

Renfrewshire Council

Audited Accounts

2017–2018



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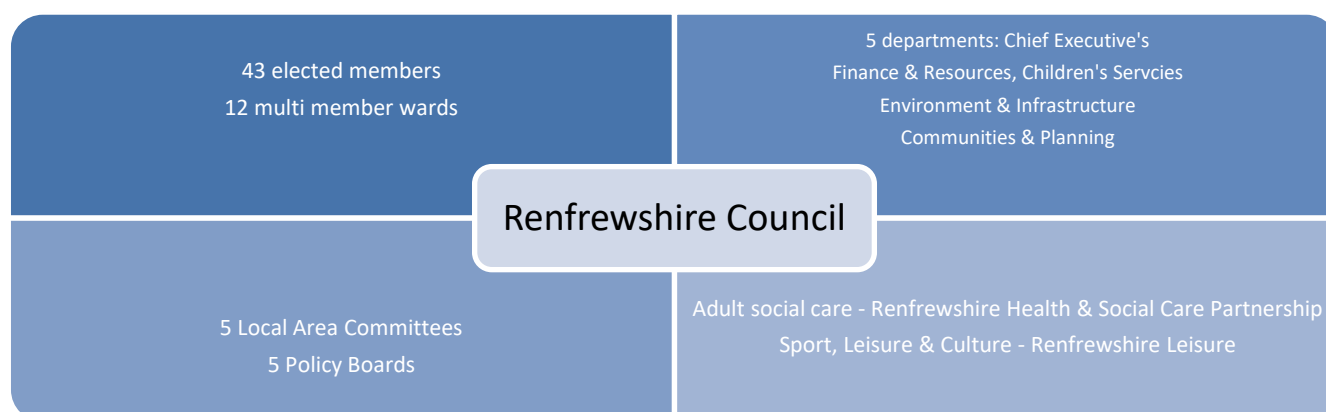
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Introduction

This commentary outlines the objectives, strategy and financial performance of the Council over the 2017-2018 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 176,000 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.



Objectives and Council Strategy

The Council and its community partners aim to achieve the objectives agreed in the Our Renfrewshire Community Plan 2017 - 2027, with the overriding vision of *"Working together to make Renfrewshire a fairer, more inclusive place where all our people, communities and businesses thrive"*. Performance against the Plan outcomes and objectives is monitored by the Community Planning Partnership Board, chaired by the Leader of the Council. The specific responsibilities and actions the Council will undertake to support the delivery of the Community Plan are detailed in the Council Plan 2017-2022. Both these documents are available on the Council website: www.renfrewshire.gov.uk.

The Council Plan "Thriving People, Connected Communities" was agreed in September 2017, and the Plan outlines five strategic outcomes for the Council over the period to 2022:

1. Reshaping our place, our economy and our future
2. Building strong, safe and resilient communities
3. Tackling inequality, ensuring opportunities for all
4. Creating a sustainable Renfrewshire for all to enjoy
5. Working together to improve outcomes

How are we doing?

The Council Plan outlines priorities and actions against which progress is reported bi-annually to the Council's Leadership Board, most recently in April 2018. A performance framework to underpin the performance monitoring and reporting of

Council Plan activity was agreed by the Leadership Board in December 2017. Both these documents are available on the Council Committee Management Information System: (<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>). 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. 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 (www.scotland.myllocalcouncil.info)

In August 2017 Audit Scotland published the findings of their Best Value review (<http://www.audit-scotland.gov.uk/report/best-value-assurance-report-renfrewshire-council>) which highlighted that the Council continues to improve and is making encouraging progress in the performance of services; underpinned by effective financial management and planning.



Financial Strategy

The financial strategy and plans of the Council support the delivery of the Council's priorities as outlined in the Council Plan. In order to achieve this the financial strategy must ensure resources are effectively and efficiently deployed in line with corporate objectives; and ensure resources are managed sustainably and in a way which continues to ensure the stability of council services.

The medium term outlook for the Council's finances was reported to the Leadership Board in December 2017, and a range of financial planning principles were agreed:

- (i) The Council has an ongoing commitment to efficiency, modernisation of service delivery and prioritisation of resources on the delivery of key strategic outcomes.*
- (ii) The Council strives to maximise income, grow its tax base and attract external funding.*
- (iii) Investment in service transformation and early intervention/ prevention, including lifecycle maintenance to protect existing investments in our assets is given appropriate priority.*
- (iv) Any new borrowing decisions taken by the Council are capable of repayment on a sustainable basis and overall debt levels are contained within affordable long term parameters.*
- (v) The Council's core budget is not underwritten by the use of general reserves or speculative capital receipts.*
- (vi) Council reserves are maintained at a level which provides appropriate financial resilience to the Council and the core services it provides and should be subject to ongoing annual review in the context of the risk profile faced by the Council.*

Financial Performance

In agreeing the budget for 2017-2018 the Council approved the following key items on 16 February 2017:

General Fund - Revenue	<ul style="list-style-type: none"> • Council tax freeze • Revenue budget of £375.0 m • Use of statutory funds of £2.350 m
General Fund - Capital	<ul style="list-style-type: none"> • 3 year capital programme of £215.1 m, of which £76.0 m in 17/18 • Funded by capital grant of £19.8 m; borrowing of £157.5 m and other capital income of £37.8 m
Housing	<ul style="list-style-type: none"> • Council house rent freeze • Revenue gross expenditure budget of £50.8 m • Capital investment of £19.9 m

The Council agreed to invest in economic regeneration such as roads infrastructure, local communities and to address cost and demand pressures in adult care services. A further £1.5 million was also invested in the Council's Tackling Poverty programme, lifting the total investment to £7.5 million.

Revenue Performance 2017-2018

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

	Budget £m	Actual £m	Variance £m
Employee costs	243.059	237.323	(5.736)
Payments to other bodies	37.310	42.024	4.714
Other costs	282.623	287.011	4.388
Total Expenditure	562.992	566.358	3.366
Revenue Support Grant	(201.151)	(201.151)	0.000
Council Tax Income	(72.145)	(73.238)	(1.093)
Non Domestic Rates Income*	(98.908)	(98.908)	0.000
Other Income	(186.099)	(189.543)	(3.444)
Total Income	(558.303)	(562.840)	(4.537)
Drawdown from General Fund Balances	4.689	3.518	(1.171)
Net movement in ring-fenced element of the General Fund Balance	4.679	4.679	0.000
Net movement in unallocated element of the General Fund Balance	0.010	(0.029)	(0.039)
Additional Scottish Government Grant	0.000	(1.132)	(1.132)
Total Drawdown from General Fund Balances	4.689	3.518	(1.171)
Drawdown from Housing Revenue Account Balances		3.004	
Total Drawdown from General Fund & Housing Revenue Account Balances		6.522	Note 1

*The Council was due £98.9 million of non-domestic rate income from the Scottish Government as its share of the national pool. The Council collected £121.1 million directly from local businesses with the excess of £22.2 million payable to the Scottish Government (2016-17 £3.9 million payable to the Scottish Government to the Council).

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 council is also able to apply usable reserves from the General Fund Balance to fund expenditure, an element of which is ringfenced for specific purposes (£41.661 million as at 31 March 2017) and an element which remains unallocated (£7.065 million at 31 March 2017).

The usable reserves (note 7) shows a net draw on total reserves of £3.518 million with a net £4.679 million drawn down from ringfenced reserves. £10.748 million was applied to various programmes in 2017-2018 (see note 7 for detail) with £6.069 million contributed to fund future programme expenditure, leaving a balance on ringfenced reserves within the General Fund Balance of £36.982 million at 31 March 2018.

A £0.039 million balance was returned to unallocated reserves, which reflects the net spend and income position achieved across a range of services due to effective budget management by Directors. The outturn position also includes an over-recovery of £1.093 million in Council Tax income, which reflects in year collection performance of 96.0%, again equal to the highest performance level ever achieved by the Council. The balance on unallocated reserves within the General Fund Balance stands at £7.094 million as at 31 March 2018.

In the finance circular of March 2018, the Scottish Government confirmed that Renfrewshire Council's share of the £34.5 million additional funding granted at Stage 1 of the Budget Bill - £1.132 million - would be paid in financial year 2017-2018 but could be transferred to reserves for use to fund expenditure incurred in financial year 2018-2019. The £1.132 million in additional grant contributed to reserves, together with the £4.679 million drawdown from ringfenced reserves and the

£0.029 million addition to unallocated reserves, has resulted in a net drawdown from General Fund balances of £3.518 million for financial year 2017-2018.

The Council incurred significant costs in relation to the “Beast from the East” severe weather experienced in late February/early March 2018 estimated at £0.5 million. Additional financial support from the Scottish Government helped mitigate some of this cost; however, it is a reminder of the need for the Council to maintain adequate reserves to deal with unforeseen circumstances and events.

Combining the actual draw on reserves of £3.518 million with the accumulated General Fund balance brought forward from 2016-2017 of £48.726 million, produces a cumulative working balance of £45.208 million to be carried forward to 2018-2019. Of this balance, £38.114 million has been earmarked for a particular purpose as outlined in Note 7 (£36.982 million for ringfenced reserves and £1.132 million on additional grant). This leaves a balance of £7.094 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 principles.

Housing Revenue Account

The Housing Revenue Account balance reduced by £3.004 million in year, which represents the balance of the HRA reserves brought forward from 2016-2017 previously earmarked to support tenants affected by Welfare Reform. The Council agreed to incorporate the delivery of measures to mitigate the impact of Welfare Reform into the mainline service provision from 1 April 2018, by utilising the reserves previously earmarked for Welfare Reform to smooth debt repayments. Therefore, during 2017-2018 £0.441 million was spent on measures to support tenants affected by the Welfare Reform agenda with the remaining £2.563 million being used to smooth future debt repayments.

Trading Operations

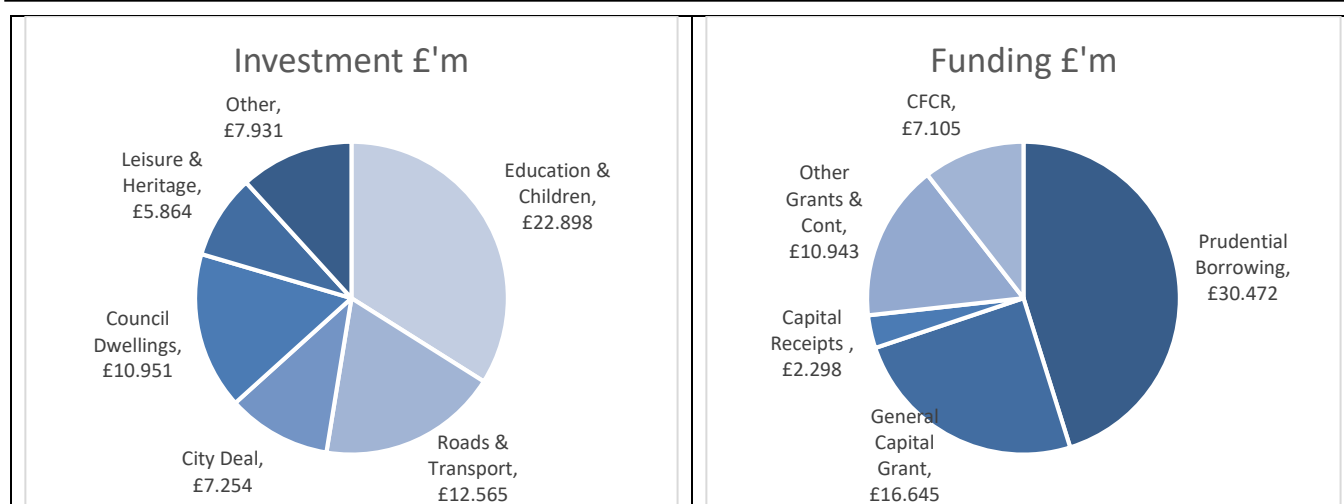
All trading operations are “non-significant” according to the relevant regulations and as such the trading accounts are not required to be disclosed, however trading accounts are produced for management purposes and are therefore provided at Note 26 for information. The practice of maintaining trading operation accounts for management purposes ceased from 1 April 2018 as agreed by the Finance, Resources and Customer Services Policy Board on 28 March 2018.

Building Services	<ul style="list-style-type: none"> • Budgeted 17/18 surplus - £0.468 million • Actual 17/18 surplus - £0.315 million
Catering	<ul style="list-style-type: none"> • Budgeted 17/18 surplus - £0.451 million • Actual 17/18 surplus - £0.308 million
Vehicle Maintenance	<ul style="list-style-type: none"> • Budgeted 17/18 surplus - £0.506 million • Actual 17/18 surplus - £0.528 million
Roads Services	<ul style="list-style-type: none"> • Budgeted 17/18 surplus £0.125 million • Actual 17/18 surplus - £0.142 million

The overall surplus on all trading operations for the year of £1.293 million was £0.257 million less than the planned surplus of £1.550 million. This under-recovery against the planned surplus is attributable to Building Services and Catering Services and reflects the impact of the severe weather experienced in early February and early March. 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 and Borrowing

The Council continues to make significant capital investment in the council housing, schools, leisure, community and town centre estate. On 16 February 2017 the Council approved the housing capital investment programme for 2017-2018 of £19.9 million; and the general fund capital investment programme of £76 million. 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 £67.463 million. Further detail is provided in Note 14.



During the course of 2016-2017 the Council undertook borrowing totalling £32 million in order to refinance maturing loans totalling £23 million over the course of 2016-2017 and 2017-2018; taking advantage of historically low interest rates and also to ensure sufficient cash availability for planned capital programmes over the medium term. The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans.

The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided at Note 23.

An important element of the Council's medium term financial planning includes the strategy of debt smoothing, which continues to be implemented to ensure the Council's debt profile remains appropriate and sustainable over the medium term. This process involves the planned repayment of debt over the medium term as part of the Council's planned budget, capital investment and treasury management strategies.

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 21 December 2017. 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 2018 was £347 million, which is within the approved limit of £380 million. The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £305 million at 31 March 2018 compared to the operational boundary of £380 million. 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 5.7% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs as at 31 March 2018 were 44%, equal to the planned limit of 44%. However additional debt repaid in the year in line with the agreed business plan temporarily results in financing costs as at 31 March 2018 being 59% of net revenues.

Public Private Partnerships

Outstanding commitments on PPP contracts are £393.2 million – further detail on these is shown in Note 15. During 2017-2018, £15.897 million was paid to the contractor under the terms of the agreement.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 30 and 31. The appointed actuaries have confirmed an improvement of £174.424 million in their assessment of the actuarial deficit position of the local government pension fund. This movement is the net outturn from decreased liabilities as at 31 March 2018 than the previous year.

The assessment provides only a snapshot as at 31 March 2018 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde

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

Provisions, 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 22. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 7, the Council has also earmarked £36.982 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 maintained a level of provision.

The Council has recognised a small number of contingent assets and liabilities which it continues to monitor. Further detail is provided at Note 32.

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 Resources under delegated authority.

Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2017-2018, and the affordability of its ongoing commitments.

Financial Indicator	Commentary	2016-2017	2017-2018
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.	1.9%	1.8%
Movement in uncommitted General Fund balance	Reflects the extent to which the Council is using uncommitted reserves.	0.7%	0.4%
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.	17.1%	18.3%
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 28 June 2018.	£349.9 million	£351.0 million
External debt		£319.4 million	£305.3 million
Ratio of financing costs to net revenue stream (General Services only)		4.5%	5.7%

Financial Outlook and Key Risks

The Financial Outlook reported to the Leadership Board in December 2017 outlined continued risk to the Scottish local government settlement. As the transition of powers moves the Scottish budget towards almost 50% of spending being supported by devolved tax raising powers, the economic performance of the Scottish economy relative to that of the UK becomes a key determinant in the overall level of resources that will be available to the Scottish Government's budget each year. At present, economic growth in Scotland continues to lag that of the UK and there exists a wide range of downside risks associated with economic and political uncertainty linked to the UK exit process from the European Union and wider global influences on the UK and Scottish economies. In this context, the Scottish Government's budget will experience new and uncharted levels of uncertainty and challenge. This context, coupled with the Scottish Government's stated commitments as outlined in their recently published Medium Term Financial Strategy in relation to growing in real terms spending in the NHS, protecting Police spending in real terms, both of which will become increasingly challenging commitments when consumer price inflation has ranged up to 3%, and the commitment to almost double the level of free early years nursery hours over the course of this Parliament, presents what is likely to be continuing challenges over the medium term for local government grant levels in Scotland.

The local government grant settlement for 2018-2019 (again only a single year settlement being announced) was initially cut, with Renfrewshire initially facing a like for like reduction in funding of 0.8%, however as the Budget Bill progressed through the Parliamentary approval process, additional funding was added to the local government settlement which converted the cut for Renfrewshire to a 1.0% cash increase. As in 2017-2018, the timing of the local government settlement announcement left the Council limited time to respond. A balanced budget position moving into 2018-2019 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, and also incorporating significant temporary investment in measures to continue to Tackle Poverty and invest in Renfrewshire communities. The Council also agreed a 3% council tax increase for 2018-2019 – the first increase in council tax in 10 years.

The Council continues to hope that the Scottish Government will provide a multi-year settlement in future years to support the Council to develop sustainable financial plans over the medium term, however there appears to be limited prospect of this until the next UK Government Comprehensive Spending Review in 2019. The financial outlook for the Council remain based on an assumption that the Council's grant settlement 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 as outlined in their Medium Term Financial Strategy. Each 1% cut to the Council's grant represents a £3 million loss in resource.

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 people 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. Universal Credit will be fully rolled out in Renfrewshire from September 2018.

A further emerging pressure for the Council is the management of waste, where refuse collection, disposal and recycling costs are increasing. Recycling costs are a particular pressure linked to the global market downturn for dry recycle material.





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 such as improved digital connectivity and improvements to local roads. 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. While the Council's bid for UK 2021 City of Culture was ultimately unsuccessful, the Council has agreed a range of legacy investments which will ensure the momentum built over the bidding process is maintained as a driver for economic regeneration.



Proud cultural legacy
and growing visitor
numbers

The Council continues to mitigate treasury risks, including those associated with the security of cash deposits by actively considering debt restructuring as outlined in the Council's agreed Treasury Management Strategy. The Council also continually reviews in consultation with 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 or minimising external borrowing with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs. This strategy is 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.

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 four subsidiaries - Renfrewshire Leisure Limited (a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire); the Common Good Funds; the charitable trusts and Park Lane Developments (Renfrewshire) Limited Liability Partnership. The Group Accounts also consolidate the Council's share of four other entities treated as associates or joint ventures – Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Renfrewshire Valuation Joint Board, and Renfrewshire Health and Social Care Integration Joint Board. The Council has non material interests in a number of other entities namely Clyde Murshiel Park Authority, Scotland Excel, Glasgow and Clyde Valley Strategic Development Planning Authority and Glasgow City Region – City Deal Cabinet.

Further information on the activities and services offered by Renfrewshire Leisure Limited and Renfrewshire Health and Social Care Partnership can be obtained from their websites:

www.renfrewshireleisure.com.

<http://www.renfrewshire.hscp.scot/>

Charitable Funds

The Council administers the Common Good Funds for the areas of Paisley, Renfrew and Johnstone. Each of these Funds is a registered charity. In addition, the Council controls 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 incurred a combined in-year deficit of £0.634 million that is added to the previous surplus brought forward. The total net asset value increased by £0.087 million, with investments decreasing by £0.244 million. The

trustees for the charitable trusts at a meeting on 28 March 2018 resolved to wind up the majority of trusts with the consent of OSCR. The annual accounts of the Common Good Funds and charitable trusts are available on the Council website.

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 Iain Nicolson
Leader of the Council
27 September 2018

Sandra Black
Chief Executive
27 September 2018

Alan Russell
Director of Finance and Resources
27 September 2018

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 priorities and vision of the Council are set out in the Council Plan 2017-2022 and the Renfrewshire Community Plan 2017-2027. The Council Plan is aligned to the Community Plan and sets out 5 strategic outcomes that the organisation will work to achieve over a 5 year period with specific priorities relating to tackling inequality, promoting economic and cultural regeneration, attainment and sustainability. Renfrewshire's Community Plan (also referred to as its Local Outcome Improvement Plan) details how community planning partners will work together to achieve the key priorities identified for Renfrewshire. Revised governance arrangements for community planning were approved in late 2016 and continue to be implemented.
- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan and Local Outcome Improvement Plan. An initial locality plan has also been developed.
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under regular review by the council.
- The Council facilitates policy and decision making through a policy board structure. 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 including six monthly updates to the Leadership Board on progress against the implementation of the Council Plan.
- The Corporate Management Team monitors a quarterly scorecard of performance information. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually. An annual benchmarking report on the performance of the Council is submitted to the Audit, Risk and Scrutiny Board.

- The Council has adopted a code of conduct for its employees' which was reviewed in January 2018. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol for Relationships between Political Groups, Elected Members and Officers.
- The Council's approach to risk management is set out in the risk management strategy and is well embedded. Risks are reported regularly to the Audit, Risk and Scrutiny Board.
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- Registers of interests for elected members and senior officers are maintained and published on the Council's website.
- The Council's arrangements for fraud prevention, detection and investigation are managed through the corporate counter fraud service.
- There are adequate cyber security controls in place including a dedicated cyber security officer and conformance to the cyber essentials standards.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

Governance arrangements are in place within Renfrewshire Leisure Limited (RLL) and have been operating throughout the year with reports on performance being provided to the council's Leadership Board. The recent Best Value review recommended that the council should review its governance arrangements to ensure they provide for a relationship with RLL that is clear, independent, and more easily understood by the public. A review of the governance arrangements will be completed by November 2018, as an initial step the Council agreed to reduce the number of Council appointed directors of RLL by withdrawing the appointment of two senior officers to the Board. Also, reporting arrangements were updated to ensure that a summary version of RLL's business plan was available as a public item for consideration in line with the recommendations made in the Best Value report.

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.

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 Chief Finance Officer is the Director of Finance and Resources, the Council, therefore, considers that it complies with the above statement.

The Role and Responsibilities of the Audit Committee and the Chief Auditor

The role of the audit committee is under the remit of the Audit, Risk and Scrutiny Board which is chaired by a member of the opposition its role includes:

- to approve the internal audit charter and annual internal audit plans;
- to review internal and external audit reports and the main issues arising, including those relating to the annual accounts and seek assurance that action has been taken and make recommendation to the Council where appropriate;
- to receive and consider the Chief Auditor's annual report, summarising internal audit activity and the level of assurance this provides over the arrangements for internal control, risk management and governance within the Council;
- monitor the performance of internal audit;
- to consider the annual review of the Local Code of Corporate Governance.

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

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, Risk and Scrutiny Board annually, to provide assurance on the adequacy and effectiveness of the Local Code and the extent of compliance with it. The Audit, Risk and Scrutiny Board performs a scrutiny role in relation to the application of the Local Code of Corporate Governance and regularly monitors the performance of the Council's internal audit service.

Internal Audit reporting arrangements, including communication of finalised audit engagements, monitoring the progress of agreed management actions and communication of unacceptable risk to the Board, were reviewed and formalised in March 2018.

Review of effectiveness and Continuous Improvement

Renfrewshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team 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 34 point checklist covering five key areas of governance:

- Business Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity
- Conflicts of Interest and Gifts and Hospitality

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's financial regulations and codes require to be reviewed and updated this review is currently ongoing and will be completed by Summer 2018.

The Council continues to develop its approach to working with communities, and as part of this a review of community level governance arrangements will be undertaken. The consultation ended in April 2018, and it is intended that proposals will be submitted to full Council for approval in September 2018.

All community planning partnerships in Scotland are required to develop one or more Locality Plans associated with the area-wide Local Outcome Improvement Plans. Within this context it is our ambition to develop Locality Plans covering all communities in Renfrewshire, our first detailed locality plan will focus on the communities that experience poorest outcomes currently and specifically those that live within the 5% most deprived areas in Renfrewshire. Although not geographically connected, Renfrewshire Community Planning Partnership has identified as a community of interest the 9,000 people in Renfrewshire who live within the 5% most deprived areas in Scotland. This community of interest shares common needs and aspirations and will be the focus of the initial phase of locality planning in Renfrewshire.

The Council has a well embedded approach to continuous improvement through self-assessment. Registered services within education, social care and housing undertake regular self-assessment as part of the delivery of their services. A corporate self-assessment framework based on the Public Service Improvement Framework has been in place across the Council for almost 10 years. The framework was reviewed in late 2017 and a revised model of self-assessment the 'Renfrewshire Continuous Improvement model' will be piloted in Autumn 2018.

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 internal financial control arrangements are sound.

Renfrewshire Council was one of 6 Councils in Scotland to have a Best Value Assurance report published as part of the new national best value methodology. The report was positive, outlining 7 key recommendations for the Council to address ranging from elected member scrutiny to workforce planning and community empowerment. A Best Value Improvement Plan linked to the audit report, was approved by Council in September 2017. The first 6 monthly monitoring report was submitted to the Leadership Board in April 2018. As part of the new methodology for auditing best value, the Council's audit team from Audit Scotland work with the organisation on a continuous basis. Over the course of 2018, the external audit team will review the progress achieved to date in terms of implementing the Best Value improvement plan, as set out in the Local Audit Plan.

The council's risk management arrangements continue to mature well. During the formal review of the policy and strategy in 2016, it was noted that over time the corporate risk register had been maturing to include risks that were not only focused on challenges internal to the council but very often focused on risks impacting on our communities. To ensure good governance for such risks an opportunity was taken to develop a new strategic risk register. With new board structures following the May 2017 elections, all strategic, corporate and key service risks are now presented regularly to the Audit, Risk and Scrutiny Board and new arrangements have been made to facilitate this.

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 2018/19 shared risk assessment process has not identified, from its assessment for Renfrewshire Council, any additional risk areas where specific scrutiny is required, other than that which is nationally directed or part of on-going work programmes by Scrutiny Bodies.

In preparation for the introduction of the new EU General Data Protection Regulations in May 2018, the Council has appointed a statutory Data Protection Officer and an action plan has been taken forward based on the Information Commissioners Office guidance 'Preparing for the data protection regulation – 12 steps to take now'. The action plan covers compliance, communications and training and will be updated as necessary, as further guidance for, the ICO and the EU Article 29 working party. A revised data protection policy has been developed and approved for implementation on 25 May 2018.

The Scottish Government is currently consulting on education reform and the establishment of regional collaboratives, the Council has actively participated in these consultations and will continue to monitor developments and review and revise governance arrangements as necessary.

The programme of work undertaken by Internal Audit identified a number of areas where no or limited assurance could be provided in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. The following areas have been identified as requiring improvement:

Corporate health and safety – the review highlighted that governance and operational arrangements were not adequate. Management agreed to undertake a comprehensive review of these arrangements, this review is currently ongoing.

External funding – it was identified that there were inadequate corporate oversight arrangements in place to ensure that external funding applications are maximised and support the Council's objectives. Management agreed to establish a new post to take forward the recommendations, including development of a funding strategy and register of funding.

Adults with incapacity – procedures were found to be out of date and there was a lack of evidence to support that the correct process had been followed. A revised policy, process flow chart, referral forms and supporting guidance have been developed to ensure the accuracy and timely completion of the relevant paperwork and required authorisation process.

Charging and payments – improvements are required in relation to financial assessment and reassessment for non-residential care and raising invoices. Management agreed to review the procedures to minimise delays and clearly document the procedures to be followed.

Records management - the review highlighted that there are elements of non-compliance by service departments and slippage in the action plan for delivery of the records management plan. A recruitment exercise for a Records Manager has been completed and timescales will be revised for the action plan, service working groups will also be re-introduced.

Payroll – the council's external auditors highlighted weaknesses within the processes for timeously actioning changes to employees pay including removing employees who have left the council from the payroll system, which has resulted in overpayments. Management is making every effort to minimise overpayments and has put in place measures to actively monitor payroll overpayments. Processes, procedures and management information will be reviewed in line with the implementation of Business World ERP system due to go live in October 2018.

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.

Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the Council's governance.

Agreed action	Responsible person	Date
Continue to implement the governance arrangement for community planning.	Head of Policy and Commissioning	Spring 2019
Complete the review of Renfrewshire Leisure Limited's governance arrangements following publication of Audit Scotland national review report.	Head of Policy and Commissioning	Winter 2018
Complete the review of the Financial Regulations for approval by the Council and the supporting financial codes.	Director of Finance and Resources	Summer 2018
Review the community lead governance arrangements for approval by the Council.	Head of Policy and Commissioning	Summer 2018
Develop a detailed locality plan focusing on the communities that experience the poorest outcomes.	Head of Policy and Commissioning	Spring 2019
Pilot the revised Renfrewshire continuous improvement model of self-assessment.	Head of Policy and Commissioning	Autumn 2018
Continue to monitor the delivery of the actions contained in the Best Value Improvement Plan.	Chief Executive	Continuing
Continue to monitor and respond to developments in education reform and the establishment of regional collaboratives.	Director of Childrens' Services and Head of Corporate Governance	Continuing

Review the governance and operational arrangements for corporate health and safety and formalise the health and safety strategy for approval by Board.	Director of Finance and Resources	Summer 2018
Improve the corporate oversight of external funding applications.	Head of Regeneration	Winter 2018
Improve the procedures for non-residential care charging and payments.	Head of Business and Customer Services and Head of Adult Services	Winter 2018
Revise the action plan for records management and monitor delivery.	Head of Corporate Governance	Summer 2018
Review the counter fraud strategy and submit to Board for approval.	Chief Auditor	Summer 2018
Continue to complete the recommendations to ensure full compliance with the PCI DSS standards.	Head of ICT	Autumn 2018
Payroll processes, procedures and management information will be reviewed in line with the implementation of Business World ERP system.	Head of Business and Customer Services	Spring 2019

Update on the 2016/2017 Action Plan

The 2016/17 Governance Statement identified a number of continuous improvement activities to be taken forward to improve the overall governance, risk management and internal control environment. Progress over the last 12 months against the agreed action plan is detailed below.

Agreed action	Progress	Responsible person	Original Date	Revised Date
Develop a new strategic Council Plan for the period 2017 – 2020, to reflect the priorities of the administration following the Local Government elections.	A refreshed Council Plan was approved by the Council in September 2017.	Head of Policy and Commissioning	Summer 2017	Complete
Approve the Local Outcome Improvement Plan and locality plans and publish these as required by legislation.	The Local Outcome Improvement Plan (Community Plan – “Our Renfrewshire 2017 – 2027”) was approved by Council in September 2017.	Head of Policy and Commissioning	Summer 2017	Complete
Implement the improvement plan actions arising from the Corporate Self-Assessment.	Superseded by the actions set out in the Best Value improvement plan approved by Council in September 2017.	Head of Policy and Commissioning	Summer 2017	Superseded
Review and update the code of conduct for employees.	A revised Employee Code of Conduct was approved by the Finance, Resources and Customer Services Policy Board in November 2017.	Head of HR and Organisational Development	Autumn 2017	Complete
Review the arrangements for internal audit reporting to the Audit, Risk and Scrutiny Board on the implementation of management actions arising from internal audit engagements.	The revised Internal Audit reporting arrangements were formalised in a report to the Audit, Risk and Scrutiny Board in March 2018.	Chief Auditor	Winter 2017	Complete
Develop an action plan to implement the	The action plan was approved by the Council in September	Chief Executive	Autumn 2017	Complete

recommendations arising from the Best Value review.	2017. The Action Plan is monitored on a 6-monthly basis by the Leadership Board.			
Update the guidance for gifts and hospitality and promote staff awareness through training.	The Code of Conduct has been reviewed and is still considered to be fit for purpose, minor alterations were made to the Code. Reminder email was issued to staff to raise awareness of the Code.	Head of Corporate Governance	Summer 2017	Complete
Develop expenditure monitoring and contract oversight arrangements through the implementation of the Enterprise Resource Planning system and associated monitoring activity.	There is a go live date for the purchase to pay element of Business World. The new system will provide for better oversight of contract spend and will help to address any identified areas of non-compliant spend	Head of Policy and Commissioning	Spring 2018	Spring 2019
Strengthen the arrangements for corporate Health and Safety, including implementing the 3 year health and safety strategy and improve communication with services.	Ongoing - A revised corporate health and safety policy was approved by Board in March 2018. The health and safety strategy is currently in draft and is expected to be submitted to Board following completion of the governance review being undertaken by the Director of Finance and Resources.	Head of HR and Organisational Development	Spring 2018	Summer 2018
Develop appropriate policies, procedures and guidance to support the corporate counter fraud arrangements.	Ongoing – The corporate counter fraud business plan has been developed and procedural practice notes have been developed for some areas identified in the business plan. The counter fraud strategy is currently in draft and is to be formalised and submitted for approval to Board in the Summer of 2018.	Chief Auditor	Spring 2018	Autumn 2018
Implement the action plan to ensure full compliance with Payment Card Industry Standards.	Ongoing – Work has progressed to complete the recommendations to ensure full compliance although some recommendations still require to be actioned.	Head of ICT	Spring 2018	Winter 2018
Review the arrangements for the governance of RLL to ensure that the arrangements are clear, independent, and more easily understood by the public.	Ongoing - The Council agreed to remove the two senior officers appointed as directors of RLL which is one of the criticisms in the BVAR. The change was approved by Leadership Board on 21 February 2018 and has now been implemented.	Head of Policy and Commissioning	Spring 2018	Winter 2018

In addition to the table above, in 2016/2017, Internal Audit identified areas requiring improvement the following actions have been taken in relation to these areas:

- Catering income – Revised reconciliation procedures have been implemented and improvement actions have been taken in relation to the security of cash, segregation of duties, record keeping. There is regular monitoring of compliance procedures by the service.
- Facilities management – Improved procedures have been put in place for instruction and monitoring of remedial works. Training has been undertaken to improve record keeping.
- Fleet management – Improved vehicle tracking system has been procured and documented procedures establish for driver and vehicle checks.
- Contract management – contract frameworks are now in place for the procurement of all aspects of road infrastructure repair, maintenance and improvement.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2017-2018 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 Iain Nicolson
Leader of the Council
27 September 2018

Sandra Black
Chief Executive
27 September 2018

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

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

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

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2017. The salary for the Leader of the Council in 2017-2018 was £33,857 per annum (£33,789 in 2016-2017) and the salary for the Provost was £25,392 per annum (£25,146 in 2016-2017).

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 2017-2018 being £296,238 per annum; and whose salaries individually must be on a specified scale, in 2017-2018 £16,927 to £25,392. In May 2017 the Council approved that Renfrewshire would have twelve senior councillors: four Policy Board Conveners (salary of £25,100 per annum in 2017-2018); four Regulatory Board Conveners (salary of £20,700 in 2017-2018); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £20,700 in 2017-2018).

2. Remuneration Policy for Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The salaries of the Corporate Directors and Heads of Service are based on a spinal column point model as agreed by the Finance & Resources Policy Board on 14 May 2014. Senior employees receive no other benefits.

In line with all local government employee groups, senior employees received a 1.0% pay award in 2017-2018.

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 2018, whether or not those amounts were actually paid to, or received by, those persons within that period.

Annual Accounts 2017-2018 Remuneration Report

2016-2017		Senior employees		2017-2018					
Total	Name	Post held	Annual Salary	Other fees and allowances (i)	Expenses allowance chargeable to UK income tax	Compensation for loss of employment (ii)	Other (iii)	Total	
£			£	£	£	£	£	£	£
157,266	Sandra Black	Chief Executive	140,202	8,550	-	-	-	148,752	
112,979	Shona MacDougall	Director of Community Resources	113,907	350	-	-	-	114,257	
112,779	Mary Crearie	Director of Development and Housing Services (seconded to City of Culture Bid) - 24/07/17 to 15/04/18	113,907	-	48	-	-	113,955	
112,779	Peter MacLeod	Director of Children's Services	113,907	-	-	-	-	113,907	
120,213	Alan Russell	Director of Finance and Resources	113,906	3,420	-	-	-	117,326	
-	Alasdair Morrison	Acting Director of Development and Housing Services - 24/07/17 to 15/04/18	104,028	350				104,378	
616,016	Total		699,857	12,670	48	-	-	712,575	

2016-2017		Senior Employees of Subsidiary Bodies		2017-18					
Total	Name	Post held	Annual Salary	Other fees and allowances (i)	Expenses allowance chargeable to UK income tax	Compensation for loss of employment (ii)	Other (iii)	Total	
£			£	£	£	£	£	£	£
94,761	Joyce McKellar	Chief Executive, Renfrewshire Leisure	95,709	-	-	-	-	95,709	
94,761	Total		95,709	-	-	-	-	95,709	

(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 2017-2018.

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 2018, whether or not those amounts were actually paid to, or received by, those persons within that period.

Annual Accounts 2017-2018 Remuneration Report

2016-2017		Leader of the Council, Provost, senior councillors		2017-2018	
Total	Name	Position held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
33,891	Mark Macmillan ⁽¹⁾	Leader of the Council	3,147	-	3,147
26,096	Anne Hall ⁽¹⁾	Provost	2,342	133	2,475
25,146	Mike Holmes ⁽¹⁾	Policy Board Convener	2,342	-	2,342
25,146	Jim Harte ⁽¹⁾	Policy Board Convener	2,342	-	2,342
25,146	Tommy Williams ⁽¹⁾	Policy Board Convener	2,342	-	2,342
25,146	Jacqueline Henry ⁽¹⁾	Policy Board Convener	2,342	-	2,342
25,146	Iain McMillan ⁽¹⁾	Renfrewshire Health and Social Care Partnership Representative	2,342	-	2,342
25,146	Roy Glen ⁽¹⁾	Policy Board Convener	2,342	-	2,342
25,146	Eddie Devine ⁽¹⁾	Policy Board Convener	2,946	-	2,946
20,774	Sam Mullin ⁽¹⁾	Regulatory Board Convener	1,967	-	1,967
20,774	John Hood ⁽¹⁾	Regulatory Board Convener	1,935	-	1,935
20,774	Jim Sharkey ⁽¹⁾	Regulatory Board Convener	1,935	-	1,935
20,774	Alexander Murrin ⁽¹⁾	Regulatory Board Convener	1,935	-	1,935
14,950	Terry Kelly ⁽¹⁾	Policy Board Convener	2,342	-	2,342
3,813	Kenny MacLaren ⁽¹⁾	Leader of the Opposition	1,935	-	1,935
-	Iain Nicolson ⁽²⁾	Leader Of the Council	29,499	-	29,499
-	Lorraine Cameron ⁽²⁾	Provost	22,123	-	22,123
-	Cathy McEwan ⁽²⁾	Policy Board Convener	21,869	-	21,869
-	Marie McGurk ⁽²⁾	Policy Board Convener	21,869	-	21,869
-	Jim Paterson ⁽²⁾	Policy Board Convener	21,869	-	21,869
-	John Shaw ^{(2) (3)}	Policy Board Convener	21,869	-	21,869
-	Lisa Marie Hughes ⁽²⁾	Chair Renfrewshire Leisure	21,869	-	21,869
-	Jacqueline Cameron ⁽²⁾	Chair/Vice Chair IJB	21,869	-	21,869
-	John McNaughtan ⁽²⁾	Regulatory Board Convener	18,035	-	18,035
-	Bill Binks ⁽²⁾	Regulatory Board Convener	18,035	-	18,035
-	Jennifer Adams McGregor ⁽²⁾	Regulatory Board Convener	18,035	-	18,035
-	Andy Steel ⁽²⁾	Regulatory Board Convener from 21/06/2017	16,050	-	16,050
-	Audrey Doig ⁽²⁾	Convener Renfrewshire Valuation Joint Board from 30/06/2017	15,989	-	15,989
-	Eddie Devine ⁽²⁾	Leader of largest opposition group	18,035	-	18,035
-	James MacLaren ⁽²⁾	Leader of 2nd largest opposition group	18,035	-	18,035
337,868	Total		339,586	133	339,719

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. The Local Government Election took place on 4 May 2017. The above table shows the salaries for all Councillors who held Senior Councillor appointments before and after the election.

(1) Appointed until 4 May 2017

(2) Appointed from 18 May 2017 unless otherwise stated.

(3) Cllr John Shaw is also Convener of the Scotland Excel Joint Committee. Cllr Shaw receives no remuneration for this appointment.

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 2016-2017	Whole time pay 2017-2018
5.5%	On earnings up to and including £20,500	On earnings up to and including £20,700
7.25%	On earnings above £20,500 and up to £25,000	On earnings above £20,700 and up to £25,300
8.5%	On earnings above £25,000 and up to £34,400	On earnings above £25,300 and up to £34,700
9.5%	On earnings above £34,400 and up to £45,800	On earnings above £34,700 and up to £46,300
12%	On earnings above £45,800	On earnings above £46,300

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 2018 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Annual Accounts 2017-2018 Remuneration Report

Senior employees						
Name	Post held	Accrued pension benefits as at 31 March 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made by Renfrewshire Council during 2017-2018
		Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Sandra Black	Chief Executive	0.070	0.138	0.004	0.002	28,239
Shona MacDougall	Director of Community Resources	0.059	0.120	0.003	0.001	21,984
Mary Crearie	Director of Development and Housing Services (seconded to City of Culture Bid) - 24/07/17 to 15/04/18	0.044	0.076	0.003	0.001	21,984
Peter MacLeod	Director of Children's Services	0.049	0.091	0.003	0.001	21,984
Alan Russell	Director of Finance and Resources	0.041	0.068	0.003	-	21,984
Alasdair Morrison	Acting Director of Development and Housing Services - 24/07/17 to 15/04/18	0.015	-	0.002	-	20,077
Total		0.278	0.493	+0.018	+0.005	136,252

Senior Employees of Subsidiary Bodies						
Name	Post held	Accrued pension benefits as at 31 March 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made during 2017-2018
		Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Joyce McKellar	Chief Executive, Renfrewshire Leisure	0.050	0.103	0.006	0.005	18,152
Total		0.050	0.103	0.006	0.005	18,152

Annual Accounts 2017-2018 Remuneration Report

Leader of the Council, Provost, senior councillors

Name	Post held	Accrued pension benefits as at 31 March 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made by Renfrewshire Council during 2017-2018
		Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Mark Macmillan	Leader of the Council	0.003	0.001	-	-	607
Anne Hall	Provost	-	-	-	-	-
Mike Holmes	Policy Board Convener	0.004	0.002	-	-	452
Jim Harte	Policy Board Convener	-	-	-	-	-
Tommy Williams	Policy Board Convener	0.004	0.002	-	-	452
Jacqueline Henry	Policy Board Convener	0.002	-	-	-	452
Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	-	-	-	-	-
Roy Glen	Policy Board Convener	0.003	-	-	-	452
Eddie Devine	Policy Board Convener	-	-	-	-	-
Sam Mullin	Regulatory Board Convener	0.003	0.001	-	-	380
John Hood	Regulatory Board Convener	0.002	-	-	-	373
Jim Sharkey	Regulatory Board Convener	-	-	-	-	-
Alexander Murrin	Regulatory Board Convener	0.003	0.001	-	-	373
Terry Kelly	Policy Board Convener	-	-	-	-	-
Kenny MacLaren	Leader of the Opposition	0.002	-	-	-	373
Iain Nicolson	Leader Of the Council	0.004	0.002	+0.001	-	5,693
Lorraine Cameron	Provost	-	-	-	-	-
Cathy McEwan	Policy Board Convener	0.002	-	+0.001	-	4,221
Marie McGurk	Policy Board Convener	0.001	-	+0.001	-	4,221
Jim Paterson	Policy Board Convener	-	-	-	-	2,795
John Shaw	Policy Board Convener	-	-	-	-	4,221
Lisa Marie Hughes	Chair Renfrewshire Leisure	-	-	-	-	4,221
Jacqueline Cameron	Chair/Vice Chair IJB	-	-	-	-	4,221
John McNaughtan	Regulatory Board Convener	-	-	-	-	3,481
Bill Binks	Regulatory Board Convener	-	-	-	-	-
Jennifer Adams McGregor	Regulatory Board Convener	-	-	-	-	3,481
Andy Steel	Regulatory Board Convener from 21/06/2017	-	-	-	-	3,114
Audrey Doig	Convener RVJB from 30/06/2017	-	-	-	-	-
Eddie Devine	Leader of largest opposition group	0.004	0.001	+0.001	-	4,049
James MacLaren	Leader of 2nd largest opposition group	0.002	-	-	-	3,481
Total		0.039	0.010	+0.004	-	51,113

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.

2016-2017		2017-2018	
£		£	
775,878	Salaries	786,415	
6,418	Travel costs – reimbursed	3,906	
12,639	Travel costs – paid directly by the Council	10,949	
503	Subsistence expenses - reimbursed	303	
-	Subsistence expenses -paid directly by the Council	-	
205	Training and Conferences	5,252	
1,316	Telephone and information communication technology expenses – reimbursed	153	
7,966	Telephone and information communication technology expenses – paid directly by the Council	13,125	
1,037	Other allowances and expenses	134	
805,962	Total	820,237	

The public record of members' salaries, allowances and expenses for 2017-2018 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 2017-2018, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2017-2018. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above.

2016-2017		2017-2018		2016-2017		2017-2018	
Number of Employees	Remuneration band	Number of Employees	Left during 2017-2018	Number of Employees	Remuneration band	Number of Employees	Left during 2017-2018
116	£50,000 to £54,999	141	1	-	£105,000 to £109,999	-	-
54	£55,000 to £59,999	47	1	3	£110,000 to £114,999	3	-
7	£60,000 to £64,999	24	-	-	£115,000 to £119,999	1	-
8	£65,000 to £69,999	9	1	1	£120,000 to £124,999	-	-
8	£70,000 to £74,999	4	-	-	£125,000 to £129,999	-	-
3	£75,000 to £79,999	2	-	-	£130,000 to £134,999	-	-
8	£80,000 to £84,999	5	1	-	£135,000 to £139,999	-	-
6	£85,000 to £89,999	11	1	-	£140,000 to £144,999	-	-
1	£90,000 to £94,999	1	-	-	£145,000 to £149,999	1	-
1	£95,000 to £99,999	1	-	-	£150,000 to £154,999	-	-
-	£100,000 to £104,999	1	-	1	£155,000 to £159,999	-	-
				217		251	5

Of the 5 employees who left during the year, 1 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 2017-2018 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:

	2016-2017	2017-2018
Future Life expectancy at age 65 – males	24.8 years	23.4 years
Future Life expectancy at age 65 – females	26.2 years	25.8 years
Pension increase rate	2.4%	2.4%
Discount Rate	2.6%	2.7%

2016-2017		Exit package cost	2017-2018	
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
1	0.012	£0 - £20,000	22	0.190
1	0.028	£20,001 - £40,000	9	0.260
-	-	£40,001 - £60,000	9	0.460
1	0.060	£60,001 - £80,000	11	0.703
-	-	£80,001 - £100,000	7	0.643
3	0.406	£100,001 - £150,000	13	1.591
3	0.473	£150,001 - £200,000	4	0.663
2	0.415	£200,001 - £250,000	8	1.733
-	-	£250,001 - £300,000	-	-
-	-	£300,001 - £350,000	-	-
-	-	£350,001 - £400,000	-	-
-	-	£400,001 - £450,000	-	-
11	1.394	Total *	83	6.243

* Of the 83 departures agreed, 24 individuals will leave the Council during 2018-19. The remainder left in 2017-18.

9. Trade Union Facility Time

Renfrewshire Council recognises that it is to the mutual benefit of the Council and its employees that employees are represented by Trade Unions. The Council is committed to the principle of collective bargaining at both national and local level. The Council recognises the key role of Trade Unions in promoting and developing good employee relations and health and safety practices.

The Trade Union (Facility Time Publication Requirements) Regulations 2017, requires public sector employers to publish information relating to facility time taken by union representatives.

Trade Union (TU) representative

Percentage of pay bill spent on facility time

2017-2018		2017-2018	
Number of employees who were relevant union officials during	56	Total cost of facility time	619,181
FTE employee number	54.48	Total pay bill	229,736,426
		Percentage of the total pay bill spent on facility time	0.27%

Percentage of time spent on facility time

Paid Trade Union activities

2017-2018		2017-2018	
% time	Number of representatives		
0%	-	Time spent on paid TU activities as a percentage of total paid facility time hours	36.71%
1% - 50%	50.00		
51% - 99%	3.00		
1.000	3.00		

Cllr Iain Nicolson
Leader of the Council
27 September 2018

Sandra Black
Chief Executive
27 September 2018

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), and;
- To approve the Annual Accounts for signature.

Cllr Iain Nicolson

Leader of the Council

27 September 2018

The Director of Finance and Resources' Responsibilities

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

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

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

The Director of Finance and Resources has also:

- Kept 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 2018.

Alan Russell CPFA

Director of Finance and Resources

27 September 2018

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

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Renfrewshire Council and its group for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account, Council Tax Income Account, Non Domestic Rates Income Account and notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the council and its group as at 31 March 2018 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 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Responsibilities of the Director of Finance and Resources and Audit, Risk and Scrutiny Board for the financial statements

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

In preparing the financial statements, the Director of Finance and Resources is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit, Risk and Scrutiny Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

David McConnell MA CPFA
Audit Director
Audit Scotland
4th Floor, South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2018

Annual Accounts 2017-2018

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.

	Note	Usable reserves					Unusable reserves	Total reserves
		General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds		
		£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2016 carried forward		61.378	10.239	2.855	4.116	62.788	141.376	794.777
<i>Movement in reserves during 2016-2017:</i>								
Surplus or (deficit) on the provision of services		13.330	(12.564)	-	-	-	0.766	0.766
Other comprehensive income and expenditure		-	-	-	-	-	(47.764)	(47.764)
Total comprehensive income and expenditure		13.330	(12.564)	-	-	-	0.766	(46.998)
Adjustments between accounting basis and funding basis under regulations	6	6.555	12.136	-	3.515	(13.816)	8.390	-
Net increase or (decrease) before transfers to other statutory reserves		19.885	(0.428)	-	3.515	(13.816)	9.156	(46.998)
Transfers to or (from) other statutory reserves	7	(32.537)	-	0.002	-	32.536	0.001	0.001
Increase or (decrease) in 2016-2017		(12.652)	(0.428)	0.002	3.515	18.720	9.157	(46.997)
Balance at 31 March 2017 carried forward		48.726	9.811	2.857	7.631	81.508	150.533	747.780
<i>Movement in reserves during 2017-2018:</i>								
Surplus or (deficit) on the provision of services		(21.321)	(11.179)	-	-	-	(32.500)	(32.500)
Other comprehensive income and expenditure		-	-	-	-	-	292.271	292.271
Total comprehensive income and expenditure		(21.321)	(11.179)	-	-	-	(32.500)	259.771
Adjustments between accounting basis and funding basis under regulations	6	25.030	8.175	-	(0.014)	(1.817)	31.374	-
Net increase or (decrease) before transfers to other statutory reserves		3.709	(3.004)	-	(0.014)	(1.817)	(1.126)	259.771
Transfers to or (from) other statutory reserves	7	(7.227)	-	0.001	-	7.226	-	-
Increase or (decrease) in 2017-2018		(3.518)	(3.004)	0.001	(0.014)	5.409	(1.126)	259.771
Balance at 31 March 2018 carried forward		45.208	6.807	2.858	7.617	86.917	149.407	1007.551

Annual Accounts 2017-2018

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**.

2016-2017				2017-2018		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m	Note	£m	£m	£m
201.416	(26.962)	174.454	Children's Services	226.798	(39.675)	187.123
77.629	(17.314)	60.315	Environment & Communities	81.895	(17.213)	64.682
85.614	(73.062)	12.552	Development & Housing Services	85.512	(70.878)	14.634
55.774	(48.307)	7.467	Housing services - Housing Revenue Account	55.290	(47.903)	7.387
47.257	(10.135)	37.122	Finance & Resources	51.400	(10.325)	41.075
7.248	(0.351)	6.897	Chief Executive's Service	7.087	(0.943)	6.144
8.894	(12.419)	(3.525)	Other Services	15.442	(15.152)	0.290
12.345	(0.566)	11.779	Leisure Services	15.899	(0.468)	15.431
172.564	(110.274)	62.290	Adult Services	187.655	(119.157)	68.498
668.741	(299.390)	369.351	Net cost of services	726.978	(321.714)	405.264
			Other operating expenditure:			
		0.623	(Gains) or losses on the disposal of non-current assets			1.189
		25.675	Financing and investment income and expenditure	3		26.932
		(396.415)	Taxation and non-specific grant income	5		(400.885)
		(0.766)	(Surplus) or deficit on the provision of services			32.500
		(62.783)	(Surplus) or deficit on the revaluation of non-current assets	8(i)		(91.530)
		(0.261)	(Surplus) or deficit on the revaluation of available-for-sale financial assets	8(ii)		0.047
		110.808	Actuarial (gains) or losses on pension assets and liabilities	31(ii)		(200.788)
		47.764	Other comprehensive income and expenditure			(292.271)
		46.998	Total comprehensive income and expenditure			(259.771)

Annual Accounts 2017-2018

Balance Sheet as at 31 March 2018

The **balance sheet** shows the value as at 31 March 2018 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 2017			31 March 2018	
£m		Note	£m	
1,262.089	Property, plant and equipment	9	1,346.473	
1.622	Investment property	10	1.587	
38.977	Heritage assets	11	39.303	
0.651	Intangible assets	13	0.405	
3.479	Long-term investments	23	10.531	
3.078	Long-term debtors	19	2.492	
1,309.896	Long-term assets		1,400.791	
94.379	Short-term investments	23	91.238	
0.563	Inventories	17	0.757	
0.588	Short-term Intangible Assets	18	0.266	
47.545	Short-term debtors	19	57.735	
37.632	Cash and cash equivalents	20	12.953	
0.988	Short-term assets held for sale	12	0.251	
181.695	Current assets		163.200	
(80.431)	Short-term borrowing	23	(48.413)	
(63.641)	Short-term creditors	21	(68.388)	
(7.223)	Short-term provisions	22	(7.417)	
(151.295)	Current liabilities		(124.218)	
(175.197)	Long-term borrowing	23	(192.055)	
(77.181)	Long-term creditors	21	(74.275)	
(5.248)	Long-term provisions	22	(5.426)	
(334.890)	Other long-term liabilities	31(vi)	(160.466)	
(592.516)	Long-term liabilities		(432.222)	
747.780	Net assets		1,007.551	
150.533	Usable reserves	7	149.407	
597.247	Unusable reserves	8	858.144	
747.780	Total reserves		1,007.551	

The unaudited accounts were issued on 28 June 2018 and the audited accounts were authorised for issue on 27 September 2018.

Balance Sheet signed by:

Alan Russell CPFA

Director of Finance and Resources

Annual Accounts 2017-2018

Cash Flow Statement

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

2016-2017			2017-2018	
£m		Note	£m	
(0.766)	Net (surplus) or deficit on the provision of services		32.500	
(59.973)	Adjust net surplus or deficit on the provision of services for non-cash movements	25a	(87.186)	
26.173	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		24.163	
(34.566)	Net cash flows from operating activities		(30.523)	
59.521	Net cash flows from investing activities	25b	37.337	
(23.191)	Net cash flows from financing activities	25c	17.865	
1.764	Net (increase) or decrease in cash and cash equivalents		24.679	
(39.396)	Cash and cash equivalents at the beginning of the reporting period	20	(37.632)	
(37.632)	Cash and cash equivalents at the end of the reporting period		(12.953)	

Note 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and non domestic rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's service departments. Income and expenditure accounted for under generally accepted account practices is presented more fully in the **Comprehensive Income and Expenditure Statement**.

2016-2017				2017-2018			
Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the funding and accounting basis	Net expenditure in the comprehensive income and expenditure statement		Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the funding and accounting basis	Net expenditure in the comprehensive income and expenditure statement	
(Note 1a)				(Note 1a)			
£m	£m	£m		£m	£m	£m	
162.104	12.350	174.454	Children's Services	160.569	26.554	187.123	
51.088	9.227	60.315	Environment & Communities	52.149	12.533	64.682	
14.059	(1.507)	12.552	Development & Housing Services	14.734	(0.100)	14.634	
0.428	7.039	7.467	Housing services - Housing Revenue Account	3.004	4.383	7.387	
32.905	4.217	37.122	Finance & Resources	36.906	4.169	41.075	
6.897	-	6.897	Chief Executive's Service	6.278	(0.134)	6.144	
48.585	(52.110)	(3.525)	Other Services	32.786	(32.496)	0.290	
9.204	2.575	11.779	Leisure Services	9.696	5.735	15.431	
60.824	1.466	62.290	Adult Services	63.697	4.801	68.498	
386.094	(16.743)	369.351	Net cost of services	379.819	25.445	405.264	
(373.014)	2.897	(370.117)	Other income and expenditure	(373.297)	0.533	(372.764)	
13.080	(13.846)	(0.766)	(Surplus) or deficit	6.522	25.978	32.500	
71.617			Opening general fund and HRA balance	58.537			
(13.080)			Less/plus surplus or (deficit) on general fund and HRA balance in year	(6.522)			
58.537			Closing general fund and HRA balance at 31 March *	52.015			

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

1a. Adjustments between funding and accounting basis

This table provides further analysis on the adjustments between funding and accounting basis in the **expenditure and funding analysis** which shows how net service expenditure allocated for decision making purposes is reconciled to the net expenditure accounted for under generally accepted accounting practices presented in the **comprehensive income and expenditure statement**.

2017-2018

	Adjustments between funding and accounting basis			
	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	(Note i)	(Note ii)	(Note iii)	
	£m	£m	£m	£m
Children's Services	19.306	6.991	0.257	26.554
Environment & Communities	8.719	3.845	(0.031)	12.533
Development & Housing Services	(1.425)	1.340	(0.015)	(0.100)
Housing services - Housing Revenue Account	8.436	1.332	(5.385)	4.383
Finance & Resources	4.093	-	0.076	4.169
Chief Executive's Service	(0.135)	-	0.001	(0.134)
Other Services	(11.156)	(0.877)	(20.463)	(32.496)
Leisure Services	5.735	-	-	5.735
Adult Services	-	4.801	-	4.801
Net cost of services	33.573	17.432	(25.560)	25.445
Other income and expenditure from the expenditure and funding analysis	(26.456)	8.932	18.057	0.533
Difference between general fund surplus or deficit and comprehensive income and expenditure statement surplus or deficit on the provision of services	7.117	26.364	(7.503)	25.978

2016-2017

	Adjustments between funding and accounting basis			
	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	(Note i)	(Note ii)	(Note iii)	
	£m	£m	£m	£m
Children's Services	10.129	2.484	(0.263)	12.350
Environment & Communities	8.013	1.395	(0.181)	9.227
Development & Housing Services	(1.920)	0.480	(0.067)	(1.507)
Housing services - Housing Revenue Account	12.329	0.530	(5.820)	7.039
Finance & Resources	4.141	-	0.076	4.217
Chief Executive's Service	-	-	-	-
Other Services	(5.392)	(2.674)	(44.044)	(52.110)
Leisure Services	2.575	-	-	2.575
Adult Services	(0.067)	1.653	(0.120)	1.466
Net cost of services	29.808	3.868	(50.419)	(16.743)
Other income and expenditure from the expenditure and funding analysis	(22.112)	7.512	17.497	2.897
Difference between general fund surplus or deficit and comprehensive income and expenditure statement surplus or deficit on the provision of services	7.696	11.380	(32.922)	(13.846)

Note 1a(i): Adjustments for capital purposes – adds in depreciation, impairment and revaluation gains and losses to the service net expenditure including income on the disposal of assets and the amounts written off for those assets and the statutory charges for capital financing and capital grants which are not chargeable under generally accepted accounting practices.

Note 1a(ii): Net change for the pensions adjustments – removes employer pension contributions as allowed by statute and replaces with the current and past service costs within the IAS 19 employee benefits pension related expenditure and income. The net interest on the defined benefit liability is also included as charged to the comprehensive income and expenditure statement.

Note 1a(iii): Other differences – any other differences between those amounts debited or credited to the comprehensive income and expenditure account and amounts payable or receivable to be recognised under statute, including those primarily involved in the financial instruments adjustment account, the employee statutory adjustment account and other statutory funds.

Note 2 Expenditure and income analysed by nature

The authority's expenditure and income is analysed in this table.

2016-2017		Note	2017-2018
£m			£m
	Expenditure		
234.765	Employee benefits expenses		261.370
376.503	Other service expenses		393.784
57.473	Depreciation, amortisation, impairment		71.824
28.339	Interest Payments	3	29.351
0.623	(Gain)/Loss on the disposal of assets		1.189
697.703	Total expenditure		757.518
	Income		
(299.390)	Fees, charges and other service income		(321.714)
(2.664)	Interest and investment income	3	(2.419)
(163.942)	Income from council tax and non-domestic rates	5	(172.146)
(232.473)	Government grants and contributions	5	(228.739)
(698.469)	Total income		(725.018)
(0.766)	(Surplus) or deficit on the provision of services		32.500

Note 3 Financing and investment income and expenditure

2016-2017		Note	2017-2018
£m			£m
20.827	Interest payable and similar charges		20.419
7.512	Net interest on the net defined benefit liability		8.932
(1.179)	Interest receivable and similar income		(0.993)
(0.112)	Income and expenditure in relation to investment properties and changes in their fair values	10	(0.133)
(1.373)	Net (surplus) or deficit on trading operations	26	(1.293)
25.675	Total financing and investment income and expenditure		26.932

Note 4 Grant income

The council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2017-2018.

2016-2017		2017-2018
£m		£m
62.454	Housing benefit	60.135
0.916	Housing benefit and council tax administration	0.844
1.180	Private sector housing grant	0.925
0.628	Education Maintenance Allowance	0.683
0.023	Gaelic Education	0.022
0.032	School Milk	0.026
-	Pupil Equity Fund	4.248
1.579	Other Education	4.249
4.769	Childrens Services	4.003
10.498	Adult Services	14.860
0.331	Employability	0.547
2.285	Other grants	1.674
84.695	Total credited to services	92.216

Note 5 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 2017-2018.

2016-2017		2017-2018
£m		£m
(67.836)	Income from council tax and community charge	(73.238)
(96.106)	Distribution from the national non-domestic rate pool	(98.908)
(209.072)	General Revenue Grant from the Scottish Government	(201.151)
(23.401)	Capital grants and contributions	(27.588)
(396.415)	Total taxation and non-specific grant income	(400.885)

Note 6 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.

2017-2018	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	(42.316)	(29.239)	-	-	71.555
Amortisation of intangible assets	(0.269)	-	-	-	0.269
Capital grants and contributions applied	25.763	1.825	-	-	(27.588)
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	(1.102)	(0.057)	-	-	1.159
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	12.129	20.860	-	-	(32.989)
Capital expenditure charged against the General Fund and HRA Balances	5.288	-	1.817	-	(7.105)
<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	-	-	-	(2.284)	2.284
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	2.298	(2.298)
<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	0.260	0.229	-	-	(0.489)
<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	(46.868)	(3.334)	-	-	50.202
Employer's pension contributions and direct payments to pensioners payable in the year	22.382	1.456	-	-	(23.838)
<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	(0.297)	0.085	-	-	0.212
Total adjustments	(25.030)	(8.175)	1.817	0.014	31.374

2016-2017	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	(25.954)	(31.238)	-	-	57.192
Amortisation of intangible assets	(0.281)	-	-	-	0.281
Capital grants and contributions applied	22.509	0.892	-	-	(23.401)
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	(1.289)	0.666	-	-	0.623
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	5.862	16.855	6.774	-	(29.491)
Capital expenditure charged against the General Fund and HRA Balances	2.895	1.387	7.042	-	(11.324)
<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	-	-	-	(9.074)	9.074
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	5.559	(5.559)
<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	0.220	0.263	-	-	(0.483)
<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	(29.899)	(2.334)	-	-	32.233
Employer's pension contributions and direct payments to pensioners payable in the year	19.528	1.325	-	-	(20.853)
<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	(0.146)	0.048	-	-	0.098
Total adjustments	(6.555)	(12.136)	13.816	(3.515)	8.390

Note 7 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 2017		31 March 2018
£m		£m
48.726	General Fund Balance	45.208
9.811	Housing Revenue Account Balance	6.807
7.631	Capital Receipts Reserve	7.617
84.365	Other Statutory Funds	89.775
150.533	Total usable reserves	149.407

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 2017-2018.

	2016-2017			2017-2018		
	Balance at 31 March 2016	Transfers out 2016-2017	Transfers in 2016-2017	Balance at 31 March 2017	Transfers out 2017-2018	Transfers in 2017-2018
	£m	£m	£m	£m	£m	£m
Insurance Fund	2.543	-	-	2.543	-	-
Reservoir Repair Fund	0.312	-	0.002	0.314	-	0.001
Revenue statutory funds	2.855	-	0.002	2.857	-	0.001
Education Capital Items Fund	0.751	(0.081)	0.096	0.766	(0.220)	0.586
Investment Capital Fund	55.264	(7.042)	32.520	80.742	(4.320)	9.363
Housing Capital Fund	6.773	(6.773)	-	-	-	-
Capital statutory funds	62.788	(13.896)	32.616	81.508	(4.540)	9.949
Total	65.643	(13.896)	32.618	84.365	(4.540)	9.950

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 6, but a summary of the movement is also shown below.

	2016-2017			2017-2018		
	Balance at 31 March 2016	Sale proceeds 2016-2017	Capital expenditure funded 2016-2017	Balance at 31 March 2017	Sale proceeds 2017-2018	Capital expenditure funded 2017-2018
	£m	£m	£m	£m	£m	£m
Capital Receipts Reserve	4.116	9.074	(5.559)	7.631	2.284	(2.298)

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 2017-2018 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 represents funding earmarked to assist in managing the associated debt costs of improving the standard of council housing. The cumulative balance of £6.773million as at 31 March 2016 was released in 2016-2017 for this purpose.

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.

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	2016-2017				2017-2018		
	Balance at	Transfers out	Transfers in	Balance at	Transfers out	Transfers in	Balance at
	31 March 2016 £m	2016-2017 £m	2016-2017 £m	31 March 2017 £m	2017-2018 £m	2017-2018 £m	31 March 2018 £m
Service Modernisation and Reform Fund	6.176	(0.780)	0.015	5.411	(1.730)	-	3.681
Funding the future availability of the educational establishments to be replaced under the Public Private Partnership	12.670	-	-	12.670	-	-	12.670
M74 Fund	0.566	-	-	0.566	-	-	0.566
Development Contribution – Paisley Town Centre	1.120	(0.061)	-	1.059	-	-	1.059
Early Years Change Fund	3.321	(0.600)	-	2.721	(0.670)	0.410	2.461
Pupil Equity Fund	-	-	-	-	-	1.613	1.613
Waste Management Strategy	7.456	(3.211)	-	4.245	(2.462)	-	1.783
Invest in Renfrewshire	5.049	(2.199)	-	2.850	(2.453)	0.082	0.479
Community Safety	0.121	-	-	0.121	(0.090)	-	0.031
Private Sector Housing Grant	2.063	-	0.072	2.135	-	0.264	2.399
Tackling Poverty - Credit Union Support	0.340	-	-	0.340	(0.340)	-	-
Paisley Town Centre Heritage Asset Strategy	8.284	(2.672)	-	5.612	(2.417)	-	3.195
Culture Bid Legacy	-	-	-	-	-	1.531	1.531
City Deal	1.561	-	-	1.561	(0.080)	-	1.481
Renfrewshire Health & Social Care Partnership	-	-	-	-	-	1.656	1.656
Town Centre Public WiFi	-	-	-	-	-	0.503	0.503
Response to Commission on Tackling Poverty	3.649	(2.583)	-	1.066	(0.363)	-	0.703
Youth Employment Strategy	0.212	(0.130)	-	0.082	(0.082)	-	-
<i>Year end flexibility:</i>							
Childrens Services	1.747	(0.634)	0.100	1.213	(0.052)	-	1.161
Adult Services	0.030	(0.021)	-	0.009	(0.009)	0.010	0.010
Total ring-fenced element of the General Fund Balance	54.365	(12.891)	0.187	41.661	(10.748)	6.069	36.982
Additional Scottish Government Grant - related to 2018-19	-	-	-	-	-	1.132	1.132
Unallocated element of the General Fund Balance	7.013	-	0.052	7.065	(0.010)	0.039	7.094
General Fund Balance	61.378	(12.891)	0.239	48.726	(10.758)	7.240	45.208

The unallocated balance of £7.094 million is 1.8% of the Council's net annual running costs.

Note 8 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 2017		31 March 2018	
£m		Note	£m
395.818	Revaluation Reserve	(i)	471.731
0.506	Available-for-sale Financial Instruments Reserve	(ii)	0.459
556.829	Capital Adjustment Account	(iii)	567.159
(13.904)	Financial Instruments Adjustment Account	(iv)	(13.415)
(334.890)	Pension Reserve	(v)	(160.466)
(7.112)	Employee Statutory Adjustment Account	(vi)	(7.324)
597.247	Total unusable reserves		858.144

(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.

2016-2017		2017-2018	
£m		£m	£m
348.773	Balance at 1 April		395.818
62.783	Upward/(downward) revaluation of non-current assets	91.530	
(11.515)	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	(13.825)	
(4.223)	Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account	(1.792)	
47.045	Amount posted to the Capital Adjustment Account		75.913
395.818	Balance at 31 March		471.731

(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.

2016-2017		2017-2018	
£m		£m	
0.245	Balance at 1 April		0.506
0.261	Upward/(downward) revaluation of investments	(0.047)	
0.506	Balance at 31 March		0.459

(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 6 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2016-2017		2017-2018	
£m		£m	£m
538.486	Balance at 1 April		556.829
	<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</i>		
(57.192)	Charges for depreciation, impairment and revaluation losses of non-current assets	(71.555)	
(0.281)	Amortisation of intangible assets	(0.269)	
	Revenue expenditure funded from capital under statute		
(9.074)	Non-current assets sale proceeds	(2.284)	
(0.623)	Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement	(1.159)	
(67.170)			(75.267)
15.738	Adjusting amounts written out of the Revaluation Reserve		15.617
(51.432)	Net written out amount of the cost of non-current assets consumed in the year		(59.650)
	<i>Capital financing applied in the year:</i>		
5.559	Use of the Capital Receipts Reserve to finance new capital expenditure	2.298	
23.401	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	27.588	
29.491	Loans Fund and Finance Lease principal repayments	32.989	
11.324	Capital expenditure charged against the General Fund and Housing Revenue Account balances	7.105	
69.775			69.980
556.829	Balance at 31 March		567.159

(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.

2016-2017		2017-2018	
£m		£m	£m
(14.387)	Balance at 1 April		(13.904)
-	Premiums incurred in the year and charged to the comprehensive income and expenditure statement	-	
0.472	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.472	
0.472			0.472
0.011	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		0.017
(13.904)	Balance at 31 March		(13.415)

(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.

2016-2017		2017-2018
£m		£m
(212.702)	Balance at 1 April	(334.890)
(110.808)	Actuarial gains or (losses) on pension assets and liabilities	200.788
(32.233)	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	(50.202)
20.853	Employer's pension contributions payable in the year	23.838
(334.890)	Balance at 31 March	(160.466)

(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.

2016-2017		2017-2018	
£m		£m	£m
(7.014)	Balance at 1 April		(7.112)
7.014	Settlement or cancellation of accrual made at the end of the preceding year	7.112	
(7.112)	Amounts accrued at the end of the current year	(7.324)	
(0.098)	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		(0.212)
(7.112)	Balance at 31 March		(7.324)

Note 9 Property, Plant and Equipment

2017-2018	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 2017	487.605	308.205	464.325	289.013	44.504	35.968	1,629.620	100.183
Assets reclassified (to) or from the "held for sale" category	0.145	-	-	-	-	-	0.145	-
Other asset reclassifications	-	11.104	24.461	-	(38.381)	2.816	-	-
Additions	6.192	7.828	12.872	9.113	31.432	-	67.437	1.082
Disposals	(0.409)	(2.364)	(4.788)	-	(0.105)	(0.080)	(7.746)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	29.413	(17.727)	25.366	-	-	(8.704)	28.348	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(19.836)	(4.790)	-	-	(1.537)	(26.163)	-
Gross carrying amount at 31 March 2018	522.946	287.210	517.446	298.126	37.450	28.463	1,691.641	101.265
Accumulated depreciation (including accumulated impairment losses) at 1 April 2017	0.000	44.323	181.792	129.602	-	11.814	367.531	4.482
Assets reclassified (to) or from the "held for sale" category	0.005	-	-	-	-	-	0.005	-
Depreciation on other reclassifications	-	(0.229)	(0.882)	-	-	1.111	-	-
Depreciation charge for the year	16.254	6.668	33.061	5.983	-	0.107	62.073	3.601
Depreciation and impairment on disposals	(0.018)	(0.966)	(3.846)	-	-	(0.074)	(4.904)	-
Depreciation written out to the Revaluation Reserve	(16.241)	(21.029)	(17.762)	-	-	(7.824)	(62.856)	-
Depreciation written out to the surplus or deficit on the provision of services	-	(11.637)	(4.160)	-	-	(0.884)	(16.681)	-
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 2018	-	17.130	188.203	135.585	-	4.250	345.168	8.083
Balance sheet net carrying amount at 31 March 2018	522.946	270.080	329.243	162.541	37.450	24.213	1,346.473	93.182
Balance sheet net carrying amount at 1 April 2017	487.605	263.882	282.533	159.411	44.504	24.154	1,262.089	95.701

2016-2017	Council dwellings (Note 14a)	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 2016	471.202	303.972	442.579	276.438	15.028	37.471	1,546.690	87.335
Assets reclassified (to) or from the "held for sale" category	(0.723)	-	-	-	-	(0.218)	(0.941)	-
Other asset reclassifications	-	(0.873)	2.601	0.373	(1.977)	0.094	0.218	-
Additions	3.602	2.958	10.450	12.202	32.422	-	61.634	1.059
Disposals	(5.470)	(1.737)	(1.952)	-	(0.969)	(1.519)	(11.647)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	18.994	1.090	11.474	-	-	0.184	31.742	8.049
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	2.795	(0.827)	-	-	(0.044)	1.924	3.740
Gross carrying amount at 31 March 2017	487.605	308.205	464.325	289.013	44.504	35.968	1,629.620	100.183
Accumulated depreciation (including accumulated impairment losses) at 1 April 2016	0.000	43.749	162.848	123.938	-	11.685	342.220	9.771
Assets reclassified (to) or from the "held for sale" category	(0.024)	-	-	-	-	-	(0.024)	-
Depreciation on other reclassifications	-	(0.320)	0.312	-	-	0.008	-	-
Depreciation charge for the year	15.707	6.327	34.773	5.664	-	0.126	62.597	3.192
Depreciation and impairment on disposals	(0.182)	(0.486)	(1.932)	-	-	(0.023)	(2.623)	-
Depreciation written out to the Revaluation Reserve	(15.501)	(2.202)	(13.436)	-	-	(0.016)	(31.155)	(6.791)
Depreciation written out to the surplus or deficit on the provision of services	-	(2.531)	(0.510)	-	-	(0.017)	(3.058)	(1.690)
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	-	(0.214)	(0.263)	-	-	0.051	(0.426)	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2017	0.000	44.323	181.792	129.602	-	11.814	367.531	4.482
Balance sheet net carrying amount at 31 March 2017	487.605	263.882	282.533	159.411	44.504	24.154	1,262.089	95.701
Balance sheet net carrying amount at 1 April 2016	471.202	260.223	279.731	152.500	15.028	25.786	1,204.470	77.564

Note 10 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**:

2016-2017		2017-2018	
£m		£m	
(0.112)	Rental income from investment property	(0.168)	
(0.112)	Net (gain) or loss	(0.168)	

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:

2016-2017		2017-2018	
£m		£m	
1.957	Opening balance at 1 April	1.622	
(0.218)	Asset Reclassification	-	
(0.117)	Net gains or (losses) from fair value adjustments	(0.035)	
1.622	Closing balance at 31 March	1.587	

Fair Value Hierarchy

Detail of the authority’s investment properties and information about the fair value hierarchy as at 31 March 2018 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 2018
	£m	£m	£m	£m
Commercial Units	-	0.410	-	0.410
Office Units	-	0.060	-	0.060
Commercial Sites	-	0.957	-	0.957
Other	-	0.160	-	0.160
Total	-	1.587	-	1.587

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 11 Heritage Assets

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

2016-2017		2017-2018	
£m		£m	
38.977	Opening balance at 1 April	38.977	
-	Revaluations	0.326	
38.977	Closing balance at 31 March	39.303	

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

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

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

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

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
	£m	£m	£m	£m	£m
Acquisitions	0.252	0.316	-	-	-
Donations	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations	-	-	-	-	0.326

Note 12 Assets held for sale

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

2016-2017		2017-2018	
£m		£m	
0.744	Opening balance at 1 April	0.988	
	Assets classified to/from "held for sale":		
0.699	Council Dwellings	(0.140)	
0.218	Other Land and Buildings	-	
(0.673)	Assets sold	(0.597)	
0.988	Closing balance at 31 March	0.251	

Note 13 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:

2016-2017		2017-2018	
Purchased software licences		Purchased software licences	
£m		£m	
	<i>Balances at start of year:</i>		
2.976	Gross carrying amount	1.358	
(2.147)	Accumulated amortisation	(0.707)	
0.829	Net carrying amount at start of year	0.651	
0.103	Additions: purchases	0.026	
(1.721)	Disposals	(0.351)	
1.721	Accumulated amortisation derecognised on disposal	0.348	
(0.281)	Amortisation for the year	(0.269)	
0.651	Net carrying amount at end of year	0.405	
	<i>...comprising:</i>		
1.358	Gross carrying amount	1.033	
(0.707)	Accumulated amortisation	(0.628)	
0.651	Net carrying amount at end of year	0.405	

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 14 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 2017-2018 total spending on capital projects was £67.463 million (£61.737 million in 2016-2017) and was within the overall prudential limits approved by Council. £2.298 million (£5.559 million in 2016-2017) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £30.472 million (£21.543 million in 2016-2017) 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.

2016-2017		2017-2018	
£m		£m	
357.925	Opening Capital Financing Requirement	349.937	
	<i>Capital investment:</i>		
61.634	Property, plant and equipment	67.437	
0.103	Intangible assets	0.026	
-	Heritage Assets	-	
	<i>Sources of finance:</i>		
(4.114)	Capital receipts – sale of council houses	(1.469)	
(1.445)	Capital receipts – sale of other council assets	(0.829)	
(23.401)	Government grants and other contributions	(27.588)	
(11.324)	Sums set aside from revenue – direct revenue contributions	(7.105)	
(29.441)	Loans Fund/Finance Lease principal repayments	(32.938)	
349.937	Closing Capital Financing Requirement	347.471	
	<i>Explanation of movements during the year</i>		
(5.383)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	0.239	
(2.604)	Increase/(decrease) in PPP finance lease creditor	(2.705)	
(7.987)	Increase or (decrease) in Capital Financing Requirement during the year	(2.466)	

At 31 March 2018 the Council had commitments on capital contracts for non-housing projects of £24.560 million (£33.570 million in 2016-2017) and for housing projects of £18.542 million (£5.850 million in 2016-2017). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 15 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 9.

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	4.946	2.904	5.741	3.403	16.994
Payable within 2-5 years	23.710	10.924	20.890	15.336	70.860
Payable within 6-10 years	34.437	15.636	21.196	24.155	95.424
Payable within 11-15 years	34.791	22.214	14.478	32.163	103.646
Payable within 16-20 years	41.546	25.498	5.130	34.069	106.243
Total	139.430	77.176	67.435	109.126	393.167

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:

2016-2017		2017-2018	
£m		£m	
82.487	Balance outstanding at 1 April	79.883	
2.604	Payments during the year	2.705	
79.883	Balance outstanding at 31 March	77.178	

Note 16 Leases

Renfrewshire Council as Lessee

Operating Leases

The Council has acquired 18 properties by entering into operating leases, with average lives of 21 years. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2017		31 March 2018	
£m		£m	
0.810	Not later than one year	0.693	
2.232	Later than one year and not later than five years	1.990	
4.273	Later than five years	3.763	
7.315		6.446	

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

2016-2017		2017-2018	
£m		£m	
0.819	Minimum lease payments	0.801	
0.819		0.801	

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 2017		31 March 2018
£m		£m
0.252	Not later than one year	0.267
0.777	Later than one year and not later than five years	0.782
7.625	Later than five years	6.941
8.654		7.990

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 17 Inventories

2016-2017		2017-2018
Consumable Stores £m		Consumable Stores £m
0.768	Carrying amount at 1 April	0.563
6.295	Additions during the year	6.497
(6.367)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.305)
(0.108)	Recognised as an expense during the year: inventories written down	(0.008)
(0.025)	Reversals during the year of previous inventory write-downs	0.010
0.563	Carrying amount at 31 March	0.757

Note 18 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.

2016-2017		2017-18
CRC Allowances £m		CRC Allowances £m
0.468	Net carrying amount at start of year	0.588
0.886	Additions: purchases	-
(0.766)	Disposals	(0.322)
0.588	Net carrying amount at end of year	0.266

Note 19 Debtors

31 March 2017			31 March 2018			
Short Term £m	Long Term £m		Short Term £m	£m	Long Term £m	£m
16.791	1.530	Central government bodies, excluding NHS Scotland		25.289		1.440
4.886	-	Central government bodies: NHS Scotland		3.438		-
0.356	-	Other local authorities		0.577		-
5.785	-	HM Revenue and Customs		5.092		-
		<i>Other entities and individuals:</i>				
10.888	-	Council tax arrears	12.689		-	-
(6.143)	-	Council tax arrears impairment	(6.915)		-	-
4.745	-	Council tax arrears net of impairment		5.774		-
2.244	-	Rent arrears	2.547		-	-
(1.472)	-	Rent arrears impairment	(1.497)		-	-
0.772	-	Rent arrears net of impairment		1.050		-
22.158	3.620	Trade debtors	25.022		2.604	
(9.709)	(3.511)	Trade debtors impairment	(10.139)		(2.582)	
12.449	0.109	Trade debtors net of impairment		14.883		0.022
1.761	5.485	Other debtors	1.632		5.762	
-	(4.046)	Other debtors impairment	-		(4.732)	
1.761	1.439	Other debtors net of impairment		1.632		1.030
47.545	3.078	Total debtors		57.735		2.492

Note 20 Cash and cash equivalents

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

31 March 2017		31 March 2018
£m		£m
(1.656)	Current account balances with the council's banker	(1.116)
0.023	Collection account balances not with the council's banker	-
28.763	Callable deposits with UK banks	2.426
0.001	Callable deposits with non UK banks	-
10.452	Callable deposits in money market funds	11.593
0.049	Imprest accounts held at council establishments	0.050
37.632	Total cash and cash equivalents	12.953

Note 21 Creditors

The analysis below details the main creditor balances.

31 March 2017			31 March 2018		
Short	Long		Short	Long	
Term	Term		Term	Term	
£m	£m		£m	£m	
3.669	-	Central government bodies, excluding NHS Scotland	3.738	-	
3.709	-	Central government bodies: NHS Scotland	2.771	-	
0.485	-	Other local authorities	0.399	-	
6.766	-	HM Revenue and Customs	6.888	-	
5.721	-	Strathclyde Pension Fund and SPPA	6.196	-	
5.866	-	Accrued payrolls	8.156	-	
2.705	77.178	PPP finance lease creditor	2.904	74.274	
-	-	Other finance lease creditor	-	-	
-	0.003	Financial guarantees	-	0.001	
34.720	-	Other entities and individuals	37.336	-	
63.641	77.181	Total creditors	68.388	74.275	

Note 22 Provisions

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

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 8(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:

2016-2017			2017-2018		
Short term accumulating compensated absence	Teachers' maternity pay	Total	Short term accumulating compensated absence	Teachers' maternity pay	Total
£m	£m	£m	£m	£m	£m
7.015	0.085	7.100	7.112	0.111	7.223
7.112	0.111	7.223	7.324	0.093	7.417
(7.015)	(0.085)	(7.100)	(7.112)	(0.111)	(7.223)
7.112	0.111	7.223	7.324	0.093	7.417

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:

	2017-2018			Total
	Holiday pay compensation payments	Insurance claims	Other	
	£m	£m	£m	£m
Balance at 1 April 2017	0.789	3.239	1.220	5.248
Additional provisions and increases/ (decreases) to existing provisions made during the year	(0.174)	1.321	-	1.147
Amounts used during the year	(0.024)	(0.945)	-	(0.969)
Balance at 31 March 2018	0.591	3.615	1.220	5.426

Holiday pay compensation payments

The council has received a number of claims arising from a European Court of Justice ruling in relation to holiday pay. A provision has been made to reflect the potential outcome of 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 £1.321 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 23 Financial Instruments

Categories of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer term investments. The following categories of financial instrument are carried in the **balance sheet**. (Those financial instruments that are classified as cash and cash equivalents are not included in this table – see Note 20 for details of these.)

31 March 2017			31 March 2018		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	94.379	Loans and receivables - fixed term deposits	7.000	91.238	
3.479	-	Available-for-sale financial assets - insurance fund investments	3.531	-	
3.479	94.379	Investments	10.531	91.238	
1.219	0.141	Loans and receivables - loans to other entities and individuals	1.118	0.925	
1.859	42.659	Loans and receivables - trade receivables	1.374	51.037	
3.078	42.800	Debtors	2.492	51.962	
(175.197)	(14.049)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(171.674)	(6.315)	
-	(54.745)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.381)	(34.355)	
-	(11.637)	Financial liabilities at amortised cost - borrowing from group entities	-	(7.743)	
(175.197)	(80.431)	Borrowing	(192.055)	(48.413)	
-	(42.583)	Financial liabilities at amortised cost - trade payables	-	(44.243)	
(77.178)	(2.705)	PFI/PPP and finance lease liabilities	(74.274)	(2.904)	
(0.003)	-	Financial guarantees	(0.001)	-	
(77.181)	(45.288)	Creditors	(74.275)	(47.147)	

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275 million (2016-2017 £0.275 million), short term advance to Renfrewshire Leisure Limited of £0.796 million, home loans of £0.919 million (2016-2017 £1.033 million), soft loans to service users of £0.029 million (2016-2017 £0.029 million) and soft loans to employees of £0.024 million (2016-2017 £0.023 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 2017			31 March 2018		
Balance sheet carrying amount	Fair value		Balance sheet carrying amount	Fair value	
£m	£m		£m	£m	
94.379	94.426	Loans and receivables - fixed term deposits	98.238	98.179	
3.479	3.479	Available-for-sale financial assets - insurance fund investments	3.531	3.531	
97.858	97.905	Investments	101.769	101.710	
1.360	1.396	Loans and receivables - loans to other entities and individuals	2.043	2.077	
44.518	44.522	Loans and receivables - trade receivables	52.411	52.415	
45.878	45.918	Debtors	54.454	54.492	
(189.246)	(280.746)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(177.989)	(258.418)	
(54.745)	(86.847)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.737)	(82.788)	
(11.637)	(11.637)	Financial liabilities at amortised cost - borrowing from group entities	(7.743)	(7.743)	
(255.628)	(379.230)	Borrowing	(240.469)	(348.949)	
(42.583)	(42.583)	Financial liabilities at amortised cost - trade payables	(44.243)	(44.243)	
(79.883)	(79.883)	PFI/PPP and finance lease liabilities	(77.178)	(77.178)	
(0.003)	(0.002)	Financial guarantees	(0.001)	(0.001)	
(122.469)	(122.468)	Creditors	(121.422)	(121.422)	

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, Arlingclose Limited. 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 (excluding accrued interest) is greater than the balance sheet carrying amount as at 31 March 2018. 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 2018) 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 2018. 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 2018) 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**.

2017-2018	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)	-	-	17.044	17.044
Impairment losses	0.076	-	-	0.076
Total expense in the (surplus) or deficit on the provision of services	0.076	-	17.044	17.120
Interest income	(0.795)	-	-	(0.795)
Dividend income	-	(0.098)	-	(0.098)
Other income	(0.001)	-	-	(0.001)
Total income in the (surplus) or deficit on the provision of services	(0.796)	(0.098)	-	(0.894)
Net (gain) or loss on revaluation	-	(0.052)	-	(0.052)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(0.052)	-	(0.052)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	(0.720)	(0.150)	17.044	16.174

2016-2017	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)			- 17.608	17.608
Impairment losses	0.231	-		0.231
Total expense in the (surplus) or deficit on the provision of services	0.231	-	17.608	17.839
Interest income	(0.868)	-	-	(0.868)
Dividend income	-	(0.101)	-	(0.101)
Other income	(0.004)	-	-	(0.004)
Total income in the (surplus) or deficit on the provision of services	(0.872)	(0.101)	-	(0.973)
Net (gain) or loss on revaluation	-	(0.261)	-	(0.261)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(0.261)	-	(0.261)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	(0.641)	(0.362)	17.608	16.605

Note 24 Nature and extent of risks arising from Financial Instruments

The council's management of treasury risks actively works to minimise the council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The council 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.

2017-2018	Amount at 31 March 2018 £m	Historical experience of non-payment adjusted for market conditions at 31 March 2018	Estimated maximum exposure to default and uncollectability at 31 March 2018 £m
Deposits with financial institutions	112.257		
Customers (sundry income)	11.084	13.00%	1.441
Total	123.341		1.441

The Council does not generally allow credit for customers, such that as at 31 March 2018 £6.864 million of the £11.084 million (£5.707 million of £9.402 million in 2016-2017) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2017		31 March 2018
£m		£m
1.786	Less than three months and past due	0.946
0.926	Three to six months	0.553
0.989	Six months to one year	0.761
4.325	More than one year	4.604
8.026	Sundry income debtors past due	6.864

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 2018 the outstanding value of loans advanced by the council was £0.919 million (£1.033 million as at 31 March 2017).

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 2017		31 March 2018
£m		£m
	<i>Principal maturing...</i>	
64.128	26.80% * in less than one year	36.439
3.523	1.47% between one and two years	23.317
5.377	2.25% between two and five years	3.930
166.297	69.48% in more than five years	164.427
239.325	100.00% Principal element of borrowing	228.113
		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 2017-2018, with all other variables held constant.

	2017-2018
	£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	(1.450)
Notional impact on the surplus or deficit on the provision of services	(1.450)
Share of this impact which would be attributable to the Housing Revenue Account	(0.685)
<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	0.337
Decrease in the fair value of fixed rate borrowing	55.994

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 2017-2018 the book cost of investments increased by £0.098 million (£0.101 million increase during 2016-2017).

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 2018 would have resulted in a £0.057 million gain or loss being recognised in other comprehensive income and expenditure for 2017-2018.

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 25 Cash flow statement

25a. Cash flow: operating activities – adjustments to the net provision of services for non-cash movements

2016-2017		2017-2018
£m		£m
(57.473)	Depreciation, amortisation, impairment and revaluations	(71.824)
6.610	(Increase)/decrease in impairment provision for bad debts	(0.984)
1.852	(increase)/decrease in creditors	(4.546)
6.697	Increase/(decrease) in debtors	10.588
(0.205)	Increase/(decrease) in inventories	0.194
(11.380)	Pension (liability)/asset	(26.364)
(9.697)	Carrying amount of non-current assets sold	(3.764)
3.623	Other non-cash items charged to the net surplus or deficit on the provision of services	9.514
(59.973)	Adjustment to net (surplus)/deficit on the provision of services for non – cash movements	(87.186)

25b. Cash flow statement: investing activities

2016-2017		2017-2018
£m		£m
57.850	Purchase of property, plant and equipment, investment property and intangible assets	57.577
27.844	Purchase of short-term and long-term investments	3.923
(9.074)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2.881)
(17.099)	Other receipts from investing activities	(21.282)
59.521	Net cash flows from investing activities	37.337

25c. Cash flow statement: financing activities

2016-2017		2017-2018
£m		£m
(25.795)	Cash receipts of short-term and long-term borrowing	-
2.604	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	2.705
-	Repayment of short-term and long-term borrowing	15.160
(23.191)	Net cash flows from financing activities	17.865

25d. Cash flow statement: interest paid and received

The Net cash flow from operating activities in Note 25a includes the following elements of interest paid and received:

2016-2017		2017-2018	
£m		£m	
(1.914)	Interest received	(1.730)	
13.034	Interest paid	12.492	
6.146	Interest element of finance lease and PPP payments	5.948	
17.266		16.710	

Note 26 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. The Council has classified all its trading accounts as "non-significant" under Local Authority (Scotland) Accounts Advisory Committee (LASAAC) guidance regarding the classification of trading operations, however the trading accounts are produced for management purposes and are therefore disclosed. The practice of maintaining trading operation accounts for management purposes will cease from 31 March 2018 as agreed by the Finance, Resources and Customer Services Policy Board on 28 March 2018.

		2015-2016	2016-2017	2017-2018	Total of last three years
		£m	£m	£m	£m
Building Services	Turnover	17.507	18.169	20.595	56.271
	Expenditure	16.920	17.888	20.280	55.088
	Surplus	0.587	0.281	0.315	1.183
Roads Services	Turnover	4.884	4.861	5.585	15.330
	Expenditure	4.751	4.732	5.443	14.926
	Surplus	0.133	0.129	0.142	0.404
Catering	Turnover	5.696	5.617	5.798	17.111
	Expenditure	5.239	5.162	5.490	15.891
	Surplus	0.457	0.455	0.308	1.220
Transport Workshop	Turnover	3.057	3.133	3.137	9.327
	Expenditure	2.543	2.625	2.609	7.777
	Surplus	0.514	0.508	0.528	1.550
Total for all trading operations	Turnover	31.144	31.780	35.115	98.039
	Expenditure	29.453	30.407	33.822	93.682
	Surplus	1.691	1.373	1.293	4.357

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

Note 27 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.

2016-2017		2017-2018
£m		£m
96.106	Scottish Government - Contributions (to) or from the non-domestic rates pool	98.908
14.806	Non-domestic rates collected: East Renfrewshire	14.440
0.055	Service income from East Renfrewshire Council for collection of non-domestic rates	0.055
27.350	Domestic water and sewerage charges collected	28.367
27.350	Domestic water and sewerage charges paid over to Scottish Water	28.367
0.636	Service income from Scottish Water for collection of domestic water and sewerage charges	0.636
0.010	Service income Paisley First Business Improvement District for collection of BID levy.	0.010

Note 28 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 5.

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 totalling £0.350 million (£0.066m outstanding balance at 31 March 2018) were commissioned from an organisation 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.

Officers

A register of Senior Officers' Interests is available on the Council website, www.renfrewshire.gov.uk.

Entities controlled or significantly influenced by the Council

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

Note 29 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 2017-2018 were £0.335 million (£0.339 million in 2016-2017). There were no fees paid to Audit Scotland in respect of any other services.

Note 30 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 which set the contribution rates from 1 April 2015 to 31 March 2019. The next valuation will be based on scheme data as at 31 March 2016 and began in 2016-2017. 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 current employer contribution rate of 17.2% has applied 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 2016-2017, Renfrewshire Council's level of participation in the scheme is 2.6%. The Council paid £10.834 million (£10.561 million in 2016-2017) for employer's contributions to the Scottish Public Pensions Agency. £0.439 million of expenditure (£0.467 million in 2016-2017) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.7% of teachers' pensionable pay (0.7% in 2016-2017).

Note 31 Defined benefit pension schemes**(i) Participation in pension schemes**

The pension scheme for teachers – the Scottish Teachers' Superannuation Scheme – is explained in Note 30 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:

2016-2017		2017-2018	
£m		£m	
	<i>Included within net cost of services:</i>		
28.103	Current service cost	44.127	
1.094	Past service cost/(gain)	1.516	
(4.476)	Losses or (gains) on curtailments and settlements	(4.373)	
	<i>Included within financing and investment income and expenditure:</i>		
41.202	Interest cost	39.678	
(33.690)	Expected return on scheme assets	(30.746)	
32.233	Total of LGPS post-employment benefits charged to the surplus or deficit on the provision of services	50.202	
	<i>Included within other comprehensive income and expenditure:</i>		
	Remeasurement of the Net Defined Benefit Liability comprising:		
(189.861)	Return on Assets excluding amounts included in net interest	(23.512)	
-	Actuarial gains and losses arising on changes in Demographic Assumptions	(3.788)	
298.047	Actuarial gains and losses arising on changes in Financial Assumptions	(78.104)	
2.622	Actuarial gains and losses arising on changes in Other Assumptions	(95.384)	
143.041	Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement	(150.586)	
	<i>Movement in reserves statement:</i>		
110.808	Actuarial losses or (gains)	(200.788)	
32.233	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	50.202	
(20.853)	Employer contributions and direct payments to pensioners payable in the year	(23.838)	
122.188	Movement in the year on the Pension Reserve	(174.424)	

The cumulative amount of actuarial gains and losses recognised in the **comprehensive income and expenditure statement** as at 31 March 2018 is a loss of £112.537 million (loss of £313.325 million as at 31 March 2017).

(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 2018, the defined benefit obligation exceeded scheme assets by £160.466 million (£334.890 million as at 31 March 2018). 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 2018 was 2.7% 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 2017.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2018, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension liability of £160.466 million represents a decrease of £174.424 million between 31 March 2017 and 31 March 2018. The net pension liability has a substantial impact on the net worth of the council as recorded in the **balance sheet**. However, statutory arrangements for funding the deficit mean that the financial position of the council remains assured. The deficit on the Strathclyde Pension Fund will be made good by contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

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

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

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

The following is a reconciliation of the 2017-2018 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).

2016-2017		2017-2018	
£m		£m	
1,177.937	Opening balance at 1 April	1,518.330	
28.103	Current service cost	44.127	
41.202	Interest cost	39.678	
6.372	Member contributions	7.067	
300.669	Actuarial losses or (gains)	(177.276)	
1.094	Past service cost (including curtailments)	1.516	
(4.476)	Estimated benefits paid: unfunded	(4.373)	
(32.571)	Estimated benefits paid: other	(32.749)	
1,518.330	Closing balance at 31 March	1,396.320	

(v) Movement in scheme assets

The following is a reconciliation of the 2017-2018 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2016-2017		2017-2018	
£m		£m	
965.235	Opening balance at 1 April	1,183.440	
33.690	Expected return on scheme assets	30.746	
6.372	Member contributions	7.067	
20.853	Employer contributions	23.838	
4.476	Contributions in respect of unfunded benefits	4.373	
189.861	Actuarial (losses) or gains	23.512	
(4.476)	Estimated benefits paid: unfunded	(4.373)	
(32.571)	Estimated benefits paid: other	(32.749)	
1,183.440	Closing balance at 31 March	1,235.854	

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 2017 to 31 March 2018 was 6.0%.

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

31 March 2017			31 March 2018		
Quoted Prices in active markets	Prices not quoted in active markets	Total			
£m	£m	£m	Quoted Prices in active markets	Prices not quoted in active markets	Total
			£m	£m	£m
434.278	0.226	434.504	285.085	0.747	285.832
-	0.011	0.011	38.777	0.001	38.778
-	97.573	97.573	-	147.679	147.679
-	142.744	142.744	-	111.895	111.895
13.740	450.036	463.776	405.664	121.046	526.710
0.099	0.158	0.257	0.025	-	0.025
42.608	1.967	44.575	63.621	61.314	124.935
490.725	692.715	1,183.440	793.172	442.682	1,235.854
			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 2017		31 March 2018
£m		£m
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities:	
(831.378)	Current employee members	(647.494)
(97.433)	Pre-local government reorganisation (1996) liabilities	(88.792)
(120.695)	Deferred pensioners	(126.741)
(371.464)	Pensioners	(436.905)
(1,420.970)	Defined benefit obligation - funded liabilities	(1,299.932)
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - <u>unfunded</u> liabilities:	
(83.195)	Retirals from Renfrewshire Council	(83.113)
(14.165)	Retirals pre-local government reorganisation (1996)	(13.275)
(97.360)	Defined benefit obligation - <u>unfunded</u> liabilities	(96.388)
(1,518.330)	Present value of defined benefit obligation	(1,396.320)
1,183.440	Fair value of scheme assets	1,235.854
(334.890)	Net liability arising from defined benefit obligation	(160.466)

Basix 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 2017-2018, and the council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2018:

31 March 2017		31 March 2018
2.6%	Discount rate for defined benefit obligation	2.7%
2.6%	Long-term expected rate of return on scheme assets*	2.7%
4.4%	Rate of increase in salaries	3.6%
2.4%	Rate of increase in pensions	2.4%
2.4%	Rate of inflation	2.4%
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
22.1 years	Men	21.4 years
23.6 years	Women	23.7 years
	Longevity at age 65 for future pensioners:	
24.8 years	Men	23.4 years
26.2 years	Women	25.8 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	%
Salary Increase Rate (increase or decrease by 0.5%)	30.676	2%
Pension Increase Rate (increase or decrease by 0.5%)	105.280	8%
Real Discount Rate (decrease or increase by 0.5%)	138.838	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 2018-2019 to 2020-2021.

The total contributions expected to be made by the council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2019 is £22.531 million. The weighted average duration of the defined benefit obligation is 20.1 years.

Note 32 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.

The Limitation (Childhood Abuse) (Scotland) Act is intended to remove the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. The Council recognises a contingent liability for possible obligations which may arise from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the authority. It is not considered practicable at this stage to estimate the financial effect.

Note 33 Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2018 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.

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 2017 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 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 Benefits

Benefits payable during employment

All salaries and wages earned up to 31 March 2018 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.

The local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016 - loans fund accounting came into force on 1 April 2016 and replaced the statutory provisions for local authority borrowing, lending and loans funds as set out in Schedule 3 of the local Authority (Scotland) Act 1975. The regulations contain the following provisions in respect of the loans fund:-

- Regulation 12 places a duty on a local authority to maintain a loans fund, which is to be administered in accordance with the proper accounting practices and prudent financial management,
- Regulation 13 requires a local authority to make loans fund advances each year for expenditure of or lending to third parties by, the local authority which it has determined should be met from borrowing, and
- Regulation 14 requires a local authority to determine for each loans fund advance the period over which it will be repaid and the amount of each repayment. Both the period and the annual amounts must be considered by the authority to be prudent.

Interest is calculated and allocated to the 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.

Financial Instruments - Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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 Renfrewshire Leisure Limited (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 Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. Purchased acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the approved Acquisition and Disposal Policy.

The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. 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	<p>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.</p> <p>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.</p>
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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. Heritage assets will occasionally be disposed of in accordance with the approved Acquisitions and Disposal Policy (a copy of which is available). Assets are only disposed of for curatorial reasons (eg the item has deteriorated to such an extent it is no longer suitable for public display) and not with the aim of generating funds. Any proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. Expenditure incurred in preserving individual items is recognised in the 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 Integration 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 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.

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.

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.

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 2017-2018 ("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 Health and Social Care Integration Joint Board
6. Park Lane Developments (Renfrewshire) Limited Liability Partnership.

Under accounting standards, the council requires to include the results of Renfrewshire Leisure Limited and Park Lane Developments (Renfrewshire) Limited Liability Partnership as *subsidiaries* 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 the Renfrewshire Health and Social Care Integration Joint Board on 27 June 2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. 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 three of the five entities the council has a share in a net liability. The net liability position of both the Renfrewshire Valuation Joint Board and Renfrewshire Leisure Limited arises from the inclusion of liabilities related to the defined benefit pension schemes as required by IAS19 (which requires that pension liabilities reflect the long-term cost of paying post-employment benefits). For Park Lane Developments (Renfrewshire) LLP the net liability arises from long-term borrowing to fund regeneration work within and around the site of the former Arnotts store in Paisley.

All of the above associates and joint ventures consider it appropriate that their annual 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 notes G1 and 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.

Note 34 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 2018-2019 Code:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendment to IAS 7 Statement of Cash Flow : disclosure initiative
- Amendment to IAS 12 Income taxes: Recognition of deferred tax assets for unrealised losses

The code requires implementation from 1 April 2018 and there is therefore no impact on the 2017-2018 financial statements.

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

Note 35 Judgements in Applying Accounting Policies

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

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 15 provides further details.
Public Sector Funding	There is uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
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 2018.

Note 36 Assumptions made about the future

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

The items in the Council's Balance Sheet as at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the 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 £139 million. However, the assumptions interact in complex ways. During 2017-2018, the Council's actuaries advised that the net pensions liability had decreased by £95.4 million as a result of estimates being corrected as a result of experience and decreased by £78.1 million as a result of updating of the assumptions.
Debt Impairment	At 31 March 2018, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £57.0 million. A review of significant balances suggested that an impairment of doubtful debts of £25.9 million was appropriate. However, in the current economic climate it is	If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision. However, based upon experience, the bad debt provision is considered adequate.

not certain that such an allowance would be sufficient.

Note 37 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 28 June 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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**.

2016-2017		2017-2018	
£m		£m	£m
	<i>Expenditure:</i>		
11.102	Repairs and maintenance	12.116	
12.413	Supervision and management	13.198	
31.238	Depreciation and impairment of non-current assets	29.239	
(0.167)	Increase or (decrease) in the allowance for bad debts	0.091	
1.188	Other expenditure	0.647	
55.774			55.291
	<i>Income:</i>		
(46.578)	Dwelling rents	(46.118)	
(1.264)	Non-dwelling rents	(1.479)	
(0.465)	Other income	(0.307)	
(48.307)			(47.904)
7.467	Net cost of HRA services as included in the comprehensive income and expenditure statement		7.387
	<i>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</i>		
(0.666)	(Gain) or loss on sale of HRA non-current assets		0.057
6.551	Interest payable and similar charges		5.425
(0.185)	Interest and investment income		(0.130)
(0.189)	Income from trading operations		(0.281)
0.478	Pensions interest cost and expected return on pensions assets		0.546
(0.892)	Taxation and non specific grant income		(1.825)
12.564	(Surplus) or deficit for the year on HRA services		11.179

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.

2016-2017		2017-2018			
£m		£m	£m	£m	£m
(10.239)	Balance on the HRA at the end of the previous year				(9.811)
12.564	(Surplus) or deficit for the year on the HRA income and expenditure statement			11.179	
	<i>Adjustments between accounting basis and funding basis under regulations:</i>				
0.263	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		0.229		
0.666	Reverse out gain or (loss) on sale of HRA non-current assets		(0.057)		
	HRA share of contributions to or (from) the Pension Reserve:				
(2.334)	Reverse out net charges made for post-employment benefits in accordance with IAS19	(3.334)			
1.325	Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund	1.456			
(1.009)	HRA share of contributions to or (from) the Pension Reserve		(1.878)		
0.048	HRA share of contributions to or (from) the Employee Statutory Adjustment Account		0.085		
1.387	Capital expenditure funded by the HRA		-		
	Transfer to or (from) the Capital Adjustment Account:				
(31.238)	Reverse out depreciation and impairment losses on non-current assets	(29.239)			
0.892	Reverse out credits made for capital grants	1.825			
16.855	Loans fund principal contribution from the HRA	20.860			
(13.491)	Transfer to or (from) the Capital Adjustment Account		(6.554)		
(12.136)	Total of adjustments between accounting basis and funding basis under regulations			(8.175)	
0.428	Net (increase) or decrease before transfers to or from reserves			3.004	
-	Transfers to or (from) reserves			-	
0.428	(Increase) or decrease in the year on the HRA				3.004
(9.811)	Balance on the HRA at the end of the current year				(6.807)

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 11,874 dwellings during 2017-2018 (11,982 in 2016-2017). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2016-2017			2017-2018		
Number at 31 March 2017	Average weekly rent £	Type of dwelling	Number at 31 March 2018	Average weekly rent £	
410	59.95	One-apartment	407	60.07	
3,651	68.11	Two-apartment	3,610	68.18	
5,728	76.98	Three-apartment	5,674	77.02	
1,983	86.05	Four-apartment	1,974	86.06	
210	92.65	Five+apartment	209	92.64	
11,982		Total	11,874		

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£0.715 million in 2017-2018 and £0.889 million in 2016-2017), but excludes irrecoverables and bad debts. Average rents were £75.14 per week in 2017-2018 (£75.14 in 2016-2017). The total rent income for 2017-2018 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 2018 total rent arrears amounted to £2.265 million (£2.201 million at 31 March 2017). This is 4.76% of the total value of rents due at 31 March 2018.

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

In the financial year 2017-2018 the rental bad debt provision has been increased by £0.025 million (£0.306 million decrease during 2016-2017). The provision to cover the potential loss of income stands at £1.479 million at 31 March 2018. This is 3.15% of the total value of rents due at that date.

5. The share of corporate costs

In the financial year 2017-2018 the HRA share of corporate and democratic core costs amounted to £0.033 million (£0.036 million in 2016-17) and the HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to a specific service amounted to £0.083 million (£0.070 million in 2016-17).

6. 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.

2016-2017		2017-2018
£m		£m
94.594	Gross council tax levied	99.699
(13.649)	Other discounts and reductions	(14.079)
(12.133)	Council tax reduction scheme	(12.187)
(1.611)	Write-off of uncollectable debts and allowance for impairment	(1.483)
0.635	Adjustment to previous years’ community charge and council tax	1.288
67.836	Transfer to the comprehensive income and expenditure statement	73.238

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 2017-2018 was £1,164.69 (unchanged from 2016-2017).

In 2017-2018 if only one person over 18 lived in a property a discount of 25% was applied. From 15 July 2016, unoccupied and unfurnished properties were exempt from Council Tax for the first six months. A discount of 10% was then available for the next six months. A 100% additional Council Tax levy was then payable for as long as the property remains empty. The 10% Council Tax discount may be extended by a further 12 months if the property is being actively marketed for sale or let. Certain persons are disregarded for Council Tax purposes, including 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

2017-2018	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	£ 1,530.27	£ 1,892.62	£ 2,280.85	£ 2,853.49

Calculation of the council tax base

2017-2018	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	13,692	1,890	8	8,040	153	9,806	6:9	6,537
Band B	25,639	1,465	98	13,127	245	20,737	7:9	16,128
Band C	14,622	497	65	6,032	104	12,549	8:9	11,155
Band D	12,102	266	49	4,167	71	10,777	1:1	10,777
Band E	10,792	163	67	2,531	49	9,957	473:360	12,170
Band F	6,139	62	52	1,028	29	5,774	585:360	8,340
Band G	3,658	88	20	464	20	3,424	705:360	5,707
Band H	218	15	0	33	1	194	882:360	388
Total	86,862	4,446	359	35,422	672	73,218		71,202
Band A dwellings subject to disabled relief								4
Class 17 and 24 dwellings								134
Sub-total								71,340
Provision for non-payment and future award of discounts and reliefs								(469)
Council tax base								70,871

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Non Domestic Rate Account

This account is an agent's statement that reflects the statutory obligation for those councils who issue bills to non-domestic rate payers to maintain a separate **non-domestic rate account**. The account shows the rates collected from non-domestic rate payers during the year. Any difference between the rates collected and the amount the council is guaranteed to receive under the national pooling arrangements is adjusted via the Scottish Government's general revenue grant to the council. Non-domestic rate income is redistributed from the national non-domestic rate pool in proportions based on the prior year mid-year income returns net of prior year adjustments. In 2012-2013 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.

2016-2017		2017-2018	
£m		£m	
119.040	Gross rates levied	144.850	
(17.875)	Reliefs and other deductions	(19.601)	
(2.022)	Write-off of uncollectable debts and allowance for impairment	(2.195)	
99.143	Net non-domestic rate income	123.054	
0.895	Adjustment to previous years' non-domestic rates	(1.944)	
(3.932)	Contribution (to) or from the national non-domestic rate pool	(22.202)	
-	Non-domestic rate income retained by authority (BRIS)	-	
96.106	Transfer to comprehensive income and expenditure statement	98.908	

The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the Scottish Government. For 2017-2018 the charge was 46.6 pence in the pound, with a 2.6 pence supplement for properties with a rateable value over £51,000. Under the Small Business Bonus Scheme (SBBS) properties with a rateable value up to and including £15,000 are entitled to a 100% reduction in their business rates and properties with a rateable value of between £15,001 and £18,000 receive a 25% reduction. A business with two or more properties with a combined rateable value of between £15,001 and £35,000 can be eligible for 25% relief for individual properties each with a rateable value up to and including £18,000.

Analysis of Renfrewshire Council's rateable values

		2017-2018		
		£m		£m
		As at 1 April 2017	Revaluation	Revised at at 1 April 2017
Rateable value :	Commercial	107.856	(0.093)	107.763
	Industrial and freight transport	46.808	2.356	49.164
	Education and public service	29.754	2.180	31.934
	Communications	0.011	-	0.011
	Others	53.204	74.765	127.969
				316.841
Running roll (full-year rateable value)				(14.695)
Rateable value at 31 March 2018				302.146
Wholly exempt subjects		(1.711)	0.271	(1.440)
Net rateable value at 31 March 2018				300.706

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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.

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.	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	Council's Total usable reserves					
	Note	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Balance at 31 March 2016 carried forward		61.378	10.239	2.855	4.116	62.788	141.376	653.401	794.777	44.307	839.084
Movement in reserves during 2016-2017:											
Surplus or (deficit) on the provision of services		22.229	(12.564)	-	-	-	9.665	-	9.665	(3.950)	5.715
Other comprehensive income and expenditure		-	-	-	-	-	-	(47.764)	(47.764)	(7.303)	(55.038)
Total comprehensive income and expenditure		22.229	(12.564)	-	-	-	9.665	(47.764)	(38.099)	(11.253)	(49.352)
Adjustments between group accounts and council accounts	G5	(8.898)	-	-	-	-	(8.898)	-	(8.898)	8.898	-
Net increase or (decrease) before transfers		13.331	(12.564)	-	-	-	0.767	(47.764)	(46.997)	(2.355)	(49.352)
Adjustments between accounting basis and funding basis under regulations	6	6.555	12.136	-	3.515	(13.816)	8.390	(8.390)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		19.886	(0.428)	-	3.515	(13.816)	9.157	(56.154)	(46.997)	(2.355)	(49.352)
Transfers to or (from) other statutory reserves	7	(32.537)	-	0.002	-	32.536	0.001	-	0.001	-	0.001
Increase or (decrease) in 2016-2017		(12.651)	(0.428)	0.002	3.515	18.720	9.158	(56.154)	(46.996)	(2.355)	(49.351)
Balance at 31 March 2017 carried forward		48.727	9.811	2.857	7.631	81.508	150.534	597.246	747.780	40.777	788.557
Movement in reserves during 2017-2018:											
Surplus or (deficit) on the provision of services		(13.149)	(11.179)	-	-	-	(24.328)	-	(24.328)	(4.564)	(28.892)
Other comprehensive income and expenditure		-	-	-	-	-	-	292.271	292.271	14.805	307.076
Total comprehensive income and expenditure		(13.149)	(11.179)	-	-	-	(24.328)	292.271	267.943	10.241	278.184
Adjustments between group accounts and council accounts	G5	(8.172)	-	-	-	-	(8.172)	-	(8.172)	8.172	-
Net increase or (decrease) before transfers		(21.321)	(11.179)	-	-	-	(32.500)	292.271	259.771	18.413	278.184
Adjustments between accounting basis and funding basis under regulations	6	25.030	8.175	-	(0.014)	(1.817)	31.374	(31.374)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		3.709	(3.004)	-	(0.014)	(1.817)	(1.126)	260.897	259.771	18.413	278.184
Transfers to or (from) other statutory reserves	7	(7.227)	-	0.001	-	7.226	-	-	-	-	-
Increase or (decrease) in 2017-2018		(3.518)	(3.004)	0.001	(0.014)	5.409	(1.126)	260.897	259.771	18.413	278.184
Balance at 31 March 2018 carried forward		45.209	6.807	2.858	7.617	86.917	149.408	858.143	1007.551	59.190	1,066.741

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**.

2016-2017				2017-2018			
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure	
£m	£m	£m	Note	£m	£m	£m	
201.541	(26.640)	174.901	Children's Services	226.930	(38.139)	188.791	
77.629	(17.314)	60.315	Environment & Communities	81.895	(17.213)	64.682	
85.614	(73.062)	12.552	Development & Housing Services	85.512	(70.878)	14.634	
55.774	(48.307)	7.467	Housing services - Housing Revenue Account	55.290	(47.903)	7.387	
47.257	(10.135)	37.122	Finance & Resources	51.400	(10.325)	41.075	
7.248	(0.351)	6.897	Chief Executive's Service	7.087	(0.943)	6.144	
8.894	(12.419)	(3.525)	Other Services	15.636	(15.192)	0.444	
21.353	(9.259)	12.094	Leisure Services	25.992	(8.920)	17.072	
172.564	(110.274)	62.290	Adult Services	187.655	(119.157)	68.498	
677.874	(307.761)	370.113	Net cost of services	737.397	(328.670)	408.727	
			Other operating expenditure:				
	0.623		(Gains) or losses on the disposal of non-current assets			1.189	
	24.207		Financing and investment income and expenditure	G6		25.945	
	(396.415)		Taxation and non-specific grant income	5		(400.885)	
	(1.472)		(Surplus) or deficit on the provision of services			34.976	
	(4.243)		Share of the (surplus) or deficit on the provision of services by associates and joint ventures	G4		(6.084)	
	(5.715)		Group (surplus) or deficit			28.892	
	(63.044)		(Surplus) or deficit on the revaluation of non-current assets			(92.557)	
	-		Impairment (gains) or losses on non-current assets charged to the revaluation reserve			-	
	(2.089)		(Surplus) or deficit on the revaluation of available-for-sale financial assets	G15		0.535	
	118.137		Actuarial (gains) or losses on pension assets and liabilities			(209.155)	
	2.034		Share of other comprehensive income and expenditure of associates and joint ventures	G4		(5.899)	
	55.038		Other comprehensive income and expenditure			(307.076)	
	49.323		Total comprehensive income and expenditure			(278.184)	

Group Balance Sheet

The **group balance sheet** shows the value as at 31 March 2018 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 2017			31 March 2018	
£m		Note	£m	
1,277.101	Property, plant and equipment	G9	1,362.494	
2.297	Investment property	G10	2.262	
39.196	Heritage assets	G11	39.522	
0.651	Intangible assets	13	0.405	
20.871	Long-term investments	G15	27.679	
17.914	Investments in associates and joint ventures	G3	28.172	
3.078	Long-term debtors	19	2.492	
1,361.108	Long-term assets		1,463.026	
94.379	Short-term investments	G15	91.238	
0.631	Inventories		0.831	
0.588	Short-term Intangible Assets	18	0.266	
50.709	Short-term debtors	G12	60.773	
38.110	Cash and cash equivalents		14.289	
0.988	Short-term assets held for sale	12	0.251	
185.405	Current assets		167.648	
(77.508)	Short-term borrowing	G15	(46.048)	
(67.095)	Short-term creditors	G13	(72.242)	
(7.223)	Short-term provisions	22	(7.417)	
(151.826)	Current liabilities		(125.707)	
(175.197)	Long-term borrowing	G15	(192.056)	
(77.181)	Long-term creditors	21	(78.234)	
(5.248)	Long-term provisions	22	(5.426)	
(4.474)	Liabilities in associates and joint ventures	G3	(0.964)	
(342.855)	Other long-term liabilities		(161.545)	
(604.955)	Long-term liabilities		(438.225)	
789.732	Net assets		1,066.742	
176.015	Usable reserves	G7	173.153	
613.717	Unusable reserves	G8	893.589	
789.732	Total reserves		1,066.742	

The unaudited accounts were issued on 28 June 2018 and the audited accounts were authorised for issue on 27 September 2018.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

Annual Accounts 2017-2018

Group Cash Flow Statement

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

2016-2017			2017-2018	
£m		Note	£m	
(4.132)	Group (surplus) or deficit		28.892	
(61.044)	Adjust group surplus or deficit for non-cash movements		(84.436)	
33.048	Adjust for items included in the group net surplus or deficit that are investing and financing activities		25.021	
(32.128)	Net cash flows from operating activities		(30.523)	
56.533	Net cash flows from investing activities		36.479	
(23.191)	Net cash flows from financing activities	25c	17.865	
1.214	Net (increase) or decrease in cash and cash equivalents		23.821	
(39.477)	Cash and cash equivalents at the beginning of the reporting period		(38.110)	
(38.263)	Cash and cash equivalents at the end of the reporting period		(14.289)	

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 2018. 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, Park Lane Developments (Renfrewshire) Limited Liability Partnership 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.

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. Copies of the financial statements for the partnership may be obtained from its registered office at 87 Port Dundas Road, Cowcaddens, Glasgow G4 0HF.

The status of Park Lane Developments (Renfrewshire) Limited Liability Partnership been revised following a variation in terms of the partnership agreement. In terms of the CIPFA Code of Practice on Local Authority Accounting, Park Lane Developments (Renfrewshire) Limited Liability Partnership is now to be treated as a subsidiary in Renfrewshire Council's group accounts. Renfrewshire Council's relationship with Park Lane Developments (Renfrewshire) Limited Liability Partnership is such that council representatives have enhanced voting rights and Park Lane Developments (Renfrewshire) Limited Liability Partnership has no claim on the remaining assets should the partnership be wound up. 2016-2017 group statements have been restated where necessary to reflect this change in accounting treatment.

The **group comprehensive income and expenditure statement** includes total net comprehensive income for the year of £6.726 million (2016-2017 net comprehensive expenditure off £7.644 million) for Renfrewshire Leisure Limited, total net comprehensive income for the year of £0.087 million (2016-2017 net comprehensive income of £3.160 million) for the Paisley, Renfrew and Johnstone Common Good Funds, total net comprehensive expenditure for the year of £0.154 million for Park Lane Developments (Renfrewshire) Limited Liability Partnership (2016-2017 net comprehensive of £0.122 million) and total net comprehensive expenditure for the year of £0.000 million (2016-2017 net comprehensive income of £0.051 million) for the charitable trusts.

The **group balance sheet** includes net liabilities of £0.745 million (2016-2017 net liabilities of £7.741 million) for Renfrewshire Leisure Limited, net assets of £35.417 million (2016-2017 net assets of £35.330 million) for the Common Good Funds, net liabilities of £3.321 million for Park Lane Developments (Renfrewshire) Limited Liability Partnership (2016-2017 net liabilities of £3.561) and net assets of £0.632 million (2016-2017 net assets of £0.652 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 2017-2018, Renfrewshire Council contributed £0.328 million or 7.83% of the committee's estimated running costs (2016-2017 £0.333 million or 7.83%) and its share of the year-end net asset was £0.122 million (2016-2017 £0.132 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 £2.934 million (8.01%) to the committee's estimated running costs in 2017-2018 (2016-2017 £2.994 million or 8.01%) and its share of the year-end net asset was £26.329 million (2016-2017 £15.035 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 2017-2018, Renfrewshire Council contributed £1.211 million or 56.1% of the board's estimated running costs (2016-2017 £1.241 million or 56.2%) and its share of the year-end net liability was £0.964 million (2016-2017 £2.691 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 2017			31 March 2018	
£m	£m		£m	£m
-	-	Long-term assets	-	-
0.488	0.273	Current assets	0.396	0.222
(0.528)	(0.296)	Current liabilities	(0.439)	(0.246)
(4.755)	(2.668)	Long-term liabilities	(1.676)	(0.940)
(4.795)	(2.691)	Net assets / (liabilities)	(1.719)	(0.964)
2016-2017			2017-2018	
£m	£m		£m	£m
2.539	1.424	Income	2.472	1.387
2.736	1.535	Expenditure	2.817	1.580
(0.197)	(0.111)	Surplus / (deficit) for the year	(0.345)	(0.193)

Park Lane Developments (Renfrewshire) Limited Liability Partnership status was revised during 2017-18 and is now to be treated as a subsidiary in Renfrewshire Council's group accounts. Up to 2016-17, Renfrewshire Council held 50% (£50) of the issued share capital. The partnership's profit and loss account disclosed a net deficit of £0.244 million for the twelve months to 31 March 2017 and its balance sheet a negative net worth of £3.571 million at 31 March.

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 2017			31 March 2018	
£m	£m		£m	£m
-	-	Long-term assets	-	-
0.646	0.323	Current assets	-	-
(0.219)	(0.110)	Current liabilities	-	-
(3.998)	(1.994)	Long-term liabilities	-	-
(3.571)	(1.781)	Net assets / (liabilities)	-	-
2016-2017			2017-2018	
£m	£m		£m	£m
0.531	0.266	Income	-	-
0.775	0.388	Expenditure	-	-
(0.244)	(0.122)	Surplus / (deficit) for the year	-	-

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. On 27 June 2015, Scottish Ministers legally established the **Renfrewshire Health and Social Care Integration Joint Board** 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. Renfrewshire Council's estimated share of the year-end net asset was £1.721 million and is included in the **group balance sheet**. Copies of the financial statements for the IJB may be obtained from Chief Officer, Renfrewshire Health and Social Care Integration Joint Board, Renfrewshire House, Cotton Street, Paisley, PA1 1WB.

Renfrewshire Integration Joint Board	Renfrewshire Council's Share	Renfrewshire Health and Social Care Integration Joint Board	Renfrewshire Integration Joint Board	Renfrewshire Council's Share
31 March 2017			31 March 2018	
£m	£m		£m	£m
-	-	Long-term assets	-	-
5.494	2.747	Current assets	3.442	1.721
-	-	Current liabilities	-	-
-	-	Long-term liabilities	-	-
5.494	2.747	Net assets / (liabilities)	3.442	1.721
2016-2017			2017-2018	
£m	£m		£m	£m
264.489	132.245	Income	264.726	132.363
258.995	129.498	Expenditure	266.778	133.389
5.494	2.747	Surplus / (deficit) for the year	(2.052)	(1.026)

Note G2 Non-material interest in other entities

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

Clyde Muirshiel Park Authority is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Renfrewshire Council contributed £0.421 million (60.7%) to the authority’s estimated running costs in 2017-2018 (£0.421 million in 2016-2017).

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 £0.113 million (3.2%) to the committee’s estimated running costs in 2017-2018 (£0.113 million in 2016-2017).

Glasgow and the Clyde Valley Strategic Development Planning Authority. The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.072 million (12.5%) to the committee’s estimated running costs in 2017-2018 (£0.072 million in 2016-2017).

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 (£25.486 million asset plus £1.721 million asset = £27.207 million net asset) equates to the net of two figures disclosed in the **group balance sheet** as “investments in associates and joint ventures” (£28.172 million) and “liabilities in associates and joint ventures” (£0.964 million).

Aggregate of associates' results	Renfrewshire Council's Share	Associates	Aggregate of associates' results	Renfrewshire Council's Share
31 March 2017			31 March 2018	
£m	£m		£m	£m
187.683	15.034	Long-term assets	212.133	16.993
98.439	8.113	Current assets	178.548	14.487
(45.245)	(3.876)	Current liabilities	(22.192)	(1.987)
(56.287)	(6.796)	Long-term liabilities	(39.966)	(4.007)
184.590	12.475	Net assets / (liabilities)	328.523	25.486
2016-2017			2017-2018	
£m	£m		£m	£m
109.074	9.950	Income	164.609	14.367
87.683	8.332	Expenditure	73.788	7.257
21.391	1.618	Net surplus / (deficit) for the year	90.821	7.110

Aggregate of joint ventures' results	Renfrewshire Council's Share	Joint ventures	Aggregate of joint ventures' results	Renfrewshire Council's Share
31 March 2017			31 March 2018	
£m	£m		£m	£m
-	-	Long-term assets	-	-
6.140	3.070	Current assets	3.442	1.721
(0.219)	(0.110)	Current liabilities	-	-
(3.988)	(1.994)	Long-term liabilities	-	-
1.933	0.966	Net assets / (liabilities)	3.442	1.721
2016-2017			2017-2018	
£m	£m		£m	£m
265.020	132.511	Income	264.726	132.363
259.770	129.886	Expenditure	266.778	133.389
5.250	2.625	Net surplus / (deficit) for the year	(2.052)	(1.026)

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 2018 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 2018, 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**.

2016-2017		2017-2018	
£m		£m	
	<i>Share of (surplus) or deficit:</i>		
	Subsidiaries:		
(1.071)	Paisley, Renfrew and Johnstone Common Good Funds	0.452	
0.051	Charitable trusts administered by Renfrewshire Council	-	
0.315	Renfrewshire Leisure Limited	1.871	
0.244	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.154	
	Associates:		
(1.727)	Strathclyde Partnership for Transport	(7.313)	
(0.002)	Strathclyde Concessionary Travel Scheme Joint Committee	0.010	
0.111	Renfrewshire Valuation Joint Board	0.193	
	Joint Ventures:		
(2.747)	Renfrewshire Health and Social Care Integration Joint Board	1.026	
0.122	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-	
(4.704)	Aggregate share of (surplus) or deficit	(3.607)	
	<i>Share of other comprehensive (income) and expenditure:</i>		
	Subsidiaries:		
(2.089)	Paisley, Renfrew and Johnstone Common Good Funds	(0.539)	
-	Charitable trusts administered by Renfrewshire Council	-	
7.329	Renfrewshire Leisure Limited	(8.367)	
-	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-	
	Associates:		
1.037	Strathclyde Partnership for Transport	(3.980)	
-	Strathclyde Concessionary Travel Scheme Joint Committee	-	
0.997	Renfrewshire Valuation Joint Board	(1.919)	
	Joint Ventures:		
-	Renfrewshire Health and Social Care Integration Joint Board	-	
-	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-	
7.274	Aggregate share of other comprehensive (income) and expenditure	(14.805)	
2.570	Aggregate share of total comprehensive (income) and expenditure	(18.412)	

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:

2016-2017		2017-2018
£m		£m
0.259	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	1.472
0.063	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.064
(0.021)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.020)
-	Interest income received from Renfrewshire Council by the charitable trusts administered by Renfrewshire Council	-
(9.199)	Service charge payable by Renfrewshire Council to Renfrewshire Leisure Limited	(9.688)
-	Charges for services, such as accounting and administration, payable by Renfrewshire Leisure Limited to Renfrewshire Council	-
(8.898)	Total adjustments between group accounts and council accounts	(8.172)

Note G6 Group financing and investment income and expenditure

2016-2017		2017-2018
£m		£m
20.806	Interest payable and similar charges	20.399
7.529	Pensions net interest expense	8.932
(1.179)	Interest receivable and similar income	(0.993)
(0.427)	Income and expenditure in relation to investment properties and changes in their fair values	(0.454)
(1.149)	Other investment income	(0.646)
(1.373)	Net (surplus) or deficit on trading operations	(1.293)
24.207	Total financing and investment income and expenditure	25.945

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.

2016-2017			2017-2018
£m		Note	£m
48.726	General Fund Balance	7	45.208
9.811	Housing Revenue Account Balance	7	6.807
2.857	Revenue statutory funds	7	2.858
7.631	Capital Receipts Reserve	7	7.617
81.508	Capital statutory funds	7	86.917
23.301	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds		22.592
0.365	Charitable trusts administered by Renfrewshire Council: usable balances		0.355
0.494	Renfrewshire Leisure Limited: usable reserves		0.334
1.322	Renfrewshire Integration Joint Board		0.465
176.015	Total usable reserves		173.153

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.

2016-2017		2017-2018	
£m		Note	£m
395.818	Revaluation Reserve	8	471.731
0.506	Available for sale Financial Instruments Reserve	8	0.459
556.829	Capital Adjustment Account	8	567.159
(13.904)	Financial Instrument Adjustment Account	8	(13.415)
(334.890)	Pension Reserve	8	(160.466)
(7.112)	Employee Statutory Adjustment Account	8	(7.324)
3.900	Paisley, Renfrew and Johnstone Common Good Funds: available for sale financial instruments reserve		3.412
8.129	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve		9.413
0.287	Charitable trusts administered by Renfrewshire Council: revaluation reserve		0.277
-	Renfrewshire Leisure Limited: revaluation reserve		-
(7.965)	Renfrewshire Leisure Limited: pension reserve		(1.079)
-	Park Lane Development (Renfrewshire) Limited Liability Partnership : revaluation reserve		(3.321)
	<i>Renfrewshire Council's share of the reserves of the associates and joint ventures within the group:</i>		
15.035	Strathclyde Partnership for Transport		26.329
0.132	Strathclyde Concessionary Travel Scheme Joint Committee		0.122
(2.692)	Renfrewshire Valuation Joint Board		(0.964)
1.425	Renfrewshire Integration Joint Board		1.256
(1.781)	Park Lane Developments (Renfrewshire) Limited Liability Partnership		-
613.717	Total unusable reserves		893.589

Note G9 Property, Plant and Equipment

2017-2018	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 2017	487.605	323.405	467.730	289.013	44.504	36.329	1,648.586	100.183
Assets reclassified (to) or from the "held for sale" category	0.145	-	-	-	-	-	0.145	-
Other asset reclassifications	-	11.104	24.461	-	(38.381)	2.816	-	-
Additions	6.192	7.849	13.004	9.113	31.432	-	67.590	1.082
Disposals	(0.409)	(3.958)	(4.386)	-	(0.105)	(0.080)	(8.938)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	29.413	(17.727)	25.366	-	-	(8.704)	28.348	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(19.030)	(4.569)	-	-	(1.546)	(25.145)	-
Gross carrying amount at 31 March 2018	522.946	301.643	521.606	298.126	37.450	28.815	1,710.586	101.265
Accumulated depreciation (including accumulated impairment losses) at 1 April 2017	0.000	46.806	183.263	129.602	-	11.814	371.485	4.482
Assets reclassified (to) or from the "held for sale" category	0.005	-	-	-	-	-	0.005	-
Depreciation on other reclassifications	-	(0.229)	(0.882)	-	-	1.111	-	-
Depreciation charge for the year	16.254	7.143	33.129	5.983	-	0.107	62.616	3.601
Depreciation and impairment on disposals	(0.018)	(1.404)	(4.600)	-	-	(0.074)	(6.096)	-
Depreciation written out to the Revaluation Reserve	(16.241)	(21.150)	(18.021)	-	-	(7.824)	(63.236)	-
Depreciation written out to the surplus or deficit on the provision of services	-	(11.637)	(4.160)	-	-	(0.884)	(16.681)	-
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 2018	0.000	19.529	188.729	135.585	-	4.250	348.093	8.083
Balance sheet net carrying amount at 31 March 2018	522.946	282.114	332.877	162.541	37.450	24.565	1,362.494	93.182
Balance sheet net carrying amount at 1 April 2017	487.605	276.599	284.467	159.411	44.504	24.515	1,277.101	95.701

2016-2017	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 2016	471.202	318.788	445.922	276.438	15.028	37.832	1,565.210	87.335
Assets reclassified (to) or from the "held for sale" category	(0.723)	-	-	-	-	(0.218)	(0.941)	-
Other asset reclassifications	-	(0.873)	2.601	0.373	(1.977)	0.094	0.218	-
Additions	3.602	2.984	10.512	12.202	32.422	-	61.722	1.059
Disposals	(5.470)	(1.734)	(1.952)	-	(0.969)	(1.519)	(11.644)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	18.994	1.090	11.474	-	-	0.184	31.742	8.049
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	3.150	(0.827)	-	-	(0.044)	2.279	3.740
Gross carrying amount at 31 March 2017	487.605	323.405	467.730	289.013	44.504	36.329	1,648.586	100.183
Accumulated depreciation (including accumulated impairment losses) at 1 April 2016	0.000	46.332	164.159	123.938	-	11.685	346.114	9.771
Assets reclassified (to) or from the "held for sale" category	(0.024)	-	-	-	-	-	(0.024)	-
Depreciation on other reclassifications	-	(0.320)	0.312	-	-	0.008	-	-
Depreciation charge for the year	15.707	6.609	34.933	5.664	-	0.126	63.039	3.192
Depreciation and impairment on disposals	(0.182)	(0.486)	(1.932)	-	-	(0.023)	(2.623)	-
Depreciation written out to the Revaluation Reserve	(15.501)	(2.519)	(13.436)	-	-	(0.016)	(31.472)	(6.791)
Depreciation written out to the surplus or deficit on the provision of services	-	(2.531)	(0.510)	-	-	(0.017)	(3.058)	(1.690)
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	-	(0.279)	(0.263)	-	-	0.051	(0.491)	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2017	0.000	46.806	183.263	129.602	-	11.814	371.485	4.482
Balance sheet net carrying amount at 31 March 2017	487.605	276.599	284.467	159.411	44.504	24.515	1,277.101	95.701
Balance sheet net carrying amount at 1 April 2016	471.202	272.456	281.763	152.500	15.028	26.147	1,219.096	77.564

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**:

2016-2017		2017-2018	
£m		£m	
(0.427)	Rental income from investment properties	(0.488)	
-	Direct operating expenses arising from investment property		
(0.427)	Net (gain) or loss	(0.488)	

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:

2016-2017		2017-2018	
£m		£m	
2.670	Opening Balance at 1 April	2.297	
-	Additions	-	
(0.217)	Assets reclassified (to) or from the "held for sale" category	-	
-	Disposals	-	
(0.032)	Net gains or (losses) from fair value adjustments	(0.028)	
(0.124)	Transfers (to) or from inventories and property, plant and equipment	(0.007)	
-	Other changes	-	
2.297	Closing balance at 31 March	2.262	

Note G11 Group heritage assets

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

2016-2017		Note	2017-2018	
£m			£m	
39.196	Opening Balance at 1 April		39.196	
-	Additions (at cost)		-	
-	Assets reclassified (to) or from Community Assets		-	
-	Disposals		-	
-	Impairment losses		-	
-	Revaluations		0.326	
39.196	Closing balance at 31 March		39.522	

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 2018 (£0.219 at 31 March 2017). Further information on the heritage assets other than those of the Paisley, Renfrew and Johnstone Common Good Funds can be found at Note 11.

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.

2016-2017		2017-2018	
£m		£m	£m
16.791	Central government bodies, excluding NHS Scotland		25.288
4.886	Central government bodies: NHS Scotland		3.438
0.356	Other local authorities		0.577
-	Public corporations and trading funds		-
5.785	HM Revenue and Customs		5.092
	<i>Other entities and individuals:</i>		
10.888	Council tax arrears	12.689	
(6.143)	Council tax arrears impairment	(6.915)	
4.745	Council tax arrears net of impairment		5.774
2.244	Rent arrears	2.547	
(1.472)	Rent arrears impairment	(1.497)	
0.772	Rental arrears net of impairment		1.050
25.322	Trade debtors	28.061	
(9.709)	Trade debtors impairment	(10.139)	
15.613	Trade debtors net of impairment		17.922
1.761	Other debtors	1.632	
-	Other debtors impairment	-	
1.761	Other debtors net of impairment		1.632
50.709	Total short term debtors		60.773

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.

2016-2017		2017-2018
£m		£m
3.669	Central government bodies, excluding NHS Scotland	3.738
3.709	Central government bodies: NHS Scotland	2.771
0.485	Other local authorities	0.399
-	Public corporations and trading funds	-
6.766	HM Revenue and Customs	6.888
5.721	Strathclyde Pension Fund and Scottish Public Pensions Agency	6.196
5.866	Accrued payrolls	8.156
2.705	PPP finance lease creditors	2.904
-	Other finance lease creditor	-
38.174	Other entities and individuals	41.190
67.095	Total short term creditors	72.242

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.

2016-2017		2017-2018
£m		£m
	<i>Amounts owing to Renfrewshire Council:</i>	
3.622	Loans	-
0.247	Other balances	0.345
3.869	Total amounts owing to Renfrewshire Council	0.345
	<i>Amounts owed by Renfrewshire Council:</i>	
(0.453)	Loans	(0.363)
-	Other balances	-
(0.453)	Total amounts owed by Renfrewshire Council	(0.363)

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 20 provides details of these. Additional qualitative information on the various categories of financial instruments can be found at Note 23.

31 March 2017			31 March 2018		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	94.379	Loans and receivables - fixed term deposits	7.000	91.238	
3.479	-	Available-for-sale financial assets - insurance fund investments	3.531	-	
17.392	-	Available-for-sale financial assets - Common Good Fund investments	17.148	-	
20.871	94.379	Investments	27.679	91.238	
1.219	0.141	Loans and receivables - loans to other entities and individuals	1.118	0.925	
1.859	46.319	Loans and receivables - trade receivables	1.374	54.074	
3.078	46.460	Debtors	2.492	54.999	
(175.197)	(14.049)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(171.674)	(6.315)	
-	(54.745)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.382)	(34.355)	
-	(8.714)	Financial liabilities at amortised cost - borrowing from group entities	-	(5.378)	
(175.197)	(77.508)	Borrowing	(192.056)	(46.048)	
-	(46.256)	Financial liabilities at amortised cost - trade payables	(3.959)	(48.114)	
(77.178)	(2.705)	PFI/PPP and finance lease liabilities	(74.274)	(2.904)	
(0.003)	-	Financial guarantees	(0.001)	-	
(77.181)	(48.961)	Creditors	(78.234)	(51.018)	

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:-

2017-2018						
	Level 1	Level 2	Carrying Value	Level 1	Level 2	Fair Value
Investments	17.148	94.769	111.917	17.148	101.710	118.858
Debtors	0.000	57.491	57.491	0.000	54.277	54.277
Borrowing	0.000	(238.104)	(238.104)	0.000	(346.584)	(346.584)
Creditors	0.000	(129.252)	(129.252)	0.000	(129.252)	(129.252)

Those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 20 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 23.

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

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

2017-2018	Financial assets: loans and receivables	Available-for- sale financial assets	Financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Interest expense (including finance lease interest)	-	-	17.064	17.064
Realised losses on disposal	-	-	-	-
Impairment losses	0.076	-	-	0.076
Fee expense	-	-	-	-
Total expense in the (surplus) or deficit on the provision of services	0.076	-	17.064	17.140
Interest income	(0.795)	-	-	(0.795)
Dividend income	-	(0.792)	-	(0.792)
Other income	(0.001)	(0.182)	-	(0.183)
Total income in the (surplus) or deficit on the provision of services	(0.796)	(0.974)	-	(1.770)
Net (gain) or loss on revaluation	-	0.436	-	0.436
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	0.436	-	0.436
Net (gain) or loss for the year (in total comprehensive income and expenditure)	(0.720)	(0.538)	17.064	15.806

2016-2017	Financial assets: loans and receivables	Available-for- sale financial assets	Financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Interest expense (including finance lease interest)	-	-	17.629	17.629
Realised losses on disposal	-	-	-	-
Impairment losses	0.231	-	-	0.231
Fee expense	-	-	-	-
Total expense in the (surplus) or deficit on the provision of services	0.231	-	17.629	17.860
Interest income	(0.868)	-	-	(0.868)
Dividend income	-	(0.722)	-	(0.722)
Other income	(0.004)	(0.639)	-	(0.643)
Total income in the (surplus) or deficit on the provision of services	(0.872)	(1.361)	-	(2.233)
Net (gain) or loss on revaluation	-	(2.089)	-	(2.089)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(2.089)	-	(2.089)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	(0.641)	(3.450)	17.629	13.538



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

2017-18



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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. Following local government elections the Finance and Resources Policy Board has been succeeded by the Finance, Resources and Customer Services Policy Board from 18 May 2017.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council during the 2017/18 financial year:

William Brown	Audrey Doig
Lisa-Marie Hughes (elected 05/05/17)	Alison Dowling (elected 05/05/17)
John Shaw (elected 05/05/17)	Scott Kerr (elected 05/05/17)
Jane Strang (elected 05/05/17)	James Sheridan (elected 05/05/17)
Edward Grady (elected 05/05/17)	Natalie Don (elected 05/05/17)
Catherine McEwan	Colin McCulloch (elected 05/05/17)
Jim Paterson	James MacLaren
Jennifer Adam-McGregor (elected 05/05/17)	Tom Begg (elected 05/05/17)
Neill Graham (elected 05/05/17)	Michelle Campbell (elected 05/05/17)
Jim Sharkey	Jim Harte
Karen Kennedy (elected 05/05/17)	Iain Nicolson
John McIntyre (elected 05/05/17)	Alexander Murrin (resigned 04/05/17)
Kenneth MacLaren	Bill Perrie (resigned 04/05/17)
Margaret MacLaren	Edward Grady (resigned 04/05/17)
Carolann Davidson (elected 05/05/17)	Brian Lawson (resigned 04/05/17)
John McNaughtan (elected 05/05/17)	Terry Kelly (resigned 04/05/17)
William Mylet	Tommy Williams (resigned 04/05/17)
Edward Devine	Mark MacMillan (resigned 04/05/17)
Marie McGurk	John Caldwell (resigned 04/05/17)
Paul Mack	Iain McMillan (resigned 04/05/17)
Stephen Burns (elected 05/05/17)	Anne Hall (resigned 04/05/17)
Lorraine Cameron	Allan Noon (resigned 04/05/17)
Eileen McCartin	Michael Holmes (resigned 04/05/17)
Kevin Montgomery (elected 05/05/17)	James McQuade (resigned 04/05/17)
Jacqueline Cameron (elected 05/05/17)	Sam Mullin (resigned 04/05/17)
John Hood	Roy Glen (resigned 04/05/17)
Alistair MacKay (elected 05/05/17)	Margaret Devine (resigned 04/05/17)
Andrew Steel (elected 05/05/17)	Maureen Sharkey (resigned 04/05/17)
Derek Bibby	Jacqueline Henry (resigned 04/05/17)
William Binks (elected 05/05/17)	Chris Gilmour (resigned 04/05/17)
Andrew Doig	Stephen McGee (resigned 04/05/17)
Emma Rodden (elected 05/05/17)	Maria Brown (resigned 04/05/17)

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.

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. He manages the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Common Good is owned by the Council, these specific provisions are supplemented by the general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and

not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006.

Decisions regarding the operation, assets, processes or policies of the Common Good Funds are delegated by the Council to the Finance, Resources and Customer Services Policy Board (FRCPB). Income to the Common Good Funds is solely from investment returns (both financial investments and property rental income) and bank interest – no donations to the Funds are solicited. The only other source of income which arises periodically is from the sale of fixed assets.

The investment performance of the Common Good Funds is monitored regularly by Council officers, and is reported bi-annually to the Investment Review Board, which is comprised of 5 cross party elected members. The minutes of the Investment Review Board are submitted to the Finance, Resources and Customer Services Policy Board, whose meetings are held in public. In turn, the minutes of this Board are submitted to the full Council for ratification. Therefore each elected member is informed of both the performance of the funds, and any decision regarding the operation of the Funds which would be made by the Finance, Resources and Customer Services Policy Board.

Regular training is offered to the members of the Investment Review Board through information sessions at each meeting.

Risk

The Trustees have overall responsibility for the Common Good Funds' systems of internal control that are designed by senior management to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The main risk for the Common Good relates to the investment income available for disbursement through grants. As mentioned above, investment performance is monitored quarterly by officers of the Council and they receive specialist advice in this regard from Hymans Robertson LLP, appointed investment advisors. 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 FRCPB. In addition the FRCPB 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 2017-18 grants totalling £97,360 were awarded by Local Area Committees to a wide variety of community organisations. Other grant expenditure totalling £1,472,000 was made throughout the year. This included grants of £1,250,000 to support major investment in parks in Paisley and Renfrew.

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 2.2% (3.8% in 2016-17). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.46% (0.54% in 2016-17).

Overall, the Common Good Funds reported a combined net increase in funds of £0.087 million which is added to the previous fund balance brought forward. The total funds held by Paisley Common Good reduced by £0.335 million and the funds held by Renfrew Common Good increased by £0.422 million. The movement in funds this year is mainly related to the level of grant awards made in the year and to unrealised losses on investments and 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 (69%) and property rental income (31%).

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:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

Date:

On behalf of the Trustees:

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

Date:

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

a) Statement of responsibilities in respect of the annual report and accounts

The Trustees are responsible for preparing the annual report and financial statements for each financial year, in accordance with the accounting policies set out in note 1 to the accounts and the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014. The financial statements give a true and fair view of the incoming resources and application of the resources of the charity during the year and of the charity's state of affairs at the end of the financial year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

b) Statement of disclosure of information to auditors

The trustees who held office at the date of approval of this annual report and accounts confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Signed:

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

Date:

Independent Auditors Report to the Trustees of Renfrewshire Council Common Good Funds and the Accounts Commission

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Renfrewshire Council Common Good Funds for the year ended 31 March 2018 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 notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charities as at 31 March 2018 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ability of the charities to continue to adopt the going concern basis of

accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the trustees for the financial statements

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

In preparing the financial statements, the trustees are responsible for assessing the charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Mark Ferris FCCA
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2018

Statement of Financial Activities for the Year Ended 31st March 2018

This Account summarises the resources that have been generated and consumed in providing services and managing the Common Good Funds during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed. This Account also includes the Statement of Total Recognised Gains and Losses which brings together all of the gains and losses of the Funds for the year and shows the aggregate movement in their net worth. All Common Good Funds have unrestricted funds only; there were no restricted or endowment funds during 2017-18 or in 2016-17.

		Year to 31 st March 2018				Year to 31 st March 2017			
		Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
		SC019478	SC019480	SC019479		SC019478	SC019480	SC019479	
	Notes	£m	£m	£m	£m	£m	£m	£m	£m
Income and Endowments from:									
Grants, Interest & Dividend Income	2(a)	0.161	0.000	0.553	0.714	0.147	0.000	0.495	0.642
Rental and Other Income	2(b)	0.048	0.000	0.272	0.320	0.049	0.000	0.266	0.315
Total Income and Endowments		0.209	0.000	0.825	1.034	0.196	0.000	0.761	0.957
Expenditure on:									
Raising Funds									
Fundraising Trading		0.000	0.000	0.025	0.025	0.000	0.000	0.003	0.003
Investment Management Costs		0.016	0.000	0.054	0.070	0.015	0.000	0.052	0.067
Total Raising Funds		0.016	0.000	0.079	0.095	0.015	0.000	0.055	0.070
Charitable Activities									
Charitable Activities	3(a)	0.372	0.000	1.197	1.569	0.122	0.000	0.194	0.316
Governance Costs	3(b)	0.015	0.000	0.049	0.064	0.015	0.000	0.048	0.063
Depreciation and Impairment		0.071	0.000	(0.131)	(0.060)	0.071	0.000	(0.124)	(0.053)
Total Charitable Activites		0.458	0.000	1.115	1.573	0.208	0.000	0.118	0.326
Total Expenditure		0.474	0.000	1.194	1.668	0.223	0.000	0.173	0.396
Net Income / (Expenditure) and net movement in funds before gains and losses on investments		(0.265)	0.000	(0.369)	(0.634)	(0.027)	0.000	0.588	0.561
Gains/(losses) on Investment Assets	5	(0.070)	0.000	(0.236)	(0.306)	0.559	0.000	1.909	2.468
Net Income/(Expenditure)		(0.335)	0.000	(0.605)	(0.940)	0.532	0.000	2.497	3.029

Statement of Financial Activities for the Year Ended 31st March 2018

	Notes	Year to 31 st March 2018				Year to 31 st March 2017			
		Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
		SC019478	SC019480	SC019479		SC019478	SC019480	SC019479	
		£m	£m	£m	£m	£m	£m	£m	£m
Transfer between Funds		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total after funds transfer		(0.335)	0.000	(0.605)	(0.940)	0.532	0.000	2.497	3.029
Other Gains or Losses									
Gains/(Losses) on Revaluation of Fixed Assets	4	0.000	0.000	1.027	1.027	(0.062)	0.000	0.323	0.261
Total Other Recognised Gains or Losses		0.000	0.000	1.027	1.027	(0.062)	0.000	0.323	0.261
Net Movement in Funds		(0.335)	0.000	0.422	0.087	0.470	0.000	2.820	3.290
Total Funds Brought Forward		5.592	0.052	29.686	35.330	5.122	0.052	26.866	32.040
Total Funds Carried Forward		5.257	0.052	30.108	35.417	5.592	0.052	29.686	35.330

The notes on pages 15 to 24 form part of these financial statements.

Balance Sheet as at 31st March 2018

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 2018				At 31 st March 2017			
	Notes	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	0.844	0.000	13.869	14.713	0.915	0.000	12.712	13.627
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	3.915	0.000	13.233	17.148	3.972	0.000	13.420	17.392
		4.822	0.047	27.211	32.080	4.950	0.047	26.241	31.238
Current Assets									
Debtors	13	0.000	0.000	0.008	0.008	0.000	0.000	0.017	0.017
Short term deposits	15	0.481	0.005	2.955	3.441	0.678	0.005	3.548	4.231
		0.481	0.005	2.963	3.449	0.678	0.005	3.565	4.248
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	14	(0.046)	0.000	(0.066)	(0.112)	(0.036)	0.000	(0.120)	(0.156)
		(0.046)	0.000	(0.066)	(0.112)	(0.036)	0.000	(0.120)	(0.156)
Net Current Assets		0.435	0.005	2.897	3.337	0.642	0.005	3.445	4.092
Net Assets		5.257	0.052	30.108	35.417	5.592	0.052	29.686	35.330
Funds of the Charities									
<u>Unrestricted Funds</u>									
Income Funds		3.486	0.036	19.070	22.592	3.650	0.036	19.615	23.301
Revaluation reserve : Investments		0.794	0.000	2.618	3.412	0.908	0.000	2.992	3.900
Revaluation reserve : Other Fixed Assets		0.977	0.016	8.420	9.413	1.034	0.016	7.079	8.129
		5.257	0.052	30.108	35.417	5.592	0.052	29.686	35.330

Signed

Signed

Date

Alan Russell

Director of Finance and Resources

Renfrewshire Council

Date

Councillor John Shaw

Convener – Finance, Resources and Customer Services

Policy Board. Renfrewshire Council.

Cash Flow Statement for Year Ended 31st March 2018

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 2018				Year ended 31st March 2017			
		Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Net Cash Inflow from Operating Activities	7	(0.184)	0.000	(0.544)	(0.728)	0.066	0.000	0.533	0.599
Capital Expenditure and Financial Investment									
Cash paid for fixed asset investment		(0.415)	0.000	(1.388)	(1.803)	(0.872)	0.000	(2.846)	(3.718)
Receipts from sales of fixed asset: investments		0.352	0.000	1.181	1.533	0.962	0.000	3.144	4.106
Receipts from sales of fixed asset: property		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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		(0.063)	0.000	(0.207)	(0.270)	0.090	0.000	0.298	0.388
(Increase)/decrease in cash held for investments		0.050	0.000	0.158	0.208	(0.095)	0.000	(0.315)	(0.410)
Increase/(decrease) in cash held in the year		(0.197)	0.000	(0.593)	(0.790)	0.061	0.000	0.516	0.577
Reconciliation of net cash flow to movement in net funds									
(Decrease)/increase in cash in year		(0.197)	0.000	(0.593)	(0.790)	0.061	0.000	0.516	0.577
net funds at 1 April		0.678	0.005	3.548	4.231	0.617	0.005	3.032	3.654
Net funds at 31 March		0.481	0.005	2.955	3.441	0.678	0.005	3.548	4.231

Notes to the Financial Statements

1: Accounting Policies

Introduction

The Financial Statements for the year ended 31 March 2018 have been compiled in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published on 16 July 2014. They are designed to give a true and fair view of the financial performance and position of the Common Good Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Charities will not significantly curtail the scale of their operations.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 “Accounting Policies” (FRS18).

Income and Endowments

Recognition of income and endowments

These are included in the Statement of Financial Activities (SOFA) when:

- The charity becomes entitled to the resources;
- The trustees are virtually certain they will receive the resources; and
- The monetary value can be measured with sufficient reliability.

Grants and Donations

Grants and donations are only included in the SOFA when the charity has unconditional entitlement to the resources.

Gifts in Kind

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

Investment Income

This is included in the accounts when receivable.

Investment Gains and Losses

This includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

Expenditure

Liability Recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

Charitable Activities

Decisions regarding the way the Common Good Funds' income is spent are taken by the Finance, Resources and Customer Services Policy Board, whose membership comprises of 15 of the trustees of the Common Good Funds. Voluntary groups are encouraged to apply for funding from the available funds allocated to Renfrewshire Council Local 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

	2017-18				2016-17			
	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	0.158	0.000	0.536	0.694	0.143	0.000	0.478	0.621
Interest income	0.003	0.000	0.017	0.020	0.004	0.000	0.017	0.021
Total grant & investment income	0.161	0.000	0.553	0.714	0.147	0.000	0.495	0.642

b) Rental and Other Income

	2017-18				2016-17			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Rental income from properties	0.048	0.000	0.272	0.320	0.049	0.000	0.266	0.315
Other Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total rental and other income	0.048	0.000	0.272	0.320	0.049	0.000	0.266	0.315

3: Expenditure

a) Charitable Activities

	2017-18				2016-17			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Voluntary organisation grants	0.030	0.000	0.067	0.097	0.000	0.000	0.057	0.057
Civic related grants	0.342	0.000	1.130	1.472	0.122	0.000	0.137	0.259
Total charitable activities grants	0.372	0.000	1.197	1.569	0.122	0.000	0.194	0.316

b) Governance Costs

	2017-18				2016-17			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accountancy and Administrative Services	0.011	0.000	0.034	0.045	0.009	0.000	0.027	0.036
Property Services	0.004	0.000	0.015	0.019	0.006	0.000	0.021	0.027
Total Governance Costs	0.015	0.000	0.049	0.064	0.015	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 2017	0.711	0.275	0.986	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.000	0.000	0.000	0.000
At 31st March 2018	0.711	0.275	0.986	0.063
Depreciation				
At 1 st April 2017	0.071	0.000	0.071	0.000
Depreciation for Year	0.071	0.000	0.071	0.000
Depreciation on Revaluation	0.000	0.000	0.000	0.000
At 31st March 2018	0.142	0.000	0.142	0.000
Net Book Value at 31st March 2018	0.569	0.275	0.844	0.063
Net Book Value at 31st March 2017	0.640	0.275	0.915	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 2017	10.385	1.923	0.681	0.024	13.013	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	(1.156)	1.156	0.000	0.000	0.000	0.000
Revaluations	0.806	0.221	0.008	(0.009)	1.026	0.000
At 31st March 2018	10.035	3.300	0.689	0.015	14.039	0.109
Depreciation						
At 1 st April 2017	0.171	0.123	0.007	0.000	0.301	0.000
Depreciation for year	0.201	0.041	0.007	0.000	0.249	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation writeback on revaluations	(0.121)	(0.259)	0.000	0.000	(0.380)	0.000
Impairment losses written out on revaluation	0.000	0.000	0.000	0.000	0.000	0.000
At 31st March 2018	0.251	(0.095)	0.014	0.000	0.170	0.000
Net Book Value at 31st March 2018	9.784	3.395	0.675	0.015	13.869	0.109
Net Book Value at 31st March 2017	10.214	1.800	0.674	0.024	12.712	0.109

c) Johnstone Common Good Fund

	Heritage Assets
	£m
Gross Book Value	
At 1 st April 2017	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
At 31st March 2018	0.047
Depreciation	
At 1 st April 2017	0.000
Depreciation for year	0.000
At 31st March 2018	0.000
Net Book Value at 31st March 2018	0.047
Net Book Value at 31st March 2017	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

	2017-18			2016-17		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Market Value						
At 1 st April 2017	3.972	13.420	17.392	3.408	11.494	14.902
Additions	0.415	1.388	1.803	0.872	2.846	3.718
Disposals	(0.352)	(1.181)	(1.533)	(0.962)	(3.144)	(4.106)
Net gain/(loss) on revaluation	(0.070)	(0.236)	(0.306)	0.559	1.909	2.468
Increase/(decrease) in cash in bank awaiting investment	(0.050)	(0.158)	(0.208)	0.095	0.315	0.410
At 31st March 2018	3.915	13.233	17.148	3.972	13.420	17.392

b) Asset Allocation Analysis

	2017-18			2016-17		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.212	0.740	0.952	0.200	0.702	0.902
Other UK Bonds	0.295	0.984	1.279	0.302	1.005	1.307
Overseas Bonds	0.122	0.386	0.508	0.117	0.391	0.508
Equities:						
UK Equities	1.650	5.569	7.219	1.733	5.851	7.584
Overseas Equities	1.375	4.678	6.053	1.343	4.556	5.899
Non-Region Specific	0.069	0.234	0.303	0.030	0.101	0.131
Property Investments	0.104	0.351	0.455	0.109	0.366	0.475
Cash	0.084	0.277	0.361	0.134	0.435	0.569
Accrued Interest	0.004	0.014	0.018	0.004	0.013	0.017
Total Investment Assets	3.915	13.233	17.148	3.972	13.420	17.392

All investments during 2017-18 and in 2016-17 were held in unrestricted funds.

6: Reserves Cover

	2017-18				2016-17			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Free Reserves								
Unrestricted Funds	3.751	0.036	19.439	23.226	3.677	0.036	19.027	22.740
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.265)	0.000	(0.369)	(0.634)	(0.027)	0.000	0.588	0.561
Total Unrestricted Funds	3.486	0.036	19.070	22.592	3.650	0.036	19.615	23.301
Less Funds tied up in fixed assets	(3.915)	0.000	(13.233)	(17.148)	(3.972)	0.000	(13.420)	(17.392)
Total Free Reserves	(0.429)	0.036	5.837	5.444	(0.322)	0.036	6.195	5.909
Annual Running Costs exclude impairment	0.474	0.000	1.194	1.668	0.223	0.000	0.173	0.396
Number of months held in reserve	0	0	59	n/a	0	0	430	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 2018			Year to 31 st March 2017		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£m
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments	(0.265)	0.000	(0.369)	(0.027)	0.000	0.588
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.071	0.000	(0.130)	0.071	0.000	(0.124)
Decrease/(increase) in debtors	0.000	0.000	0.009	0.000	0.000	0.001
Increase/(decrease) in creditors	0.010	0.000	(0.054)	0.022	0.000	0.068
Net cash (inflow)/outflow from operating activities	(0.184)	0.000	(0.544)	0.066	0.000	0.533

b Analysis of changes in net funds

	At 1 April 2017	Cash- flow	At 31 March 2018	At 1 April 2016	Cash- flow	At 31 March 2017
	£m	£m	£m	£m	£m	£m
Short term deposits						
Paisley	0.678	(0.201)	0.477	0.617	0.061	0.678
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	3.548	(0.589)	2.959	3.032	0.516	3.548
	4.231	(0.790)	3.441	3.654	0.577	4.231

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 2017-18.

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 2018, 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 2017-18 (2016-17 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 (2016-17 nil).

12: Audit Costs

Costs of £4,550 were incurred in relation to the audit of the 2017-18 financial statements.

13: Debtors

	Year to 31 st March 2018				Year to 31 st March 2017			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accrued Income	0.000	0.000	0.008	0.008	0.000	0.000	0.011	0.011
Prepayment of Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.006	0.006
Total Debtors	0.000	0.000	0.008	0.008	0.000	0.000	0.017	0.017

14: Creditors

	Year to 31 st March 2018				Year to 31 st March 2017			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Trade Creditors	0.046	0.000	0.062	0.108	0.036	0.000	0.016	0.052
Rents in Advance	0.000	0.000	0.004	0.004	0.000	0.000	0.104	0.104
Total Creditors	0.046	0.000	0.066	0.112	0.036	0.000	0.120	0.156

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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

RENFREWSHIRE COUNCIL TRUST FUNDS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

1 APRIL 2017 to 28 MARCH 2018



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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		

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

This is the final set of financial statements for the above trust funds. The trustees at a meeting on 28 March 2018 resolved to wind up the trusts with the consent of OSCR. The balance sheet date is therefore 28 March 2018, this being the date of the resolution to wind up.

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(FRPB), 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. Following the recent local government elections the Finance and Resources Policy Board was succeeded by the Finance, Resources and Customer Services Policy Board (FRCSPB) on 18 May 2017.

The following individuals were the Trustees of the Trust Funds in their capacity as elected members of Renfrewshire Council during the 2017/18 financial year:

William Brown	Audrey Doig
Lisa-Marie Hughes (elected 05/05/17)	Alison Dowling (elected 05/05/17)
John Shaw (elected 05/05/17)	Scott Kerr (elected 05/05/17)
Jane Strang (elected 05/05/17)	James Sheridan (elected 05/05/17)
Edward Grady (elected 05/05/17)	Natalie Don (elected 05/05/17)
Catherine McEwan	Colin McCulloch (elected 05/05/17)
Jim Paterson	James MacLaren
Jennifer Adam-McGregor (elected 05/05/17)	Tom Begg (elected 05/05/17)
Neill Graham (elected 05/05/17)	Michelle Campbell (elected 05/05/17)
Jim Sharkey	Jim Harte
Karen Kennedy (elected 05/05/17)	Iain Nicolson
John McIntyre (elected 05/05/17)	Alexander Murrin (resigned 04/05/17)
Kenneth MacLaren	Bill Perrie (resigned 04/05/17)
Margaret MacLaren	Edward Grady (resigned 04/05/17)
Carolann Davidson (elected 05/05/17)	Brian Lawson (resigned 04/05/17)
John McNaughtan (elected 05/05/17)	Terry Kelly (resigned 04/05/17)
William Mylet	Tommy Williams (resigned 04/05/17)
Edward Devine	Mark MacMillan (resigned 04/05/17)
Marie McGurk	John Caldwell (resigned 04/05/17)
Paul Mack	Iain McMillan (resigned 04/05/17)
Stephen Burns (elected 05/05/17)	Anne Hall (resigned 04/05/17)
Lorraine Cameron	Allan Noon (resigned 04/05/17)
Eileen McCartin	Michael Holmes (resigned 04/05/17)
Kevin Montgomery (elected 05/05/17)	James McQuade (resigned 04/05/17)
Jacqueline Cameron (elected 05/05/17)	Sam Mullin (resigned 04/05/17)
John Hood	Roy Glen (resigned 04/05/17)
Alistair MacKay (elected 05/05/17)	Margaret Devine (resigned 04/05/17)
Andrew Steel (elected 05/05/17)	Maureen Sharkey (resigned 04/05/17)
Derek Bibby	Jacqueline Henry (resigned 04/05/17)
William Binks (elected 05/05/17)	Chris Gilmour (resigned 04/05/17)
Andrew Doig	Stephen McGee (resigned 04/05/17)
Emma Rodden (elected 05/05/17)	Maria Brown (resigned 04/05/17)

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.

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

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 and Customer Services Policy Board (FRCSB). The FRCSB 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 FRCSB.

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

The objectives of the trusts include 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.

4. ACHIEVEMENTS AND PERFORMANCE

Throughout the year the Trusts held no funds.

5. FINANCIAL REVIEW

The Trust Funds have no explicit reserves policy. As planned the Citizens Fund balances have now been fully disbursed. No individual Trust Fund was in deficit and no donations to the Funds were solicited.

6. FUTURE PLANS

As all Trust Fund balances have now been fully disbursed the Trustees resolved at a meeting of the Finance, Resources and Customer Services Policy Board held on 28 March 2018 to wind up the Trusts. Notification of the resolution was sent to the Office of the Scottish Charity Regulator and the Regulator confirmed on 24 May 2018 that the Trusts have now been removed from the Scottish Charity Register.

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

Independent Auditor's Report to the Trustees of Renfrewshire Council Trust Funds and the Accounts Commission for Scotland

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Renfrewshire Council Trust Funds for the period ended 28 March 2018 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 notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charities for the period ended 28 March 2018 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Report, the trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charities. and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Mark Ferris FCCA
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2018

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 period ended 28th March 2018

Year ended 28th March 2018				
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Total £
Receipts				
Income from other charities	0.00	0.00	0.00	0.00
Income from investments other than land and buildings	0.00	0.00	0.00	0.00
Other receipts	0.00	0.00	0.00	0.00
Total receipts	0.00	0.00	0.00	0.00
Receipts from investment sales				
Proceeds from sale of investments	0.00	0.00	0.00	0.00
Total receipts from investment sales	0.00	0.00	0.00	0.00
Payments				
Charitable activities	0.00	0.00	0.00	0.00
Governance costs	0.00	0.00	0.00	0.00
Building maintenance costs	0.00	0.00	0.00	0.00
Total payments	0.00	0.00	0.00	0.00
Transfer between funds	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	0.00	0.00	0.00	0.00

Year ended 31st March 2017				
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Total £
Receipts				
Income from other charities	0.00	0.00	0.00	0.00
Income from investments other than land and buildings	0.00	0.00	0.00	0.00
Other receipts	0.00	0.00	0.00	0.00
Total receipts	0.00	0.00	0.00	0.00
Receipts from investment sales				
Proceeds from sale of investments	0.00	0.00	0.00	0.00
Total receipts from investment sales	0.00	0.00	0.00	0.00
Payments				
Charitable activities	0.00	5,330.00	24,327.47	29,657.47
Governance costs	343.55	96.48	559.97	1,000.00
Building maintenance costs	0.00	0.00	0.00	0.00
Total payments	343.55	5,426.48	24,887.44	30,657.47
Transfer between funds	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	(343.55)	(5,426.48)	(24,887.44)	(30,657.47)

Statement of Balances as at 28th March 2018

As at 28th March 2018				
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Total
	Unrestricted £	Unrestricted £	Unrestricted £	Total £
Cash funds				
<i>Balances held with Renfrewshire Council:</i>				
Opening balance	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00
Other assets (at current valuation)				
<i>Land and buildings:</i>	0.00	0.00	0.00	0.00
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00

As at 31st March 2017				
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Total
	Unrestricted £	Unrestricted £	Unrestricted £	Total £
Cash funds				
<i>Balances held with Renfrewshire Council:</i>				
Opening balance	343.55	5,426.48	24,887.44	30,657.47
Surplus / (deficit) for period	(343.55)	(5,426.48)	(24,887.44)	(30,657.47)
	0.00	0.00	0.00	0.00
Other assets (at current valuation)				
<i>Land and buildings:</i>	0.00	0.00	0.00	0.00
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00

Signed

Signed

Date:

Alan Russell

Director of Finance and Resources

Renfrewshire Council

Date:

Councillor John Shaw

Convenor – Finance, Resources and Customer Services

Policy Board

Renfrewshire Council

Notes to the Financial Statements

1. ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the period to 28 March 2018 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 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust 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 not been prepared on a going concern basis given the Trustees resolution to wind up the Trusts with effect from 28 March 2018. 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 estimate.

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. 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 2016-17 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 15 of the trustees of the Trust Funds.

Costs of Generating Funds

The cost of administering the Trust Funds including the audit fee 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.

2. ANALYSIS OF RECEIPTS/PAYMENTS

No income was received in the year. 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 (2016-17 nil).

4. RELATED PARTIES

During the period the Council also acted as the banker for the Trust Funds and all transactions, incoming and outgoing, are made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council.

RENFREWSHIRE COUNCIL

COATS OBSERVATORY TRUST FUND

SC019454

TRUSTEES' REPORT

AND FINANCIAL STATEMENTS

1 APRIL 2017 to 31 MARCH 2018



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Trustees' Report

1. INTRODUCTION

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

The financial statements of the Trust are included in this report:

The principal address of the Trust Funds is:

Renfrewshire Council
Finance and Resources
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Trust Fund and separately accounts for it. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, social services, environmental services, council housing and economic regeneration.

The Trust Accounts do not form part of Renfrewshire Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trust "vest[s] in" the relevant local authority. However, the Trust Fund accounts are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above.

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

TRUSTEES

In terms of the “Trustees” of the Trust, the guidance provided by OSCR is that those who have “general control and management” of the charity are the charity trustees. Decisions regarding the general control and management of the Trust Funds are made by the Finance and Resources Policy Board of the Council (FRPB), 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. Following the recent local government elections the Finance and Resources Policy Board was succeeded by the Finance, Resources and Customer Services Policy Board (FRCSPB) on 18 May 2017.

The following individuals were the Trustees of the Trust Funds in their capacity as elected members of Renfrewshire Council during the 2017/18 financial year:

William Brown	Audrey Doig
Lisa-Marie Hughes (elected 05/05/17)	Alison Dowling (elected 05/05/17)
John Shaw (elected 05/05/17)	Scott Kerr (elected 05/05/17)
Jane Strang (elected 05/05/17)	James Sheridan (elected 05/05/17)
Edward Grady (elected 05/05/17)	Natalie Don (elected 05/05/17)
Catherine McEwan	Colin McCulloch (elected 05/05/17)
Jim Paterson	James MacLaren
Jennifer Adam-McGregor (elected 05/05/17)	Tom Begg (elected 05/05/17)
Neill Graham (elected 05/05/17)	Michelle Campbell (elected 05/05/17)
Jim Sharkey	Jim Harte
Karen Kennedy (elected 05/05/17)	Iain Nicolson
John McIntyre (elected 05/05/17)	Alexander Murrin (resigned 04/05/17)
Kenneth MacLaren	Bill Perrie (resigned 04/05/17)
Margaret MacLaren	Edward Grady (resigned 04/05/17)
Carolann Davidson (elected 05/05/17)	Brian Lawson (resigned 04/05/17)
John McNaughtan (elected 05/05/17)	Terry Kelly (resigned 04/05/17)
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Edward Devine	Mark MacMillan (resigned 04/05/17)
Marie McGurk	John Caldwell (resigned 04/05/17)
Paul Mack	Iain McMillan (resigned 04/05/17)
Stephen Burns (elected 05/05/17)	Anne Hall (resigned 04/05/17)
Lorraine Cameron	Allan Noon (resigned 04/05/17)
Eileen McCartin	Michael Holmes (resigned 04/05/17)
Kevin Montgomery (elected 05/05/17)	James McQuade (resigned 04/05/17)
Jacqueline Cameron (elected 05/05/17)	Sam Mullin (resigned 04/05/17)
John Hood	Roy Glen (resigned 04/05/17)
Alistair MacKay (elected 05/05/17)	Margaret Devine (resigned 04/05/17)
Andrew Steel (elected 05/05/17)	Maureen Sharkey (resigned 04/05/17)
Derek Bibby	Jacqueline Henry (resigned 04/05/17)
William Binks (elected 05/05/17)	Chris Gilmour (resigned 04/05/17)
Andrew Doig	Stephen McGee (resigned 04/05/17)
Emma Rodden (elected 05/05/17)	Maria Brown (resigned 04/05/17)

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 Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council as Trustees own the buildings comprising the Coats Observatory. These buildings are leased to Renfrewshire Leisure Ltd for zero consideration.

HISTORY

The original purpose of the Trust when it was set up was: “for the upkeep of Coats Observatory equipment”. This purpose was relevant while there were cash funds available; however these funds have been exhausted, and only the property assets remain.

GOVERNANCE AND MANAGEMENT

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Trust 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 and Customer Services Policy Board (FRCSPB).

RISK

The Trustees have overall responsibility for the Trust Funds' system of internal control. This system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

3. FINANCIAL REVIEW

The Trust Funds has no explicit reserves policy. The Trust Fund is not in deficit and no donations to the Funds are solicited.

4. FUTURE PLANS

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

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

Signed:

Date: .

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

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

Independent Auditor's Report to the Trustees of Coats Observatory Trust Fund and the Accounts Commission for Scotland

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Coats Observatory Trust Fund for the year ended 31 March 2018 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 notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2018 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Report, the trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charity. and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Mark Ferris FCCA
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2018

Trust Accounts Financial Statements Overview

1. INTRODUCTION

The following pages detail the Statement of Receipts and Payments, the Statement of Balances and relevant Notes to the Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as the charity is classified as a small charity as defined in the Charities Statement of Recommended Practice (SORP) and therefore is exempt from producing a Cash Flow Statement.

2. STATEMENT OF RECEIPTS AND PAYMENTS

The Statement of Receipts and Payments provides an analysis of the incoming and outgoing cash and bank transactions for the period. If applicable, the Statement would also show any cash movements in relation to fixed assets. In the case of the Trust Fund, there have been no purchases or sales of fixed assets.

3. STATEMENT OF BALANCES

The Statement of Balances reconciles the cash and bank balances at the beginning and end of the financial year with the surpluses or deposits shown in the Statement of Receipts and Payments. The Statement of Balances also summarises final closing balances at the end of the period.

4. NOTES TO THE ACCOUNTS

Notes to the accounts expand on or explain the information contained in the Statement of Receipts and Payments and the Statement of Balances.

Statement of Receipts and Payments for the year ended 31st March 2018

year ended 31st March 2018				
2017 Total £		Unrestricted £	Restricted £	2018 Total £
	Receipts			
0.00	Income from other charities	0.00	0.00	0.00
0.00	Income from investments other than land and buildings	0.00	0.00	0.00
0.00	Other receipts	0.00	0.00	0.00
0.00	Total receipts	0.00	0.00	0.00
	Receipts from investment sales			
0.00	Proceeds from sale of investments	0.00	0.00	0.00
0.00	Total receipts from investment sales	0.00	0.00	0.00
	Payments			
0.00	Charitable activities	0.00	0.00	0.00
0.00	Governance costs	0.00	0.00	0.00
0.00	Building maintenance costs	0.00	0.00	0.00
0.00	Total payments	0.00	0.00	0.00
0.00	Transfer between funds	0.00	0.00	0.00
0.00	Surplus / (deficit) for period	0.00	0.00	0.00

Statement of Balances as at 31st March 2018

As at 31 st March 2018				
2017 Total		Unrestricted	Restricted	2018 Total
	Cash funds			
	<i>Balances held with Renfrewshire Council:</i>			
0.00	Opening balance	0.00	0.00	0.00
0.00	Surplus / (deficit) for period	0.00	0.00	0.00
0.00		0.00	0.00	0.00
	Other assets (at current valuation)			
	<i>Land and buildings:</i>			
652,344.16	Coats Observatory, Paisley	0.00	631,597.46	631,597.46
0.00	<i>Long Term Investments</i>	0.00	0.00	0.00
652,344.16		0.00	631,597.46	631,597.46

Signed
Date:
Alan Russell
Director of Finance and Resources

Renfrewshire Council

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

Notes to the Financial Statements

1. ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2018 have been prepared in accordance with the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust 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 Observatory Funds will not continue indefinitely. This has no impact on the financial statements as the assets of these Funds comprise solely of the Observatory buildings which are independently valued.

The accounting concept of “accruals” is not relevant to these statements, which have been prepared on a receipts and payments basis.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 “Accounting Policies” (FRS18).

Fund Accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

The 2016-17 comparative figures have been brought forward unchanged.

INCOMING/OUTGOING RESOURCES

Recognition of incoming resources

All income is recognised and included in the Statement of Receipts and Payments (SoRP) when the money is actually received.

Recognition of expenditure

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

Charitable Activities

Decisions regarding the way the Trust Funds' income is spent are taken by the Finance, Resources and Customer Services Policy Board, whose membership comprises 15 of the trustees of the Trust Fund.

Costs of Generating Funds

The cost of administering the Trust Fund including the audit fee is borne entirely by Renfrewshire Council.

Governance Costs

Governance costs, where applicable, include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters; and
- cost of administering grants.

ASSETS

The Fund includes the land and buildings of Coats Observatory, Paisley. The 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

No income was received in the year.

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 (2016-17 nil).

4. RELATED PARTIES

During the period the Council also acted as the banker for the Trust Funds and all transactions, incoming and outgoing, are made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council.

Renfrewshire Council

2017/18 Annual Audit Report Proposed

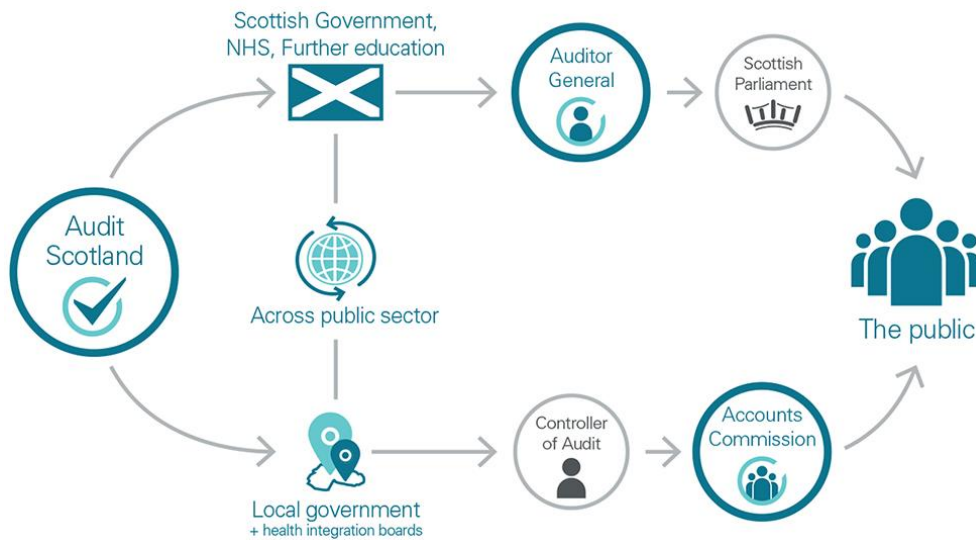


Prepared for the Members of Renfrewshire Council and the Controller of Audit
27 September 2018

Who we are

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

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



About us

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

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

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

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Key messages

2017/18 annual accounts

- 1 In our opinion, Renfrewshire Council and its group financial statements give a true and fair view and were properly prepared.
- 2 The audited part of the remuneration report, management commentary and annual governance statement are all consistent with the financial statements and prepared in accordance with proper accounting practices.
- 3 The statement of accounts of the section 106 charities administered by the Council are free from material misstatement.
- 4 The Council should implement an updated consolidation process to improve the reporting of unaudited financial information from component bodies to support the preparation of the group accounts.

Financial management

- 5 Financial management is effective with a budget process focussed on the Council's strategic priorities.
- 6 Our testing over significant risk points confirmed that overall controls relating to financial systems and procedures are designed appropriately and operating effectively.
- 7 Our work on payroll highlighted weaknesses in the early identification of staff leaving the organisation resulting in payroll overpayments and delays in the recovery of these.

Financial sustainability

- 8 The Council and its group financial position is sustainable in the foreseeable future although rising demand, increasing costs of services and reductions to central funding will continue to place a strain on the Council's capacity to deliver services at the current levels.
- 9 There are medium-term financial plans that are aligned to the Council's strategic priorities and these demonstrate how the Council intends to address future budget challenges.

Governance and transparency

- 10 The Council has appropriate governance arrangements in place that support the scrutiny of decisions that are made.
- 11 The Council is open and transparent in the way it conducts its business. The public can attend meetings of the Council and its standing boards.

Value for money

- 12** The Best Value follow-up audit found the Council is making good progress in addressing the recommendations from the 2016/17 BVAR.
- 13** The Council has several improvement activities working in parallel and these are clearly linked to the Council's priorities and budget setting process.

Introduction

1. This report summarises the findings arising from the 2017/18 audit of Renfrewshire Council and its group (the Council).

2. The scope of the audit was set out in our Annual Audit Plan presented to the 22 January 2018 meeting of the Audit, Risk and Scrutiny Board. This report comprises the findings from:

- an audit of the annual accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1

Audit dimensions



Source: *Code of Audit Practice 2016*

3. The main elements of our audit work in 2017/18 have been:

- an audit of the Council and its group 2017/18 annual accounts and the statement of accounts of the section 106 charities administered by the Council including the issue of independent auditor's reports setting out our opinions
- a review of the Council's key financial systems
- audit work covering the Council's arrangements for securing Best Value relating to a follow up of the recommendations in the 2016/17 BVAR
- consideration of the four audit dimensions.

4. The Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.
5. The Council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
6. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the Code of Audit Practice (2016) and supplementary guidance, and International Standards on Auditing in the UK.
7. As public sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the Council's performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability. We also report on the Council's best value arrangements and in doing this we aim to support improvement and accountability.
8. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).
9. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.
10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.
11. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and the 2017/18 audit fee of £340,290 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Adding value through the audit

12. Our aim is to add value to Renfrewshire Council by providing insight on financial sustainability, risk and performance by identifying areas of improvement and recommending and encouraging good practice. In so doing, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.
13. This report is addressed to both the Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk.
14. We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

Part 1

Audit of 2017/18 annual accounts



Main judgements

In our opinion, Renfrewshire Council and its group financial statements give a true and fair view and were properly prepared.

The audited part of the remuneration report, management commentary and annual governance statement are all consistent with the financial statements and prepared in accordance with proper accounting practices.

The statement of accounts of the section 106 charities administered by the Council are free from material misstatement.

The deadline to submit the WGA consolidation pack for the unaudited accounts was 3 August. The Council has not yet submitted the return to external audit.

The Council should implement an updated consolidation process to improve the reporting of unaudited financial information from component bodies to support the preparation of the group accounts.

Audit opinions on the annual accounts

15. The annual accounts for the Council and its group for the year ended 31 March 2018 were recommended for approval by the Audit, Risk and Scrutiny Board on 25 September 2018. We reported, within our independent auditor's report that, in our opinion:

- financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the guidance.

16. Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

The Council and its group annual accounts are the principal means of accounting for the stewardship of resources and performance in the use of resources.

Audit opinions on section 106 charities administered by Renfrewshire Council

17. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of Renfrewshire Council are sole trustees, irrespective of the size of the charity.

18. The Council has made progress in reducing the number of charitable trusts where it is the sole trustee.

19. We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in our independent auditor's reports that, in our opinion:

- the financial statements properly present the section 106 charity's financial position and are properly prepared in accordance with charities legislation
- the trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

20. The Renfrewshire Council Trust Fund consist of 4 individual funds:

- Renfrew Burgh Citizens Fund
- Renfrewshire Council Citizens Fund
- Paisley Burgh Citizens Fund
- Coats Observatory Fund.

21. All Trust Fund balances (excluding assets held in the Coats Observatory Fund) were fully disbursed in the 2016/17 financial year and the Renfrew Burgh, Paisley Burgh and Renfrewshire Council Citizens Funds were fully wound up as at 28 March 2018 as agreed by the Office of the Scottish Charity Regulator (OSCR).

22. The Common Good Funds will continue to make grants available to local organisations through grant making process and will also continue to fund recurring commitments. 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.

Submission of the Council and its group annual accounts for audit

23. We received the unaudited annual accounts on 28 June 2018 in line with the audit timetable set out in our 2017/18 Annual Audit Plan.

24. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the audit of the annual accounts process ran smoothly.

Whole of Government Accounts

25. The deadline to submit the WGA consolidation pack for the unaudited accounts was 3 August. The Council has not yet submitted the return to external audit.

Risk of material misstatement

26. [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team and the wider audit dimension risks identified.

Materiality

27. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The

assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

28. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

29. On receipt of the annual accounts we reviewed our planning materiality calculations and concluded that they remained appropriate.

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1 per cent of gross expenditure for the year ended 31 March 2018.	£7.537 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 60 per cent of overall materiality.	£4.522 million
Reporting threshold – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This is calculated as 2.5% of planning materiality.	£0.188 million

Source: Annual Audit Plan 2017/18

How we evaluate misstatements

30. It is our responsibility to request that all errors above the reporting threshold are corrected although the final decision on this lies with those charged with governance considering advice from senior officers and materiality.

31. There was a significant adjustment to the unaudited accounts relating to the Council share of pension fund assets. This is an issue affecting pension funds, Councils and other public bodies across the country. Further details are included in [Exhibit 3](#). Officers have amended the accounts to reflect a more up to date estimate of pension fund assets.

32. A number of additional errors were noted in excess of the reporting threshold. We agree that these amounts are not material in the context of the financial statements. All other misstatements have been corrected in the audited accounts.

Significant findings from the audit in accordance with ISA 260

33. International Standard on Auditing 260 (UK) requires us to communicate significant findings from the audit to those charged with governance. These are summarised in [Exhibit 3](#).

34. The findings include our views about significant qualitative aspects of the Council's accounting practices including:

- | | |
|---|---|
| • Accounting policies | • Accounting estimates and judgements |
| • Significant financial statements disclosures | • Timing of transactions and the period in which they are recorded |
| • The impact on the financial statements of any uncertainties | • The effect of any unusual transactions on the financial statements |
| • Misstatements in the annual accounts | • Disagreement over any accounting treatment or financial statements disclosure |

Exhibit 3

Significant findings from the audit of the financial statements

Finding	Resolution
<p>1. Pension Scheme Valuation</p> <p>The Council accounts for its share of Strathclyde Pension Fund in accordance with International Accounting Standard 19 Employee Benefits (IAS19). This relies on valuations of pension fund assets and liabilities by the actuary. The timing of actuarial reports means that actuaries produce their IAS 19 reports using estimated data for the final part of the year. Asset returns estimated by the actuary for the final part of the year were significantly lower than actual returns. This resulted in pension fund assets reported in the Council's balance sheet being <i>understated</i> by £21.828 million.</p>	<p>The accounts have been adjusted to reflect the Council's share of the pension fund assets based on the latest valuation at 31 March 2018. This has the impact of reducing the pension fund liability and increasing the pension reserve by £21.828 million. As local government accounting regulations require the general fund to be charged with amounts payable to the pension fund or directly to pensioners during the year rather than amounts calculated according to IAS19, this adjustment does not impact the outturn for the year or the general fund balance.</p>

Good practice in financial reporting

35. The annual report and accounts reflect good practice as set out in Audit Scotland on '[Improving the quality of local authority accounts – expenditure and funding analysis](#)'.

Follow up of prior year recommendations

36. We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

37. In total, two agreed actions were raised in 2016/17. Of these:

- one has been partially implemented
- one has not been actioned.

38. For those actions not yet implemented, revised responses and timescales have been agreed with management as set out in [Appendix 1](#).

Group consolidation process

39. Renfrewshire Council prepares group accounts that consolidate the financial information of its subsidiaries, associates and joint ventures (component bodies) into a single set of financial statements. To allow the Council to prepare its unaudited accounts for the 30 June statutory deadline, financial information is required from the component bodies.

40. The Council's finance team is responsible for maintaining financial records and preparing the annual accounts for a number of the group components (for example Renfrewshire Valuation Joint Board). Obtaining the required financial information for these is therefore straightforward.

41. For the component bodies that the Council does not have direct access to financial records (for example Renfrewshire Leisure Limited), only high level financial information is provided for the preparation of the unaudited accounts, requiring the Council to make a number of estimates. These are then updated when the component body audited financial statements are available.

42. Historically the changes required by this update have been minor, however the current process increases the risk of error in the accounts and increases the time spent by the Council finance team in processing these changes.

43. Best practice for the preparation of the group accounts requires components to prepare a consolidation schedule detailing the financial information relevant to consolidation at a note level along with the impact of any differing accounting policies.

44. The Council should implement an updated consolidation process to improve the reporting of unaudited financial information from component bodies to support the preparation of the group accounts. [Action Plan \(Appendix 1, Recommendation 1\)](#).

Integration Joint Board

45. For the second year the Council included its share of the financial transactions of Renfrewshire Integration Joint Board (RIJB) within its group financial statements. Our audit testing confirmed that the Council properly identifies transactions that relate to work commissioned by RIJB. Further information regarding the services transferred to RIJB is included in [Part 4 section on Integration of H&SC](#).

Other findings

46. Our audit identified several presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts.

Objections

47. The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The Council complied with the regulations. There were no objections to the accounts.

Part 2

Financial management



Main judgements

Financial management is effective with a budget process focussed on the Council's strategic priorities.

Our testing over significant risk points confirmed that overall controls relating to financial systems and procedures are designed appropriately and operating effectively.

Our work on payroll highlighted weaknesses in the early identification of staff leaving the organisation resulting in payroll overpayments and delays in the recovery of these.

Financial performance in 2017/18

48. In February 2017 the Council approved a budget of £385.650 million for 2017/18. The budget was aligned to the Council's strategic priorities. To inform the budget each directorate produces income and expenditure estimates based on the Service Improvement Plans (SIPs). SIPs outline the activities of each directorate and how these help support the delivery of the Council plan. Amendments during the year resulted in a revised budget of £385.583 million.

49. The Council has a good track record in delivering services within budget over the last 6 years. As at 30 June 2018, there was a year-end underspend forecast of £1.171 million against budget, of which £1.132 million related to late grant funding from Scottish Government intended for 2018/19. Excluding the additional funding, the year end position is effectively an underspend of £0.039 million. This is in line with the annual budget and expected expenditure information submitted to the Scottish Government.

50. The underspend against budget takes into account a budgeted drawdown on reserves of £3.518 million. During 2017/18 there was a discretionary transfer of £7.226 million from the general fund to the capital statutory fund. (see paragraph 95).

51. While the Council's spending has remained in line with its overall budget, there have been some variations in how different services have performed. The only significant over-recovery is summarised in [Exhibit 4](#).

Exhibit 4

Summary of significant under / overspends against budget

Area	Under/over spend (£m)	Reason for variance
Underspends/Over-Recovery		
Council Tax Income	£1.093	96% of Council tax income was recovered 2017/18, greater than estimated in the budget.

Source: Renfrewshire Council 2017/18 Annual Accounts

52. Overall, the Council's budget setting and monitoring arrangements are adequate. We noted in our May 2018 management report that the Council could improve the transparency of its budget reporting by outlining budget changes from the prior period in each finance report.

Housing revenue account

53. 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 a direct consequence of the budget set for the year: average weekly rent was £75.14 in 2017/18.

54. The HRA recorded expenditure in 2017/18 of £55.291 million (2016/17: £55.774 million). Overall the HRA recorded a breakeven position in 2017/18 against budget for the year. Earmarked reserves of £3.004 million were utilised during 2017-2018; £0.441 million was spent on measures to support tenants affected by the Welfare Reform agenda with the remaining £2.563 million being used to smooth future debt repayments. The HRA retains a positive balance of £6.807 million.

Efficiency savings

55. With reduced funding from government and increased demand for financial services, efficiency savings are an important means of bridging the gap between funding received and spending commitments.

56. The Council achieved its planned savings of £19.815 million in 2017/18, primarily through debt smoothing (£17.410 million). The remaining savings were achieved through service changes from the Better Council Change Programme (BCCP) or through service level changes.

57. The 2017/18 annual efficiency statement presented to the Finance, Resources & Customer Services Policy Board in June 2018 reported that Renfrewshire Council achieved cash savings of £3.116 million for the financial year.

58. The BCCP consists of a range of service redesign projects which are closely monitored by the Corporate Management team to ensure they progress as planned, risks are highlighted and remedial action can be taken early if required.

59. As noted in paragraph 80, while the Council achieved its savings targets for 2017/18, there is reducing scope to rely on debt smoothing in the future which will result in the Council placing greater reliance on transformational change to generate savings.

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

Capital programme 2017/18

60. Renfrewshire Council approved a capital budget of £95.9 million for 2017/18 in February 2017, this was split between non-housing projects (£76 million) and housing (£19.9 million).

61. Total capital expenditure in 2017/18 was £67.463 million. The main projects were:

- St John Bosco and Bargarran Primary School (£10.768 million)
- St Paul's Primary School and Foxlea Nursery (£4.904 million)
- Roads/Footways Upgrade Programme (£6.310 million)
- Glasgow Airport Investment Area (City Deal, £4.430 million)
- Clyde Waterfront & Renfrew Riverside (City Deal, £2.084 million)
- ERP project (£1.854 million).

62. Non-housing capital spend was £17.987 million (23%) below budget. The housing revenue account (HRA) actual spend was £8.949 million (45% of initial budget). The Council has a history of underspends in its capital programme as outlined in [Exhibit 5](#) some related to slippage on projects while a proportion also relates to the reprofiling of spend within original planned timescales and project underspends.

63. Over the course of 2017/18 the Council adjusted budgets to reflect changes in the spend profile of major capital projects. The majority of these adjustments were made with no anticipated change in the completion date of the relevant project; however a small number of project completion dates have slipped. The most significant variances were:

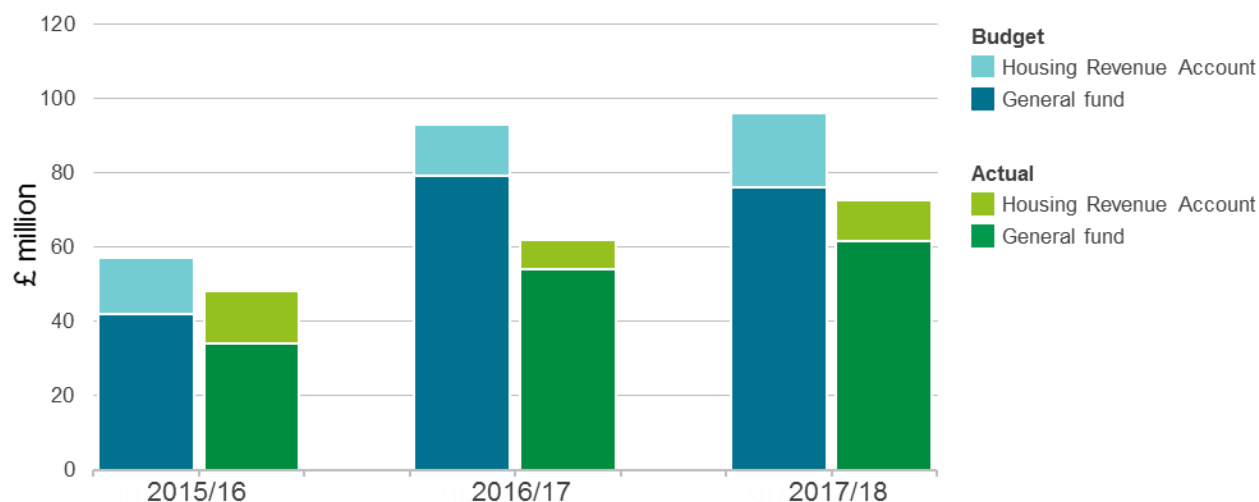
- £4.318 million of spend was planned on Ferguslie Outdoor Regional Sports Facility, however there was no spend in 2017/18. This project has been delayed following a decision by the Council to consider alternative options for sports facilities in this area
- £6.000 million of spend was planned on Venue Development & Backlog Maintenance, however there was no spend in 2017/18. The capital budget for this project has been added to a wider investment plan into Paisley town centre, which is scheduled to commence in 2018/19.

64. All unspent capital funds have been retained for capital spending in future periods.

65. The Council should ensure that the capital budgets set are as accurate as possible and are achievable.

Exhibit 5

Capital slippage compared to budget (general fund and HRA)



66. Capital expenditure in 2017/18 was funded largely through borrowing (£30.472 million) and capital grants (£27.588 million) with the remainder a mixture of asset sales and revenue funding.

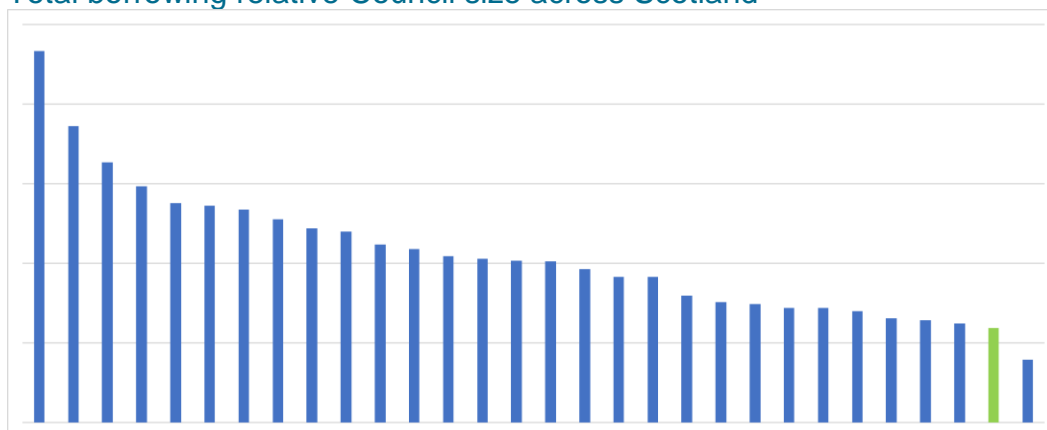
Borrowing in 2017/18

67. The Council's outstanding loans at 31 March 2018 were £305 million, a decrease from £319 million in 2016/17. No additional borrowing was undertaken in the year. A total of £11.212 million of scheduled repayments were made during 2017/18, which were financed through general reserves.

68. Overall, Renfrewshire Council continues to have comparatively low levels of debt relative to other Councils in Scotland ([Exhibit 6](#)).

Exhibit 6

Total borrowing relative Council size across Scotland



69. The Council's loan debt includes £52.916 million of loans using Lender Option Borrower Option (LOBO) loans. A LOBO loan is typically a long term loan where the interest rate is initially fixed but the lender has the option to propose or impose on pre-determined future dates, a new fixed interest rate. The borrower has the option to either pay the revised interest rate or to repay the loan.

70. The Council's LOBO debt consists of five loans taken out between 2002/03 and 2003/04. We reviewed supporting papers including an analysis of the LOBOs held by the Council and comparable PWLB rates of interest and the Council's treasury management policies and controls.

71. Based on our audit work we concluded that:

- the use of LOBOs has been undertaken in line with the Council's treasury management policy, and reviewed and approved annually by Councillors
- of the five LOBOs, all have a lower lifetime average interest rate than the equivalent duration PWLB rate available at the time the loan was taken out.

Budgetary process

72. The Local Government in Scotland: Financial overview 2016/17 (November 2017) highlighted that the need for budgets and forecasts to reflect actual spending becomes increasingly important for Councils with decreasing (or low levels) of usable reserves to rely on. We noted that the Council's budget and savings plan is aligned to the Council priorities as set out in its Council Plan. This is consistent with good practice.

73. During the 2017/18 financial year, each Policy Board scrutinised revenue and capital monitoring reports for services relevant to that Policy Board, and in addition the Finance, Resources and Customer Services Policy Board received Council-wide revenue and capital monitoring overview reports. We noted in our May 2018 management report that the Council could improve the transparency of its budget reporting by outlining budget changes from the prior period in each finance report. Reports now include this information. Overall, the Council's budget setting and monitoring arrangements are adequate.

Systems of internal control

74. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the Council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

75. Our findings were included in a management report that was presented to the Audit, Risk and Scrutiny Board in May 2018. We concluded in general, appropriate and effective arrangements were in place for accounts receivable, accounts payable and bank reconciliations. Areas where existing controls could be improved were included in the action plan which we will follow up as part of our 2018/19 audit.

76. In our 2016/17 Annual Audit Report we highlighted that our review of payroll noted that 96 staff members who left during 2016/17 (approximately 10% of total leavers) were overpaid after their employment ceased. The total value of these overpayments was £0.133 million.

77. As part of our 2017/18 payroll systems review we undertook specific audit work to review the controls in place to prevent payroll overpayments. We reported a number of issues as a result of this work as summarised below:

- between April 2015 and February 2018 there has been 806 cases of overpayment to employees with a value of £812,876
- the recovery of overpayments takes on average more than 3 months, with some repayment plans currently lasting up to 5 years
- errors and omissions in the payroll data provided.

Part 3

Financial sustainability



Main judgements

The Council and its group financial position is sustainable in the foreseeable future although rising demand, increasing costs of services and reductions to central funding will continue to place a strain on the Council's capacity to deliver services at the current levels.

There are medium-term financial plans that are aligned to the Council's strategic priorities and these demonstrate how the Council intends to address future budget challenges.

Financial planning

78. It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to the Council's strategies. Although Councillors only approve the budget for a single year, this should be supported by indicative future spending plans that forecast the impact of relevant pressures on the Council.

79. The 2016/17 BVAR noted that the Council is continuing to review how it will achieve the savings required within the medium-term financial strategy. It recommended that the Council should prioritise how services need to be provided in future to meet these savings.

80. Renfrewshire Council has a strong focus on financial planning. In addition to preparing an annual budget, the Council also creates a 3-year plan in the form of a Financial Outlook Report.

81. The Financial Outlook Report 2017/18 – 2019/20 was presented to the Leadership Board in December 2017 and highlighted that savings of approximately £17 million to £24 million would be required each financial year for the two years following the report. The estimated savings requirement was reduced to £10.298 million in the 2018/19 budget proposal due to higher than anticipated grant funding from the Scottish Government. This is expected to continue into 2019/20, where the funding requirement was estimated to be in the region of £12 million, with a return to more significant funding challenges in the following years.

82. It is recognised that this continues to be underpinned by forecasting assumptions, in respect to future grant reductions and pay growth, but nevertheless represents significant positive progress in addressing the underlying scale of the financial challenge. An updated medium term financial strategy will be presented over the course of 2018 along with further phases of the change and transformation programme.

83. The Council recognises that, despite the reduction in required savings in the medium term, in order to manage future budget pressures, it will need to make significant changes in how it delivers services.

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

Funding position

84. The Council approved its 2018/19 budget in March 2018. The budget was set at £392,446 million, which corresponds to available funding, including the £1.132 million provided by the Scottish Government in 2017/18 for the 2018/19 financial year.

85. The Council is facing a number of challenges in maintaining a sustainable financial position in future. These include rising demands for services, increasing costs of service provision and reductions in central government funding.

86. In recent years the Council has achieved a significant portion of its savings through its Debt Smoothing Strategy. With the increase in interest rates and early repayment fees there is less scope for additional savings through this approach in the future, the Council will be required to reduce costs in other ways. This shift has already begun, with debt smoothing savings reducing from £17.410 million in 2017/18.

87. As noted in paragraph 80, the 2018/19 budget incorporates £10.298 million of anticipated savings. These are planned to be achieved from debt smoothing (£6 million), efficiencies delivered by Better Council Change Plan (£4.029 million) and service level savings (£2.932 million) as illustrated in Exhibit 7.

Exhibit 7

Planned savings for 2018/19 (£10.298million)



New Financial Powers

88. Proposals have been made for changes to the Scottish Budget process, with these likely to be introduced for the 2019/20 budget. A Scottish Government Fiscal Outlook - Medium Term Financial Strategy update report was presented to the Council in June 2018 and highlighted the potential impact that this could have for future funding. It highlights that the Scottish Government’s Medium Term Financial Strategy (MTFS) confirmed its spending priorities are in health, police, early learning and childcare, attainment, higher education, and social security. The financial strategy update report to members highlighted that funding from these priority areas is forecast to increase from 56% in 2019/20 to 64% in 2022/23.

89. When setting the 2018/19 budget and projecting for the following four years, the Council took the view that the impact of new financial powers and other economic forecasts indicate a challenging financial environment.

90. Overall, we concluded that the Council is facing a challenging situation in the short term. Rising costs, ending of the public sector pay cap combined with small increases in funding and dependency on efficiency savings will make it difficult to achieve financial balance.

91. The medium to longer term financial position is difficult to predict given the uncertainty around EU withdrawal and New Financial Powers and future funding settlements. The Council needs to consider and plan for these events using all the information it has at its disposal.

92. It is proposed that an updated Financial Outlook report will be presented to members in the Autumn in advance of the national Budget announcements and informed by greater detailed information secured from the Government potentially in relation to some of the high level information published in the MTFS in relation to local government core grant prospects.

Reserves

93. One of the key measures of the financial health of a local authority is the level of reserves held. Renfrewshire Council has increased its reserves each year since 2013/14 and has a high level of reserves in comparison to most other Councils in Scotland, as shown in exhibit 8. The majority of reserves funds are statutory or ring-fenced and aligned to future spending plans and strategic objectives.

94. The level of usable reserves held by the Renfrewshire Council decreased by £1.126 million from £150.533 million in 2016/17 to £149.407 million in 2017/18. The most significant movements contributing to the decrease 2017/18 in reserves were:

- an increase of £5.043 million in the investment capital fund, which is maintained to fund future capital spend and the repayment of loans. The increase was funded from contributions from the general fund
- a decrease of £3.518 million in the general fund reserve balance due to a transfer to the investment capital fund (£7.226 million).

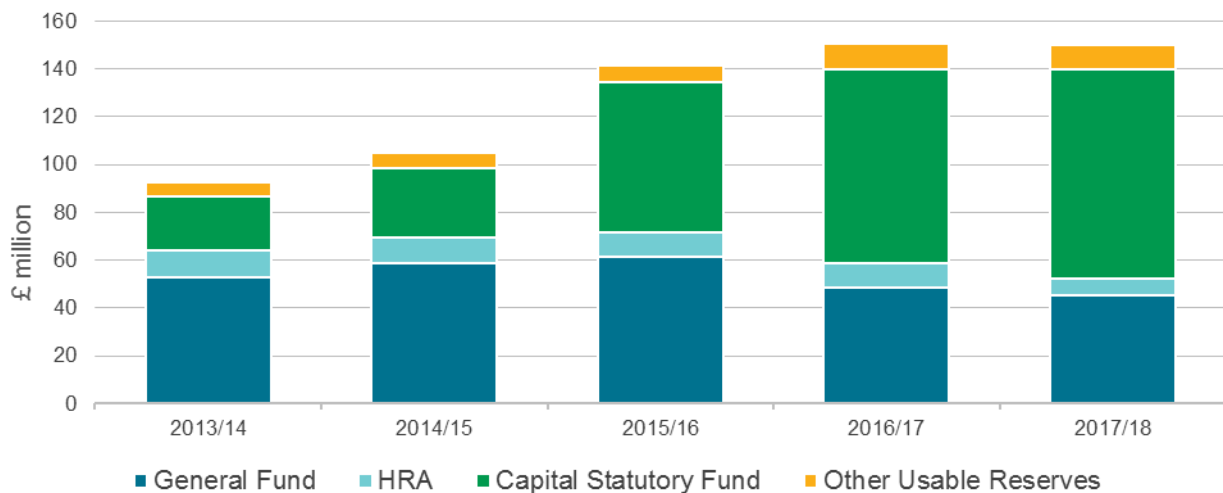
95. Other than the investment capital fund, which is being maintained for future capital investment and future loan payments, the general fund reserve is the largest reserve (£45.208 million). Although the general fund reserve has no restrictions on its use, £36.982 million has been ring-fenced for future expenditure plans. The remaining £7.094 million is maintained to provide a contingency fund to meet unexpected expenditure. The Council received £1.132 million of funding relating to 2018/19 before 31 March 2018, this has been included within the general fund.

96. The Council reviews the level of its uncommitted reserves when setting the budget each year. The Council's approved reserves strategy specifies that uncommitted reserves should be between 1% and 2% of net revenue and not be lower than £7 million. The level of uncommitted general fund reserves as at 31 March 2018 was £7.094 million (1.8% of net revenue), which is within the limits set out by the strategy.

97. As shown in Exhibit 8, the Council's useable reserves have increased significantly over the past five years, mostly due to net transfers into the capital statutory fund. The capital statutory fund is maintained to provide for future capital projects and the repayment of loans.

Exhibit 8

Analysis of useable reserves over last five years



Source: Audited Accounts 2013/14 – 2017/18

City Deal projects

98. The £1.13 billion Glasgow City Region City Deal (GCRCD) is an agreement between the UK Government, the Scottish Government and eight local authorities across the Glasgow City Region. Renfrewshire Council is the lead authority on three City Deal infrastructure projects with funding of £274 million.

- **The Glasgow Airport Investment Area Project (GAIA £39.1 million)** will deliver a new bridge across the White Cart and new cycle routes; all aimed at improving connections between the Westway and Airport Business Parks. The GAIA works will act as an enabler for the delivery of an internationally recognised district for innovation, research and manufacturing – The Advanced Manufacturing Innovation District Scotland (AMIDS). The project has already attracted major investments including:
 - Lightweight Manufacturing Centre (LMC)
 - National Manufacturing Institute for Scotland (NMIS) £65 million
 - Medicines Manufacturing Innovation Centre (MMIC) £56 million.
- The procurement process for the GAIA enabling infrastructure works are underway and are due to be awarded towards the end of 2018 with a view to being out on site early 2019.
- **The Clyde Waterfront and Renfrew Riverside Project (CWRR - £90.7 million)** includes the construction of a new opening bridge across the River Clyde, which will accommodate vehicles, pedestrians and cyclists, and the construction of the Renfrew North Development Road to better link communities and businesses on both sides of the river. The CWRR planning application is currently with the Scottish Ministers for determining on behalf of the three local authorities (Renfrewshire Council, West Dunbartonshire Council and Glasgow City Council), a decision is anticipated in the coming months. Thereafter the procurement process for the design & construction of the project works will begin. On current estimated plans (which assumes a positive planning decision in the coming months), construction will begin late

2019 / early 2020 and be completed by 2022. Any delay to the planning determination will impact on these timescales.

- **The Airport Access Project** (AAP - £144.3 million), due to its importance to the overall Infrastructure Fund Programme, is designated as one of only two 'regional' projects in the programme. The project is being jointly delivered by Renfrewshire Council and Glasgow City Council. The project aims to deliver a new direct rail link between Glasgow Airport and Glasgow Central Station. This project is at an early stage of development, the project team are currently working with key stakeholders to develop proposals, construction is expected to start in 2022 with operation of services expected in 2025.

Business transformation

99. Audit Scotland's [*Local government in Scotland – challenges and performance 2018*](#) (April 2018) highlighted that transformational change is essential to ensure that local authorities respond to the future funding gaps they are projecting.

100. The Council implemented its transformation change programme, the Better Council Change Programme (BCCP) in 2014/15. It is a key element of supporting the delivery of sustainable budget savings which contribute to addressing the medium-term objective to reduce the Council's cost base and close the budget gap whilst supporting the release of resources to support investment in priority areas aligned to the Council's key strategic outcomes.

101. The current BCCP programme includes a number of separate programmes to redesign services and deliver efficiencies over the period 2017/18 – 2022/23. Significant projects include:

- Digital First – a project to reduce non-essential contacts with customers by improving digital customer experience.
- Enterprise Resource Planning (ERP)- this project is intended to combine finance, HR, payroll and procurement systems into a single integrated application. Implementation of ERP began in July 2016, with go-live originally scheduled for April 2017. The implementation of ERP has been delayed and now has a target go live date of October 2018, following the approval of an additional investment of £0.800 million. The project is expected to initially provide £0.500 million of savings.

102. The Council has implemented and embedded a transformational change programme that is aligned to its strategic objectives. The BCCP should continue to be monitored to ensure that both the pace and level of change are in line with the future requirements of the Council.

Workforce planning

103. Audit Scotland's [*Local government in Scotland – challenges and performance 2018*](#) (April 2018) report highlighted the need to plan and manage reductions to Council workforces. Failing to do this can affect the skills mix and ability of the organisation to deliver, manage and scrutinise services effectively.

104. The report noted that reducing staff numbers has been one of the main ways Councils have reduced their spending and, in some Councils, this is set to continue. Given the changes in workforce to date and the expected new demands on Councils, robust workforce planning is essential to ensure Councils have the right people, with the right training and skills, to deliver their priorities. However, not all Councils have organisation-wide workforce plans and the quality of these varies.

105. The report further advises Councils to have effective systems in place for managing their workforce and monitoring staffing levels, and that information should be aligned to other long-term plans such as financial plans.

106. The BVAR, published in August 2017, reported that the Council did not have a strategic workforce plan in place and the Council recognised that it needed to fully develop its workforce planning approach over the longer term and action has been taken to address this.

107. The Council has made good progress in developing the workforce planning arrangements. The Council's Workforce Plan was approved by the Finance, Resources and Customer Service Policy Board in November 2017. In addition, service level workforce plans have been prepared by all service departments.

108. The medium to long term Organisational Development strategy has been implemented and the strategic workforce plan is being rolled out. The Council is continuing to focus on embedding effective workforce plans, organisational development and performance management.

109. Human Resources (HR) are working with service departments to ensure that the strategic workforce plans at both a Corporate and service/directorate level are meeting the organisational needs of the Council. The strategy aims to deliver improved and sustainable performance through a modernised, agile, resilient, skilled, developed and flexible workforce.

110. The Council has improved its training and development opportunities for employees, with the launch of the managerial and leadership development programmes in June 2017 with over 150 delegates in attendance, across middle and senior management groups. Feedback from attendees and their line managers has been positive and the impact is being assessed through line management one to ones, supported by the Organisational Development (OD) team.

111. The revised People Development Review (PDR) programme is in its final development stage following a process of stakeholder engagement. This was presented to CMT at the beginning of January 2018. Following board approval, HR will roll out the programme to managers and staff through a series of briefing sessions and online tools with the aim to go live with the roll out of Business World.

Ending of public sector pay cap

112. The ending of the public sector pay cap means annual pay increase for Council employees will no longer be limited to 1%. The Council's 2018/19 budget contains provision for pay increases in line with the Scottish Government public sector pay statement.

EU withdrawal

113. There remains significant uncertainty about the detailed implications of EU withdrawal (i.e. Brexit). It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce - the extent to which changes to migration and trade policies are likely to affect the availability of skilled and unskilled labour.
- Funding – the extent to which potential changes to funding flows are likely to affect the finances of the organisation and the activity that such funding supports.
- Regulation – the extent to which potential changes to regulation across a broad range of areas overseen at an EU level are likely to affect the activities of the organisation.

114. The Council are aware of the potential risks and have reflected on these areas. Until the impact of Brexit becomes clearer, the Council do not consider they are immediately or significantly exposed to these risks. The Council considers that

its use of EU funding is relatively low and, while the Council has received ERDF funding, there are guarantees in place from the UK government regarding all existing projects. Future funding and projects not yet committed to could be impacted, however the Council will actively engage in consultation from the UK Government on successor arrangements such as the recent proposals around UK Prosperity Fund.

Part 4

Governance and transparency



Main Judgements

The Council has appropriate governance arrangements in place that support the scrutiny of decisions made that are made.

The Council is open and transparent in the way it conducts its business and the public can attend meetings of the Council and its standing boards.

The Council has established a Cross Party Sounding Board to provide for cross-party discussion on non-partisan/non-political issues. The Board has met on a number of occasions to discuss topics in advance of full Council approval.

Governance arrangements

115. The Council has a board structure in place which is underpinned by clear roles for members and officers; and procedural documentation regarding decision making. The Council's decision and delegation arrangements, and its organisational structure are regularly reviewed and updated to ensure they continue to support its key priorities.

116. We attended all Audit, Risk and Scrutiny Board meetings; Finance Resources and Customer Services Policy Board meetings; Leadership Board meetings; Council meetings and most Cross Party Sounding Board meetings during 2017/18. The papers provided by officers are of a high standard and provide members with a good overview of the issues being covered, together with more detailed information as appropriate. This helps to ensure that issues are debated at the respective meetings.

117. The Council conducts its main business through the Council meeting, Leadership Board, a number of policy boards and the Audit, Risk and Scrutiny Board. All boards have members from the different political parties in proportion to the Council's political make up. The convenors of all policy boards are members of the administration. The Convener of the Audit, Risk and Scrutiny Board is an opposition member.

118. The Council regularly reviews its governance arrangements to take account of changes to the way that services operate.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

Cross Party Sounding Board

119. In our 2016/17 Annual Audit Report we noted that cross-party working had been limited. We recommended in the 2016/17 Best Value Assurance Report that Councillors should improve cross-party working, given the financial challenges that exist and the important decisions that will need to be made in future.

120. The Cross Party Sounding Board was established following revisions to the Council's governance structures in May 2017. The remit of the Board is to act as a sounding board and discussion forum with no decision-making powers; to provide an opportunity to discuss matters of common interest or of Council-wide relevance; and to provide for cross-party discussion on nonpartisan/non-political issues. The Cross Party Sounding Board has met a number of times since its establishment, in relation to the following areas:

- August 2017: outline Council and Community Plans
- December 2017: review of local governance, specifically relating to the role of local area committees
- February 2018: review of Council's member development programme
- April 2018: review of elected member enquiries process and review of the Scheme for the Establishment of Community Councils
- August 2018: review of Community Level Governance.

Training and development for Councillors

121. In our 2016/17 Annual Audit Report we noted that while the Council has provided training, historically Councillors have not made the most of the training and development opportunities available to them.

122. All Councillors were surveyed following the completion of the induction programme provided after the local government elections in May 2017. The Head of Corporate Governance also met with all political group leaders to review the current development training being provided. In February 2018 the Cross Party Sounding Board reflected on member's views on the current programme in more detail and considered further options for improving the current arrangements.

123. In response to the feedback gathered, a member development week was held in mid April 2018. The content and timing were informed by the views of elected members and this included arranging some evening sessions and the greater use of external speakers. Following on from the feedback received for this event a revised annual programme of Councillor development has been produced for 2018 which will include new external speakers, service specific sessions and IT drop-ins.

124. Our review of the register of all training courses run for members during the year identified that there was a mixed level of attendance, including some members who have attended very few of the training courses offered.

125. To ensure that members continue to attend training that is relevant to their role within the Council it would be beneficial for all Councillors to have a personal development plan in place which is reviewed on an annual basis.

Renfrewshire Leisure Limited

126. In our 2016/17 Annual Audit Report we recommended that the Council should review its governance arrangements with Renfrewshire Leisure Limited (RLL) to ensure they provide for a relationship that is clear, independent, and more easily understood by the public.

127. In response to this and following an initial review of existing governance arrangements, the Council implemented a number of actions as follows:

- a summary of Renfrewshire Leisure's Business Plan 2018/19 was reported to the Leadership Board in February 2018. Previously the Business Plan was considered by the Board as an exempt paper

- in February 2018 the Leadership Board approved proposals to change the composition of the membership of the Renfrewshire Leisure Board. The two places held by officers from Renfrewshire Council are now occupied by independent representatives
- regular monitoring meetings are held between Renfrewshire Leisure and the Head of Policy and Commissioning. Work is underway to further enhance the reporting of performance information relating to Renfrewshire Leisure. Six monthly internal scrutiny sessions also form part of the monitoring relationship with Renfrewshire Leisure.

128. The Council will continue to review arrangements reflecting on the findings of the Audit Scotland's national report on Councils' use of arms-length organisations <http://www.audit-scotland.gov.uk/report/Councils-use-of-arms-length-organisations> to help inform any future changes.

129. Based on our observations and audit work, our overall conclusion is that the governance arrangements within the Council are operating effectively and support good governance and accountability.

Transparency

130. Transparency means that the public have access to understandable, relevant and timely information about how the Council is taking decisions and how it is using resources such as money, people and assets.

131. There is evidence from several sources which demonstrate the Council's commitment to transparency. Members of the public can attend meetings of the full Council and other boards. Minutes of these committee meetings and supporting papers are available on the Council's website. Most items on committee agendas are covered in open session at meetings rather than in private.

132. The Council webcasts its main Council meetings and all agenda papers and minutes, including the annual accounts are on the Council's website and made available in the public gallery and its reception.

133. The Council's website allows the public to access a wide range of information including the register of members' interests, current consultations and surveys and how to make a complaint. In addition, the website is encouraging the public to sign up for e-alerts. The service became available from 1 August 2018 and allows the public sign-up to news they want to receive on the website and get it delivered straight to their inbox. Initially this will cover information on Council news, What's On, Business news, Paisley town centre updates and updates for parents on schools and nurseries.

134. Overall, we concluded that the Council conducts its business in an open and transparent manner.

Internal audit

135. Internal audit provides senior management and elected members with independent assurance on the Council's overall risk management, internal control and corporate governance processes.

136. The Council's internal audit function is carried out by an in-house team. Each year we consider whether we can rely on internal audit work to avoid duplication of effort. When we plan to place reliance on internal audit work we carry out an assessment of the internal audit function to ensure that it is sufficient in terms of documentations standards, reporting procedures and quality, and is performed in accordance with Public Sector Internal Audit Standards (PSIAS).

137. We reviewed the Council's internal audit arrangements in accordance International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent we could rely on the work of internal audit. While we did not place reliance on their work regarding our audit of the Council's financial statements, we placed formal reliance on internal audit's work as part of our wider dimension work for NFI arrangements.

138. Internal Audit report progress of the work contained in their annual audit plan to each meeting of the Audit, Risk and Scrutiny Board. In the Internal Audit Annual Report 2017-18 presented to the Board in May 2018, Internal audit completed 93% of the 2017/18 plan against a target of 95% and provided assurance on the Council's overall framework of control for the year to 31 March 2018.

Management commentary, annual governance statement and remuneration report

139. The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 requires Councils to prepare and publish, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. The management commentary should be fair, balanced and understandable and clearly address the longer-term financial sustainability of the body.

140. Based on our knowledge and work performed, we concluded that the management commentary, annual governance statement and remuneration report are consistent with the financial statements.

National Fraud Initiative

141. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

142. NFI activity is summarised in [Exhibit 9](#) This covers the latest NFI review which covered 2016/17 matches and was completed in February 2018 The NFI secure website lists a total of 6,356 data matches for this review with 1,476 of these classed as 'recommended' matches (high risk) for investigation.

Exhibit 9 NFI activity



6,356

Matches



1,476

**Recommended for
investigation**



824

**Completed/closed
investigations**

Source: NFI secure website: www.nfi.gov.uk

143. The Council completed investigations for 824 'core' matches, identifying 3 instances of fraud and 1 error. The Internal Audit Annual Report was presented to the Audit Committee in May 2018 which summarised the NFI activity carried out to date. The Chief Internal Auditor, who is responsible for directing and reviewing NFI

work, continues to co-ordinate and support the work of key officers involved in investigating or re-checking matches.

144. From work carried out and through discussion with key officers involved in the process, we concluded that the Council are engaged with the NFI exercise. Investigation of recommended matches is good and appropriate action has been taken in cases where fraud is alleged. Periodic update reports are presented to the Audit Committee therefore members are kept informed of progress towards completing investigations and are aware of the amounts of any frauds or errors identified.

Standards of conduct for prevention and detection of fraud and error

145. The Council has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, anti-fraud strategy and codes of conduct for members and officers. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

146. We concluded that the Council has appropriate arrangements in place for the prevention and detection of bribery and corruption. We are not aware of any specific issues we require to bring to your attention.

Cyber security

147. The Scottish Government issued a [Public Sector Action Plan on Cyber Resilience](#) in November 2017 which requires all public sector bodies to carry out a review to ensure their cyber security arrangements are appropriate.

148. We concluded that the Council is actively strengthening its cyber resilience arrangements, completed its Cyber Essentials pre-assessment by 31 March and has secured PSN accreditation.

149. The Council achieved Cyber Essentials accreditation in March 2018. Cyber Essentials is a scheme sponsored by the National Cyber Security Centre that aims to guard against the most common cyber threats and demonstrate commitment to cyber security. This accreditation will be reviewed on an annual basis with the next review scheduled for March 2019.

150. Cyber security and technical information security issues, including compliance with industry standards, are dealt with by the Council's Cyber Security Architect and Cyber Security officer, within the Enterprise Architecture Team in ICT Services. Responsibility for information management, which promotes efficiency when the Council processes information and extends beyond the processing of Personal Data, also lies with the Enterprise Architecture Team within ICT Services will promote good information management by the provision of advice and guidance to Services.

151. Cyber risks are now highlighted in the strategic, corporate and service risk registers, which is regularly monitored by the Audit, Risk and Scrutiny Board and demonstrates the actions being taken to mitigate the impact of any potential cyber threats. Overall, we have concluded that the Council is strengthening its cyber resilience arrangements.

General Data Protection Regulation

152. The new General Data Protection Regulation (GDPR) came into force on 25 May 2018, along with the Data Protection Act 2018. These replaced the UK Data Protection Act 1998 (DPA). As a Regulation, all EU member states must implement it in the same way. GDPR sets out further requirements than the DPA and has introduced new and significantly changed data protection concepts.

Failure to comply with new GDPR data handling arrangements could result in the Council incurring significant fines.

153. GDPR introduces a wide range of new rights for individuals in respect of their personal data. These include the right to be forgotten, the right to object to certain processing activities and to decisions taken by automated processes. Failure to comply with new GDPR data handling arrangements could result in the Council incurring significant fines.

154. We concluded that the Council are making good progress in updating its information governance procedures to ensure compliance with GDPR. However, Council management and the Data Protection Officer should continue to monitor the initial uptake and ongoing delivery of data protection training to all relevant staff.

Integration of health and social care

155. The Scottish Government's 2020 vision places greater emphasis on enabling people to stay in their homes, or another homely setting, where possible, sharing their lives with their family and friends and doing the things that give life meaning and value. The integration of health and social care is a mechanism to achieve this.

156. The Renfrewshire Integration Joint Board (RIJB) is provided in partnership with NHS Greater Glasgow and Clyde Health Board and became fully operational on 1 April 2016.

157. RIJB are required to submit financial information to Renfrewshire Council to allow the unaudited Council Group Accounts to be completed and submitted for audit. RIJB initially provided incorrect financial information which required to be amended as part of the Renfrewshire Council audit.

158. We have recommended that RIJB ensure that measures are put in place to strengthen year end procedures to avoid issues arising in the submission of financial data to partner organisations.

159. RIJB incurred a net overspend of £2.052 million against total funding received of £245,425 million on both health and social care services in 2017/18. The full value of the overspend resulted in a planned reduction in RIJB's reserves.

160. Renfrewshire Council made an additional recurring funding facility of £4.406 million available to RIJB in 2017/18 of which £2.749 million was utilised in year, ensuring that adult social services were fully funded in 2017/18. The unutilised balance is being held by Renfrewshire Council as an earmarked reserve to support RIJB, with the recurring funding forming part of the overall resource facility made available to the RIJB to draw down in 2018/19.

161. The integration scheme sets out the arrangements between RIJB and the partner bodies regarding over/underspends. The scheme states that where planned underspends occur, these can be retained by RIJB in line with its reserves policy. Where an overspend is projected, the scheme states that a recovery plan should be place. If this is not successful, IJB reserves are to be used, with additional funding from partner bodies being the last resort.

162. RIJB used a significant portion of general reserves and received additional funding from Renfrewshire Council in response to identified pressures on the adult social care budget. The integration scheme makes it clear that a financial recovery plan should be agreed by the board before these steps are taken. As additional funding was budgeted to be made available by Renfrewshire Council, RIJB believe this was not required.

163. We have recommended that RIJB should ensure that it complies with the arrangements as set out within the integration scheme.

Local scrutiny plan

164. The 2018/19 Local Scrutiny Plan (LSP) prepared by the Local Area Network (LAN) of scrutiny partners for the Council was submitted to Management in April 2018 and presented to the Audit, Risk and Scrutiny Board in May 2018.

165. The LAN concluded that no scrutiny risks were identified which require specific scrutiny work by the LAN in 2018/19. This is a positive position for the Council and is consistent with the LAN view last year. Scrutiny activity undertaken in the last 12 months was either part of routine ongoing inspection work, or part of national activity. The Council will be subject to a range of nationally driven scrutiny activity as set out in the LSP.

Part 5

Best Value



Main judgements

The Best Value follow-up audit found the Council is making good progress in addressing the recommendations from the 2016/17 BVAR.

The Council has several improvement activities working in parallel and these are clearly linked to the Council's priorities and budget setting process.

Best value

166. To review how effectively the Council demonstrates Best Value (BV) in its delivery of services, we consider our audit findings across all the audit dimensions referred to in paragraph 2. This section of the report reflects on this and more specific findings from the five year audit approach covering aspects of BV within the Council. This section also includes audit findings relating to the audit dimension of Value for Money such as how effective the leadership is of the transformation programme, which is driving efficiencies in the Council's activities.

167. Best value is assessed over the five-year audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once in this five-year period. The BVAR report for Renfrewshire Council was published on 31 August 2017.

168. The BVAR report concluded that the Council has a clear and ambitious vision for Renfrewshire to revitalise the area's economy and address poverty and inequality. The Council's partners share this vision and the Council Plan, management structures and performance management arrangements are well aligned with it. Other key messages were that the Council:

- has maintained a steady pace of change, supported by effective leadership that has allowed it to improve the way it plans, manages and delivers its business
- has steadily improved how its services perform. Renfrewshire's overall performance is improving and is comparable to similar Councils within its family group
- and its partners are good at working with, and involving, communities and will need to continue to work together on joint priorities and to strengthen partnership working
- has a good record of delivering services differently. It works well with partners and has developed a number of new approaches to how it delivers services.

169. At its meeting on September 2017 the Council agreed the improvement actions within the BVAR and that an update on progress against the action plan, and on any ongoing best value audit activity relating to the Council, would be reported to the Leadership Board on an annual basis. The action plan detailed the key actions that the Council would progress against each of the recommendations.

170. During 2017/18 we have had regular meetings with key officers to discuss progress in implementing the recommendations contained within the BVAR report. We have obtained and reviewed additional documentation to support the progress being made and formally reported to the Leadership Board in April 2018.

171. Progress in implementing the recommendations continues to be monitored by the Corporate Management Team on a quarterly basis, with the next update to elected members scheduled for December 2018.

172. Based on our discussions with officers and our audit work during the year, our overall conclusion is that the Council is making good progress in implementing the recommendations from the 2016/17 Best Value and Assurance Report. We will continue to monitor the Council's progress against the improvement actions.

Community planning

173. The 2016/17 BVAR reported that Community Planning partners need to plan their budgets and finances together to provide a clearer picture of the overall resources available.

174. At the special meeting of the Community Planning Partnership Executive Group in March 2018, each partner provided an overview of the current financial outlook for their respective organisation. This has provided the opportunity for partners to discuss common issues and to explore any potential opportunities for wider collaboration.

175. In addition, partners regularly discuss areas of resource pressure and it is proposed that members of the Partnership use the group to address areas of resourcing pressure. A key priority within Renfrewshire's Community Plan 2017-2027 is to develop a Community Planning Partnership that is sustainable and connected.

Community engagement

176. The 2016/17 BVAR report also concluded that the Council and its partners need to continue to involve communities and work together on joint priorities to strengthen partnership working and to ensure the Community Empowerment (Scotland) Act 2015 is fully implemented.

177. Renfrewshire's Community Plan was approved by Council in September 2017. An outcomes and performance framework underpinning the plan has been developed and was approved by the Community Planning Partnership Executive Group and Oversight Group in March 2018. The framework sets out the key outcomes to be targeted and the key performance indicators which the Partnership will use to assess the impact of joint work.

178. Following on from the approval of the framework, work is also underway to develop and embed the new community planning governance structure and to establish key priorities and work programmes across the key thematic areas.

179. The review of Local Area Committees is in the final stages. Following discussion at the Cross Party Sounding Board in December 2017, full Council agreed on a public consultation on proposed changes to the current local area committee arrangements.

180. The consultation took place over a 12 week period between January and April 2018. A range of consultation events have been undertaken, providing an opportunity for views of different stakeholders to be considered. 173 survey responses were received, with 274 attendees at various events. In addition, stakeholders were updated at formal Local Area Committee meetings.

181. The consultation paper covered a range of proposals including:

- a renewed set of aims, and a specific proposal for a primary aim of the new arrangements to be identifying, setting and sharing local priorities. The consultation also sought views on 'rebranding' Local Area Committees, moving the focus from a committee function to a partnership function
- widening voting rights within the new partnership arrangements, and a greater role for relevant partner organisations. The consultation sought views on proposals to move from formal committees of the Council to part of the Community Planning Partnership structures
- a proposal to move from using Ward boundaries to Community Council boundaries, and sought views on a proposed model
- how meetings can become more accessible and participative, and the consultation sought views on how this could be best achieved
- refocusing locally distributed grants on local projects (and aligned to local priorities), and providing an alternative process administered by officers for Renfrewshire wide proposals (which is aligned to Community Planning priorities). The consultation also sought views on a proposal to carry out a participatory budgeting exercise with money allocated to the Youth Challenge fund.

182. The proposals outlined within the consultation paper have been developed taking into consideration the feedback received during the consultation period. These detailed proposals and processes will be submitted to Council in September 2018 for consideration, including a timeline for implementation and further engagement with the Cross Party Sounding Board.

183. The development of the future grants processes will also be aligned to the new approach outlined in the 'Support to Community Organisations' paper that was submitted to Council in May 2018, and to the development of the Community Empowerment Fund which is also due to be considered at Council in September 2018. The Council believes this provides an opportunity to simplify and align the support provided to community organisations.

184. Based on our observations and audit work, our overall conclusion is that the Council is making good progress in developing sound governance and funding arrangements to support the implementation of Community Empowerment Act.

Procurement

185. One of the Council's key objectives is to use its procurement activities to promote its wider policy objectives, including social, economic and environmental objectives' in the Procurement Strategy.

186. The Council has developed a community benefits outcome menu and this is included in all relevant tenders to assess the value of the community benefits offered by each bidder. Once a contract is awarded, the Community Benefits Forum work closely with the Council's procurement officers to co-ordinate and support the delivery of community benefits.

187. The forum is chaired by the Strategic, Commercial and Procurement Manager and forum members include officers from the Council's Economic Development

Team, Invest in Renfrewshire, Children Services, and representatives of Developing the Young Workforce and Engage Renfrewshire. The forum:

- encourages participation in Meet the Buyer events, attends workshops supported by Engage Renfrewshire and supports the Chamber of Commerce mentoring programme
- supports the Supplier Development Programme by setting up supplier mentoring sessions and helping small businesses identify new contract opportunities
- supports school employability programmes helping school leavers to achieve positive destinations through education, employment and training
- provides a free vacancy management service to advertise employment and work experience opportunities through Invest in Renfrewshire
- provides opportunities for providers to meet and engage with potential candidates interested in vacancies associated with delivery of contracts.

188. We concluded that the Council has good procurement practices in place and is committed to continuous improvement.

Performance management

189. The Council's performance management arrangements were considered in our Best Value report issued in August 2017. We identified that the Council has an established performance management framework that managers and Councillors clearly understand, and that this provides a sound base for improvement.

190. Progress against the Council Plan is reported to the Leadership Board every six months. There are Service Improvement Plans (SIPs) for all key service areas. They contain detailed action plans which link to the priorities in the Council Plan. They are also closely linked to other relevant plans, including Renfrewshire's Community Plan and Local Outcome Improvement Plan. Progress against SIP indicators is reported to relevant policy boards every six months. These are the forums where Councillors can challenge how services are performing.

191. The Council reports information on its performance through its website. It also prepares an annual performance report, *It's all about you*, based on its statutory performance indicators. The Council has refreshed how it presents performance reporting to the public, to make it easier to find and read. It is also available in multiple languages and formats.

192. *It's all about you* focuses on a select number of indicators that the public have told the Council they most want to know about. The Council reports performance against the full set of 68 indicators in the Local Government Benchmarking Framework to the Audit, Risk and Scrutiny Board.

193. The Council produces a magazine which goes out four times a year to over 80,000 households. This generally features an article containing information about service performance and achievements. The latest report notes that 70 per cent of customers are satisfied with the services the Council provides.

Overview of performance targets

194. The Council participates in the [Local Government Benchmarking Framework](#) (LGBF). The framework aims to bring together a wide range of information about how all Scottish Councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them.

195. The most recent [*National Benchmarking Overview Report 2016/17*](#) by the Improvement Service was published in February 2018 and covered the 2016/17 reporting period. This report was submitted to the Audit, Risk and Scrutiny Board (ARSB) in March 2018. The overall conclusion was that the Council performed well in comparison to other Councils.

196. The Audit, Risk and Scrutiny Board receives regular performance reports throughout the year and an annual performance report. These reports monitor progress against the Council's key priorities. Based on the most recent report submitted to ARSB in March several positives were highlighted including:

- Cost per secondary school pupil – rank 1
- Cost of trading standards, money advice and citizens advice per 1,000 population – rank 1
- Cost of environmental health per 1,000 population – rank 1
- Proportion of operational buildings that are suitable for their current use - rank 1
- Percentage of unemployed people assisted into work from Council operated / funded Employability programmes - rank 1

197. At the same time the Council recognises that it should improve service deliver in several key areas such as maintenance of roads, street cleaning and the cost of planning applications. Action plans have been developed that set out in SMART terms (Specific, Measurable, Action-oriented Realistic, Timescales) and what is being done to improve performance. These are monitored and reviewed by Policy Boards, with national benchmark performance being reviewed by the ARSB to assess progress.

198. The Local Government Benchmarking Framework allows Councils to compare themselves to the Scottish average. It also groups Councils with similar profiles into family groups based on factors such as population density and levels of deprivation. This allows similar Councils to compare and benchmark performance.

199. Compared with the Scottish average for 2016/17, Renfrewshire Council performs close to the average for the majority of selected indicators. Relative to its family group, Renfrewshire tends to sit in the middle ground for performance. In comparison with Scotland as a whole, there has been a mixed picture in terms of the rate of relative improvement between 2010/11 and 2015/16.

Statutory performance indicators (SPIs)

200. The Accounts Commission places great emphasis on Councils' responsibility for public performance reporting. The Commission does not prescribe how Councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

201. For 2017/18 two SPIs were prescribed:

- SPI 1: covering a range of information relating to areas of performance such as improving local public services, improving local outcomes, engaging with communities and achieving best value
- SPI 2: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

202. We reviewed the Council's arrangements for collecting, recording and publishing data in 2017/18. Information is publicly available on the Council website, with the main SPI report published as well as a summary version. 'It's all about you'

provides a graphical and pictorial presentation of performance data. However there is limited reference to performance in the Council's Annual Report.

203. The Annual Report should include a summary position regarding the Council's performance together with relevant detailed performance information. This would improve the accessibility of performance information and help to demonstrate greater transparency by the Council.

National performance audit reports

204. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18, Audit Scotland published a number of reports were issued which are of direct interest to the Council. These are outlined in [Appendix 4](#).

205. Arrangements are in place for the Council to consider national reports. These are presented to the Audit, Risk and Scrutiny Board and members are made aware of key issues. The Council routinely reports the Council's position in respect of the key issues reported. Action taken in response to reports is dependent on the nature of the national report and the service to which it relates.

Appendix 1

Action plan 2017/18

2017/18 recommendations for improvement

No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Group consolidation process</p> <p>To allow the Council to prepare its group unaudited accounts for the 30 June statutory deadline, financial information is required from the component bodies.</p> <p>Risk</p> <p>The current arrangements increase the risk that the compilation of group financial statements is incorrect.</p>	<p>The Council should consider implementing an updated consolidation process to improve the reporting of unaudited financial information from component bodies.</p>	<p>The team responsible for producing the accounts will consider revision to the current group accounting information gathering methodology to ensure submissions received are in an appropriate format.</p> <p>Finance Manager</p> <p>May 2019</p>

Follow up of prior year recommendations

b/f	<p>1. Overpayment of Leavers</p> <p>We noted that approximately 10% of staff who left in 2016/17 were incorrectly overpaid after their employment ceased.</p>	<p>A process should be put in place to ensure that leavers are removed from the payroll immediately when they cease to be employed by the Council.</p> <p>2017/18 update:</p> <p>The 2016/17 management actions advised that regular reports analysing overpayments would be discussed with service managers with a view to a targeted process redesign and management action where required.</p> <p>In 2017/18 we undertook a focused audit of overpayments. We reported continued weaknesses and no improvement in the level of overpayments being made.</p>	<p>Updated response</p> <p>Updated guidance has been issued to all managers to remind them of the need to timeously inform payroll of any changes. The implementation of the new Business World system will provide further opportunities to improve communication of changes in staffing establishments.</p> <p>Head of Customer and Business Services</p> <p>December 2018</p>
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No.	Issue/risk	Recommendation	Agreed management action/timing
b/f	<p>2. Management Commentary</p> <p>The management commentary in the annual accounts has been prepared in line with statutory guidance, however information provided on Council performance is limited.</p>	<p>Management should expand the scope of the management commentary in the 2017/18 annual accounts to make it clearer to the reader how the Council performed in the year.</p> <p>2017/18 update:</p> <p>The Council has undertaken a review of the management commentary and made improvements. We would encourage the Council to continue to review the management commentary to further improve the performance information provided.</p>	<p>Updated response</p> <p>The management commentary will be further reviewed, including considering examples from other councils, to improve clarity of the information provided.</p> <p>Head of Finance</p> <p>June 2019</p>

Appendix 2

Significant audit risks identified during planning

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

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
1 Risk of management override of controls ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.	Owing to the nature of this risk, assurances from management are not applicable in this instance.	<p>No unusual or inappropriate transactions were identified as part of detailed testing of journal entries.</p> <p>A review of accounting estimates did not show any instance of bias.</p> <p>Focussed testing of regularity and cut-off assertions showed controls were operating effectively.</p> <p>No significant transactions outside the normal course of Council business were identified.</p> <p>Conclusion: there is no evidence of management override of controls at the Council.</p>
2 Risk of fraud over income ISA 240 presumes a risk of fraud over income. Renfrewshire Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.	The Council has well developed processes for the authorisation, separation of duties and workflow associated with the Councils income streams. Clear schemes of delegation and the authorised signatory databases are regularly updated. Financial systems have authorisation process in-built to ensure the risk of fraud is minimised. The audit plan which internal audit complete will include a range of systems testing across income and expenditure processes, with recommendations being monitored for implementation. The Council has established a Counter Fraud Team who have been actively raising awareness of both financial and non-financial fraud risks through a series of training events targeted at key personnel.	<p>We assessed the design of key controls in place at the Council and did not highlight any issues that would result in an increased risk of fraud over income.</p> <p>We carried out substantive (sample) testing over all areas of income, including Council tax, non domestic rates and other income.</p> <p>Conclusion: We did not identify any evidence of fraud.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>3 Risk of fraud and expenditure</p> <p>The risk of fraud over income presumed by ISA 240 is expanded to include fraud over expenditure in the public sector by the Code of Audit Practice.</p> <p>The risk of fraud over expenditure also applies due to the variety and extent of expenditure made by the Council in delivering services.</p>	<p>The Council has well developed processes for the authorisation, separation of duties and workflow associated with the Councils expenditure. Clear schemes of delegation and authorised signatory databases are regularly updated. Financial systems have authorisation process in-built to ensure the risk of fraud is minimised. The audit plan which internal audit complete will include a range of systems testing across income and expenditure processes, with recommendations being monitored for implementation.</p> <p>The Council has established a Counter Fraud Team who have been actively raising awareness of both financial and non-financial fraud risks through a series of training events targeted at key personnel.</p>	<p>We assessed the design of key controls in place at the Council and did not highlight any issues that would result in an increased risk of fraud over expenditure.</p> <p>We carried out substantive (sample) testing over all areas of expenditure.</p> <p>Conclusion: We did not identify any evidence of fraud.</p>
<p>4 Estimates and Judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non current assets, pensions and provisions.</p> <p>The Council holds a material amount of assets at fair value. The valuations are significant estimates which are based on specialist and management assumptions. The Council's net liability relating to the Strathclyde Pension Fund at 31 March 2017 was £335 million. This value is an estimate based on a number of assumptions from the pension fund actuary.</p> <p>At 31 March 2017 the Council held a provision for doubtful debts of £23 million. This provision is based on the assessed likelihood that debts are recoverable. This subjectivity represents an increased risk of material misstatement in the financial statements.</p>	<p>Where estimates are required those are based on the best information available and on a professional and prudent approach.</p>	<p>A number of estimations and judgements in the accounts were based on the opinion of experts. We assessed the reliability of these experts and reviewed their work.</p> <p>We tested samples of accruals and provisions and confirmed them to appropriate back up evidence. The Council's accounting policies are appropriate.</p> <p>Conclusion: estimations and judgements included in the financial statements are supported by evidence.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>5 Capacity of finance function</p> <p>A risk around the capacity of the finance function was raised in our 2016/17 audit plan and we noted in our 2016/17 report that a number of year end processes were delayed, in particular the preparation of the submission for the Whole of Government Accounts.</p> <p>As there have not been significant changes to staffing, and similar pressures exist in 2017/18 (in particular, requirements to support the ERP project), this may increase the risk of issues arising in the preparation and audit of the financial statements.</p>	<p>The finance team operate to a clearly understood year end timetable and procedures, which include responsibilities for particular aspects of the annual accounts completion. Progress on the annual accounts process will be closely monitored.</p>	<p>The annual accounts were received in line with the agreed timetable, were of a good standard and included the required updates resulting from the change to the 2017/18 Code.</p> <p>The completion of the WGA return for the unaudited accounts was not submitted by the 3 August 2018 deadline.</p> <p>Conclusion: there is a risk that ongoing staffing pressures, including demands linked to the implementation of ERP have impacted on the delivery of outputs by the agreed deadlines.</p>

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

<p>6 Financial sustainability</p> <p>Renfrewshire Council are currently projecting a breakeven position in 2017/18. This requires £20 million of savings, the majority of which are sought through the debt smoothing strategy.</p> <p>Financial pressures are expected to continue in the medium term with the Council estimating an annual savings requirement of at least £20 million per year in 2018/19 and 2019/20. Meeting these savings targets is expected to require changes to the way the Council delivers services, and there is a risk that this will affect the quality of the services provided.</p>	<p>The Council has undertaken a programme of significant change in recent years to address the financial constraints faced by local government with these challenges continuing in the medium term. Financial plans are continually reviewed to ensure financial sustainability is maintained over the medium term.</p>	<p>The Council has considered what the impact of new financial powers and the ending of the public sector pay cap will have on future funding and this has been reflected in the assumptions within the medium term financial plan.</p> <p>The Council has agreed a range of financial planning principles as part of a medium term financial plan which will support the delivery of further savings.</p> <p>The Council has implemented and embedded a transformational change programme that is aligned to its strategic objectives.</p> <p>Conclusion: We will continue to monitor the BCCP to ensure that both the pace and level of change are in line with the future requirements of the Council.</p>
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Audit risk	Assurance procedure	Results and conclusions
<p>7 Enterprise Resource Planning System</p> <p>A new Enterprise Resource Planning (ERP) was originally planned to be in place in on 1 April 2016. This has since been subject to a number of delays and is currently projected to be completed in September 2018. There is a risk that additional delays will put further strain on the Council's staffing resources and incur additional costs.</p>	<p>The implementation plans and resources are regularly assessed to ensure they reflect issues which arise and to ensure that the system will be fit for purpose once live.</p>	<p>The implementation of ERP has been delayed and now has a target go live date of October 2018, following the approval of an additional investment of £0.800 million.</p> <p>Conclusion: we will continue to monitor progress during 2018/19.</p>
<p>8 Effectiveness of Audit, Risk and Scrutiny Board</p> <p>The structure, composition and remit of the previous Audit, Scrutiny and Petitions Board was reassessed in response to the findings in the 2016/17 audit.</p> <p>This resulted in the formation of the Audit, Risk and Scrutiny Board (ARSB) in May 2017, following the local government elections.</p> <p>Due to the relatively recent changes in the membership and remit there will be some continued risk in respect of the effectiveness of the ARSB.</p>	<p>Officers will continue to support members of the ARSB to ensure the effectiveness of the board.</p>	<p>The ARSB has been in place since May 2017. The revised structure and the content of the papers considered provides a comprehensive agenda at each board meeting. There is a clear focus on audit, governance and risk management.</p> <p>Key Council officers attend each ARSB as required to answer questions from elected members and provide additional information as required.</p> <p>Members receive regular training and provide a good level of scrutiny.</p> <p>Conclusion: the revised structure and remit of the ARSB supports effective scrutiny of audit, governance and risk management.</p>

Appendix 3

Summary of national performance reports 2017/18



		Apr		
		May		
Common Agricultural Policy Futures programme: further update		Jun		Scotland's colleges 2017
		Jul		NHS workforce planning
Self-directed support: 2017 progress report		Aug		
Equal pay in Scottish councils		Sept		
Transport Scotland's ferry services		Oct		NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17		Nov		
		Dec		
		Jan		
Early learning and childcare		Feb		
Managing the implementation of the Scotland Acts		Mar		

Local government relevant reports

[*Principles for a digital future*](#) – May 2017

[*Self-directed support: 2017 progress report*](#) – August 2017

[*Equal pay in Scottish Councils*](#) – September 2017

[*Local government in Scotland: Financial overview 2016/17*](#) – November 2017

Renfrewshire Council

2017/18 Annual Audit Report Proposed

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