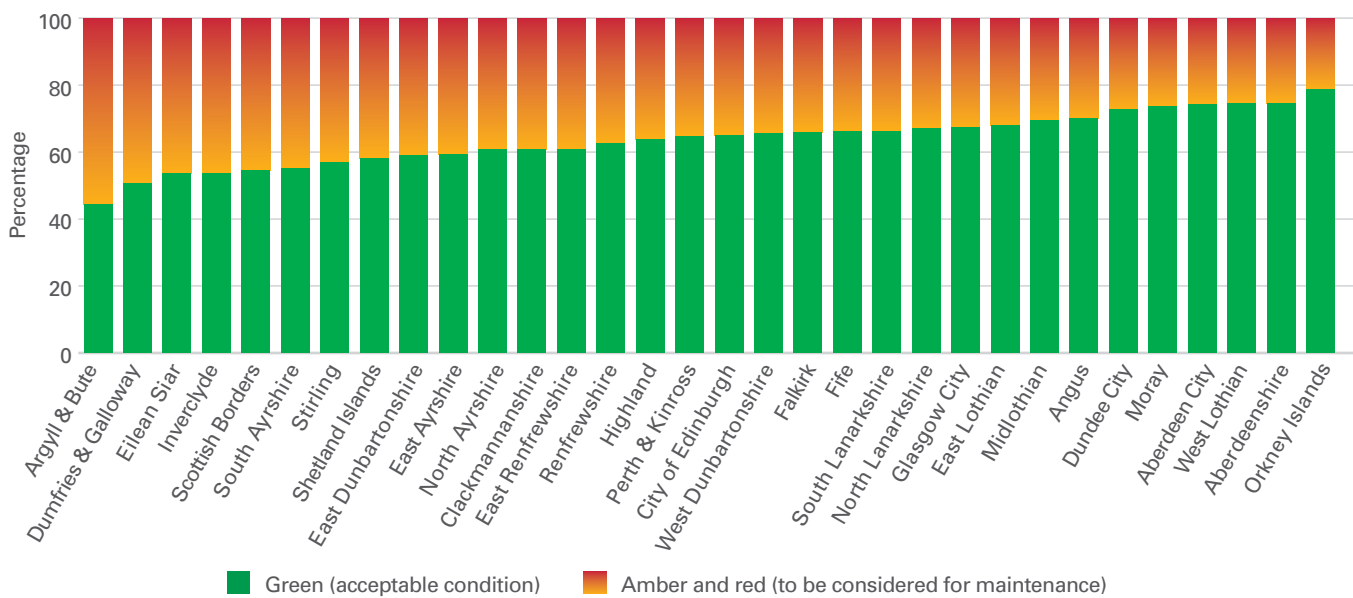


Source: SCOTS

21. Unclassified roads make up slightly more than half the local road network. The condition of unclassified roads declined slightly from 62 per cent in acceptable condition in 2011/12 to 60 per cent in acceptable condition in 2014/15. Unclassified roads continue to be in worse condition than classified roads.

22. While the overall condition of council-maintained roads has remained stable at around 63 per cent over the period 2011/12 to 2014/15, there is significant variation in the condition of roads among councils. For example, in 2014/15, the proportion of local roads in acceptable condition ranged from 44 per cent in Argyll and Bute Council to 79 per cent in Orkney Islands Council ([Exhibit 2](#)).

Exhibit 2
Comparison of the proportion of roads in acceptable condition by council for 2014/15
There is significant variation in road condition among individual councils.



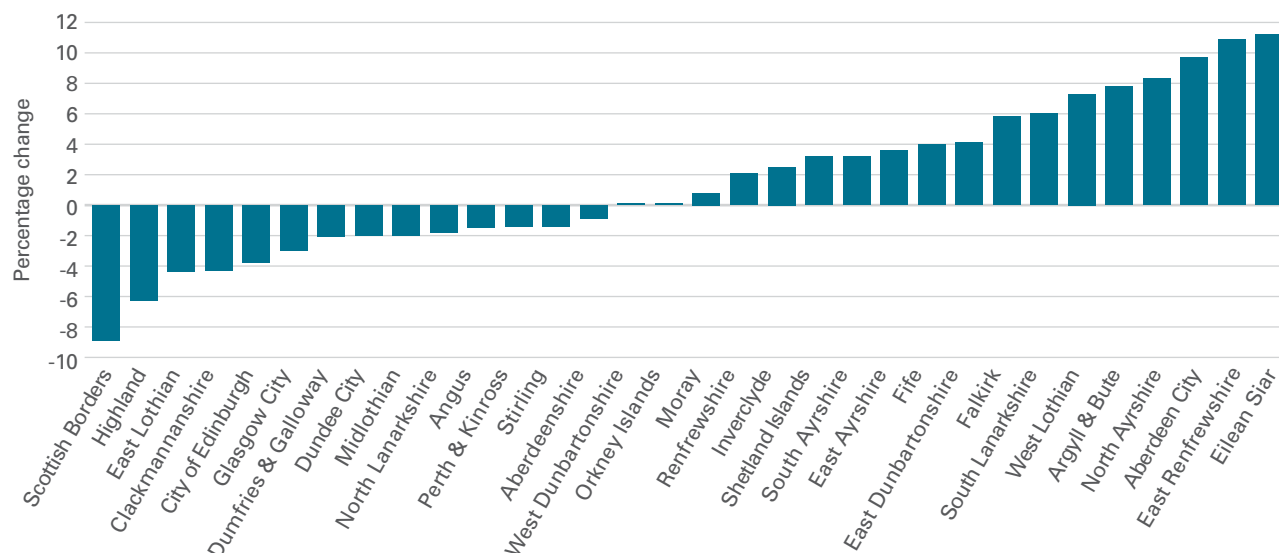
Source: SCOTS

23. There is also significant variation among councils in how the condition of local roads has changed over time. Between 2011/12 and 2014/15, survey results indicate that for 18 councils the proportion of their local roads in acceptable condition increased, while for 14 councils the condition of their local roads deteriorated. The extent of variation ranged from an improvement in acceptable condition of 11 per cent in Comhairle nan Eilean Siar to a deterioration of nine per cent in Scottish Borders Council ([Exhibit 3, page 15](#)). There is no obvious correlation between the change in road condition over time and the current level of road condition in individual councils.

Exhibit 3

Change in percentage of council-maintained roads in acceptable condition from 2011/12 to 2014/15

There is significant variation in the change in road condition between councils.



Source: SCOTS

The condition of trunk roads has worsened

24. Transport Scotland has a higher maintenance standard for the trunk road network. In particular, it considers that motorways need to be maintained to a higher standard owing to the higher proportion of HGVs thus enabling traffic to move safely at higher speeds than normally experienced on local roads.

25. Using Transport Scotland's method of assessing road condition, the condition of trunk roads declined from 90 per cent in acceptable condition in 2011/12 to 87 per cent in 2014/15. Dual and single-track A-class roads are in better condition than motorways. Motorways declined from 79 per cent in acceptable condition in 2011/12 to 74 per cent in acceptable condition in 2014/15 ([Exhibit 4, page 16](#)). Transport Scotland attributes much of the decline in motorway condition to doing more resurfacing work instead of reconstruction, which would also improve the condition of lower road layers ([paragraph 72](#)).

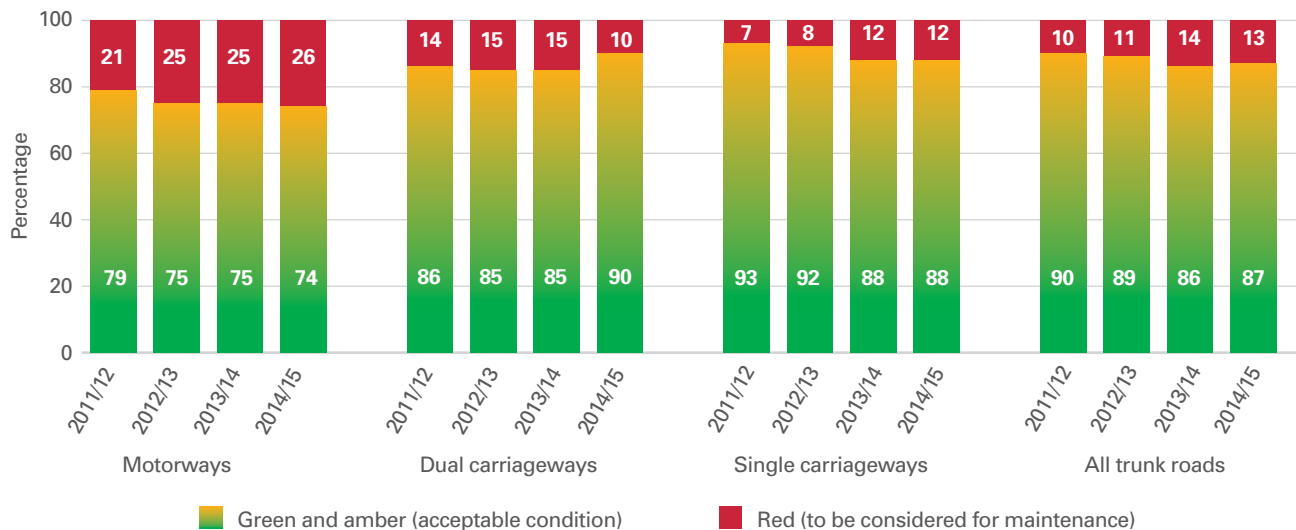
26. The 2011 audit report found that 78 per cent of trunk roads were in acceptable condition in 2010/11 based on the methodology used to assess council-maintained roads, that is, based on surface survey only. Since then, the overall condition of trunk roads has increased slightly to 79 per cent in acceptable condition. However, the proportion of motorways in acceptable condition fell from 70 per cent in 2011/12 to 58 per cent in 2014/15 ([Exhibit 4, page 16](#)).

Exhibit 4

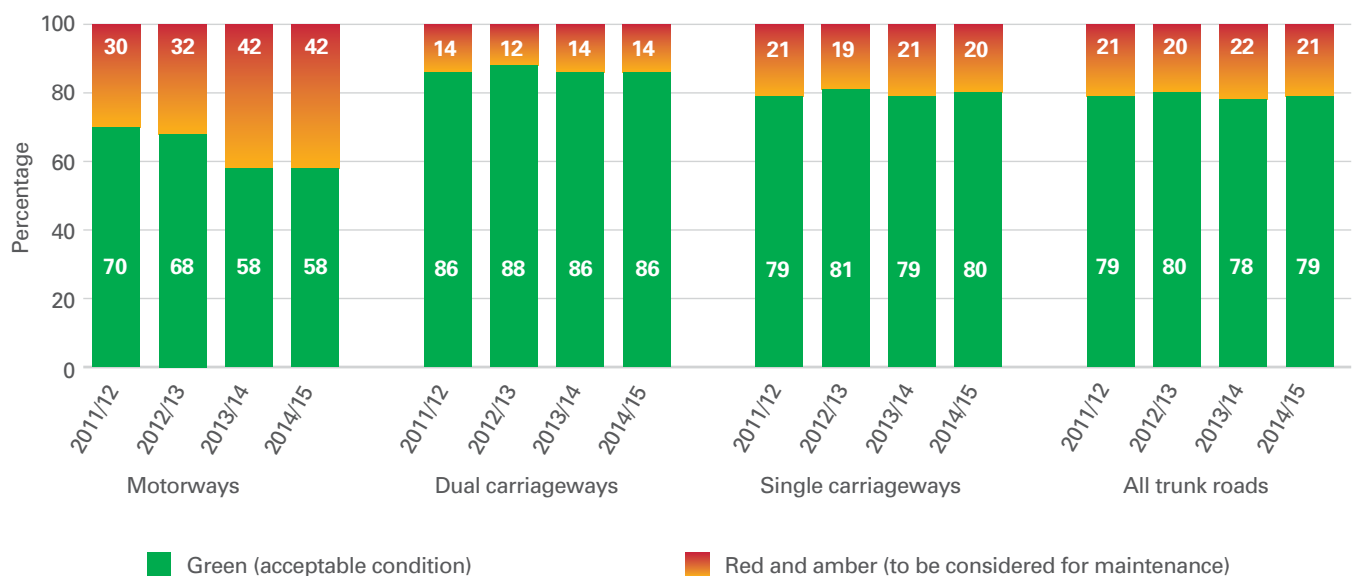
The condition of trunk roads from 2011/12 to 2014/15

The condition of trunk roads has worsened since 2011/12.

Condition results using Transport Scotland's approach, that is combined surface and lower road layers surveys.



Condition results using councils' approach, that is surface survey only



Source: Transport Scotland

27. Transport Scotland evaluates the quality of trunk road maintenance through the Performance Audit Group (PAGplus) and the annual reports it produces. These reports assess the performance of the operating companies which carry out trunk roads maintenance on behalf of Transport Scotland. Prior to June 2015, four operating companies provided trunk roads maintenance, organised into four geographical areas. A fifth operating company began operations in June 2015 when responsibility for maintaining the Forth Road Bridge and adjacent trunk road network was transferred from the Forth Estuary Transport Authority to Transport

Scotland. PAGplus assesses the performance of operating companies using a number of criteria, including:

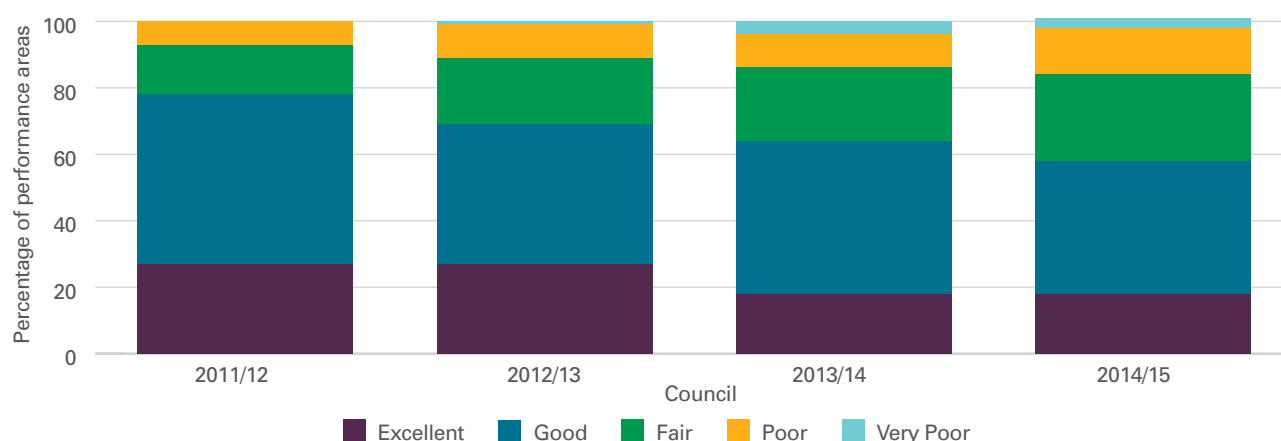
- Repair of major defects
- Planned maintenance of roads and other structures
- Winter service response times
- Safety inspections and patrols.

28. PAGplus assesses the performance of operating companies on a scale from 'excellent' through to 'very poor'. In 2011/12, PAGplus assessed 78 per cent of performance areas as 'excellent' or 'good' but this fell to 58 per cent in 2014/15. Conversely, PAGplus assessed seven per cent of performance areas as 'poor' or 'very poor' in 2011/12 but this increased to 16 per cent in 2014/15 ([Exhibit 5](#)). The introduction of new contracts in the North West, South West and South East areas during 2013 and 2014 may have played a part in the decline in performance during this time. It is important that Transport Scotland considers the overall trend in performance of operating companies and ensures it has appropriate mechanisms for addressing areas of poorer performance.

Exhibit 5

Trunk road maintenance operating company performance 2011/12 to 2014/15

The overall performance of trunk road operating companies declined between 2011/12 and 2014/15.



Note: The performance of the operating company responsible for the maintenances of the Forth Road Bridge and adjacent trunk road network is excluded from this analysis as it did not begin operations until June 2015, so there is no publicly available report through PAG plus.

Source: Transport Scotland

29. Transport Scotland does not report publicly on individual operating companies using road condition as an indicator of performance. This means it is not possible to compare the performance of operating companies in the same way as we have compared councils. Making road condition information publicly available for the geographical areas of the trunk road network – North West, North East, South East and South West Scotland – would help improve openness and transparency to the public.

Users continue to report that road condition is a major concern

30. The 2011 and 2013 audit reports both indicated that road users were increasingly dissatisfied with the condition of Scottish roads, which they believed was getting worse. In particular, the 2013 audit report referred to an AA survey in January 2013, which found that 45 per cent of local road users in Scotland considered road conditions to be poor, very poor or terrible. This was the worst rate in the UK.

31. Councils use a range of approaches to gauge customer satisfaction with roads in their area, such as user surveys and feedback from consultation groups. Not all authorities report their results publicly and, of those that do, there are differences in the type of question asked. For example, some councils seek views about road condition, while others ask about satisfaction with roads maintenance overall. There can also be different response options for customers to choose from.

32. In response to actions contained in the NRM, a question was included in the 2014 Scottish Household Survey (SHS) to capture levels of user satisfaction with road condition on a more consistent basis than councils had done previously.⁷ The results indicated that a third of respondents felt satisfied with road condition while 57 per cent felt dissatisfied. The remaining ten per cent felt neither satisfied nor dissatisfied, or had no opinion.

33. The National Highways & Transport (NHT) Network Survey asks the public more detailed questions than those contained in the SHS, including their views on road condition, road safety, traffic pollution and public transport. Since 2013, only seven Scottish councils have taken part in the NHT Network Survey. The 2015 survey results confirmed the importance that the public attach to road condition, and their low levels of satisfaction with it. For example, people living in the five Scottish councils that took part (Aberdeenshire, Dumfries and Galloway, North Ayrshire, Scottish Borders and South Lanarkshire) rated road condition as either the first or second most important aspect of roads services.


34. The NHT survey is a useful way to get councils thinking about how they might influence public perception of road condition by engaging more proactively over their roads service. For example, as part of a Roads Service communication strategy and action plan, in 2015 Aberdeenshire Council:

- used social media to inform the public about its winter roads maintenance procedures and how best to report potholes
- placed videos on YouTube to advertise particular events, such as the reopening of the Balmoral Bridge, and to let the public know more about the work of a roads manager
- issued news releases informing the public that its summer programme of surface dressing was about to begin and to be aware of loose chips
- raised the profile of female engineers by including an interview with a female member of staff in the YourJob section of the local press.

While the council acknowledges it is difficult to establish how much these activities have played a part, public levels of satisfaction with road condition in Aberdeenshire improved from 34 per cent in 2013 to 41 per cent in 2015.

35. Transport Scotland carries out annual surveys to gauge trunk road users' levels of satisfaction. Following a period of decline, levels of satisfaction have risen in the most recent survey. The 2011 audit report found that the proportion of users who were satisfied with the general condition of trunk road surfaces fell from 52 per cent in 2007 to 37 per cent in 2010. The survey results for 2015 indicate that 45 per cent of users were satisfied with trunk road surfaces.

Councils spent 14 per cent less on roads maintenance in 2014/15 than in 2011/12, while Transport Scotland spent four per cent less

36. Recent reports from the Accounts Commission have highlighted the financial challenges and service pressures that councils are currently facing. For example, [An overview of local government in Scotland 2016](#)  outlined the increasing demand for social care owing to demographic change, and how a third of councils overspent their social care budgets in 2015/16.⁸ These service demands and national policy conditions on, for example, maintaining teacher numbers, have meant that councils have tended to prioritise big spending areas such as social care and education. As a result, budget reductions have tended to focus on other areas, such as roads and transport.

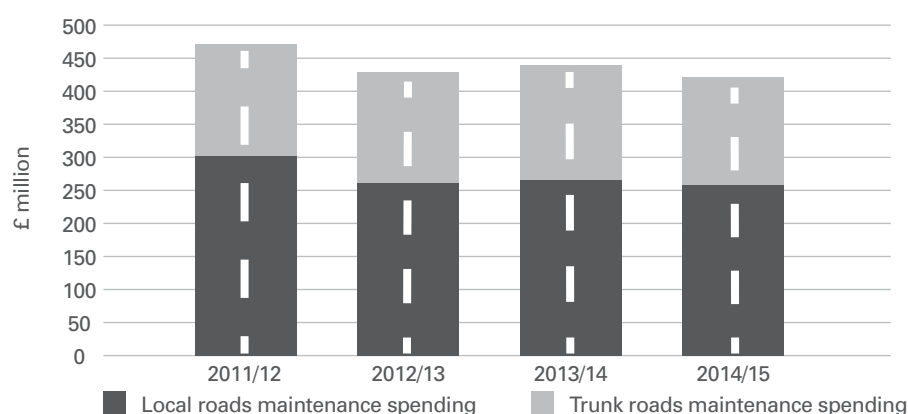
37. There is likely to be a five per cent reduction in Scottish Government revenue grant funding for local government in 2016/17, compared to 2014/15. This, and the continued prioritisation given to services such as social work and education, means that roads maintenance budgets may be put under further pressure.⁹

38. The 2011 audit report found that councils' roads maintenance spending fell by £76 million (13 per cent) between 2004/05 and 2009/10, after taking account of road construction inflation. Transport Scotland spending on roads maintenance fell by £78 million (32 per cent) in real terms, that is, allowing for inflation, over the same period. Since then, roads maintenance spending has continued to fall ([Exhibit 6](#)). Councils and Transport Scotland spent £421 million on roads maintenance in 2014/15. Taking inflation into account, this was £50 million less (11 per cent) than in 2011/12.

Exhibit 6

Roads maintenance spending from 2011/12 to 2014/15

Roads maintenance spending decreased by 11 per cent between 2011/12 and 2014/15 after taking account of inflation.



Source: SCOTS

39. Councils' net revenue and capital expenditure on general fund services (that is, the cost of all service provision except some council housing costs), decreased by £0.97 billion (7.5 per cent) between 2011/12 and 2014/15, after taking inflation into account. Councils' revenue and capital spending on roads maintenance fell from £302 million to £259 million over the same period (14 per cent).¹⁰ In percentage terms therefore, the reduction in councils' expenditure on roads maintenance between 2011/12 and 2014/15 was almost double that of their reduction in net spending on general services. Councils spent £4,935 per kilometre on local roads maintenance in 2014/15. Traffic volumes on council-maintained roads increased by two per cent between 2011/12 and 2014/15.

40. In 2014/15, Transport Scotland spent £162 million on trunk roads maintenance. This equates to £47,200 per kilometre and is some £6 million (four per cent) less than in 2011/12, after taking inflation into account. During the same period, traffic volumes on trunk roads increased by five per cent.

41. In addition to this spending, Transport Scotland funds trunk roads building and maintenance through its Design Build Finance and Operate schemes, such as the M6 and M80 improvements. Private operators are required to maintain these trunk roads, which Transport Scotland funds as part of its annual unitary service charges. Transport Scotland spent £84.7 million on these privately financed roads in 2014/15, an increase of 36.6 per cent from 2011/12. Transport Scotland will need to consider the implications on its budget of further increases in its annual unitary charges as new privately financed roads are built.

The amount of money councils spend on roads maintenance varies significantly

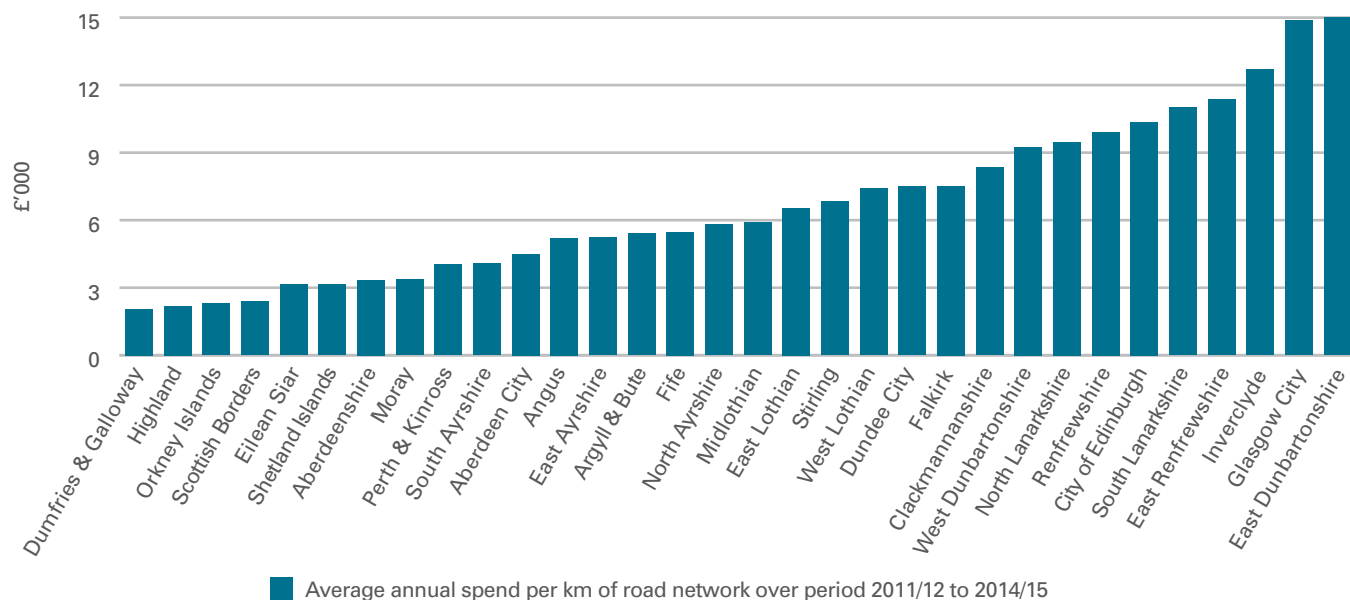
42. There is a wide variation in roads maintenance spending among councils ([Exhibit 7, page 21](#)). Between 2011/12 and 2014/15, average annual roads maintenance spending varied from £2,052 per kilometre of roads in Dumfries and Galloway Council to £14,995 per kilometre in East Dunbartonshire Council. Based on spending over the period 2011/12 to 2014/15, urban and city councils spend the most on roads maintenance per kilometre of network. There is likely to be a number of reasons contributing to this variation in expenditure between councils. We outline some of the factors which may influence council's spending patterns at [paragraphs 67–69](#) of the report.

43. In total, 19 councils reduced their spending on roads maintenance between 2011/12 and 2014/15, while 13 councils increased their spending ([Exhibit 8, page 21](#)). East Dunbartonshire Council reduced its spending on roads maintenance the most (by 64 per cent), while Dumfries and Galloway Council increased its spending the most (by 188 per cent).

Exhibit 7

Councils' spending on roads maintenance 2011/12 to 2014/15

The amount of money councils spend on roads maintenance varies significantly.

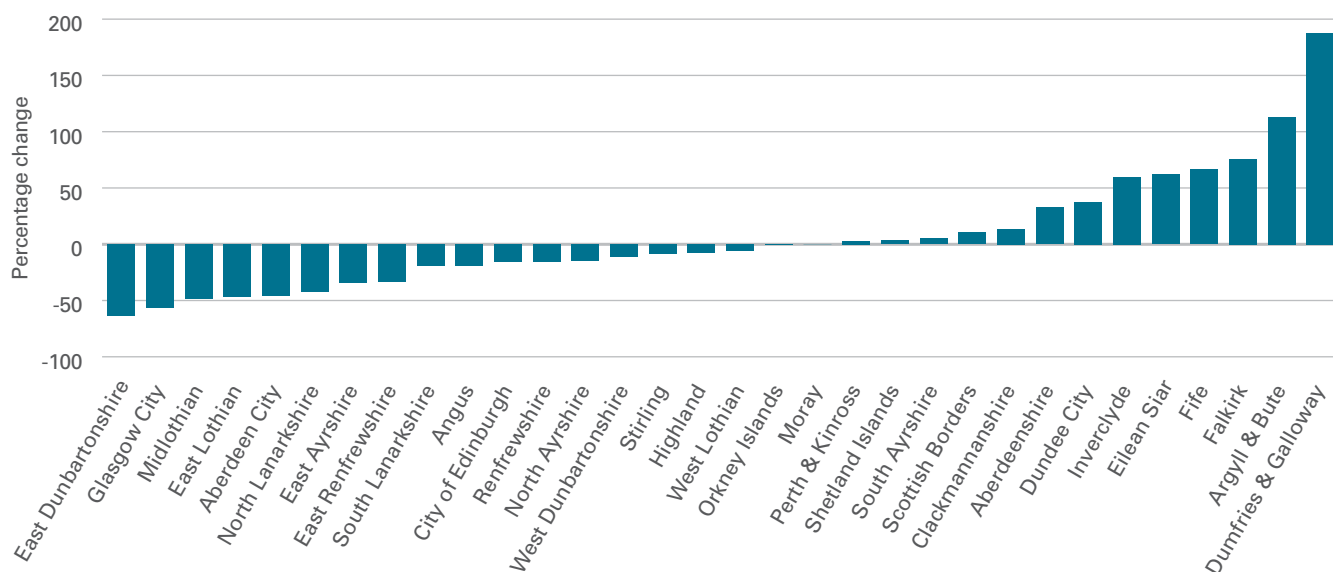


Source: SCOTS

Exhibit 8

Change in councils' roads maintenance spending from 2011/12 to 2014/15

There is significant variation in the change in roads maintenance spending across councils.



Source: SCOTS

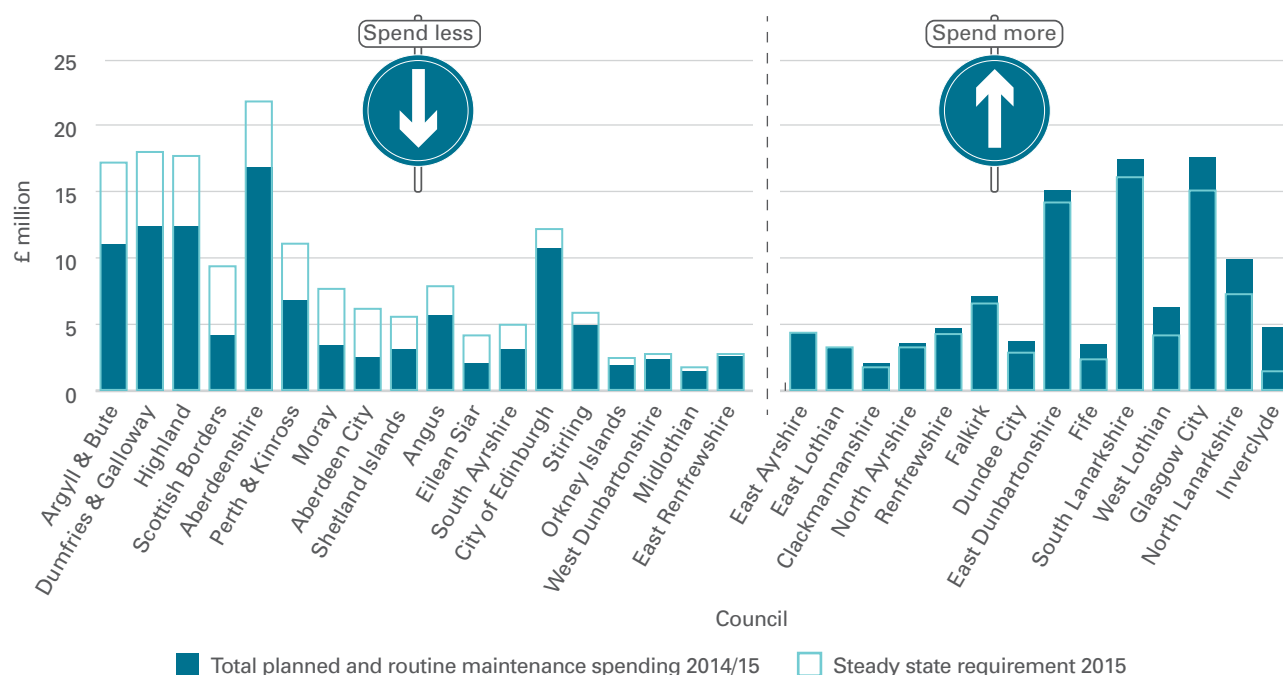
Levels of spending may not be enough to maintain roads in their current condition

44. Planned and routine maintenance are the types of road maintenance activity which are most likely to lead to improved road condition. SCOTS estimates that councils need to spend £246 million each year, excluding inflation, on planned and routine maintenance to maintain the local road network in its current condition. This is known as steady state and is calculated using a methodology that takes into account existing road condition, and the type and cost of treatments related to that condition. Overall, councils spent £33 million (13 per cent) less on planned and routine maintenance in 2014/15 than SCOTS considers was necessary to maintain the current condition of local roads. According to SCOTS' figures, 14 councils spent more in 2014/15 than that necessary to maintain their current condition, while 18 councils spent less ([Exhibit 9](#)).

Exhibit 9

Councils' roads maintenance spending compared to that necessary to maintain their current road condition in 2014/15

Based on SCOTS' steady state calculations, 18 councils did not spend enough to maintain their current road condition in 2014/15.



Source: SCOTS

45. Between 2013 and 2015 Transport Scotland undertook a study, with consultant support, to develop a long-term vision for maintaining the trunk road network. This considered a number of options for future investment, including:

- A baseline position, such that the trunk road network should be maintained in a steady state condition over a 20-year period to 2033. This was based on an overall network condition of 14 per cent in need of investigation for maintenance each year. The cost of this option was calculated at £1.24 billion (excluding inflation) and is equivalent to spending on average £62 million each year on structural maintenance.
- An option to improve the network over the 20-year period such that its condition was comparable to the rest of the UK and to similar countries internationally. This was based on an overall network condition of six per cent in need of investigation for maintenance each year. The cost of this option was calculated at £1.59 billion (excluding inflation), equivalent to spending on average £79 million each year on structural maintenance.

46. Transport Scotland spent £38 million on structural maintenance in 2014/15, some 62 per cent of what the study calculated was necessary to achieve steady state condition. Given the annualised nature of public sector budget setting, there is no guarantee that sufficient funds will be available in the future to achieve either of these aspirations.

Roads authorities need to be clearer about what road condition can be expected from given levels of spending

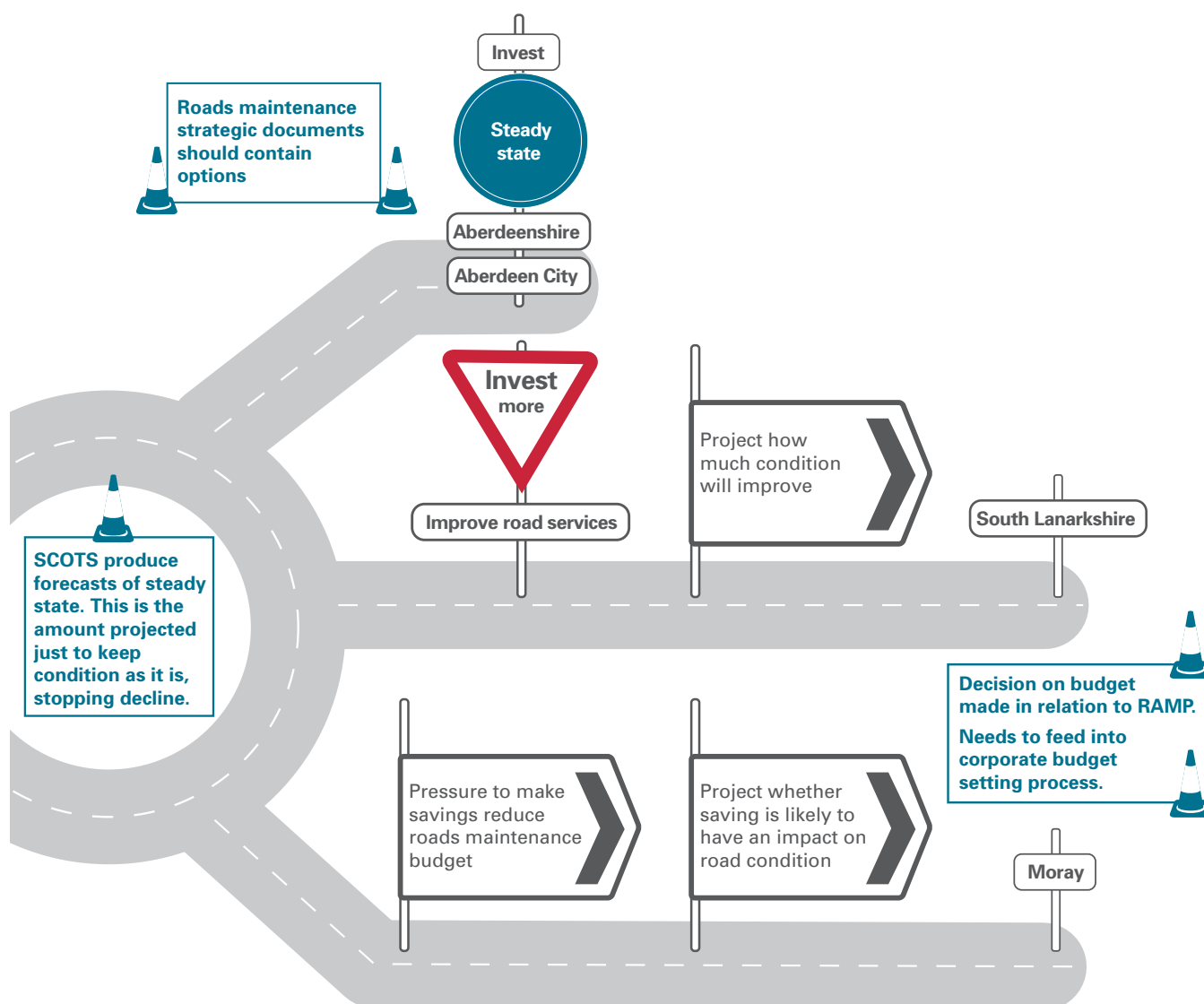
47. SCOTS' estimates of the spending needed to maintain steady state can help give an indication of the level of investment required to prevent further deterioration in road condition. Councils are beginning to use financial modelling tools to analyse how different levels of spending on roads maintenance is likely to impact on road condition. SCOTS is also promoting the use of Annual Statement of Options Reports to allow elected members to consider how different budget decisions will affect road condition. These reports can help councils decide whether they want to invest to improve road condition, maintain steady state or identify budget savings that may impact on road condition. However, only a third of councils are presenting options to elected members on the road condition that can be expected from different levels of spending.

48. A good quality RAMP should set out the expected standard of service to be provided by the road network. This can be used to help inform the consideration of options based on the level of spending and prioritisation given to roads maintenance. In turn, these can help inform councils' corporate budget decisions. [Exhibit 10 \(page 24\)](#) illustrates how this should work in practice. It also gives examples from our audit fieldwork of the decisions councils have made and whether they were investing to improve road condition, maintaining steady state or releasing budget savings that may impact on road condition.

Exhibit 10

Council budget decisions and their impact on road condition

Councils need to be clearer about what they are trying to achieve from their budget decisions and what road condition they can expect from given levels of spend.



Council	Decision taken on roads maintenance
<p>Aberdeen City</p> <p>Steady state</p>	<p>The council approved the option in 2015 to maintain current road condition. It calculates this would require an increase in the annual roads maintenance budget from £4.5 million to £6.9 million. The council has still to commit these additional funds.</p>

Cont.

Exhibit 10 continued





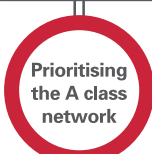



Council	Decision taken on roads maintenance
<div data-bbox="272 409 456 450">Aberdeenshire</div> <div data-bbox="288 465 440 618">  </div>	<p>Between 2011/12 to 2014/15, the council has spent significantly less on roads maintenance (around £12.3 million per annum) than the amount indicated by SCOTS' steady state calculation (£21.8 million) while still maintaining condition at around 75 per cent of roads in acceptable condition. In 2015, using a tailored modelling tool, the council approved the option to continue to maintain steady state while achieving budget savings of up to £2.2 million a year, by greater use of lower cost treatments and additional works on distressed areas.</p>
<div data-bbox="272 741 456 781">City of Edinburgh</div> <div data-bbox="264 797 464 837">Improved condition</div> <div data-bbox="288 842 440 994">  </div>	<p>The council approved a new approach to allocating its capital budget for road maintenance in October 2015. This moves away from prioritising roads in the worst condition to a more preventative approach using a range of less expensive treatments. The council did not set a specific improvement target but used a modelling tool to predict an increase from the current position of 65 per cent in acceptable condition to 88 per cent in acceptable condition.</p>
<div data-bbox="240 1111 488 1151">Ayrshire Roads Alliance</div> <div data-bbox="272 1155 456 1308">  </div>	<p>East Ayrshire Council committed funding in 2013 to improve road condition, with a target to improve the proportion of roads in acceptable condition by one per cent a year. The capital investment programme 2013-23 allocated £24.3 million to roads maintenance over the ten-year period. Options put forward in the RAMP are based on this agreed budget.</p> <p>Before 2014, South Ayrshire Council had not identified capital funding for roads maintenance. The establishment of the Ayrshire Roads Alliance (Appendix) brought capital funding for roads maintenance in South Ayrshire more in line with the Ayrshire area. A target was set in 2016 to improve condition by one per cent per annum.</p>
<div data-bbox="304 1480 424 1520">Inverclyde</div> <div data-bbox="272 1525 456 1677">  </div>	<p>Around 54 per cent of roads in Inverclyde are currently in acceptable condition, one of the worst in Scotland. The council approved a Roads Investment Strategy in 2013, which laid out a five-year capital investment programme of £29 million intended to improve road condition. There is no overall target for improving the proportion of roads in acceptable condition but the aim is to reduce the backlog of roads in red condition and maintain the level of amber condition roads. The condition of all classes of local roads in the council area improved in 2014/15.</p>
<div data-bbox="272 1812 456 1852">Perth & Kinross</div> <div data-bbox="288 1856 440 2009">  </div>	<p>The current RAMP identified two options, maintaining the current £8.7 million annual spend on roads maintenance or increasing annual funding to £11 million to achieve steady state. However, the RAMP does not identify the impact of current funding levels on road condition. The council has prioritised A class roads, to improve those to the national average, while allowing other classes of road, already above the average, to deteriorate. The council committed additional funding of £2 million a year for next three years, based on an annual statement and options report approved in November 2015.</p>

Exhibit 10 continued

Council	Decision taken on roads maintenance
	<p>The council committed funding from 2015 to slow down the rate of decline in the condition of roads. The RAMP identified a series of options and the council selected the option to invest an additional £67.3 million in roads maintenance over 20 years. This is projected to slow down the rate of decline and achieve a target of 55 per cent of roads in acceptable condition. Current condition is 54.5 per cent of roads in acceptable condition.</p>
	<p>The council has committed additional funding since 2008 to improve road condition. The council approved an investment plan with £126 million capital funding. It has a target of 72 per cent of roads in acceptable condition by 2019. The council has been resurfacing around 5-6 per cent of roads a year and achieved improvement from 62.5 per cent of roads in acceptable condition in 2008 to 66.2 per cent in 2015. The improvement was made mainly in category A and B roads.</p>
	<p>The council currently has a significantly higher than average percentage of roads in acceptable condition. As part of a wide-ranging review in 2013, the council considered the impact of a planned reduction in road condition. The report identified that allowing condition to deteriorate to the Scottish average over five years would save approximately £5 million each year. A significant increase in budget would be needed thereafter to maintain that average condition. The council has reduced the annual roads maintenance budget by £1.4 million between 2013 and 2015.</p>

Source: Audit Scotland fieldwork

49. Transport Scotland has a number of budget headings for roads maintenance, including structural maintenance, and routine and winter maintenance. For routine and winter maintenance works, the requirement for roads maintenance is set out as service standards in contracts with the operating companies. For example, the requirement for salting and gritting treatment is triggered when temperatures fall below certain levels.

50. The structural repair budget is the main funding stream that contributes to improving the condition of the trunk road network. The operating companies submit proposals for structural maintenance schemes, which Transport Scotland prioritises to produce a three-year planned programme of works.

51. As noted in [paragraph 46](#), Transport Scotland spent £38 million on structural maintenance in 2014/15, 62 per cent of what the study calculated was necessary to achieve steady state condition. Transport Scotland's public facing RAMP, does

not outline the consequences that spending less than steady state will have on road condition. In line with councils, there is a need for Transport Scotland to be clearer on what road condition can be expected from given levels of spending.

More is spent on roads maintenance in England although only trunk roads are in significantly better condition

52. The Department for Transport publicly reports road condition in England as the proportion of roads that should be considered for maintenance.¹¹ This equates to category red condition roads in Scotland. In 2014/15 around:

- Four per cent of council A class roads, seven per cent of B and C class roads classified roads and 18 per cent of unclassified roads in England should have been considered for maintenance. The comparative figures for Scotland were five per cent, eight per cent and nine per cent respectively.
- Four per cent of motorways and trunk roads in England should have been considered for maintenance. In comparison, 13 per cent of motorways and trunk roads in Scotland were assessed as being in need for further investigation to determine if maintenance was required.

53. Roads maintenance spending is also higher in England. In 2014/15 for example, English councils spent £3.5 billion on roads maintenance, equivalent to around £12,238 per kilometre of local roads. Highways England spent £981 million on roads maintenance, equivalent to around £137,200 per kilometre of motorways and trunk roads.¹² This is two and a half times that spent per kilometre by Scottish councils on local roads maintenance, and nearly three times per kilometre more than Transport Scotland spent on trunk roads maintenance.

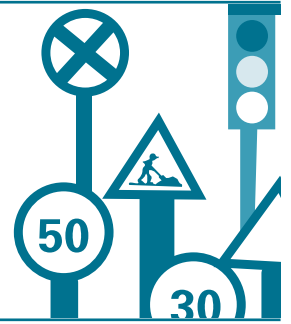
54. In December 2014, the Department for Transport published its Roads Investment Strategy, setting out plans to invest £15.2 billion on motorways and major roads in England between 2015/16 and 2019/20.¹³ Around £6 billion of this investment will be used to resurface 80 per cent of the strategic road network. In July 2015, the Chancellor of the Exchequer announced the creation of a new national roads fund, using Vehicle Excise Duty, to pay for this maintenance.

55. The Department for Transport also announced in December 2014 that £6 billion would be made available to English councils outside London for local roads maintenance between 2015/16 and 2020/21. In addition, it has agreed to provide other funding which are likely to result in increased local roads maintenance expenditure from 2014/15 onwards. In particular:

- The 2012 Autumn Statement included £75 million for Additional Highways Maintenance Funding Allocations after an underspend in 2013/14.
- In March 2014, £184 million was made available through the Weather Repair Fund for roads hit by weather damage in the winter of 2013/14.
- Local authorities were invited to bid for a share of a £250 million Pothole Fund to repair local roads, between 2016/17 and 2020/21.

Part 2

Improving the management of road maintenance



Key messages

- 1** The National Roads Maintenance Review (NRMR) has resulted in a range of actions, including the development of Roads Asset Management Plans and a common suite of performance indicators for roads maintenance activities. While much work has been done, further progress is needed. For example, existing performance indicators do not measure relative efficiencies between councils.
- 2** Roads authorities are changing the way they approach roads maintenance activities through better prioritising and targeting of roads maintenance, and using cheaper treatment options. This has helped available budgets go further but carries risks. Increasing the use of surface dressing might help to maintain the condition of the surface of the road network in the short term. But in the longer term it could lead to additional costs.
- 3** So far, the focus of roads authorities' collaborative working has been largely on specific areas of activity. Progress with introducing a shared services approach to roads maintenance, a central theme of the NRMR's findings, has been disappointingly slow. The Roads Collaboration Programme (RCP) is supporting councils to establish regional governance bodies to consider roads maintenance issues. But as yet, there is no clear plan of how this will translate into shared services at an operational level. Scottish ministers have made it clear that councils need to make more progress before trunk roads maintenance could be considered for inclusion in the regional groupings.

progress with introducing a shared services approach has been disappointingly slow

Road asset management plans are now in place although some still lack detail

56. Roads authorities need clear RAMPs for managing their roads to ensure they meet service standards and achieve value for money. A good quality roads asset management plan:

- describes the assets forming the road network and their condition
- assesses the future demand likely to be placed on the network

- clearly describes the level of service the council will provide to maintain the network
- provides financial information, including a long-term prediction of the cost of managing and operating the road network.

57. The 2011 audit report found that only around a third of councils had draft RAMPs. The 2013 audit report found that about half of councils had approved their RAMP and the remainder were in the process of doing so. The 2013 report also found that half of councils had information gaps in their RAMPs, including incomplete or unreliable asset inventory data, incomplete asset lifecycle plans and a lack of detailed long-term funding requirements.

58. To improve the consistency and quality of RAMPs, SCOTS commissioned an independent assessment of the state of councils' development and use of RAMPs as one of the NRMR action points. The consultant's report, in April 2016, found that all councils have RAMPs in place although some still lacked detail. In others, there was a need to update core data. The consultants also noted councils that were making the best use of RAMPs displayed some common characteristics, including:

- elected member recognition of the value of investing in the road network
- a lead official with responsibility for asset management
- an active programme of asset management improvement
- good asset data and capable users of RAMP software
- a high level of staff engagement with the SCOTS project to embed the use of RAMPs.

59. Transport Scotland first published a RAMP for the trunk road network in November 2007. It published an updated RAMP in January 2016. The January 2016 RAMP contains most of the good quality features outlined in [paragraph 58](#) above. It also sets out arrangements for monitoring the performance of the operating companies that Transport Scotland appoints to maintain the trunk road network. The RAMP does not provide information on planned roads maintenance spending beyond 2015/16, as the outcome of the 2015 spending review was not known at that time. Instead, it provides an indicative forward work plan, estimating work volumes up to 2024/25, based on the scenario that the budget for structural maintenance will remain at its current level.

More use is being made of performance information but further work is needed to allow comparisons of council efficiency

60. The 2011 audit report recommended that councils should adopt the suite of performance indicators that SCOTS was developing. This would allow councils to consistently measure the performance of roads maintenance activities. It also recommended that councils should make greater efforts to benchmark roads maintenance activities to drive out cost inefficiencies. The 2013 audit report found that councils were making more use of performance information but further work was needed to improve the quality and consistency of data to allow meaningful benchmarking to take place.

61. All councils have now adopted a common set of performance indicators developed between SCOTS and the Association of Public Service Excellence (APSE). The indicators cover various aspects of roads maintenance, including other asset groups such as lighting and footways. Key roads maintenance indicators within the set include:

- spend per kilometre of network
- overall road condition and by classification
- percentage of budget spent on each of planned, reactive and routine maintenance
- percentage of customer enquiries dealt with in target time
- percentage of major defects dealt with in target time
- percentage of the road network treated each year.

High-level roads maintenance condition and expenditure indicators have also been incorporated into the Local Government Benchmarking Framework, which is published annually.¹⁴

62. Although councils are now meeting as family groups to discuss performance information, the focus to date has mainly been on ensuring data is consistent. This has been useful in developing the indicator set but there is a need to move discussions on to identifying the underlying reasons for variations and sharing learning and good practice. Some examples of sharing good practice exist, for example policies for dealing with insurance claims and the APSE roads and lighting advisory group, but this is not yet established across core roads maintenance activities. At [paragraphs 67–69](#) we outline some of the factors that can influence spending and condition. Between 2011/12 and 2014/15, 11 authorities improved their road condition without increasing spending. It is important roads authorities improve their benchmarking to identify and adopt good practice.

63. The NRMR included an action for Transport Scotland to review the suite of SCOTS/APSE performance indicators to determine if it would be appropriate to adopt them, and allow direct benchmarking against councils. Transport Scotland noted that its performance management system included performance indicators that enable comparison and benchmarking between its trunk road maintenance operating companies. It recognised the usefulness of being able to compare performance with councils. But it considered that, owing to the different levels of service between trunk and local roads, many of the aspects of performance it measures were not directly comparable with the SCOTS/APSE set of performance indicators. This means it is still difficult to compare the relative efficiencies between councils and the trunk road operating companies.

64. The SCOTS/APSE indicators do not easily allow for a meaningful evaluation of the efficiency of roads maintenance activities. For example, none of the indicators covers the unit cost per metre of structural maintenance carried out. One NRMR action was to develop a consistent unit cost benchmarking methodology across

all roads authorities. In response, councils were asked to participate in a pricing exercise for a typical standard carriageway maintenance scheme. This identified several issues including how councils were handling:

- the apportionment of overheads
- differences between trading and non-trading organisations
- the profit element within costings.

65. SCOTS also considers that benchmarking is more difficult because there are now few discrete roads departments across Scotland as a result of council reorganisations over the last five years. It considers from the work done to date that there is a need to understand better the factors which contribute to the wide variation in roads maintenance unit costs of across Scotland. SCOTS is now working with the University of Leeds and Measure2improve to explore an alternative methodology for assessing and comparing councils' road maintenance efficiency and the potential for improvement.

Roads authorities are changing how they manage roads maintenance but there are risks attached

66. It is difficult to establish a clear link between changes in councils' spending on maintenance and changes in road condition. [Exhibit 2 \(page 14\)](#) and [Exhibit 7 \(page 21\)](#) noted wide variation among councils in their roads condition and the amount they spend on roads maintenance. [Exhibit 11 \(page 32\)](#) notes the difficulty in establishing a link and shows that between 2011/12 and 2014/15:

- seven councils increased their roads maintenance spending and the proportion of roads in acceptable condition increased
- eight councils reduced their roads maintenance spending and the proportion of roads in acceptable condition declined
- in six councils the roads condition declined, despite spending more on maintenance
- in 11 councils the roads condition improved, despite spending less on maintenance.

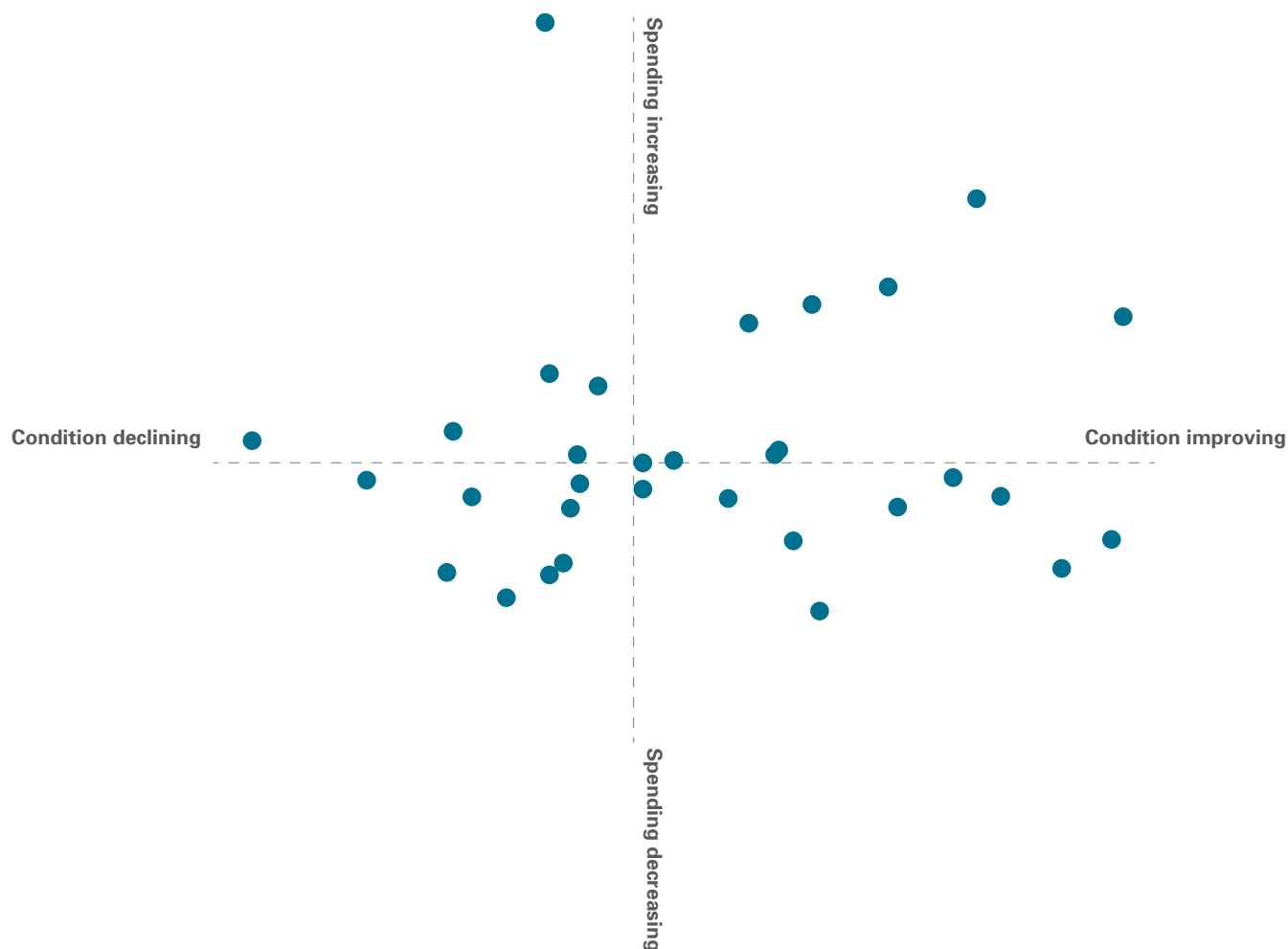
67. How road expenditure is incurred, where and on what, may have a greater or lesser effect on road condition. For example, depending on the scale of deterioration, roads engineers might decide that one section of road needed less expensive surface dressing while another section required more expensive reconstruction. Both road sections would be returned to an acceptable condition but at greatly different cost and resulting lifespan. Other factors influencing the relationship between spending and condition include:

- The nature of the road network. For example, depending on the distance from the roads maintenance depot, some road maintenance activities might require extra travel time and costs.
- Greater traffic volumes in some council areas may mean some roads need maintained more often.

Exhibit 11

Change in councils' roads maintenance spending from 2011/12 to 2014/15

There is significant variation in the change in roads maintenance spending across councils.



Source: SCOTS

- Compared to 2009/10, recent winters have not been as challenging to roads authorities. However, localised rainfall and the resultant flooding can damage roads and take money from a budget that could otherwise be spent on structural maintenance that would improve the condition of roads.
- Owing to the way councils calculate road condition using a two-year rolling average of survey results, there is likely to be a time lag between a decision to increase or reduce roads maintenance spending and how this affects reported road condition.
- Historic patterns of investment may impact on what level of spending and types of treatment are now required to maintain or improve road condition. For example, a council that has previously invested heavily in roads maintenance is more likely to be able to maintain road condition at lower cost than a council that has not historically invested in its roads.

- Some councils may focus more on maintenance activities that make greatest contribution to improved road condition. For example, unless councils actively use RAMPs to improve road condition, there is a risk that maintenance work is targeted at short-term solutions, such as filling potholes, rather than a planned programme of works.

68. There is evidence that councils and Transport Scotland are changing the way they manage roads maintenance. To some extent this has been stimulated by actions resulting from the NRM. Public sector budgetary constraints have also played a part. For example:

- SCOTS is encouraging councils to use asset management hierarchies to prioritise roads of greater strategic importance and intervene earlier when roads begin to deteriorate, rather than treating those in the worst condition. Transport Scotland is also using asset management hierarchies to prioritise trunk roads maintenance where it is of most benefit. These are based on a scoring methodology which evaluates the function of a route based on its economic, social, and integrated transport connections.
- The introduction of RAMPs and greater use of modelling has led several councils to modify how they carry out planned maintenance by paying more attention to long-term costs. For example, Aberdeenshire Council, City of Edinburgh Council, Dumfries and Galloway Council and Glasgow City Council have developed preventative road maintenance strategies aimed at minimising long-term cost by applying lifecycle costing techniques.
- There are moves to adopt lean management techniques as a systematic process for improving efficiency.¹⁵ Dumfries and Galloway Council and Aberdeenshire Council are now carrying out lean management projects, looking at aspects of planning and making repairs. It is too early to say what the results will be but early indications from the Dumfries and Galloway Council pilot suggest that efficiencies of ten per cent may be achievable.
- Roads authorities are focusing savings on activities which contribute least to road condition. For example, Perth and Kinross Council plans to save £280,000 during 2016/17 by reducing the frequency of certain roads maintenance activities such as road sign maintenance and verge and ditch clearing. Councils consider it is more difficult to find savings from structural maintenance work, which have the greatest impact on improving road condition. This is because the main element of cost is the purchase of materials which is largely outside their control.

69. These approaches are helping to target roads maintenance activities and make available budgets go further, but carry risks. For example, prioritising roads which are of greatest strategic importance may mean that the condition of less important roads will deteriorate over time. Concentrating maintenance works on roads that are beginning to deteriorate may also mean that roads already in poor condition will get worse.

70. Roads authorities are also changing how they treat road deterioration. For example, road condition in the Aberdeen City Council area improved from 68 per cent in acceptable condition in 2011/12 to 74 per cent in 2014/15. The council

reduced its roads maintenance expenditure from £6,287 per kilometre to £3,430 per kilometre (45 per cent) over the same period. It considers this has been achieved through a combination of:

- targeting A class roads which are in the worst condition using surface treatments with limited deeper patching
- making more use of surface dressing as an alternative to reconstruction work in appropriate urban locations
- a more efficient approach to pothole filling, including using dedicated response teams along with a better quality material
- more innovative practices, such as the use of thinner treatments and how cracks are treated
- not undertaking any major full reconstruction work in the last four years.

71. While surface dressing can be effective at halting deterioration, it can be more expensive in the long term than reconstruction work. Surface dressing has a life span of between ten to 15 years dependent on traffic volume, compared to 20 to 40 years for reconstruction work. Councils consider that there are times when surface dressing represents better value for money than reconstruction. But they also recognise that making more use of surface dressing could also be hiding the true condition of local roads. This is because their road condition surveys do not always pick up the full extent of failures in the structural integrity of lower road layers.

72. As a result of budgetary constraints, Transport Scotland is also focusing on maintaining the condition and safety of trunk roads through resurfacing, as an alternative to more costly strengthening or reconstruction options. It considers this is having an impact on the structural integrity of some motorways built in the 1970s and which are now approaching the end of their useful lives. These roads are not unserviceable but need to be closely monitored to identify the best timing to strengthen or reconstruct them.

73. Similarly, Perth and Kinross Council has decided recently to change how it deals with potholes by repairing them only when they reach a depth of 60mm, compared to the previous depth of 40mm. It expects this to generate savings of £120,000 in 2016/17. But it recognises that the changed approach could accelerate the decline in road condition and result in higher repair costs in the long term.

74. Perth and Kinross Council's decision to reduce its roads maintenance budget was taken against a backdrop of it identifying the need to save £12 million from its overall annual revenue budget. As part of its 2016/17 budget considerations, the council undertook a web-based consultation exercise between December 2015 and January 2016 to seek the public's and staff's views on which service budgets should be maintained or reduced. The three service areas where respondents were most in favour of maintaining budgets were children and families social work, services for older people and roads maintenance. The council recognised that a reduced roads maintenance budget could result in more customer complaints and give a poor visual impression of the council area. But it felt that budget reductions were necessary in order to achieve the overall savings amount.

75. In May 2015, Scottish Ministers announced a review of the office and functions of the Scottish Road Works Commissioner (SRWC). The SRWC's role is to improve the planning, coordination and quality of roads works throughout Scotland. The SRWC also monitors the performance of, and promotes good practice across, both utility companies and roads authorities. One of the issues the review is considering is the guarantee period for road reinstatements after the completion of utility works. Currently, utility companies are required to guarantee the quality of road reinstatements for two years after the completion of utility works, or three years for a deep excavation. Councils have informed the current review that they would prefer a longer guarantee period to fit with a longer-term asset management approach. The review is due to report later in 2016.

The Scottish Roads Research Board has been established to promote greater innovation in roads maintenance

76. In response to the NRMR, Transport Scotland, SCOTS and the SRWC set up the Scottish Roads Research Board (SRRB) in 2011. SCOTS and Transport Scotland jointly fund the SRRB which has an annual budget of around £400,000 to fund research projects. Its main objectives are to promote and deliver innovation and share new products, techniques and knowledge across Scotland's road sector.

77. To date, research projects coordinated through the SRRB have been completed in a number of areas including:

- the use of new types of materials, such as bitumen as a binder for asphalt and thermoplastic road markings
- photo-luminescent technology
- fabric reinforcement to surface dressing
- tourist signs
- climate change adaptation.

78. The SRRB disseminates all project reports and other relevant information to the roads community via its website, in the form of technical reports, advice notes and other guidance. However, it does not provide a coordinated role for research activity. Roads authorities continue to trial materials and techniques on an individual basis which risks duplication of effort and cost. While there are networks for sharing the outputs of these trials, for example through SCOTS working groups and the Transport Scotland Pavement Forum, this is not yet being centrally coordinated to ensure roads authorities share good practice.

79. The SRWC and SCOTS are also taking forward research projects under the auspices of the SRRB. For example, the SRWC is leading on research into joint repair techniques, in response to survey findings indicating the poor quality of repairs by utility companies and others. SCOTS is leading on producing guidance on how to achieve best value in selecting materials and techniques for repairing potholes.

Staff reductions are adding to the challenges for roads maintenance

80. Roads authorities are increasingly concerned about the potential effect of staff reductions arising from budgetary constraints on future roads maintenance activities. In particular, they are concerned at the loss of technical and commercial skills and expertise, the presence of an ageing workforce and how they can attract and train new staff. There is no central record of the scale of roads maintenance staff reductions over the last few years. But of the approximately 5,000 council staff currently engaged in roads activities, 40 per cent are aged over 50 years and only 13 per cent are aged under 30 years.

81. Councils are responding by training staff through modern apprenticeships and graduate programmes:

- Twelve councils are employing modern apprentices, with 61 apprentices currently in training.
- Fourteen councils have graduate programmes in place, with a total of 47 graduates currently in training.

82. The Roads Collaboration Programme (RCP) ([paragraphs 90–93](#)) is also working to address staffing issues. For example, it is:

- Developing a ‘futures leaders programme’ to bring together opportunities for leader exchange, coaching and mentoring and technical training. The RCP expects to be able to roll out the programme from autumn 2016.
- Working with Skills Development Scotland and the Construction Industry Training Board to attract and recruit young people at all levels into the roads sector. This will include improved secondary school career advice to supplement that already provided by professional civil engineering institutions.
- Working with academia to better match industry needs with college and university curricula, and with the roads sector to create more attractive career paths within the public road service.

Progress in delivering a shared service approach to roads maintenance has been disappointingly slow

83. Before finalising its report, the steering group overseeing the NRM identified the need for a more detailed assessment of the ‘optimum arrangements for the management and maintenance of roads in Scotland’ (known as Option 30). A separate Option 30 report, published in June 2012, concluded that current arrangements could be improved on and that all councils should explore sharing services in the short term.¹⁶

84. The report also considered that the benefits from setting up a new roads authority, or authorities, were likely to take longer to achieve. It stated that if the benefits of shared services were not realised as anticipated in the short term, work on exploring structural change should be accelerated. The report did not define 'short term' but we would regard it as normally encompassing a two to three-year period.

The focus of collaborative working has so far largely been on specific areas of activity

85. Roads authorities can demonstrate many examples of collaboration, both between themselves and with other partners ([Exhibit 12, page 38](#)). Particular themes include:

- shared procurement – for example procuring minor works contracts, weather forecasting services, road condition surveys and materials
- the delivery of specific maintenance activities – for example surface dressing, winter gritting and sharing of specialist equipment
- joint staff training – for example health and safety training and using equipment
- joint improvement projects – for example the SCOTS RAMP project.

86. So far, the focus of roads authorities' collaborative working has largely been on specific areas of activity rather than wider reform to the way roads maintenance services are designed. There are currently only two shared service arrangements in place between councils – Tayside Contracts and the Ayrshire Roads Alliance.

87. Tayside Contracts is a well established multi-council consortium established between Angus, Dundee and Perth and Kinross councils in 1996 through a joint committee. It provides services that include roads maintenance, fleet maintenance and management, winter maintenance, catering and facilities management services. A range of individual collaborative arrangements are in place within the consortium and not all councils are involved in all service areas. Reported benefits include:

- economies of scale enable the delivery of a wide range of services at competitive rates
- delivery of a full range of services from minor potholes repairs to major contracts, possible through the retention of specialist skills and vehicles
- a single management structure which promotes a focus on front-line service delivery
- flexibility to move resources across council areas
- scale of operations has enabled a focus on innovation, such as a cold road paving system (known as TAYSET) and a reed-based system for the treatment of gully waste.

Exhibit 12

Examples of roads authorities' collaborative working

Roads authorities collaborate on a wide range of activities and with a wide range of partners.

Collaborative working examples



Collaboration between councils

There are many examples of councils working together on developing joint procedures, joint procurement, sharing specialist staffing and the delivery of specific road maintenance treatments.



Collaboration between roads authorities and industry

Councils, Regional Transport Partnerships and the timber industry are funding joint Timber Transport Officer posts to improve how to transport timber and to minimise its impact on roads.

The Transport Scotland Pavement Forum brings industry representatives and roads officers to work together on approaches and solutions for roads maintenance.



Collaboration between councils and trunk road operating companies

Councils often collaborate with trunk road operating companies in rural areas to deliver roads maintenance services. For example, Scottish Borders Council provides winter maintenance services on behalf of AMEY (responsible for delivering the South East trunk roads maintenance contract) on trunk roads in the Scottish Borders.

Similarly, BEAR (responsible for delivering the North West trunk roads maintenance contract) and Stirling, Highland, and Argyll and Bute councils maintain joint depots and share salt stocks. Argyll and Bute Council also delivers emergency response, winter services and Category 1 repairs on behalf of BEAR.

Source: Audit Scotland fieldwork

88. East Ayrshire Council and South Ayrshire Council established the Ayrshire Roads Alliance in April 2014. The councils decided to agree a fully shared service on the basis of a detailed business case and options appraisal process that considered a range of service models. The [Appendix](#) provides more details on the shared service, its anticipated benefits and progress to date.

89. The experience of establishing the Ayrshire Roads Alliance has highlighted several lessons and challenges for other potential shared service arrangements. Similar to other Audit Scotland reports commenting on what good partnership working looks like, the Ayrshire Roads Alliance has identified that the main lessons for others include the importance of:

- agreeing a lead authority (in this case East Ayrshire Council) early in the process to maintain progress
- the early involvement of elected members to ensure they have influence and are kept informed of developments
- setting out well defined governance arrangements, such as oversight, roles and responsibilities, which maintain clear elected member involvement

- clarifying the split between strategic and operational functions early in the process
- the need to keep affected staff informed and involved throughout
- having a good baseline understanding of the existing services and where the shared arrangements can have most impact.

Regional governance bodies are being established but there is no clear plan of how this will translate into shared services at an operational level

90. The Roads Collaboration Programme (RCP) was launched in November 2013 to explore opportunities for further collaboration between roads authorities. A Strategic Action Group, which the Minister for Transport and Islands and COSLA's spokesperson for Development, Economy and Sustainability takes turn to chair, provides political oversight to the RCP. It also includes representatives from SCOTS, Transport Scotland, the Improvement Service and the Society of Local Authority Chief Executives. In addition, a Roads Collaboration Board, with a similar wide-ranging membership, oversees the activities of the RCP. The board replaces the Shared Capacity and Shared Services Improvement Board established as a result of the NRMR to take forward various actions relating to shared services, including Option 30.

91. A key part of the RCP's work is the Governance First project. This aims to establish more formal governance arrangements for roads authorities looking to deliver collaborative activity or shared services in clusters or across regions. Within Governance First, creating a formalised governing body is the fundamental first step to developing shared services, and needs to happen before designing how the shared service will operate.

92. The constituent members of the Roads Collaboration Board are all strongly behind the core principle of Governance First, that sharing should be the default position to delivering roads services. Through working with councils, the RCP has identified various benefits to shared services, including:

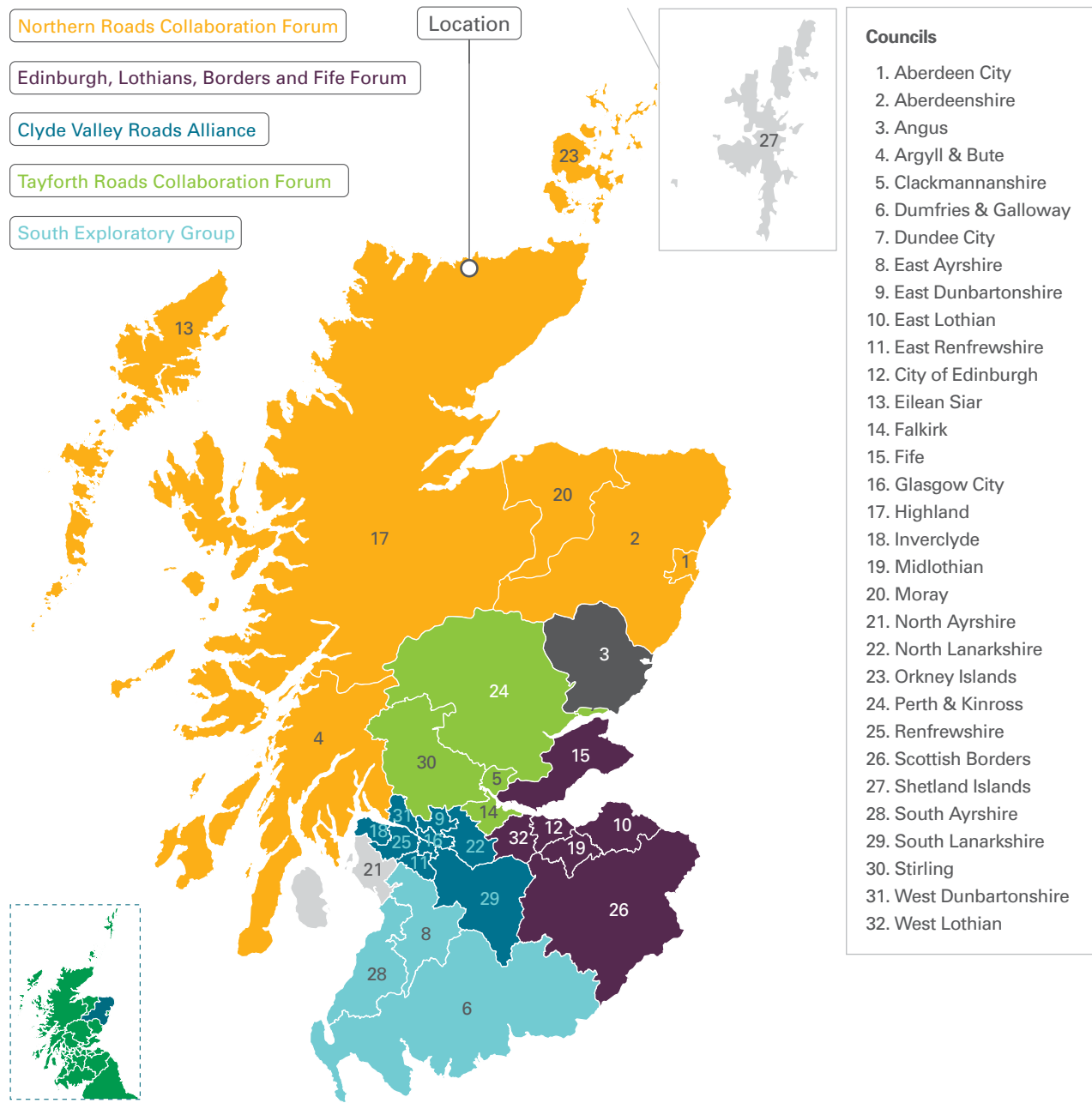
- Efficiency of size through having a larger available budget, greater purchasing power, a stronger strategic function and streamlined back-office functions such as administration.
- Being stronger organisationally through having a larger and more mobile workforce. A shared service would be less dependent on individuals, and a bigger volume of work would enable it to retain skilled staff more readily and offer enhanced training opportunities.

93. The RCP has been working with councils to establish five regional groups to explore opportunities for further collaboration ([Exhibit 13, page 40](#)). The RCP has provided support through leading discussions at meetings, providing guidance on different models for collaboration and commissioning legal advice for councils on the implications of these different models. Regional joint committees are being established in some areas. Regional Transport Partnerships, the statutory bodies responsible for transport planning at a regional level, present another option. Roads authorities need to determine the governance arrangements that best suit their needs, but it is important that any potential for duplication is avoided.

Exhibit 13

Regional collaboration through the Roads Collaboration Programme

Councils are now participating in regional partnerships to consider how they can provide roads maintenance services in new ways.



Notes:

1. Angus Council is currently involved in two groupings: the Northern Roads Collaboration Programme and the Tayforth Roads Collaboration Forum.
2. North Ayrshire Council has still to decide whether it wishes to be part of the formal groupings. Shetland Islands Council is monitoring progress of the Northern Forum having decided in 2015 not to be part of a formal group at this time.

Source: Roads Collaboration Programme

94. COSLA agreed at its Leaders Group meeting in November 2015 to endorse the proposals for regional working. In particular, Leaders agreed that the optimum model for the future management and maintenance of the Scottish road network is via regional bodies covering the work of all existing roads authorities, that is the 32 councils and Transport Scotland. SCOTS has also endorsed the proposals.

95. Councils are responsible for agreeing how best to establish regional bodies. This has led to a variety of different approaches and has contributed to the slow progress being made. Some of the challenges encountered include:

- Uncertainty on whether the trunk road network would be included in the development of collaboration proposals. Scottish ministers did not clarify their position on this until November 2015 ([paragraph 100](#)).
- Concern that the service areas to be included in the shared service arrangement are small scale and unlikely to deliver the service improvement or organisational benefits required.
- Fewer perceived benefits for larger councils, or for those who have previously been investing in their road network.
- Fear of bigger councils dominating.
- Elected members' concerns about the extent of the powers for joint committees and how this impacts on local financial control. So far, proposals for the powers for joint committees do not extend to the control of budgets.

96. As at March 2016, the current status of each regional group was:

- **Northern Roads Collaboration Forum** – Elected members have met twice and have appointed a councillor from Highland Council to chair the forum. Aberdeenshire Council is preparing a minute of agreement which, once the other councils approve it, will form the basis of a joint committee. The formal committee's first meeting is expected in autumn 2016.
- **Edinburgh, Lothians, Borders and Fife Forum** – All councils have now approved the setting up of a shadow joint committee. The committee first met at the end of March 2016. City of Edinburgh Council legal officers are preparing a draft Memorandum of Agreement for consideration at the next Forum meeting, prior to it being circulated to constituent councils for approval.
- **Clyde Valley Roads Alliance** – An officer subgroup has been established and is to develop proposals for an integrated service by summer 2016. Elected members have yet to be closely involved in the arrangements and member councils recognise that faster progress is needed.
- **Tayforth Roads Collaboration Forum** – There will be overarching collaboration across the Tayforth area, but operational collaboration will be split. This will be between the three Tayside Contracts councils (Angus, Dundee and Perth and Kinross) and the Forth Valley councils (Falkirk, Stirling, Clackmannanshire) plus potentially West Lothian and East Dunbartonshire. This is to allow for a review of the Tayside Contracts arrangements to be completed.

- **South Exploratory Group** – This is still very much at an exploratory stage. Discussions are continuing between officers but formal arrangements have still to be established and potential shared services to be confirmed. Collaboration with Cumbria County Council is also being explored.

97. Based on the progress of establishing regional governance bodies, it is clear that the second phase of Governance First, which covers designing how shared services will operate, is still some way off. A key issue with the rate of progress is the low profile that roads services have with elected members and senior managers due to them being now largely subsumed within larger council departments. As a result, the lead officer for roads maintenance is often at a lower management tier level than before and lacks delegated authority for taking shared services forward. Similarly, the extent of elected member involvement and buy-in to the shared service concept has been mixed.

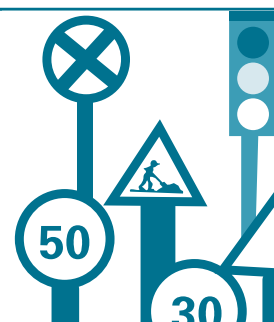
98. Councils may also be able to learn from others about how to develop shared services in the future. For example, Transport for London and London borough councils formed the London Highways Alliance in 2013 as a joint initiative to deliver all aspects of roads services, including maintenance. Roads services are provided through four geographic contracts that cover eight years. Transport for London and London borough councils expect to save up to £450 million over the life of these contracts, with annual savings equivalent to around ten per cent of current spending on roads services. They expect to achieve this through measures such as collaborative procurement, sharing expertise and innovative construction techniques.

Scottish ministers want to see more progress being made before trunk roads could be considered for inclusion in regional groupings

99. A key question for roads authorities is the extent to which the shared service operational model should include trunk roads. Transport Scotland has yet to decide whether to enter into regional arrangements. It considers that more competitive procurement and pricing through its trunk road operating contracts has generated efficiency savings of around £42 million over the three years 2012/13 to 2014/15.

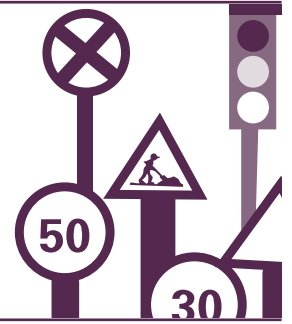
100. Two of the trunk road operating contracts are due for renewal in April 2018 (North West and South West). Another two are due for renewal in August 2020 (North East and South East), although all four contain options to extend contract lengths. This provides Transport Scotland with flexibility over its future approach to trunk road maintenance, including its inclusion in regional groupings. Scottish ministers outlined to COSLA in November 2015 that, before trunk roads maintenance could be considered for inclusion in any future regional groupings, councils need to make more progress. In particular, councils need to be able to demonstrate that including trunk roads within any future regional groupings would lead to efficiency savings and other benefits.

Endnotes



- 1 The Strategic Action Group is jointly chaired by the Minister for Transport and the Islands and COSLA. It is tasked with overseeing the progress of the National Roads Maintenance Review.
- 2 The Office for National Statistics calculates road construction inflation by examining price increases in a variety of materials and activities associated with road construction. It is currently reviewing how it calculates road construction inflation and has stopped publishing updates of it. This report therefore uses GDP price deflators to calculate changes in roads maintenance expenditure in real terms.
- 3 **Scottish Government National Performance Framework** The Scottish Government considers that the road network contributes to the following outcomes: We live in a Scotland that is the most attractive place for doing business in Europe; We realise our full economic potential with more and better employment opportunities for our people; We live longer healthier lives; We have tackled the significant inequalities in Scottish society; We live our lives safe from crime, disorder and danger. We live in well-designed, sustainable places where we are able to access the services and amenities we need; We value and enjoy our built and natural environment and protect it and enhance it for future generations; We reduce the local and global environmental impact of our consumption and production; Our public services are high quality, continually improving, efficient and responsive to local people's needs.
- 4 <http://www.driving-test-success.com/causes-car-crash.htm>
- 5 **Reported Road Casualties Scotland 2014**, Scottish Government, October 2015.
- 6 **Scottish Household Survey 2014**, Scottish Government, October 2015. The survey uses a main sample base of over 10,000 respondents covering all council areas.
- 7 **Scottish Household Survey 2014**, Scottish Government, October 2015.
- 8 **An Overview of Local Government in Scotland 2016**, Accounts Commission, March 2016.
- 9 **An Overview of Local Government in Scotland 2016**, Accounts Commission, March 2016.
- 10 Council spend figures come from the SCOTs/APSE data returns and include both revenue and capital expenditure.
- 11 **Road Conditions in England 2015**, Department for Transport, March 2016.
- 12 **Maintenance expenditure by road type**, Department for Transport, March 2016.
- 13 **Roads Investment Strategy for the 2015/16-2019/20 Roads Period**, Department for Transport, December 2014.
- 14 The Local Government Benchmarking Framework (LGBF) brings together performance information from all 32 councils covering a wide range of services. The Improvement Service maintains the LGBF to support councils to improve their services by working and learning together.
- 15 Lean management is a long-term approach that systematically seeks to achieve small, incremental changes in processes in order to improve an organisation's overall efficiency and quality.
- 16 Option 30 Report, Consideration of optimal delivery structures for roads management and maintenance, June 2012.

Appendix



The Ayrshire Roads Alliance

The Ayrshire Roads Alliance (ARA) was established in April 2014 as a shared roads service between East and South Ayrshire councils. All three Ayrshire councils were involved in developing it following the establishment of the Ayrshire Shared Services Joint Committee in March 2012. In June 2013 North Ayrshire Council decided not to join the ARA after the business case was prepared. East and South Ayrshire councils consider that the joint committee arrangement provides an established governance framework, and a good forum for discussing the development of the shared service, and joint decision-making.

The Ayrshire Roads Alliance has been set up as a shared strategic function, including a single head of service. The two participant councils remain the statutory roads authorities. The ARA acts as a single operational service across the area. All South Ayrshire Council roads and transportation staff transferred (under TUPE arrangements) to East Ayrshire Council. The Ayrshire Roads Alliance considers this provides a more flexible and mobile workforce that can be used more effectively across the combined road network.

To maintain responsiveness to each council's priorities, roads maintenance and improvement work is currently planned separately through two separate RAMPs. Each council also retains responsibility for its roads maintenance budget. The Ayrshire Roads Alliance sees this as a key factor in addressing elected member concerns about the potential for loss of local control and accountability in a shared service. With the exception of a small shared strategic budget, spending is ring-fenced for activity within each of the geographic areas. The total budget for 2014/15 was £24.4 million, with £16.7 million coming from East Ayrshire Council and £8.1 million from South Ayrshire Council.

The business case identifies developing a mobile, integrated and responsive workforce as a core aim of the shared service. It sets a savings target of £8.6 million over the first ten years of the service (approximately six per cent of current revenue spending). Savings over the first few years are expected to be generated mainly through a reduction in strategic staff. There are currently no plans to reduce the level of operational staffing, although the Alliance has identified the opportunity to reduce its combined winter maintenance fleet as a result of more efficient gritting routes across the combined area.

Historically, the two councils' spending on roads maintenance has differed significantly. The Ayrshire Roads Alliance considers that joint scrutiny of plans and budgets at the shared services joint committee has allowed elected members to become more aware of these differences and the potential impact of different levels of investment. Since the Alliance was established, South Ayrshire Council has decided to allocate additional capital investment to roads maintenance, investing an additional £10 million over five years.

Maintaining Scotland's roads

A follow-up report

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To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance & Resources

Heading: Audit, Scrutiny & Petitions Board Annual Report 2015/16

1. Summary

- 1.1 The annual report highlights the issues considered by the Board during the period September 2015 to June 2016 when the Board met on eight occasions. The report is submitted to the Board in terms of the Council's Code of Corporate Governance.
 - 1.2 Scrutiny enables members to review decisions, policies and performance that affect the Council and helps to ensure that the Council's services and policies meet the Council's aims and standards. The scrutiny process not only provides a means of reviewing the Council's own services but can also examine services provided by other organisations on issues causing public concern. In addition, the Board performs the important function of audit committee for the Council and considers petitions submitted by members of the public.
 - 1.3 During the course of the year members looked at many different subjects, including those agreed in terms of their annual programme and annual reports from other bodies. Members also considered reports from the chief internal auditor and also participated in a training programme in terms of their audit committee role. A number of petitions were also considered throughout this period, and the Board agreed previously that the annual report on petitions received and their outcomes would be incorporated into this report.
-

2. Recommendations

- 2.1 That the Audit, Scrutiny & Petitions Board annual report, including the report on petitions received and their outcomes, be noted.

3. Issues considered by the Board during 2015/16

3.1 Annual Programme of Reviews

- 3.1.1 The Board deals with its reviews by examining a subject through consideration of evidence from Council officers, other organisations and service users. Once all the evidence has been collected, the lead officer prepares a report on the Board's behalf outlining the Board's findings and recommendations and when approved by the Board the report is submitted to the Council for consideration.
- 3.1.2 During the period of this report the Board continued consideration of (i) review of the upkeep of common areas within Council housing stock including garden areas; (ii) Ward 15 (Children's Ward) Royal Alexandra Hospital; and (iii) bus de-regulation and its effect on transport services in Renfrewshire.
- 3.1.3 The Board at its meeting held on 6 June 2016 agreed that its 2016/17 annual programme would comprise (i) fly-tipping in the countryside and at known fly-tipping spots and (ii) housing repairs by Council and outside contractors; and that this would be the order of priority in which the reviews would be undertaken; and that a review of Japanese knotweed in our landscapes and gardens be a reserve item in the event that either of the agreed two reviews did not proceed.

3.2. Training

- 3.2.1 In line with national guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of audit committee principles in Scottish local authorities, training on audit and risk-related matters is provided to members of the Board. During the period covered by this report, Board members agreed and commenced a programme of training which included briefings on: serious and organised crime; fraud risk; and risk management.

3.3 Audit and Related Matters

Audit of Accounts - The Board at its meeting held on 21 September 2015 considered a report relative to the audit of the Council's 2014/15 accounts. The report outlined Audit Scotland's findings and it was noted that in order to comply with the Local Authority Accounts

(Scotland) Regulations 2014 that the audited financial statements would be presented to the Council for approval at its meeting on 24 September 2015.

- (a) **Annual Internal Audit Plan 2016/17** – The Board at its meeting held on 21 March 2016 agreed a risk-based Audit Plan for 2016/17. The plan took into account the outcomes of the internal corporate and service risk identification and evaluation processes, and the current business environment. In addition to undertaking work which would provide assurance on the robustness of key internal controls, the plan sought to reflect the key priorities and challenges for the Council. Progress on the 2016/17 Annual Audit Plan and summaries from each audited assignment are reported to the Board on a quarterly basis.
- (b) **Audit Scotland Annual Audit Plan 2015/16** – The Board at its meeting held on 25 April 2016 considered a report relative to Audit Scotland's Annual Audit Plan 2015/16. The Audit Plan outlined the work Audit Scotland proposed to undertake in reaching a view on whether the financial statements of the Council were a true and fair representation of its financial position and whether they had been properly assessed in accordance with proper accounting practice. The plan outlined the responsibilities of Audit Scotland and the Council, their findings in relation to key challenges and risks and the approach and timetable for completion of the audit. Audit Scotland had also published further guidance for elected members in relation to the annual accounts "Why the Accounts Matter" and this was appended to the report.
- (c) **Risk Management Annual Report** - The Board at its meeting held on 6 June 2016 considered the risk management annual report for 2015/16 which described the corporate risk management activity that had taken place during the year in relation to the Council's risk management arrangements and strategic risk management objectives. The Council promoted an environment that was risk aware rather than risk averse, placed risk management information at the heart of key policy decisions and took an effective approach to managing risk in a way that both addressed significant challenges and embraced innovation. The Council had received national recognition for good risk management and had been shortlisted in two categories in 2016.
- (d) **Accounts Commission and Audit Scotland Reports** – during the period covered by this report, the Board considered reports concerning Audit of Housing and Council Tax Benefit Risk Assessment; Benefits Performance Audit Annual Update 2014/15; Health and Social Care Integration; Housing Benefit Subsidy Audit 2014/15; and Major Capital Investment in Councils. Each report highlighted key points and the Renfrewshire Council position where available.

- (f) **Annual Complaints 2014/15** – The Board at its meeting held on 15 February 2016 considered a report setting out the stages of the complaints process and provided a summary of the numbers and types of complaints received, responded to within timescales, customer satisfaction monitoring and key complaint areas including what was being done to address issues raised. The Council had received 5,725 complaints in 2014/15 and the report identified how the information provided in complaints was used to improve services.
- (g) **Health & Social Care Integration; Financial Assurance Audit** – The Board at its meeting held on 21 March 2016 considered a report relative to the duty placed on the Council and the Health Board to integrate planning for and delivery of certain adult health and social care services. The Scottish Government had established the Integrated Resources Advisory Group (IRAG) to develop professional guidance in relation to financial matters including the framework for financial governance and assurance. The internal audit annual report concluded that internal audit was able to provide a reasonable level of assurance over financial governance and assurance relating to Renfrewshire Council and its responsibilities to the Renfrewshire Integration Joint Board. Moving forward there would need to be continued monitoring of the financial risk that had been identified through the due diligence process and that adult social care reviews would continue to be report to the Board.
- (h) **Local Scrutiny Plan 2016/17** – The Board at its meeting held on 25 April 2016 considered a report relative to the Local Scrutiny Plan 2016/17, which was prepared each year by the Local Area Network. The conclusion of the Local Area Network at the end of this year's shared risk assessment was that no scrutiny risks had been identified which required specific scrutiny. However, audit and inspection work would continue to take place and the Council would also be subject to a range of scrutiny that was part of national activity.
- (i) **Corporate Governance** – The Board at its meeting held on 25 April 2016 considered a report relative to the annual review of the Council's local code of corporate governance. The code reflected the importance placed by the Council on self-assessment and activities involving greater scrutiny of services. In addition, the Board considered a report relative to the Council's compliance with the code and the Chief Auditor's responsibility to review independently its adequacy and effectiveness. Internal audit confirmed that the Council complied with its requirements and that it was evident that the code had been subject to review and updating.

The Director of Finance & Resources had endorsed the Chief Auditor's recommendation that the code continue to be subject to annual review to ensure that it reflected developments and best practice.

- (j) **Internal Audit Annual Report 2015/16** - The Board at its meeting held on 6 June 2016 considered the annual report on the activities of the Council's Internal Audit section for 2015/16, which outlined the role and performance of internal audit, the strategic and operational issues which influenced the nature of the work undertaken, key audit findings and the annual audit assurance statement.
- (k) **Local Government Benchmarking Framework Indicator Profile 2014/15** – The Board at its meeting held on 15 February 2016 considered a report relative to the Local Government Benchmarking Framework (LGBF) indicator profile for 2014/15. Of the 56 national indicators, since 2013/14, the Council's ranking in 28 had improved, one had remained the same, 22 had declined, and in five no trend information was available. The report considered why certain indicators were ranked in the bottom quartile and where there was declining performance and detailed planned actions to improve performance, including learning from best practice in other authorities.
- (l) **Internal Audit Findings** – The Board considered quarterly reports on the findings of internal audit in terms of national guidance produced by CIPFA on the implementation of audit committee principles in Scottish local authorities, in line with which internal audit submitted regular reports on the findings of audit work to the Board based on the work of internal audit and detailing the main issues arising.
- (m) **Internal Audit and Counter Fraud Progress and Performance** – The Board considered quarterly reports on the performance of the Council's Audit and Benefit Investigation Team in terms of delivery of the Audit Plan. The report compared the percentage of audit work completed by target, completed within time budget and the percentage of audit reports issued within three weeks of completion of audit field work. The number of sanctions and level of overpayments identified by the Counter Fraud Team were also provided. The report also detailed progress against local and national initiatives involving Internal Audit and the Counter Fraud team, including the National Fraud Initiative and the Scottish Local Authorities' Chief Internal Auditors Group (SLACIAG).
- (n) **Absence Statistics** - The Board considered reports on absence returns with the statistics broken down by service and category of staff, including information relative to absence targets and how services had performed against them. The report intimated that the overall number of days lost per full time equivalent employee was 9.5 for 2015/16 which was an increase of 0.5 on the previous year.

- (o) **Audit Appointments and the role of Audit Scotland** – The Board at its meeting held on 25 January 2016 considered a presentation which indicated that the external auditors for Renfrewshire Council for financial years 2016/17 to 2020/21 were likely to change from Audit Scotland to a private firm. The presentation highlighted that the appointment of all auditors to public sector bodies was made by the Accounts Commission or the Auditor General for Scotland. The presentation outlined the appointment process, the procurement timeline and handover arrangements.

3.3 **Petitions**

- 3.3.1 The Board considered 13 new petitions during the period covered by this report. Details of the petitions received and their outcomes are set out in the appendix to this report.

3.4 **Annual Reports by other Bodies**

- (a) **Scottish Public Services Ombudsman** – The Board at its meeting held on 30 November 2015 considered the Scottish Public Services Ombudsman's (SPSO) annual report 2014/15. The report highlighted that during the period covered by the report the SPSO handled 4,895 complaints which led to over 1,400 recommendations for improvement to public services. Local Government remained the sector about which the SPSO received most complaints being 38% of the SPSO's total caseload for 2014/15. During the period covered by the report the SPSO received 1,880 complaints about local government compared with 1,750 in the previous year. Complaints about the NHS had gone up by 25% over the past two years.

No complaint details for specific organisations were included in the report. Information had been received separately indicating that the number of complaints received by him during the period covered by the report relative to Renfrewshire Council was 63 compared with 52 in 2013/14 and 45 in 2012/13. No complaints against the Council had been reported to the Scottish Parliament.

- (b) **Commission for Ethical Standards in Public Life in Scotland: Annual Report 2013/14** – The Board at its meeting held on 30 November 2015 considered the 2014/2015 Annual Report of the Commission for Ethical Standards in Public Life in Scotland, which detailed the work of the Commissioner during the year, provided details of the investigation of complaints dealt with in relation to councillors, members of devolved public bodies and MSPs. Nationally the number of complaints received was high which led to a significant increase in the number of breaches reported to the Standards Commission.

Again, nationally, complaints in relation to registration and declaration of interests and misconduct on individual applications continued to be the most significant categories of complaint. No specific figures for Renfrewshire Council were included within the report, however, information had been received separately indicating that during the period covered by the report 10 complaints had been received against Renfrewshire councillors compared with 11 in 2013/14 and three in 2012/13. The report outlined the practice in Renfrewshire including training provided and reminders issued in relation to registration of interests.

- (c) **Scottish Information Commissioner Annual Report 2014/15** – The Board at its meeting held on 30 November 2015 considered the Scottish Information Commissioner’s annual report. The report intimated that the Freedom of Information (Scotland) Act 2002 (FOISA) came into force on 1 January, 2005 and created a general right to obtain information from any designated Scottish public authority subject to limited exceptions. The annual report entitled “Information for All” explored the performance of the Office of the Scottish Information Commissioner across the year and how the Freedom of Information Scotland Act could support openness and transparency within Scotland. The report intimated that in 2014/15 Renfrewshire Council had three valid appeals determined by the Commissioner. Renfrewshire had received 823 freedom of information requests in 2013/14 and 1,040 in 2014/15, an increase of 26.4% and 24 requirements for review compared to 18 in the previous year. However, the low level of requirements for review compared to the high volume of requests processed by the Council and only three appeals to the Information Commissioner indicated that the Council was managing its responsibilities well.
- (d) **Scottish Housing Regulator Risk Assessment Summary Outcome** – The Board at its meeting held on 21 September 2015 considered the feedback from the Scottish Housing Regulator following their assessment of the Council’s Scottish Social Housing Charter return for 2013/14. The Regulator concluded that the Council demonstrated a high level of commitment to delivering the requirements of the Charter and that the Council used the Charter to determine and monitor its performance and report this information to members and tenants. In July 2015 the Scottish Housing Regulator published its risk assessment summary outcomes for local authorities and Renfrewshire Council was one of only nine authorities where the Regulator had sufficient assurance about performance that monitoring of the delivery of the Housing and Homelessness Services would be conducted through the annual return.

Implications of the Report

1. **Financial** – none.

2. **HR & Organisational Development** – none.
 3. **Community Planning** – none.
 4. **Legal** – none.
 5. **Property/Assets** – none.
 6. **Information Technology** – none.
 7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety** – none.
 9. **Procurement** – none.
 10. **Risk** – none.
 11. **Privacy Impact** – none.
-

List of Background Papers - None.

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	Subject of Petition	Outcome	Update/progress
1	Request the installation of speed bumps on Shortroods Road (between Springbank Road and Fullerton Street).	The Board agreed that it be recommended to the Director of Community Resources that an un-illuminated driver feedback signal be installed to determine driver behaviour at the location. It was also agreed that a site visit be arranged for those members who wished to attend and the outcome reported to a future meeting of the Board.	Speed detectors had been installed on Shortroods from 7-18 January 2016. It was agreed that no further action be taken in relation to the petition but that the Board write to Police Scotland and the Director of Community Resources advising of the petitioner's view that there was reckless driving at the location and in relation to the petitioner's concerns regarding school buses respectively.
2	Request to remove the bus stop outside Trident House, Renfrew Road, Paisley.	The Board agreed that matters contained in the petition be referred to the Director of Community Resources with the recommendation that no action be taken on moving the bus stop and that the survey to determine the routes people used near the stop including the roundabout to the retail park and the slip roads to the M8 motorway continue to be progressed.	N/A

3	Request the installation of traffic lights at the corner of Sandy Road and Newmains Road and also Broadloan/Sandy Road (both Renfrew) to prevent further accidents.	The Board agreed that matters contained in the petition be referred to the Director of Community Resources with the recommendation that consideration be given to converting the two existing zebra crossings on Sandy Road at Broadloan and Sandy Road at Newmains Road to pedestrian controlled traffic lights.	N/A
4	Request to install speed bumps in Tiree Avenue for the safety of local children and drivers.	The Board agreed that the matter be continued to allow a site meeting to be held to establish the extent of the problem, attended by the Transportation Manager, other officers as appropriate, Police Scotland, the principal petitioner and supporter and the Convener and Depute Convener of the Board.	Petition was continued to the meeting of the Board on 19 September 2016.
5	Request to remove a tenant from their Council property.	The Board agreed that the petition was not valid in terms of paragraphs 3(b)(i), (vi) and (vii) of the procedures for dealing with petitions and that the matter be referred to the Director of Development & Housing Services.	N/A

6	Employee's terms and conditions of employment	The Board agreed that the petition was not valid in terms of paragraph 3(b)(v) of the procedures for dealing with petitions	N/A
7	Hamilton Court, Paisley	The petition was withdrawn.	N/A
8	Request for a pedestrian crossing at Corsebar Road	<p>The Board agreed that the matter be referred to the Director of Community Resources with a recommendation that a further vehicle and pedestrian survey be undertaken; a site visit be arranged for members of the Board and that the outcome be reported to a future meeting of the Board at which consideration of the petition would resume.</p> <p>Further consideration of the petition at the meeting of the Board on 15 February 2016. The results of a site visit and a survey conducted on 2 December 2015 were discussed by the Board.</p> <p>The Board agreed that the matter be referred to the Director of Community Resources with the recommendation that (a) the rationale for the installation of a pedestrian crossing at Stanley Road be examined and compared against the Corsebar Road site; (b) that all factors taken into account to make an exceptional case for the pedestrian crossing near the RAH entrance; and (c) that the options identified be reported to a future meeting of the Board.</p>	

9	Request for the removal of parking bays outside the property at 86A Renfrew Road, a health and safety risk assessment of the risk and that the pavement be reinstated and metal bollards installed on the pavement to prevent on-pavement parking	<p>The Board agreed that the matter be referred to the Director of Community Resources with the recommendation that further investigation be undertaken relative to (a) the date and time of recent health and safety inspections; (b) evidence of the identified need for parking bays in the area; (c) ownership of the pavement; (d) shortening the overall length of parking bays; and (e) road traffic accident statistics for Renfrew Road, and that the outcome be reported to a future meeting of the Board.</p>	<p>At the meeting of the Board held on 21 March 2016, it was agreed that the matter be continued to enable additional information to be provided.</p>
10	Request to reduce the speed limit at Inchinnan Junction A8 Greenock Road.	<p>The Board noted that an application had been made to SPT for funding of £500,000 to deliver a revised road layout, including traffic lights at the junction.</p> <p>The Board agreed that the matter be referred to the Director of Community Resources to arrange discussions between the petitioner, Council representative and Police Scotland to promote the appropriate traffic order required to reduce the speed limit in the event that the application to SPT was not successful. The outcomes of both matters to be reported to a future meeting of the Board.</p>	<p>Funding of £510,000 from SPT was in place for improvements to the junction and it was agreed that no further action would be taken in relation to the petition.</p>

11	Decision to remove staff from recycling centres in Renfrew, Linwood, Johnstone and Erskine.	The Board agreed that the petition was not valid in terms of paragraph 3(b)(x) of the procedures for dealing with petitions.	N/A
12	Allocation of tenancy	The Board agreed that the petition was not valid in terms of paragraph 3(b)(iii) of the procedures for dealing with petitions.	N/A
13	Breakdown of costs of external works	The Board agreed that the petition was not valid in terms of paragraph 3(b)(iii) of the procedures for dealing with petitions.	N/A



To: Audit, Scrutiny and Petitions Board

On: 19 September 2016

Report by: Lead Officer

Heading: Review of Ward 15 (Children's Ward) Royal Alexandra Hospital

1. Summary

- 1.1 At its meeting on 30 November 2015, the Audit, Scrutiny and Petitions Board agreed to provide an informed, evidence-based Council view of any consultation regarding the future of Ward 15 at the Royal Alexandra Hospital in Paisley.
- 1.2 The following report outlines the progress made by the Lead Officer in terms of taking forward the review since the last meeting on 6 June. The key areas of progress have included:
 - Additional information provided by NHS Greater Glasgow and Clyde on questions arising from the Audit, Scrutiny and Petitions Board meeting in May;
 - Output from Renfrewshire Council's online consultation on Ward 15; and
 - Recent decisions taken by NHS Greater Glasgow and Clyde regarding public engagement on service changes at the Royal Alexandra Hospital, Ward 15.
- 1.3 In light of these additional developments a final draft "Review of Ward 15 (Children's Ward) Royal Alexandra Hospital" will be brought to this Board on Monday 28 November for approval.

2.1 Recommendations

- 2.2 It is recommended that the Audit, Scrutiny and Petitions Board:
 - Notes the progress of the review;
 - Notes the additional information provided by the NHS Greater Glasgow and Clyde following their presentation to Board in May 2016;
 - Notes the output of the online consultation;

- Notes the decision of the NHS Greater Glasgow and Clyde Board to agree an approach to public engagement on a series of service changes, including the review of paediatric inpatient services at the Royal Alexandra Hospital, Ward 15.

3. Information Gathering - NHS Greater Glasgow and Clyde

- 3.1 At the special meeting of the Audit, Scrutiny and Petitions Board held on 23 May 2016 members received a presentation by representatives from NHS Greater Glasgow and Clyde (NHS GGC) on the services provided at Ward 15.
- 3.2 Both parties agreed that the session had been helpful with colleagues from NHS Greater Glasgow and Clyde agreeing to provide:
- An overview of how any future consultation would be conducted;
 - Additional documentation on the Clinical Services Review;
 - Further information on transport links and car parking capacity;
 - Detailed explanatory notes on the statistical data provided in the presentation, i.e. the Quality – Healthcare Standards Dashboard slide; and
 - Activity maps identifying where the occupants of in-patient beds in Ward 15, RAH came from.
- 3.3 A detailed response from NHS Greater Glasgow and Clyde to this information request can be found at Appendix 1.
- 3.4 Colleagues from NHS Greater Glasgow and Clyde have indicated that there was no further documentation available in terms of the Clinical Services Review.

4. Online Consultation

- 4.1 Individuals or groups, who wished to contribute to the review, were invited to complete an online survey in the form of an electronic form was used to capture this information. The form was made available through the Renfrewshire Council website. A copy of the consultation form has been included in Appendix 2. The survey was also highlighted via the Council's Facebook page and Twitter feed.
- 4.2 The survey was published on the website on 14th April 2016 and remained online until the 20th June 2016. There were 15 submitted responses. All respondents had home postcodes within the Renfrewshire area, spread across Paisley, Renfrew, Johnstone and Bridge of Weir. 14 of the respondents were Parent / Guardians and the other respondent was a service user who had been treated in Ward 15 as a child.
- 4.3 The most common themes arising from the responses were as follows:
- there was a need for local services to be kept local;
 - local families required the services; and
 - services provided at Ward 15 were seen as invaluable to the hospital and to the people of Renfrewshire and surrounding villages and towns.

noted that Children in Clyde requiring complex care should have access to the same specialist services that young patients in Greater Glasgow receive.

- 5.6 Following a vote of the board, it was agreed that the services changes outlined in the Plan should be brought to the August 2016 Board meeting for approval to launch a process of public engagement. With this, the Local Delivery Plan 2016/17 was approved by the Board. The full board paper has been attached at Appendix 3.
- 5.7 On 16 August 2016 the NHS Greater Glasgow and Clyde Board agreed an approach to public engagement on the series of service changes agreed at its meeting in June 2016. The full board paper has been attached at Appendix 4.
- 5.8 The Board paper proposed that inpatient and day case care from the Royal Alexandra Hospital (RAH) be moved to the Royal Hospital for Children (RHC). Children's services will continue to be provided at the Royal Alexandra Hospital (RAH) as follows:
- A&E will continue to receive paediatric patients who self present;
 - Outpatient clinics will continue to be provided;
 - Specialist Community Paediatric services (PANDA Centre).
- 5.9 Services that will transfer to the Royal Hospital for Children (RHC) will be:
- Emergency inpatient admissions, including short stay medical assessment;
 - Elective inpatient admissions;
 - Day case activity including day surgery and planned investigations.
- 5.10 The impact of these changes are seen as follows:
- Just under 7,500 attendances self present at A&E, these will continue to be seen at the RAH.
 - Just over 2,500 attendances are GP referrals or come by ambulance and will go directly to the RHC.
 - 16% of A&E attendances (1,570) currently result in an admission – these will transfer to the RHC
 - All emergency admissions (inclusive of the 1,570 attendances above) will transfer to the RHC.
 - All elective and day case activity, 667 episodes will move to the RHC
 - For outpatients the 1,520 new and 3,043 outpatient appointments, total 4,563, will continue to be delivered at the RAH.

In summary, and based on NHS greater Glasgow and Clyde data from 2015/16, a total of around 8,006 episodes of care will transfer to RHC and 12,063 will continue to attend RAH.

- 5.11 The NHS Greater Glasgow & Clyde has recognised that access for the RAH catchment population to the RHC will be a significant concern. They are currently

4.4 In addition, respondents identified a number of specific issues relating to the review. They included:

- The ability to have local consultations at Ward 15 in the Royal Alexandra Hospital;
- Ward 15 staff were seen to be providing added value to families during difficult times;
- Respondents highlighted that having a range of services and specialties within the staff of Ward 15 meant there was no need for referrals to the Royal Hospital for Children
- Retaining services at Ward 15 was also seen to have benefits for people who had limited transport means;
- Recognition of the economic and financial constraints faced by some parents in Renfrewshire;
- Consideration of the strong links that Ward 15 had formed over many years within the community in terms of the services and jobs provided locally;
- The benefit to child recovery of having their parents / guardians living close to the hospital;
- Other respondents thought it made sense to retain the services at both Ward 15 and the new services provided at the Royal Hospital for Children;
- Only one comment saw more benefits arising from the Royal Hospital for Children.

5. NHS Greater Glasgow and Clyde Board Decision

- 5.1 In their presentation to the Audit, Scrutiny and Petitions Board meeting on 23 May, colleagues from NHS Greater Glasgow and Clyde noted that a decision on the future of Ward 15 would be considered as part of the NHS Greater Glasgow and Clyde's Local Delivery Plan proposals and that these would be considered by their Board at its meeting on 28 June.
- 5.2 The Local Delivery Plan outlines how NHS Greater Glasgow and Clyde will deliver the priorities set for the NHS. The proposed plan highlighted a number of areas of risk reflecting the fact that they did not yet have a fully balanced financial plan across NHS Greater Glasgow and Clyde.
- 5.3 A number of service change proposals were outlined in the plan including a review of Royal Alexandra Hospital paediatric services. The proposal sought to retain the current full range of general and specialist outpatient children's services at the Royal Alexandra Hospital with inpatient care to be provided at the Royal hospital for Children.
- 5.4 The NHS Greater Glasgow and Clyde Board debated whether the Plan should or should not include the proposed service moves. Concerns were expressed by some members that they were being included when similar proposals made previously had not been supported at government level. Local councillors wished also to record the local reaction to proposals which would see services being re-located.
- 5.5 The Board heard that these service change proposals were being brought forward because of an emerging clinical consensus that changes were necessary. It was

updating previous analysis so this can be scrutinised and debated as part of the engagement process and considered in final decision making. They note that the RHC already provides these services for the rest of the Greater Glasgow and Clyde population and the hospital is relatively accessible to the Renfrewshire area.

Proposed Engagement

5.12 The NHS Greater Glasgow and Clyde's proposed approach for the engagement process has two phases:

- Establish an extensive programme of communication with all stakeholders to describe the proposed change and give visibility to all elements of the previous process, particularly the option appraisal. The purpose of this phase is to ensure that all of the key interests have an opportunity to understand the proposal and make further comment. This process will run from the beginning of September until mid October with a report going to the October Board for a decision on proceeding to public consultation and the approach to consultation;
- If this is agreed the consultation process would run from the end of October for 3 months with a report back to the NHS Greater Glasgow and Clyde's Board in February Board for decision;

5.13 The case for change which was set out in both the NHS GGC's Board papers in June and August will form the basis for engagement and the feedback from the engagement will inform the consultation material. That material will be developed by a stakeholder reference group (SRG). The group will include representatives from:

- Kids Need Our Ward;
- Action for Sick Children;
- Women's and Children's Family Council;
- Parents Support Group, Renfrewshire Carers;
- A public partner representative from each of the patient engagement groups for Renfrewshire, Inverclyde and West Dunbartonshire Health and Social Care Partnerships.

5.14 The Group will also have responsibility for working with NHS Greater Glasgow and Clyde to shape the consultation process which will be set out and discussed with stakeholders after the engagement process is complete. NHS Greater Glasgow will look at how patients can be engaged in the group with outreach to the young people on Ward 15 ensuring that their views, queries or comments are fully fed into the process. If required focus groups of children and young people will be facilitated.

6. Next Steps

6.1 It is the intention to submit a final draft "Review of Ward 15 (Children's Ward) Royal Alexandra Hospital" to this Board on Monday 28 November for approval.

Implications of this report

- 1. Financial Implications – none.**
- 2. HR and Organisational Development Implications – none.**
- 3. Community Plan/Council Plan Implications – none.**
- 4. Legal implications – none.**
- 5. Property and Assets implications – none.**
- 6. Information Technology implications – none.**
- 7. Equal & Human Rights implications –** The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
- 8. Health and Safety implications – none.**
- 9. Procurement implications – none.**
- 10. Risk implications – none.**
- 11. Privacy impact – none.**

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List of background papers: None

Appendix 1

Renfrewshire Council
Audit, Scrutiny & Petitions Board

Ward 15, Royal Alexandra Hospital

Follow up information to session on 19 May 16

Neil Ferguson, Head of Planning
[South Sector and Women & Children's Services]

Planned Consultation Process

Date	Activity
16 August 2016	Board decision to proceed with informing and engaging on the proposal to transfer paediatric inpatient and day case care from the Royal Alexandra Hospital, Paisley to the Royal Hospital for Children, Govan
Early September 2016 –4 October 2016	<p>Informing and engaging with people on the proposal, including:</p> <ul style="list-style-type: none"> · Formation of a Stakeholder Reference Group. The group will be made up of patients and carers or representatives from patients' and carers' groups, or community groups, that have an interest in this area. Its purpose is to advise and support NHSGGC in its approach to informing and engaging with stakeholders on the proposal · An information leaflet which is clear, easy to read and written in plain English describing engagement undertaken to date · A dedicated web page on the Board's website with details of the proposal; details of the new facilities at the RHC; and a timeline for the engagement · Use of social media to connect with, and raise awareness of the proposal among stakeholders · Press releases to local media · Dissemination of information leaflet to wider community via agencies databases · On site engagement with children, young people and their families on Ward 15 at the Royal Alexandra Hospital · Outreach to local parenting and youth groups.
18 October 2016	Report to Board describing the informing and engaging process, and what we have heard. NHS GGC Board decision on whether to proceed to formal 3 month public consultation on the proposal to transfer paediatric inpatient and day case care from the Royal Alexandra Hospital, Paisley to the Royal Hospital for Children, Govan
November 2016 – February 2017	If the Board decides to proceed to consultation, a twelve week consultation period culminating with Board decision to accept recommendations in February.

Quality - Healthcare Standards Dashboard

Infection Control Report

NHS GG&C Infection Control team operate a regime of unannounced inspections to patient areas. This report captures the outcome of these inspections for Children's services.

The audit will be repeated within 12 months.

SICPS- Standard Infection control Procedures:

GAP- Represents the gap between the old version of this audit and the new one.

TBP- Includes audits on the management of linen and waste

Quality Improvement- Includes an audit on Peripheral Venous Cannula (PVC) and Central Venous Catheter (CVC) compliance

Infection Control :		Print Data Capture Sheet			
Thresholds		66% - 79%	80% - 90%	91% - 100%	
Re-Audit in 3 months		Re-Audit in 6 months	Re-Audit in 12 months	Re-Audit in 12 months	
Full Audits					
Hospital	Ward	SICP	GAP	TBP	Overall Score
Glasgow Royal Infirmary	Prm SCBU	90%	82%	100%	89%
Queen Elizabeth University Hospital Glasgow	Neo ICU	90%	89%	97%	91%
Royal Alexandra Hospital	Scbu	93%	87%	100%	92%
Royal Alexandra Hospital	Ward 15	84%	81%	94%	86%
	Royal Hospital for Children	Area 1C / Day Care Unit	100%	100%	97%
	Royal Hospital for Children	Ward 1D	77%	97%	88%
	Royal Hospital for Children	Ward 1E	71%	100%	86%
	Royal Hospital for Children	Ward 2A	73%	100%	91%
	Royal Hospital for Children	Ward 2C	76%	97%	89%
	Royal Hospital for Children	Ward 3A	74%	100%	86%
	Royal Hospital for Children	Ward 3B	70%	100%	88%
	Royal Hospital for Children	Ward 4	79%	100%	87%

Quality - Healthcare Standards Dashboard

Team	Date Confirmed to Programme:	Months in Programme:	EWS	Safety Brief	SBAR Use	SBAR Quality	PVC Maint	PVC Insert	CVC Maint
RAH-15	Jan-13	40	SD	SD	SD	SD	3	E	n/a
RHC-01a	Jun-15	11	5	5	5	5	5	n/a	n/a
RHC-01c	Jan-14	28	SD	SD	SD	SD	n/a	SD	E
RHC-01e	Jan-13	40	SD	SD	SD	SD	2	n/a	E
RHC-02a	Jan-13	40	SD	SD	SD	SD	SD	n/a	5
RHC-02b	Nov-13	30	5	SD	SD	SD	n/a	SD	SD

Report relates to the **Scottish patient safety paediatric** programme work. Ward 15 were an early adopter for this work and so have been in the programme since the start which is 40 months.

EWS- Early warning scoring measures if patient observations are abnormal by collectively scoring heart rate, temperature, blood pressure, respirations and conscious level. This data has two parts- is the score complete? Has appropriate escalation taken place? Ward 15 have evidenced a reliable process in place and so have stepped down (SD) from monthly data collection to quarterly as per SPSP national guidance.

Safety Brief- Effective employment of reliable system (SD) to ensure at every shift handover (nursing and medical) safety briefs flag any potential issues are highlighted e.g. 2 patients with same name, drug name change, child protection issue.

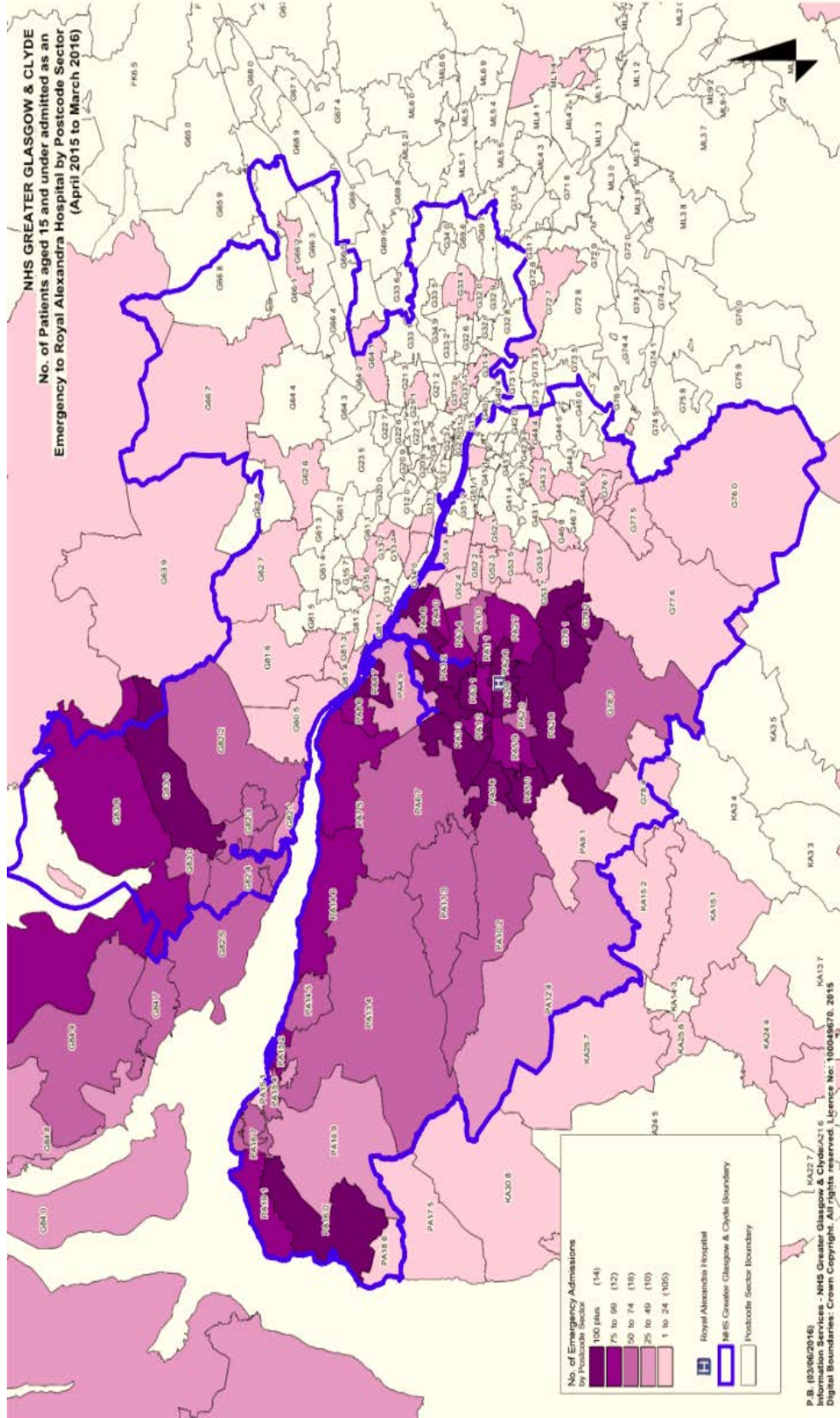
SBAR & SBAR Quality- Situation, Background, Assessment and Recommendation. Format of reporting to ensure consistent quality of information.

PVC Maintenance- Peripheral Venous Cannula Maintenance Bundle. This data is collected based on the completion of the 'pvc paperwork' and on inspection of a random sample of 20 pvc's a month. The pvc and documentation are both checked to ensure the appropriateness of the pvc remaining insitu, that it does not show signs of infection, that the dressing is clean and intact and that appropriate care is being taken when staff are accessing the pvc. Ward 15 have demonstrated >95 % capability, but not yet reliably. The team are working closely with the SPSP team to achieve reliability.

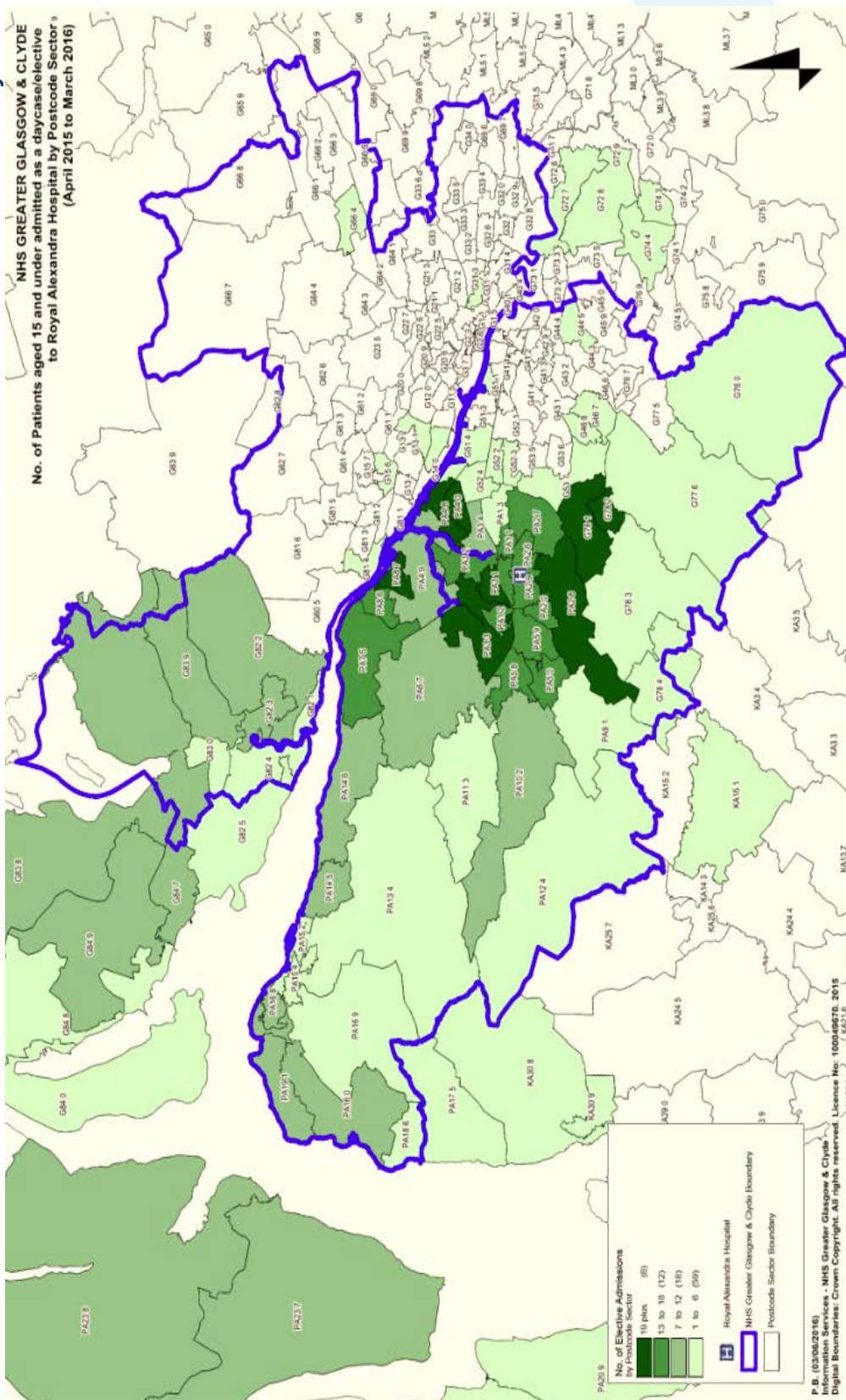
PVC Insert - - Peripheral Venous Cannula Maintenance Bundle. The paperwork is currently being implemented and the team at ward 15 are engaged in this process (E)

CVC Maintenance – Central Venous Catheters. Ward 15 do not look after enough patients with cvc's to collect data on this bundle.

Residency by postcode of Children admitted as an emergency to RAH



Residency by postcode of Children with a planned admission to RAH



Car Parking & Public Transport

Car Parking

The QEUH & RHC campus has patient and visitor car parking capacity for:

- 1924 (incl. 217 disabled)

The RAH has:

- 461 spaces

Bus Services to Royal Hospital for Children

- [McGill's Bus Service 17](#): Glasgow City Centre - Charing Cross - Sandyford - Kelvingrove (for **Yorkhill Hospital**) - Partick Bridge (for **University** of Glasgow, Western Infirmary and West End) - Partick - Thornwood Roundabout – Linthouse - **Queen Elizabeth University Hospital** - Shieldhall - Cardonald (Paisley Road West) - Crookston - Oldhall - Barshaw Park - Paisley - [**University** of the West of Scotland (Paisley Campus)] - [Ferguslie] - [Elderslie] - Johnstone Community Sports Hub] - [Milliken Park]
- [McGill's Bus Service 21](#): [Inchinnan] - Paisley - Reid Kerr College - Abbotsinch - Dean Park - Newmains - Renfrew - Braehead Centre - Shieldhall - **Queen Elizabeth University Hospital** - Linthouse - Govan - [Inchinnan]
- [McGill's Bus Service 23A](#): Glasgow City Centre - Tradeston - Kingston (for Springfield Quay) - Pacific Quay (for Glasgow Science Centre and SECC) - Govan - Linthouse - **Queen Elizabeth University Hospital** - Shieldhall - Braehead Centre - Renfrew - Inchinnan Business Park - Red Smiddy - Park Mains - Erskine Bridgewater Centre - Rashielee - Bargarran - North Barr (commuter service)

Appendix 2 Online Renfrewshire Council Consultation



Royal Alexandra Hospital Ward 15

1. Ward 15 - Children's Ward

1. What is your home postcode?

2. Are you...?

A service user?	A patient?	A parent / guardian?	A relative?	A friend?	A member of a local group?
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

3. Please tell us about your own views of the services provided at Ward 15 (Children's Ward), Royal Alexandra Hospital, Paisley?

Appendix 3

NHS GREATER GLASGOW & CLYDE



Paper No: 16/34

Board Meeting: 28 June 2016

Report of the Director of Planning &
Policy, Catriona Renfrew

LOCAL DELIVERY PLAN: DRAFT FOR APPROVAL

Recommendation

The Board agree submission of the Local Delivery Plan.

1. Purpose of Paper

The attached final draft Local Delivery Plan (LDP) outlines how the Board will deliver against the annual planning guidance issued by Scottish Government. Much of the format of the Plan is prescribed and our approach has been to ensure the plan links to the wide range of other critical documents. The next section of this short covering paper briefly draws out in the key issues from the plan.

2. Points to Highlight

This section briefly highlights key issues which have been highlighted during the planning process as follows:

- A series of **financial issues** and risks which are described in more detail in the financial plan.
- Challenges to deliver **targets and standards** the Board has committed to a major review of unscheduled care to improve our performance, for scheduled care the LDP includes information on deliverable performance within the available recurring resources.
- Continuing reduction in the **level of delayed discharges**.

In addition to these issues, during development of the plan members sought reassurance on a number of points:

- Decisions on **over the counter medication and access to gluten free products** will be taken in national processes not by NHSGG&C.
- The proposals in the **service change** section will be considered in detail at the August Board meeting.
- The changes to **GP out of hours services** reflected in the financial plan relate to increased efficiency and reduced support costs not to reductions in clinical services.

3. Next Stages

The plan will be submitted to Scottish Government, much of the implementation is already underway and the Board will be regularly updated.

LOCAL DELIVERY PLAN

1. INTRODUCTION

This Local Delivery Plan (LDP) brings together:

- An appraisal of our strategic position and context.
- Principles established to frame the development of our plans for 2016/17 to ensure that we make decisions which are coherent with our strategic direction and priorities.
- An appraisal of the detailed service and financial planning we have underway to deliver this plan and an outline of service and financial risks and challenges which we face for 2016/17.

1.1 This LDP, including the financial planning, has been developed in concert with the Integrated Joint Boards (IJBs). The Board now shares responsibility for strategic planning with the IJBs but retains responsibility for the allocation of the NHS budget between the services for which we retain direct operational responsibility and those managed by IJBs. IJBs need to develop and approve integrated service and financial plans for the NHS and Council services which are legally delegated to them. IJBs also have a central role in working with the NHS Board on the planning and financing of the acute sector and our Plan cross references to Partnerships Strategic Plans.

1.2 This plan highlights a number of areas of risk reflecting the fact that we do not yet have a fully balanced financial plan across NHS GGC, a substantial programme of work continues to identify the required level of savings, and to put in place the necessary actions, to achieve financial balance in 2016/17.

2. STRATEGIC POSITION AND CONTEXT

2.1 The Board has a detailed strategic direction which sets our purpose as to:

“Deliver effective and high quality health services, to act to improve the health of our population and to do everything we can to address the wider social determinants of health which cause health inequalities.”

2.2 That purpose is amplified with five strategic priorities to move us towards achieving that purpose, these are:

- Early intervention and preventing ill-health
- Shifting the balance of care
- Reshaping care for older people
- Improving quality, efficiency and effectiveness
- Tackling inequalities.

2.3 A key purpose of this LDP is to set out the detailed service change plans which we have developed to deliver that purpose and those priorities. Those plans will deliver better services for patients and will progress the delivery of:

- The mental health strategy progressed through the final capital development to deliver modern mental health services.
- The clinical service strategy, which maps out a clear direction for acute services, updated to reflect the National Clinical Strategy and translated into detailed service change plans. Implementing service change is critical to our ability to meet unscheduled and scheduled care targets and to deliver high quality care.

- Continuing the pattern of change in community services which has improved the range and efficiency of those services but not yet the more radical developments to enable us to reshape the acute sector.
- The development of primary care in line with the national direction, local priorities identified through our recent engagement exercise and work being developed in each HSCP.

2.4 The aim of the approach set out in this LDP is to make changes which align with our strategic direction, priorities and clinical strategies and enable us to deliver financial balance.

2.5 In addition to this LDP we are working on a delivery plan for our Acute Division, which alongside the implementation plans which IJB's are deriving from their strategic plans, will provide more details of the challenges we need to address and the changes we need to deliver in 2016/17.

2.6 It is also our intention to use the platform of the publication of the National Clinical Strategy to establish a planning process - **why “establish”, the June Board paper does this** during the autumn of 2016 to deliver a change plan for acute services for the period 2017/20 and a longer term acute services plan which can drive capital investment.

2.7 The financial position is summarised in section six of this LDP.

3. PRINCIPLES FOR PLANNING

3.1 In order to ensure our planning and financial decisions align with our strategic direction the Board established the principles set out in this section. These have shaped our approach to developing this LDP.

Our overriding principle is to give absolute priority to patient facing services and ensuring these are always high quality and safe.

Our further principles are to:

- Make financial decisions for 2016/17 which are in line with and enable us to move in coherence with our purpose, strategic direction and related strategies all of which are focussed on ensuring our services are focussed on the needs of patients.
- Continue to play our part in trying to reduce the inequalities which affect our population and have a strong focus on equality impacts in making our decisions.
- Ensure that our decisions do not have unintended consequences such as unplanned transfers of pressures, responsibilities or costs to other parts of the system.
- Aim to continue to deliver the key Scottish Government targets.
- Focus first on changes which make clinical and service sense and increase efficiency and productivity and reduce our unit costs.
- Ensure that where we propose to restrict access to services or stop planned developments we will have a clear framework for prioritisation of patient care linked to clinical benefit.
- Shift the balance of care and resources but also recognise the pressures on acute services.
- Test all new national initiatives and proposals which have financial implications against our strategy and report to Board for decision.
- Underpin our decision making with evidence about what delivers the safest, highest quality and most cost effective healthcare.
- Explicitly consider risks and benefits in making decisions.
- Remain committed to the importance of innovation and research to shape changes in the way we deliver care.

- Work across boundaries with other Health Boards and public bodies to identify ways in which we can deliver services more efficiently.
- Take a whole system approach not localised savings targets, that approach driven by:
 - cost scrutiny in every part of the organisation, led by the local teams
 - a whole system programme of change to deliver cost reduction.

We recognise that the scale of the challenge we face means that we are entering a period of significant change. Fundamental principles of our decision making are:

- A commitment to engagement with patients and the wider public.
- A commitment to fully engage with our staff and their representatives in shaping, planning and delivering the changes to services which will be required.

4. SERVICE CHANGES

This section gives a brief summary of service changes which will require public engagement. The changes outlined move forward the Board's Clinical Service Strategy. The strategy provides the basis for future service planning and the development of detailed service change proposals. The strategy sets out the high level service models to shape the service provision and identifies the key approaches to underpin the future service planning for the populations served by NHSGG&C:

- Improving health and prevention of ill health; empowering patients and carers through the development of supported self care.
- Developing primary care and community service models; simplification of community models; focus on anticipatory care and risk stratification to prevent crisis.
- Improving the interface between the community and hospital to ensure care is provided at the right time in the right place; Community and primary care services inward facing and hospital services outward facing; focused on patient and carers needs.
- Developing the ambulatory approach to hospital care, with inpatient hospital care focused on those with greatest need ensuring equitable access to specialist care.
- Redesign of specialist pathways to establish a consistent service model delivering the agreed clinical standards and good practice guidelines.
- Developing the rehabilitation model based on need not age; working across the service within primary and secondary care and with partner organisations to provide rehabilitation in the home setting where clinically appropriate.
- Changing how care is delivered - patient centred care; shifting the paradigm to deliver care differently for patients particularly for patients who have multiple conditions; helping patients and the public to develop and understand the new approaches to care.
- Care which is patient focused with clinical expertise focused on providing care in the most effective way at the earliest opportunity within the care pathway.
- Services and facilities have the capacity and capability to deliver modern healthcare with the flexibility to adapt to future requirements.
- Sustainable and affordable clinical services can be delivered across NHSGG&C.

Proposals setting out the detail of the service changes outlined below will be brought to the August Board meeting to enable the required public engagement to be approved.

Review of RAH paediatric services: proposal to retain the current full range of general and specialist outpatient children's services at the RAH, with inpatient care to be provided at the new children's hospital.

Review of Clyde Birthing Services: proposal to retain all ambulatory services at the CMUs with deliveries offered in our midwife led units in RAH, PRMH and the QEUH or at home; finalising proposals on these services will include work with the CMO to look at

midwifery delivery services across NHSGG&C and decisions will be made in the light of the outcome of the national review of maternity services.

Review of CIC Inpatient Services: proposing to deliver the full current range of CIC services on an ambulatory care basis, this reflects the fact that the vast majority of patients are now local to Greater Glasgow and Clyde.

Review of inpatient rehabilitation services: proposing to transfer inpatient rehabilitation from Lightburn to the new centre of excellence at Gartnavel General Hospital with ambulatory care continuing to be delivered in the East End as part of developing plans with the new Health and Social Care Partnership for new community facilities. The current Parkinson's service will continue to be delivered in the East End.

5. LOCAL DELIVERY PLAN REQUIRED CONTENT

This section sets out *in italics* the LDP guidance requirements with links to each of the documents used to support the delivery of the specific areas identified.

5.1 Health Inequalities and Prevention

The LDP should set out local priorities for how they will address health inequalities and improving prevention work based on the needs of their local population and own workforce. Plans should focus on those communities where deprivation is greatest. The plan should outline how these will be achieved setting out improvement aims, levels of activity, and demonstrating how the activity is embedded into routine practice. The plan will also include information about how the Board and its partners prioritise action and monitor progress. Plans should set out what is being done to tackle the preventable causes of the costs to the NHS and society of preventable disease. Alongside the public health themes addressed by the existing LDP standards, Boards are asked to provide details of their priorities for actions to address the unsustainability of the burdens arising from poor diet and weight management.

Our Approach

- Early Intervention and Prevention is an established strategic priority across NHSGG&C. Our priorities in addressing health inequalities and prevention across NHSGG&C are outlined on our [2015-16 Equality Monitoring Report](#) alongside our [2016-20 A Fairer NHS Greater Glasgow & Clyde – Equality Outcomes Framework](#). In addition, our [Strategic Direction for Health Improvement](#) details the extensive programme of Health Improvement Activity aimed at delivering this strategic priority. This priority is also the focus of the Joint Strategic Commissioning Plans for each of the six Health and Social Care Partnerships (HSCPs) detailing the actions in place to tackle Health Inequalities and Prevention for the Partnership areas ([Renfrewshire HSCP:draft](#)); [Inverclyde HSCP](#); [Glasgow City HSCP](#); [East Renfrewshire HSCP](#); [East Dunbartonshire HSCP](#); and [West Dunbartonshire HSCP](#)). In addition, these priority areas will also be the primary focus for the development of the IJB Equality Outcome Plans currently under development ([Renfrewshire Equality Outcomes](#); [Inverclyde Equality Outcomes](#); [Glasgow City Equality Outcomes](#); [East Renfrewshire Equality Outcomes](#); [East Dunbartonshire Equality Outcomes](#) and [West Dunbartonshire Equality Outcomes](#)).
- In finalising our financial plan we are assessing the impact of the reduced national allocation for prevention and health improvement and reductions in national funding for services which are critical to tackling inequalities, including those for people with drug and alcohol problems.

5.2 Antenatal Care and Early Years

The LDP should set out the local actions to be taken to ensure that the relevant parts of the workforce will have the capacity, training and relevant protocols to carry out these duties under the Act by August 2016. The LDP should also set out plans for health visitors including baselines and additional numbers being recruited through to 2018.

Our Approach

- HSCPs are currently working together to deliver the GIRFEC work plan and the major challenges to be overcome to deliver the new pathways.
- Maternity services have progressed preparations and joint arrangements with health visiting services to ensure readiness to deliver GIRFEC commitments.
- Our programme of service reviews also includes considering the deliverability of the national policy to increase health visitor numbers and to continue the Family Nurse Partnership programme. Details of this are outlined in our [Health Visitors Investment Plan](#).

5.3 Safe Care

The LDP should set out how the Board is taking forward one of the three points of care where data submission is supplementary. These are:

- Venous Thromboembolism (VTE)
- Heart Failure
- Surgical Site Infection (SSI).

Detail should include plans for spread and sustainability, the impact this area is having, and will have on patient care and how Boards are collecting data to drive local improvement. This should include an example from each Scottish Patient Safety Programme of how safety of care has improved in the last 12 months. In recognition of the contribution which NHS Boards can make to wider quality improvement across the integrated health and social care landscape, Boards are asked to provide detail on how they are engaging with Local Authorities and care providers to achieve the aim of achieving a 50% reduction in grade 2 - 4 pressure ulcers acquired in hospital or care home by end of 2017.

Our Approach

- NHSGG&C is committed to providing safe high quality care that our staff and patients can be proud of. Over recent years the Scottish Patient Safety Programme has provided a shared platform through which our clinical services have collaborated and developed improvement in the safety of care. Over the next few years we wish to develop an NHSGG&C Clinical Safety Programme, which will build on our experience and the support of the national programme, but allow us to integrate other useful developments such as our clinicians work in reviewing quality of care through morbidity and mortality meetings. The [Safe Care Plan](#) details our plans for spread and sustainability, the progress we are making and the next steps.

5.4 Person Centred

The LDP should set out how services will deliver person-centred care. This may be done with reference either to:

- *How Boards will deliver a positive care experience in accordance with the five “must do with me” principles of care: What matters to you? Who matters to you? What information do you need? Nothing about me without me, and service flexibility or*
- *The Strategic Framework for Action on Palliative and End of Life Care.*

The LDP should also outline the action that will be taken locally to support staff and the public to be open and confident in giving and receiving feedback, comments, concerns and complaints, with a particular focus on how the Board will involve people meaningfully in reviewing how themes emerging from feedback and complaints can be used to improve healthcare services, and how it will demonstrate the improvements made as a result of feedback.

Our Approach

- We have developed a [Person Centred Care Action Plan](#) to take forward the Strategic Framework for Person Centred Care with an extensive programme of activity underpinning the delivery of this.
- We are developing an action plan to take forward the Strategic Framework for End of Life Care with Partnerships.

5.5 Primary Care

The LDP should provide progress on those priority actions identified in 2015-16 LDP alongside any new actions being pursued to manage as much care ‘out of hospital’ as possible, including the resources identified to achieve this aim. This should include action taken to support the introduction of the post QOF (Transitional Quality Arrangements) revisions to the GMS contract in 2016-17 and the implementation of Sir Lewis Ritchie's review of out of hours primary care services. The plan should also identify where national action would help local delivery.

Our Approach

- In September 2015, we launched a programme of engagement for a wide range of interests to [develop a direction for GP Services](#) across NHS GGC. The [output](#) from these engagement events clearly identified the pressures within Primary Care GP services. We are working with IJBs to develop an action plan to address the issues identified.
- In January 2015 a major project to test new ways of structuring primary care services was launched in Inverclyde. The [pilot](#) will look at how the role of the GP can be refocused, reducing the time they spend on tasks that could be more appropriately done by other health professionals and examining how these staff can support patients in the community.
- We have a programme of work to implement the 2016/17 GMS contract and we are integrating into that our proposals for the primary care transformation fund. Our approach is to begin to mitigate pressures on GPs while we develop longer term plans for primary care. Our approach will aim to develop strong relationships between IJBs and GPs and to reduce workload and improve morale.
- Out of hours: IJBs are considering how the national review will be reflected in their forward plans and we are working on a number of changes to GP OOH in 2016/17 to continue to provide a safe and sustainable service.
- IJB plans include proposals to develop and reshape primary care and community services.
- There are significant risks in relation to primary care and community services including:
 - the extent to which the immediate demand pressure on GPs can be mitigated to secure services to enable a more transformational programme of change.
 - the pressures and focus on acute services continue to create real challenges to shift the balance of care.

- the financial pressures which we have set out in this plan require us to generate savings in community services.
- there are significant pressures on social care services which have the potential to directly impact on NHS services.
- the primary care transformation fund is a welcome additional resource but much more major investment in primary care is required.

5.6 Integration

The LDP should set out a summary of how the delivery of national and local standards/targets will be aligned between the local planning and operational structures.

Our Approach

- Work is currently underway with each of the six HSCPs to ensure the [delivery of key national and local standards/targets](#) that they have lead responsibility for delivering. There is agreement that these standards will also be embedded within each of the six Strategic Commissioning Plans and reported routinely to their respective IJBs and internal reporting arrangements and links will be made to each. Our need to continue to build and strengthen our joint working and operational structures with each of the partnerships will be reflected to ensure the delivery key targets including delayed discharges. Included is a risk narrative in relation to the [Smoking Cessation](#) and [Alcohol Brief Intervention](#) Local Delivery Plan Standards.
- We have whole system planning arrangements with our IJBs, including to develop the financial plan.
- We have not yet finalised allocations to IJBs, therefore there are financial risks for the IJB strategic plans and their operational service delivery responsibilities.

5.7 Scheduled Care and Unscheduled Care

The LDP should set out a summary of the local work that will be carried out during 2016-17 under the National Scheduled Care Programme (sustainability). The LDP will provide a clear summary of actions being taken forward through the local six Essential Actions programme in 2016-17. This will include references to local plans including six Essential Actions, Winter and Joint Strategic Commissioning plans.

Our Approach:

For both scheduled and unscheduled care our new pattern of hospital services has been established during 2015/16 and we are now taking stock of capacity and performance issues which have emerged. Given the financial position and demand pressures there are significant risks to meeting performance standards in 2016/17.

- We are continuing to review and assess capacity requirements in the light of the increasing pressure on scheduled care, sustaining current levels of activity will prove challenging in the light of the pressures on unscheduled care and the financial position.
- We will work closely with the Scottish Government's Access Support Team that has been established as part of the 'Getting Ahead' – sustainable whole systems management for elective services' programme. Our submission to the programme is on link here, these levels of activity have been underpinned by substantial non recurrent resources which will not be available in 2016/17 given the Board's financial position.
- During 2015/16 we had significant challenges in meeting the unscheduled care target. We have worked closely with Scottish Government colleagues to improve our performance and we have a process underway to review the delivery of our unscheduled care plan and assess areas for improvement, with Partnerships. The additional levels of non recurring funding in currently in play for unscheduled care are not included in this plan on a recurring basis.

5.8 Mental Health

Performance on the mental health access standards continues to show a considerable rise in the number of people starting treatment. A Mental Health Improvement Programme to support NHS Boards to improve access to services and meet the waiting times standard sustainably has been announced. The programme will be delivered by Healthcare Improvement Scotland which will establish a Mental Health Access Improvement Support Team (MHAIST). MHAIST will work in partnership with NHS Boards to identify enablers and barriers to the Board being able to deliver improved access and meet the waiting times standard, and support Boards to review their mental health access improvement plans in light of that joint consideration of local enablers and barriers to delivery. In advance of the MHAIST starting its work in 2016-17, the LDP should provide information focusing on reducing waiting times and on improving access to mental health services in line with local need. The plans should include an assessment of the level of access currently provided by the Board and with the anticipated level of need locally – including benchmarking with other boards in Scotland. We expect the plans to include a workforce development plan with evidence of the current workforce capacity in Child & Adolescent Mental Health Services (CAMHS) and psychological therapies and how that will be developed.

Our Approach

- NHSGG&C currently performs better than most areas of Scotland in relation to access targets for psychological therapies and CAMHS community services. The [CAMHS Report](#) outlines the performance and improvements made during the past two years alongside the detail of how this will be maintained or further improved with access to the new Scottish Government funds and initiatives once the detail of these have been made available. The [Psychological Therapies Report](#) highlights actual performance during the past four years and how we will manage the risks associated with the delivery of this target. Linked to the ongoing delivery of these targets will be our work with the MHAIST during 2016-17.
- To date the achievement of the targets have been linked to agreed funding, however, if there is an overall shortfall in the funding of mainstream services, including the consequences of 'bundled' funding reductions, then these services cannot be ring fenced or excluded from the consequences of financial challenges with potential to affect the current good performance in delivering the access targets.

5.9 Community Planning

Boards must indicate how they will continue to strengthen their approach to community planning during 2016-17, through both their contribution to integration and how they demonstrate leadership within the broader CPP. This should focus on playing a strong and leading contribution within the CPPs to improve local priority outcomes which relate to health and wellbeing, and how they shift activity and spend towards tackling inequalities, prevention and community empowerment.

Our Approach

- Health related activity around Community Planning will be led by Partnerships where close links have already been established to ensure the delivery of local priority outcomes relating to health and wellbeing. NHSGG&C's contribution is evident through the activity identified in each of the Single Outcomes Agreements) in each of the partnership areas ([Renfrewshire SOA](#); [Inverclyde SOA](#); [Glasgow City SOA](#); [East Renfrewshire SOA](#); [East Dunbartonshire SOA](#); and [West Dunbartonshire SOA](#)) alongside the Strategic Commissioning Plans.
- The Board is also engaging with Councils to establish wider relationships for community planning across the NHS system.

5.10 Workforce Planning

Boards are required to provide information on two key workforce areas in the LDP this year.

- *Delivering Everyone Matters: 2020 Workforce Vision: NHS Boards should provide a short outline of their local implementation plans for 2016-17 to deliver the five priorities in the Everyone Matters: 2020 Workforce Vision Implementation Plan 2016/17. The five priorities are: Healthy Organisational Culture, Sustainable Workforce, Capable Workforce, Workforce to Deliver Integrated Services and Effective Leadership and Management.*
- *NHS Boards should indicate any workforce areas where there is a risk to delivering service. Specifically Boards are asked to make clear reference to:*
 - *the use of Nursing and Midwifery Workload and Workforce Planning tools, recruitment issues, vacancy rates or concerns - professions or groups of professions affected, services affected - steps being taken or national approach required.*
 - *areas in which services are being developed which may have specific implications for the NHS workforce, or for individual professions as appropriate, and steps taken to manage these locally e.g. Health Visitors, School Nurses, Advance Nurse Practitioners and Health Care Support Workers.*
 - *demographic information i.e. age of workforce impacting on service delivery, local pressures, staff numbers, other workforce factors influencing the sustainability or otherwise of services.*
 - *how workforce factors are being dealt with as part of action being taken to address services which are under stress e.g. A&E, Oncology and Radiology.*

The Board will continue to be required to publish their wider workforce plan during 2016 and are reminded that the application of the Nursing and Midwifery Workload and Workforce Planning Tools are mandatory and should be used and documented in the development of Workforce Plans and workforce projections.

Our Approach

- We face a series of workforce issues these include junior and senior medical workforce recruitment issues; clinical sickness absence levels and the age profile of key parts of our workforce, including GPs.
- Delivering a sustainable financial plan will require significant workforce redesign as will progressing regional and national initiatives to share services.
- The [Workforce Planning Report](#) outlines how we continue to realise the 2020 Workforce Vision through our 2016-17 Workforce Vision Implementation Plan alongside identifying those workforce areas where there could be a risk to delivering services.

6. FINANCIAL PLAN

- 6.1** The Scottish Government set out its budget to the Scottish Parliament in December 2015. This set out an up lift of £511 million or 5.3 % to the Health budget.
- 6.2** For NHSGGC, this resulted in a funding up lift of £92.8m. However, as £59.1m of this was Social Care Funding and was “passed straight through” to our 6 IJBs, the uplift to the Board was £33.7m (1.7%).
- 6.3** The Board also faced reductions in “bundled funding” and the New Medicines Fund. When offset against 2016/17 cost pressures of £96m, the majority constituted of pay cost growth (£50m) and prescribing cost growth (£25m), the Board is facing the significant challenge of requiring to save £69m of recurrent savings in order to break even.
- 6.4** The Board also continues to face severe financial challenges and financial risks, including the cost of new medicines, including those for Hepatitis C, and orphan / ultra-orphan and end of life medicines.
- 6.5** The Acute division continues to experience significant cost pressures in Medical pay where significant expenditure on agency and locum cover has been incurred to support activity levels. Actual non elective and elective inpatient activity continues to increase significantly, together with long-term vacancies, difficulties recruiting and the requirement for waiting list initiatives to achieve TTG targets. Nursing pay also continues to be a significant cost pressure, with excess bank and agency spend driven by activity levels and accentuated by higher than average sickness/absence rates.
- 6.6** As outlined above, a comprehensive planning process involving all Directors and a wide range of managers, and in concert with the IJBs, commenced in the Autumn 2015. This involved identifying savings schemes to address the financial gap, and various presentations and discussions at Board Seminars and away days through October 2015 to April 2016. A process of engagement was also conducted with staff side and with the Scottish Government Health Directorate.
- 6.7** At the time of drafting this document, “green and amber” savings totalling £43.5m full year effect (£34.5m part year effect) have been identified. In addition, a range of “red rated” schemes have been identified, including some service redesign propositions outlined elsewhere in this document that require further work and consultation, totalling £11.5m full year effect (£8m part year effect).
- 6.8** In addition, Acute Division Management implemented a £10m cost containment programme in December 2015 to take effect before the 31st March 2016 in order to start the new financial year at, or close to, balance. However, this has proved extremely challenging, not least through the continual use of winter beds which have remained open to help manage demand and capacity. As such, £7.5m of non-recurring coverage will be required through 2016/17. In addition, the Acute Division underachieved projected 2015/16 recurrent savings by £3m and HSCPs underachieved by £7m. These were covered non-recurrently in-year by each Division. However, further work and discussions are currently on-going to establish if these can be covered internally again in 2016/17.
- 6.9** The table below is a summary of the current position;

TABLE 1: The overall savings position 2016/17

NHSGCC	CYE	FYE
Savings Summary	16/17	16/17
	£m	£m
2016/17 Savings Target	69.00	69.00
Savings summary achievability		
Green	20.08	20.35
Green/Amber	9.40	12.85
Amber	5.50	11.63
Total Green and Amber	34.98	44.83
Red	8.63	11.73
Total savings identified to date	43.61	56.56
Remaining gap - further savings required	25.39	12.44
Revisions to initial assumptions/investments	-3.30	-3.30
	22.09	9.14
Acute Division - cost containment cover	7.50	0.00
Cash requirement in-year	29.59	9.14

- 6.10** It is clear from the above table that in addition to £11.7m of complex and challenging “red risk” rated schemes, on a full-year effect for 2016/17, the Board still has a savings gap of £9.1m (rounded up to £10m). It is proposed at this stage that these savings maybe realised through the National Workstreams.

National Workstreams

- 6.11** Through the joint work of the Chief Executives, Directors of Finance and Scottish Government colleagues a number of workstreams have been developed both to support Boards in their local delivery of savings plans, and to examine whether a national approach to certain propositions can be agreed and delivered. Work is on-going to determine whether these national initiatives will have a further positive impact locally.
- 6.12** A number of these workstreams are already incorporated in our local schemes (and 2016/17 cost containment programme) but a small number could deliver savings to NHSGGC. This includes a review of effective prescribing medicines and Shared Services for both corporate and clinical support functions.
- 6.13** However, until the outcome of these national workstreams become clear and for the purposes of achieving financial balance, the £10m will be allocated proportionately, and the three parts of the business are therefore required to identify additional schemes to close the gap – and present these to the October 2016 Board meeting. Should the national workstreams subsequently deliver the projected savings in-year, these additional local savings schemes will be deferred into 2017/18.

Managing in-year

- 6.14** As outlined above, Directors and Managers continue to work to address the remaining savings gap and finalise a balanced Plan. Due to the timing of the implementation and impact of these schemes in-year, the Board have again recognised the need to cash manage the business towards the realisation of these savings.
- 6.15** This will be achieved through the further utilisation of non-recurring provisions and reserves. For 2016/17, this will include a timing benefit repayable in future years through the reversal of historic provisions totalling £32.5m for NHSGGC. This was identified as part of the national Balance Sheet Flexibility Group and involves reclassifying the funding source of pre-2010 provisions, particularly in relation to Pension and Injury Benefit provisions. This does not impact on the actual level of provision, just the funding source, and will involve a charge to the RRL as the liabilities crystallise over a number of future years.

Managing the Risk

- 6.16** It is clear from the above detail there is a real risk the Board will not achieve financial break-even in 2016/17. To have a chance of break-even, all these risks must be managed. In addition, definitive management action and tangible results must be achieved around the following key risks;
- Achievement of the Acute cost containment programme, locum agency spend and sickness absence rates driving nurse bank and agency spend;
 - Continued support from the Scottish Government around the achievement of key waiting times targets, particularly in the winter period;
 - Managing any changes to the unscheduled care model within the current financial envelope;
 - Achievement of all savings schemes outlined above, including service redesign propositions;
 - Continued work to finalise, consult, approve and deliver the “red” rated schemes; and
 - Achievement of £10m savings from the National Workstreams and/or identification, presentation and delivery to the October 2016 Board meeting of additional schemes equal to that sum from the three key areas of the business.
- 6.17** In terms of quantifying risk inherent in achieving break-even, and in addition to the £10m FYE gap outlined above, it is estimated the Plan carries financial risk of between £20m to £25m. Should this risk crystallise, there are insufficient reserves to provide cover. It would require receipts from projected land sales to ensure financial balance. However, the complexity and uncertainty over the timing and level of receipt of land sales must also be highlighted.
- 6.18** Whilst the Board at this point continues to work toward a balanced budget for 2016/17, it is apparent that again in 2016/17 the Board will be reliant on non-recurring sources of funding and reserves to achieve in-year balance. This position is clearly not sustainable. The continued use of non-recurring funds and reserves in 2016/17 to fund day-to-day business will create a significant risk to the sustainability of the Board into 2017/18 and beyond. There is a real risk the Board enters 2017/18 with minimal reserves.

Financial Planning 2017/18 and Beyond

- 6.19** There is a need for a change in financial planning for 2017/18 and beyond. This will require the development and embedding of a more collegiate, continuous improvement environment that delivers savings on a more consistent basis. The Board has an excellent track record of achieving savings and improving efficiency. However, due to the scale of the financial challenge and underlying recurring financial imbalance, a transformation programme will be required to deliver a step change in the size and scale of recurring savings and efficiencies needed in 2007/18 and beyond.

NHS Greater Glasgow & Clyde



NHS BOARD MEETING
16th August 2016

Paper No: 16/45

Director of Planning and Policy
Director of Nursing
Medical Director

Proposed Approach to Engagement on Service Changes

Recommendation: the Board agreed in June 2016 to proceed with public engagement on a series of service changes, this paper invites the Board to approve the proposed approach to public engagement.

1. Background and Purpose

- 1.1.** The June Board approved the Local Delivery Plan which proposed four service changes requiring processes of public engagement. The purpose of this paper is for the Board to consider and approve the proposed approach to public engagement for each of the service changes.
- 1.2.** The attachments to this paper provide a more detailed description of each service change covering the:-
 - Current pattern of service;
 - Proposed service change and the clinical case for the proposed change;
 - Proposed approach to engagement;
- 1.3.** These proposals for service change reflect the Board's Clinical Services Strategy (CSS) approved in January 2015. The approval of the Strategy concluded an extensive 3 year Clinical Services Review process. The Strategy provides the framework for future service planning and the development of detailed service change proposals. It also provides the strategic clinical context for working with the Integration Joint Boards.
- 1.4.** The CSS sets out the high level service models to shape service provision and identifies the key approaches to underpin the future service planning for the populations served by NHS Greater Glasgow and Clyde. The principles it sets out are:-
 - Improving health and prevention of ill health; empowering patients and carers through the development of supported self care
 - Developing primary care and community service models; simplification of community models; focus on anticipatory care and risk stratification to prevent crisis
 - Improving the interface between the community and hospital to ensure care is provided at the right time in the right place; community and primary care services inward facing and hospital services outward facing; focused on patient and carers needs
 - Developing the ambulatory approach to hospital care, with inpatient hospital care focused on those with greatest need ensuring equitable access to specialist care
 - Redesign of specialist pathways to establish a consistent service model delivering the agreed clinical standards and good practice guidelines

- Developing the rehabilitation model based on need not age; working across the service within primary and secondary care and with partner organisations to provide rehabilitation in the home setting where clinically appropriate
- Changing how care is delivered - patient centred care; shifting the paradigm to deliver care differently for patients particularly for patients who have multiple conditions; helping patients and the public to develop and understand the new approaches to care

The CSS established a clear framework to redesign, improve and modernise the Board's clinical services. It set key objectives for future service change:

- Care which is patient focused with clinical expertise focused on providing care in the most effective way at the earliest opportunity within the care pathway;
- Services and facilities have the capacity and capability to deliver modern healthcare with the flexibility to adapt to future requirements;
- Sustainable and affordable clinical services can be delivered across NHS Greater Glasgow and Clyde.

1.5. The clinical services review was underpinned by extensive engagement and involvement activity. A large number of events were held over a two year period 2012-4 and included a Primary Care Event, Third Sector development events, regular Patient Reference Groups, public and patient representation on the Clinical Steering Groups, meetings with Public Partnership Forums and various community groups, forums and carers groups.

1.6. The National Clinical Strategy (NCS) was published in February 2016 following an extensive programme of development and engagement. The Strategy sets out a framework for the development of health services across Scotland for the next 10-15 years. It gives an evidence-based high level perspective of why change is needed and what direction that change should take. The Strategy sets out the case for:-

- Planning and delivery of primary care services around individuals and their communities;
- Planning hospital networks at a national, regional or local level based on a population paradigm;
- Providing high value, proportionate, effective and sustainable healthcare;
- Transformational change supported by investment in e-health and technological advances.

1.7. The proposed service changes outlined in this paper are in line with the direction set by the national clinical strategy and with service specific national strategies, for example, Reshaping Care for Older People.

2. Proposed Service Changes

The attachments to this paper set out the details of four proposed service changes to:-

- Paediatric services at the Royal Alexandra Hospital;
- Rehabilitation services in NE Glasgow: Lightburn Hospital
- Delivery services in the Community Maternity Units
- In patient care at the Centre for Integrative Care:

3. Public and Patient Engagement

- 3.1.** The proposed approaches for each change reflect the national guidance “INFORMING, ENGAGING AND CONSULTING PEOPLE IN DEVELOPING HEALTH AND COMMUNITY CARE SERVICES”. The guidance requires appropriate and proportionate processes which reflect the scale and impact of the change proposed.
- 3.2.** Broadly two phases are expected for changes which impact on patients, a development and engagement phase which is then followed by formal public consultation if a change is substantial.
- 3.3.** The key requirements of the guidance are that for any service change:-
- The Board can demonstrate the case for change is explained and options/proposals are developed with engagement with all stakeholders.
 - Users and public representatives will have been involved in the development of any options/proposals prior to these being more widely engaged or consulted on.
 - Patient and public representatives are fully involved in the engagement and consultation process undertaken by the board.
- 3.4. Major Service change:** There are additional steps in process for proposals which are major service change. The SG guidance says Where a proposed service change will have a major impact on a patient or carer group, members of equalities communities or on a geographical community, the Scottish Health Council can advise on the nature and extent of the process considered appropriate in similar cases. Boards should, however, seek advice from the Scottish Government Health Directorate (SGHD) on whether a service change is considered to be major and, for those that are, Ministerial approval on the Board’s decision will be required. Prior to seeking the Scottish Government Health Directorate’s advice on whether the proposed service change is major, Boards should use the Scottish Health Council’s guidance “Guidance on Identifying Major Health Service Changes” to help inform their own considerations. The Health Councils criteria for major service change are set out below:-

The following issues should be considered when identifying whether a proposed service change ought to be regarded as major. They are intended simply to provide a framework for discussion. Please note that these issues are not ranked in order of importance. Some of the issues may appear to overlap, but each should be considered. Any evaluation as to what extent these issues apply will involve a level of subjectivity. It is intended that NHS Boards and other stakeholders should consider each of the issues in the context of the particular local circumstances. As a general rule, the more issues that apply, the more likely it is that a service change should be considered as major. There are prompts under each of the issues. These are not intended to be exhaustive.

- **Impact on patients and carers**

Consider the number of patients that will be affected as a proportion of the local population, and assess the likely level of impact on those patients, together with any consequential impact on their carers.

Where it appears that a relatively small number of patients is affected, it may still be necessary to consider the level of impact on those individuals, particularly where their health needs are such that they are likely to require to continue to access the service over a longer period of time.

The particular impact of the proposed change on patients that may experience discrimination or social exclusion should also be taken into account.

- **Change in the accessibility of services**

Consider whether the proposed change involves relocation, reduction or withdrawal of a service.

Assess the likely impact of the proposed change in terms of transport (in relation to patients, carers, staff, goods / supplies).

- **Emergency or unscheduled care services**

Consider whether the proposals involve, or are likely to have a significant impact on, emergency or unscheduled care services, such as Accident and Emergency, Out-of-Hours or maternity services.

Assess the potential impact on the delivery of services provided by the Scottish Ambulance Service.

- **Public or political concern**

Assess the likelihood that the proposals will attract a substantial level of public concern, whether across the local population, or amongst particular patient groups.

Take account of any views expressed by Public Partnership Forums, local community groups or elected representatives.

Consider any views reflected in the local media.

Are there likely to be complex evidence issues that could be open to challenge or dispute?

- **Conflict with national policy**

Do the proposals run counter to national policy, for example, the presumption against the centralisation of health services?

- **Change in the method of service delivery**

Do the proposals involve the use of new or contentious technology?

Are changes proposed in relation to practitioner roles?

Might there be changes in settings, such as moving a service from a hospital to a community setting, or vice versa; or other changes in the care process e.g. moving to 'one stop clinics' for services which have traditionally been provided separately?

Has the proposed change been demonstrated to work in other areas?

Identify whether there are examples of working models elsewhere, which would help to inform discussions.

- **Financial implications**

Consider in broad terms the level of investment, or savings, associated with the proposed changes.

Take account of the implications for the NHS Board(s) involved and for other agencies e.g. local authorities.

- **Related changes in recent years**

Take account of the cumulative effect of the proposed changes, when considered alongside other changes that have taken place over recent years.

- **Consequences for other services**

Consider the effect the proposals could have on decisions about the development or location of other services. Identify whether the proposals will impact on other NHS Boards.

Decisions on whether a service change is major are made by Scottish Government. In our view the position for each of our proposed changes is as follows:-

- The changes to ward 15 were previously deemed by the Board to be major and the process to date has reflected that as does the final step outlined in this paper of formal public consultation.
- We will continue to discuss with Scottish Government their view of the Lightburn proposals. The similar proposals for Drumchapel, closing that site and transferring beds and services to GGH were not deemed major service change. In any event, the extensive processes we are proposing would meet the requirements for a major service change.
- In our view the changes to the CMUs do not meet the criteria for major service change. The impact is on very small numbers of patients and the proposed process reflects that position and the fact there has been extensive prior process.
- The CIC changes do not affect the range or location of services for patients and are in line with national policy to shift care to ambulatory delivery, we do not believe the change meets the criteria for major service change.

3.5. Engagement: The attachments to this paper set out the approach for each proposed change. The material which we will use for the engagement and consultation will be developed from the content of this paper. For each proposal we are putting in place a stakeholder reference group to work with us on the engagement material and processes.

3.6. Scottish Health Council. The Scottish Health Council (SHC) is responsible for providing advice to Boards on engagement. Discussions with the SHC have shaped the approach to each proposal outlined in the paper. Our final approach to engagement for each proposals will be agreed with the SHC before engagement gets underway at the beginning of September.

4. Conclusion

This paper enables the Board to establish the processes to explore with our patients and the public a range of service changes which are driven by clinical considerations. The Board will carefully consider the outcome of that engagement for each of the proposed changes.

REVIEW OF PAEDIATRIC INPATIENT SERVICES AT ROYAL ALEXANDRA HOSPITAL

1. Introduction

In 2012 there was a proposal by the Women and Children's Services Directorate to move the Paediatric Inpatient Services in Ward 15 at the Royal Alexandra Hospital, Paisley to the Royal Hospital for Sick Children, Yorkhill. Following engagement on the proposal and options with patients/parents, families and professionals, the preferred option was to transfer the inpatient service when the new Royal Hospital for Children opened on the new Queen Elizabeth University Hospitals Campus. This paper updates and restates the basis of the proposal to enable re engagement in advance of formal public consultation on the proposed transfer.

2. Current Service

2.1. Outpatient service

A full range of paediatric outpatient clinics are held at Ward 15. These include the following:

General Paediatrics	Diabetes
Endocrine	Cystic Fibrosis
Rheumatology	Neonatal
Neuro-developmental	Neurological
Renal	Allergy
Paediatric Dermatology	Paediatric Dietetics
Clinical Genetics	

2.2. Planned Care

Ward 15 also provides planned care services where children can be admitted for day surgery and elective procedures or can be admitted for planned investigations or treatment on a day case or elective inpatient basis.

Day treatments include allergy testing, infusions and transfusions; endocrinological investigations; cystic fibrosis annual review; micturating cystograms; and general blood/urine/stool testing. To support this there are day care area comprising of 4 beds and 2 chairs.

2.3. Emergency Care and Medical Assessment

Ward 15 operates a 24 hour Short Stay Medical Assessment facility for assessing children as well as admitting patients for inpatient emergency care.

There are 16 inpatient beds and a short stay assessment facility consisting of 5 beds and 1 chair. In 2015/16 there were 4839 short-stay patient episodes in Ward 15.

Emergency patients are admitted in a number of ways:

- Direct referral by GP
- Following presentation and assessment in the Emergency Department (ED).
- Transfer from Inverclyde Royal Hospital ED or the Vale of Leven Minor Injury Unit and from community hospitals throughout Argyll and Bute.

The level of Acute Activity in 2015/16 is shown in the table below:

	Activity	Bed days	Average LOS
Outpatients	4563	n/a	n/a
Day Case	542	n/a	n/a
Elective Inpatient	125	447	3.8
A&E Attendances	10045	n/a	n/a
Emergency Inpatient	4839	3379	1.8

2.4. Specialist Community Paediatric Services – PANDA Centre

Co-located with Ward 15 is the PANDA centre hosts complex neurodisability and neurodevelopmental services, and provides facilities for a range of general community paediatric clinics including physiotherapy, occupational therapy, speech and language therapy

3. Clinical Case for Change

This proposal is driven by clinical considerations; the rest of the section outlines the clinical case for change and sets out the new clinical model which we are proposing to implement.

3.1. The Royal Hospital for Children

The new Royal Hospital for Children (RHC) provides a state of the art facility and is one of the largest paediatric teaching hospitals in the UK and the largest in Scotland. The entire focus of RHC is around children and young people, with care provided in a child friendly environment with:-

- The latest technology and specialist children's equipment, such as the MRI scanners, CT scanner, dedicated paediatric interventional radiology facilities and five state of the art laparoscopic theatres.
- All paediatric medical, surgical and anaesthetic subspecialties including emergency specialists, general medical paediatrics, cardiology, neonatology, neurology, nephrology, respiratory, endocrinology, gastroenterology, immunology and infectious diseases, dermatology, haematology/oncology (including a dedicated teenage cancer unit), rheumatology, metabolic medicine, audiology, ophthalmology, ENT surgery, orthopaedics and general paediatric and neonatal surgery.
- Child and adolescent psychiatry and AHP services facilities are located within the campus. Children who self harm and may require admission to hospital are now treated on the RHC site.
- An integrated neonatal medical and surgery unit as well as a paediatric critical care unit of 20 nationally funded intensive care beds and 2 high dependency beds are available on the RHC site to ensure that children who are or become very unwell receive world class care.
- A dedicated paediatric theatre complex, comprising 9 full theatres, interventional and cardiac catheterization labs.
- Dedicated diagnostic facilities providing the full range of imaging services including ultrasound, CT, MRI and nuclear medicine studies on site.
- On site access to the full range of diagnostic laboratory facilities including haematology, blood bank, biochemistry, microbiology, virology, histopathology and genetics.
- 17 national designated services which are accessed from children across Scotland and are delivered from the hospital including cardiac surgery and interventional cardiology, bone marrow and renal transplantation, ECLS (extracorporeal life support) and complex airway service and cleft surgery.

- A full range of dedicated children's services and facilities which cannot be replicated in a local district general hospital, such as the RAH located approximately 7 miles from the new RHC.
- A number of specialist adolescent facilities which are not replicated in the RAH: most notably zone 12, medicinema and dedicated young people workers. There are also dedicated age appropriate facilities for younger children such as the teddy hospital. In addition, educational support is offered.
- Amalgamation of Ward 15 medical staff with the acute receiving and hospital at night teams will strengthen resilience of the clinical team, supporting rota to be compliant with recommended staffing levels.
- The capacity within the new RHC will support the transfer of RAH paediatric inpatient activity to RHC. The Emergency Department has been sized to accommodate 65,000 attendances.
- Single rooms with ensuite patient accommodation within the RHC offer dedicated facilities to support parents with fold down beds. Whilst access to self-catering facilities, shops and food outlets on site add further convenience.

3.2. National Clinical Standards

In Facing the Future Report the Royal College of Paediatrics and Child Health (RCPCH) set out a number of standards as the requirement to ensure high quality health care is delivered to children and young people. It is believed that the implementation of these standards will contribute to better outcomes for children and young people and at the same time ensure greater efficiency of the service, maximising the contribution consultants and other health professionals make to providing effective future services. Some of the key standards are set out below:

- Every child or young person admitted to a paediatric department with an acute medical problem is seen by a paediatrician on the middle grade or consultant rota within 4 hours of admission.
- Every child or young person who is admitted to a paediatric department with an acute medical problem is seen by a consultant paediatrician (or equivalent staff, specialty and associate specialist grade doctor who is trained and assessed as competent in acute paediatric care) within the first 14 hours.
- All Short Stay Paediatric Assessment Units (SSPAUs) have access to a paediatric consultant (or equivalent) opinion throughout all the hours that they are open.
- A paediatric consultant (or equivalent) is present in the hospital during times of peak activity.
- All children and young people, children's social care, police and health teams have access to a paediatrician with child protection experience and skills (of at least a level 3 safeguarding competencies) available to provide immediate advice and subsequent assessment, if necessary for children and young people under 18 years of age where there are child protection concerns. The requirement is for advice, clinical assessment and the timely provision of an appropriate medical opinion, supported with a written report.
- At least two medical handovers every 24 hours are led by a consultant paediatrician.

The Report also set out the concerns facing the paediatric workforce within the UK. It recognised the significant pressures across the paediatric service nationally, which are seriously challenging the services' ability to:

- Staff in a safe and sustainable way all of the inpatient rotas that currently exist
- Comply with the European Working Time Directive (EWTD)
- Continue with the present number of consultants and trainees

The Royal College of Paediatrics and Child Health (RCPCH) recognise that the current number of paediatric inpatient units is not sustainable. The 'Facing the Future' Standards of Care for Paediatric Emergencies set out clear expectations for

the skills, expertise and specialist opinion which should be available for children in all emergency settings.

We need to ensure that we meet the required range of specialist paediatric services for all children presenting as emergencies and those requiring inpatient care. The move to the new Royal Hospital for Children on the Queen Elizabeth University Hospitals campus will allow this to happen.

It will extend the range of specialist treatment, in a dedicated child friendly environment and with specialist paediatric trained staff across a range of services and disciplines. In addition, there are a range of consultants who are on call for specialist services e.g. dermatology, rheumatology, Specialist Child Protection Service and many other specialties at the RHC which children can access directly. Our proposal will therefore enable us to deliver these standards

3.3. Enhanced Opportunities for Training

Impact of Modernising Medical Careers is a major reform of postgraduate medical education and is having an impact on medical staff provision in clinical areas across West of Scotland Boards.

Currently, within GGC and across neonatology and in medical paediatrics, it is not uncommon for consultants to have to provide unplanned extended day working and, in extreme situations, 24/7 middle grade shift cover as a result of these emerging rota gaps. This senior medical cover when used as such is at a financial and workforce capacity premium to the wider system. It is not sustainable in the mid to long term as a counter solution to managing what will become a more frequent occurrence.

NHS GGC has recruited additional consultants in all specialties and also developing the role of specialty doctor, advanced nurse/allied health professional practice, e.g. advanced neonatal and paediatric nurse practitioner role.

The single site provides opportunities for enhanced training for medical and nursing staff. Meeting RCPCH standards with consultants contributing to emergency care at peak times allows trainees to benefit directly from senior support. General paediatric outpatient training will be enhanced on both sites as a consequence.

Both registered and unregistered nurses currently based at the RAH will benefit from exposure to specialist patient groups, many of whom are nationally unique to the RHC site. With over 10 nurse educators and a broad pool of senior staff, the opportunities for on-going development, nurse mentoring and continued education are readily available. Nurses become part of the broader community of expertise prevalent throughout the RHC.

A single site will allow Advanced Nurse Practitioners (ANP) to attain and consolidate core competencies in addition to having access to specialist skills within paediatric subspecialties.

3.4. Emergency care

Management of emergency care is evolving to provide alternatives to and prevent unnecessary admission. These centre around early access to dedicated General Paediatric Consultants and are supported by access to urgent outpatient appointments, development of nursing roles, closer working across acute and community services, earlier discharge and an ethos of supporting children at home wherever is possible and appropriate.

The impact of these changes is to reduce the likelihood of children being admitted unnecessarily and speed up their discharge home.

4. Future Services at the RAH and in Renfrewshire

4.1. Our proposal is to move inpatient and day case care from the Royal Alexandra Hospital(RAH) to the Royal Hospital for Children (RHC), this will allow effective use of our clinical teams to maintain strong clinical presence in outpatient services at the RAH and compliance with Royal College standards at both sites.

4.2. Children's services will continue to be provided at the Royal Alexandra Hospital (RAH) as follows:-

- A&E will continue to receive paediatric patients who self present;
- Outpatient clinics will continue to be provided;
- Specialist Community Paediatric services (PANDA Centre);

4.3. Services that will transfer to the Royal Hospital for Children (RHC) will be:

- Emergency inpatient admissions, including short stay medical assessment
- Elective inpatient admissions
- Day case activity including day surgery and planned investigations

4.4. The impact of these changes will be:

- Just under 7500 attendances self present at A&E, these will continue to be seen at the RAH.
- Just over 2500 attendances are GP referrals or come by ambulance and will go directly to the RHC.
- 16% of A&E attendances (1570) currently result in an admission – these will transfer to the RHC
- All emergency admissions (inclusive of the 1570 attendances above) will transfer to the RHC.
- All elective and day case activity, 667 episodes will move to the RHC
- For outpatients the 1520 new and 3043 outpatient appointments, total 4563, will continue to be delivered at the RAH.

Summary of activity changes

	Stay at RAH	Move to RHC
Outpatients	4563	
Day Case		542
Elective Inpatient admissions		125
A&E Attendances	7500	2500
Emergency Inpatient admissions		4839

4.5. In summary, a total of around 8006 episodes of care will transfer to RHC and 12063 will continue to attend RAH.

4.6. We are aware that access for the RAH catchment population to the RHC will be a significant concern. We are updating previous analysis so this can be scrutinised and debated as part of the engagement process and considered in final decision making. It is important to note that the RHC already provides these services for the rest of the Greater Glasgow and Clyde population and the hospital is relatively accessible to the Renfrewshire area.

4.7. Neonatal Intensive Care Unit

Neonatal intensive care/special care is located on campus in the separate maternity hospital. There is no planned change to neonatal or wider maternity services provided in the RAH as a result of this proposal. The neonatal service at RAH will become consultant led by the amalgamation of the workforce across the neonatal units at the QUEH maternity unit and RAH to provide a joint workforce model of patient care.

5. Proposed Engagement

This proposal was originally made in 2012 and there was an extensive programme of engagement at the time with patients/parents, families and professionals. This included an option appraisal from which the preferred option was to transfer the inpatient service in 2015 when the new Royal Hospital for Children opened on the new Queen Elizabeth University Hospitals Campus as there were real concerns about access to the RHSC at Yorkhill.

Our proposed approach to this further engagement has two phases:-

- Establish an extensive programme of communication with all stakeholders to describe the proposed change and give visibility to all elements of the previous process, particularly the option appraisal. The purpose of this phase is to ensure that all of the key interests have an opportunity to understand the proposal and make further comment. This process would run from the beginning of September until mid October with a report going to the October Board for a decision on proceeding to public consultation and the approach to consultation;
- If we proceed to consultation that process would run from the end of October for 3 months with a report back to the February Board for decision;

The case for change set out in this attachment will provide the basis for the engagement and the feedback from the engagement will inform the consultation material. That material will be developed by a stakeholder reference group (SRG).

The detail and final timing of this programme will be agreed with the Scottish Health Council

The SRG will include representatives from:-

- Kids Need Our Ward
- Action for Sick Children
- Women's and Children's Family Council
- Parents Support Group, Renfrewshire Carers.
- A public partner representative from each of the patient engagement for Renfrewshire, Inverclyde and West Dunbartonshire Health and Social Care Partnerships.

The Group will also have responsibility for working with us to shape the consultation process which will be set out and discussed with stakeholders after the engagement process is complete.

We will look at how patients can be engaged in the group with outreach to the young people on Ward 15 ensuring that their views, queries or comments are fully fed into the process. If required focus groups of children and young people will be facilitated.

6. Conclusion

The above proposals enable NHSGGC to provide equity of access for all children to emergency and specialist paediatric assessment; inpatient and operative procedures, in a dedicated children's hospital whilst maintaining local access to suitable urgent assessment (via ED) and ambulatory outpatient care for the majority of children in Clyde.



To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Petition: Speed Bumps, Tiree Avenue, Renfrew

1. Summary

- 1.1 At the meeting of the Board held on 21 September, 2015 consideration was given to a petition by Ms J Campbell in the undernoted terms.

“Renfrewshire Council: agree to place speed bumps in Tiree Avenue for the safety of local children and drivers”.

- 1.2 The Board were advised that the Head of Amenity Services had intimated that the Council was unaware of speeding instances in Tiree Avenue, Renfrew. However any injury accidents history in this street would be investigated and a meeting with Police Scotland would be arranged to discuss the issues in detail. It was indicated that further supporting information from the petitioners would be helpful.
- 1.3 The Board agreed that consideration of the petition be continued to allow a site meeting to take place to establish the extent of the problem, attended by the Transportation Manager, other officers as appropriate, Police Scotland, the principal petitioner and supporter, and the Convener and Depute Convener of the Board. A plan of the area is appended.
- 1.4 Following the site visit it was agreed that a driver feedback sign be installed to monitor vehicle speeds. The Head of Amenity Services has advised that the average speeds recorded were 13mph for North-bound vehicles and 12mph South-bound.
- 1.5 The principal petitioner had been invited to the meeting held on 6 June 2016 but did not attend. The Board agreed to continue consideration of the petition to this meeting.
- 1.6 The role of the Board is to consider the petition, hear and ask questions of the petitioner and take the appropriate action in respect of the petition which will be one of the following:

(a) that no action is taken, in which case the reasons will be specified and intimated to the petitioner;

(b) that the petition be referred to the relevant director and/or policy board for further investigation, with or without any specific recommendation; or

(c) refer the petition to another organisation if the petition relates to that organisation.

2. Recommendation

2.1 That the Board resumes consideration of the petition.

Implications of this report

1. **Financial Implications** – none

2. **HR and Organisational Development Implications** – none

3. **Community Plan/Council Plan Implications** – none

4. **Legal Implications** – none

5. **Property/Assets Implications** – none

6. **Information Technology Implications** – none

7. **Equality and Human Rights Implications**

- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health and Safety Implications** – none

9. **Procurement Implications** – none

10. **Risk Implications** – none

11. **Privacy Impact** – none

List of Background Papers –

(a) none

Author: Lilian Belshaw, Democratic Services Manager, 0141 618 7112



To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Petition: Corsebar Road, Paisley

1. Summary

- 1.1. At the meeting of the Board held on 30 November, 2015 consideration was given to a petition by Ms Dryburgh in the undernoted terms:

“As I have become visually impaired and can no longer drive I have to access buses and also have to frequently attend clinics at the RAH. Trying to cross Corsebar Road is very difficult and dangerous, even for people who are elderly or disabled. I think there is an urgent need for a pedestrian crossing or even just a central island near the entrance to the RAH driveway”.

- 1.2 The Board were advised that the Head of Amenity Services had indicated that a request had been received in 2013 for pedestrian facilities in Corsebar Road which resulted in a vehicle and pedestrian survey. Unfortunately the results of the survey did not justify any pedestrian facilities and no further action was taken. As a result of the RAH parking policy Renfrewshire Council had promoted a Traffic Regulation Order to restrict parking on Craw Road and Ricartsbar Avenue. The Council was currently looking at restrictions for Corsebar Road near to the entrance to the hospital.
- 1.3 At that meeting, it was agreed that it be recommended to the Director of Community Resources that a further vehicle and pedestrian survey be undertaken; that a site visit be arranged for those members of the Board who wished to attend; and that the outcome be reported to a future meeting of the Board at which consideration of the petition would be resumed. The site visit took place on 14 December, 2015.
- 1.4 Consideration of the petition was resumed at the meeting of the Board held on 15 February 2016 at which time the Board noted the outcome of the survey and the conclusion by the Head of Amenity Services that neither side of the hospital entrance showed an appreciable bias in terms of number of pedestrians wishing to cross.

He considered that a signalised crossing will not significantly reduce pedestrian waiting times. The site's injury record does not justify an intervention. There is no observed justification for a signalised crossing based on pedestrian waiting times.

- 1.5 The Board noted that the location, together with the likelihood that pedestrians crossing at this site were infirm and required longer than average time to cross the road, presented exceptional circumstances. It was also noted that a pedestrian crossing had been installed in Stanley Road, which had significantly less traffic or pedestrians waiting to cross. It was agreed it be recommended to the Director of Community Resources that: (a) the rationale for the installation of a pedestrian crossing at Stanley Road be examined and compared against the Corsebar Road site; (b) all factors be taken into account to make an exceptional case for a pedestrian crossing near the RAH entrance; and (c) the options identified be reported to a future meeting of the Board when consideration of this matter would be resumed.
- 1.6 The Head of Amenity Services has indicated that the pelican crossing on Stanley Road, Paisley provides a safe crossing point for pedestrians from the Glenburn area to walk to Meikleriggs and vice versa and also access to a playing field. He has indicated that Community Resources will investigate the possibility of installing a crossing near to the entrance of the hospital. However, they are currently addressing parking issues outside the cottages on Corsebar Road and this will have to be taken into consideration.
- 1.7 The principal petitioner has been asked to return to this meeting of the Board in order that the Board may resume consideration of her petition.
- 1.8 The role of the Board is to consider the petition, hear and ask questions of the petitioner and take the appropriate action in respect of the petition which will be one of the following:
 - (a) that no action is taken, in which case the reasons will be specified and intimated to the petitioner;
 - (b) that the petition be referred to the relevant director and/or policy board for further investigation, with or without any specific recommendation; or
 - (c) refer the petition to another organisation if the petition relates to that organisation.

2. Recommendation

- 2.1 That the Board resumes consideration of the petition.
-

Implications of this report

1. **Financial Implications** – none
2. **HR and Organisational Development Implications** – none

3. **Community Plan/Council Plan Implications – none**
4. **Legal Implications – none**
5. **Property/Assets Implications – none**
6. **Information Technology Implications – none**
7. **Equality and Human Rights Implications**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health and Safety Implications – none**
9. **Procurement Implications – none**
10. **Risk Implications – none**
11. **Privacy Impact – none**

List of Background Papers – petition

Author: Lilian Belshaw, Democratic Services Manager, 0141 618 7112



To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Petition: Sergeant Law Road, Safety Measures

1. Summary

1.1. The Council has agreed procedures in relation to the submission of petitions including parameters for determining valid petitions and those areas where petitions would not be valid.

1.2. All valid petitions are to be submitted to the Board for consideration and a summary report is to be prepared on any petitions which are not considered to be valid in terms of the procedures and it is for the Board to determine the validity of such petitions.

1.3 A petition has been received from Ms Cheryl Johnstone in the undernoted terms:

“The purpose of this petition is to make Sergeant Law Road at the junction of Gleniffer Braes safer for all road users by putting in traffic calming measures, ie reduce speed limit, all vegetation away from sides of road to allow drivers more visibility, install mirrors at junction, and any other safety measures which may be allowed.”

1.4 The Director of Community Resources advises that following a fatal accident on 5 July 2016, a joint site visit was undertaken by the Police and Council Roads Service. The topography and layout of the road at this location is challenging. The junction of Sergeant Law Road and Gleniffer Road is constructed on a steep hillside. The approach from Sergeant Law Road to Gleniffer Road is downhill, with embankments on both sides consisting of grassed areas and shrubbery.

Approaching the junction from Paisley on Gleniffer Road is a steep uphill gradient. This topography severely limits scope for improvements. However, a number of improvements have been/or are going to be taken forward by the Council on the basis of observations and recommendations made by the Police Scotland:

- A speed limit order, reducing the speed limit on Gleniffer Road from the national speed limit of 60mph to 40mph, is being processed with Police approval
- Additional "slow" markings to be painted on the carriageway in each direction closer to the junction.
- A new finger post direction sign to be erected at the junction pointing into Sergeant Law Road to make the junction more visible for drivers on Gleniffer Road.
- The shrubbery obscuring the sign on Gleniffer Road has been cut away and shrubbery close to the other signs has been trimmed back since the accident.
- The grass on the verge has also been cut back since the accident as part of the ongoing programmed maintenance of this stretch of road.
- Regular routine maintenance of road signs and verge shrubbery to continue.
- Road inspectors have been reminded to highlight all road signs that need vegetation cleared to maintain visibility on an ongoing basis.

- 1.5 It is for the Board to determine the validity of the petition and whether they wish to hear it.
- 1.6 The Board may consider whether the Council has already addressed the petition by the measures outlined in paragraph 1.4 above.
- 1.7 Should the Board determine if they wish to hear the petition, their role is to consider the petition, hear and ask questions of the petitioner and take the appropriate action in respect of the petition which will be one of the following:
- (a) that no action is taken, in which case the reasons will be specified and intimated to the petitioner;
- (b) that the petition be referred to the relevant director/and or policy board for further investigation, with or without any specific recommendation; or
- (c) refer the petition to another organisation if the petition relates to that organisation.

2. Recommendation

- 2.1 That the Board determine the validity of the petition and whether they wish to hear it.
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Implications of this report

1. Financial Implications – none
2. HR and Organisational Development Implications – none

3. **Community Plan/Council Plan Implications – none**
4. **Legal Implications – none**
5. **Property/Assets Implications – none**
6. **Information Technology Implications – none**
7. **Equality and Human Rights Implications**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health and Safety Implications – none**
9. **Procurement Implications – none**
10. **Risk Implications – none**
11. **Privacy Impact – none**

List of Background Papers –

- (a) petition
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Author: Lilian Belshaw, Democratic Services Manager, 0141 618 7112



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

On: **19 September 2016**

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

Heading: **Petition: Road Surface, Morar Crescent, Bishopton**

1. Summary

- 1.1 A petition comprising around 50 signatures has been received from Mr John Holms in the undernoted terms:

“The purpose of this petition is to make the Council aware of the poor condition of Morar Crescent’s Bishopton, Road Surface. Council action required would be to repair and re-surface the road in Morar Crescent, Bishopton to an acceptable standard.”

- 1.2 The Director of Community Resources advises that the Council at its meeting held on 3 March 2016 agreed that the capital investment programme for the roads and footways network for financial year 2016/17 would be £3.191m. Subsequently it was reported in the Information Bulletin on 29 April 2016 how this investment would be allocated. Morar Crescent, Bishopton is not included in the 2016/17 programme.
- 1.3 The petition is valid in terms of the Council’s procedures for dealing with petitions and the principal petitioner, together with one supporter, has been invited to attend the meeting and they will be asked to make a statement, lasting no more than 10 minutes, in support of the petition.

- 1.4 The role of the Board is to consider the petition, hear and ask questions of the petitioner and take the appropriate action in respect of the petition which will be one of the following:
- (a) that no action is taken, in which case the reasons will be specified and intimated to the petitioner;
 - (b) that the petition be referred to the relevant director/and or policy board for further investigation, with or without any specific recommendation; or
 - (c) refer the petition to another organisation if the petition relates to that organisation.
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2. Recommendation

- 2.1 That the Board hears from the principal petitioner.
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Implications of this report

- 1. Financial Implications – none**
- 2. HR and Organisational Development Implications – none**
- 3. Community Plan/Council Plan Implications – none**
- 4. Legal Implications – none**
- 5. Property/Assets Implications – none**
- 6. Information Technology Implications – none**
- 7. Equality and Human Rights Implications**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
- 8. Health and Safety Implications – none**
- 9. Procurement Implications – none**
- 10. Risk Implications – none**

11. Privacy Impact – none

List of Background Papers –

(a) report by Director of Community Resources dated 29 April 2016 to the Information Bulletin;

(b) petition

Author: Lilian Belshaw, Democratic Services Manager, 0141 618 7112



To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Petition: Traffic Concerns, Newmains Road, Renfrew

1. Summary

- 1.1 A petition comprising around 20 signatures has been received from Ms Alexa Lang in the undernoted terms:

“To address traffic concerns, in particular ‘speeding’ on Newmains Road, Renfrew”.

- 1.2 The Head of Amenity Services advises that he is aware of speeding complaints on Newmains Road, Renfrew. Newmains Road is wide with parking on both sides and links Paisley Road with Sandy Road. Speed measurements have been carried out on this length of road and average speeds have been recorded up to 27mph. An accident analysis has been carried out which shows no evidence of any injury accidents in the latest three-year period. The Head of Amenity Services has passed the matter to Police Scotland for their comments. A plan of the area is appended.
- 1.3 The petition is valid in terms of the Council’s procedures for dealing with petitions and the principal petitioner, together with one supporter, has been invited to attend the meeting and they will be asked to make a statement, lasting no more than 10 minutes, in support of the petition.
- 1.4 The role of the Board is to consider the petition, hear and ask questions of the petitioner and take the appropriate action in respect of the petition which will be one of the following:
- (a) that no action is taken, in which case the reasons will be specified and intimated to the petitioner;
- (b) that the petition be referred to the relevant director/and or policy board for further investigation, with or without any specific recommendation; or

(c) refer the petition to another organisation if the petition relates to that organisation.

2. Recommendation

2.1 That the Board hears from the principal petitioner.

Implications of this report

- 1. Financial Implications – none**
- 2. HR and Organisational Development Implications – none**
- 3. Community Plan/Council Plan Implications – none**
- 4. Legal Implications – none**
- 5. Property/Assets Implications – none**
- 6. Information Technology Implications – none**
- 7. Equality and Human Rights Implications**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
- 8. Health and Safety Implications – none**
- 9. Procurement Implications – none**
- 10. Risk Implications – none**
- 11. Privacy Impact – none**

List of Background Papers – petition

- (a) none
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Author: Lilian Belshaw, Democratic Services Manager, 0141 618 7112