

## **Notice of Meeting and Agenda Glasgow & the Clyde Valley Strategic Development Planning Authority Joint Committee**

Date	Time	Venue
Monday, 10 September 2018	11:15	Glasgow City Council, Ground Floor, Exchange House, 231 George Street, Glasgow, G1 1RX,

KENNETH GRAHAM  
Clerk

### **Membership**

Councillors Johnston and Moir (East Dunbartonshire Council); Lafferty and Miller (East Renfrewshire Council); Elder and MacLean (Glasgow City Council); Clocherty and Wilson (Inverclyde Council); Curran and Magowan (North Lanarkshire Council); Begg and McGurk (Renfrewshire Council); Anderson and Fulton (South Lanarkshire Council); and McColl and O'Neill (West Dunbartonshire Council).

Councillor O'Neill (Convener); Councillor Wilson (Vice-Convener).

### **To Follow Items**

I refer to the agenda for the meeting of the Glasgow & the Clyde Valley Strategic Development Planning Authority Joint Committee to be held on Monday, 10 September 2018 at 11.15 a.m. and enclose the undernoted reports relative to items 2 and 3 previously marked 'to follow':

## **Items of business**

- |          |  |                |
|----------|--|----------------|
| <b>2</b> | <b>Annual Audit Report 2017/18</b>     | <b>3 - 32</b>  |
|          | Report by Audit Scotland.              |                |
| <b>3</b> | <b>Audited Annual Accounts 2017/18</b> | <b>33 - 72</b> |
|          | Report by Treasurer.                   |                |

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

**To:** Joint Committee

**On:** 10 September 2018

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**Report by:** Audit Scotland

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**Heading:** Annual Audit Report 2017-18

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**1. Summary**

- 1.1 At the meeting of the Joint Committee on 11 June 2018 a report on the unaudited accounts for the year ended 31 March was noted.
  - 1.2 The audit certificate issued by Audit Scotland provides an unqualified opinion that the annual accounts presents a true and fair view of the financial position of the Joint Committee as at 31 March 2018, in accordance with the accounting policies detailed in the accounts.
  - 1.3 A member of the Audit Scotland team will present this report and answer any questions.
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**2 Recommendations**

- 2.1 It is recommended that members note the report by Audit Scotland.
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10 September 2018

## **Glasgow and the Clyde Valley Strategic Development Planning Authority**

### **Audit of 2017/18 annual accounts**

#### **Independent auditor's report**

1. Our audit work on the 2017/18 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 12 September 2018 (the proposed report is attached at **Appendix A**).

#### **Annual audit report**

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Joint Committee's consideration our draft annual report on the 2017/18 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions based on our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice. As outlined within our Annual Audit Plan due to the nature and size of Glasgow and the Clyde Valley Strategic Development Planning Authority (Clydeplan), we have assessed the extent of wider dimensions work and concluded that a reduced scope, as outlined in paragraph 53 of the Code of Audit Practice, can be applied.
4. This report will be issued in final form after the annual accounts have been certified.

#### **Unadjusted misstatements**

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

## **Representations from Section 95 Officer**

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

## **APPENDIX A: Proposed Independent Auditor's Report**

### **Independent auditor's report to the members Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee 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 Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 Glasgow and the Clyde Valley Strategic Development Planning Authority as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 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 Glasgow and the Clyde Valley Strategic Development Planning Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

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

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

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

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

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

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

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

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

## **Report on other requirements**

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

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and



- the information given in the 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.

Mark Ferris

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September 2018



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

Mark Ferris  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
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Dear Mark

### **Glasgow and the Clyde Valley Strategic Development Planning Authority Annual Accounts 2017/18**

1. This representation letter is provided in connection with your audit of the annual accounts of Glasgow and the Clyde Valley Strategic Development Planning Authority for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and governance statement.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Strategic Development Plan Manager, the following representations given to you in connection with your audit of Glasgow and the Clyde Valley Strategic Development Planning Authority's annual accounts for the year ended 31 March 2018.

### **General**

3. Glasgow and the Clyde Valley Strategic Development Planning Authority and I have fulfilled our statutory responsibilities for the preparation of the 2017/18 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Glasgow and the Clyde Valley Strategic Development Planning Authority have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

### **Financial Reporting Framework**

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (2017/18 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Glasgow and the Clyde Valley Strategic Development Planning Authority at 31 March 2018 and the transactions for 2017/18.

## **Accounting Policies & Estimates**

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2017/18 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Glasgow and the Clyde Valley Strategic Development Planning Authority circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

## **Going Concern Basis of Accounting**

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

## **Assets**

10. The assets shown in the Balance Sheet at 31 March 2018 were owned by Glasgow and the Clyde Valley Strategic Development Planning Authority, other than assets which have been purchased under finance leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

## **Liabilities**

11. All liabilities at 31 March 2018 of which I am aware have been recognised in the annual accounts.
12. The accrual recognised in the financial statements for holiday untaken by 31 March 2018 has been estimated on a reasonable basis.
13. The pension assumptions made by the actuary in the IAS 19 report for Glasgow and the Clyde Valley Strategic Development Planning Authority have been considered and I confirm that they are consistent with management's own view.
14. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

## **Fraud**

15. I have provided you with all information in relation to
  - my assessment of the risk that the financial statements may be materially misstated as a result of fraud
  - any allegations of fraud or suspected fraud affecting the financial statements
  - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

## **Laws and Regulations**

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

## **Related Party Transactions**

17. All material transactions with related parties have been disclosed in the financial statements in accordance with the 2017/18 accounting code. I have made available to you the identity of all the Authority's related parties and all the related party relationships and transactions of which I am aware.

## **Remuneration Report**

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

## **Management commentary**

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

## **Corporate Governance**

20. I confirm that the Glasgow and the Clyde Valley Strategic Development Planning Authority has undertaken a review of the system of internal control during 2017/18 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
21. I confirm that the Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2018, which require to be reflected.

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

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

## **Prior Year Restatements**

24. I confirm the prior year restatement in respect of project income and expenditure in the Comprehensive Income and Expenditure Statement is accurate and in line with accounting records.

Yours sincerely

Treasurer

# Glasgow and the Clyde Valley Strateic Development Planning Authority

2017/18 Annual Audit Report



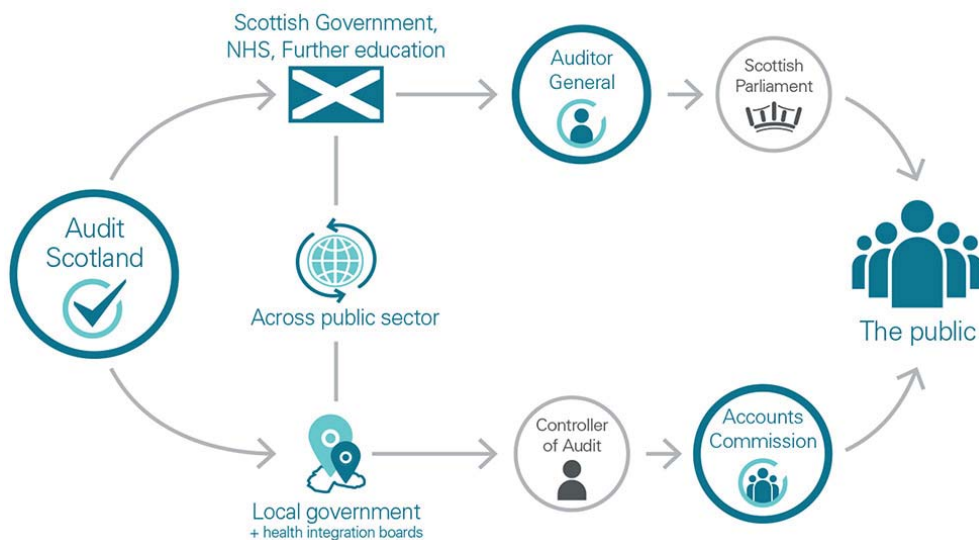
Prepared for Members of the Glasgow and the Clyde Valley Strategic Development Planning Authority  
Joint Committee and the Controller of Audit

10 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

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## 2017/18 annual report and accounts

- 1** In our opinion, Glasgow and the Clyde Valley Strategic Planning Authority's financial statements give a true and fair view and were properly prepared, and expenditure and income was in accordance with applicable enactments and guidance.
- 2** The audited part of the Remuneration Report, Management Commentary and the Governance Statement were all consistent with the financial statements.
- 3** Project income and expenditure was not recognised on the Comprehensive Income and Expenditure Statement. This resulted in income and expenditure being understated in 2016/17 and 2017/18.
- 4** The pension fund liability on the balance sheet was overstated. This was due to asset return assumptions in the actuary's report being significantly different to actual returns.

## Financial sustainability and governance statement

- 5** A deficit of £0.012 million was delivered against a budgeted breakeven position and this was managed through the use of reserves.
- 6** We concluded that the information in the Governance Statement is consistent with the financial statements and complies with the guidance issued by the Scottish Ministers.

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# Introduction

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**1.** This report summarises the findings from our 2017/18 audit of Glasgow and the Clyde Valley Strategic Development Planning Authority (Clydeplan).

**2.** The scope of our audit was set out in our Annual Audit Plan presented to the 10 March 2018 meeting of the Joint Committee. This report comprises the findings from:

- an audit of the annual accounts
- consideration of the financial sustainability and Governance Statement

**3.** Our standard audits are based on four audit dimensions that frame the wider scope of public sector audit requirements. These are:

- financial sustainability
- financial management
- governance and transparency
- value for money.

**4.** The [Code of Audit Practice 2016](#) (the Code) includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the Governance Statement and the financial sustainability of the body and its services.

**5.** As highlighted in our [2017/18 Annual Audit Plan](#) (paragraph 21), due to the volume and lack of complexity of the financial transactions, and nature and size of Clydeplan, we applied the small body provisions of the Code to the 2017/18 audit of Clydeplan.

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

**7.** Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice 2016](#), and guided by the auditing profession's ethical guidance.

**8.** As public sector auditors we give independent opinions on the annual report and accounts and conclusions on securing financial sustainability and appropriateness of the Governance Statement disclosures. In doing this, we aim to support improvement and accountability.

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

**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 confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £2,810 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 Clydeplan by providing insight on financial sustainability and by identifying areas of improvement and recommending good practice. In so doing, we aim to help Clydeplan promote improved standards of financial planning, better management and decision making.

**13.** This report is addressed to members of the Joint Committee and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**14.** We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

# Part 1

## Audit of 2017/18 annual report and accounts



### Main judgements

**In our opinion, Clydeplan's financial statements give a true and fair view and were properly prepared, and expenditure and income was in accordance with applicable enactments and guidance.**

**The audited part of Remuneration Report, Management Commentary and the Governance Statement were all consistent with the financial statements.**

**Project income and expenditure was not recognised on the Comprehensive Income and Expenditure Statement. This resulted in income and expenditure being understated in 2016/17 and 2017/18.**

**The pension fund liability on the balance sheet was overstated. This was due to asset return assumptions in the actuary's report being significantly different to actual returns.**

### Audit opinions on the annual report and accounts

**15.** The annual report and accounts for the year ended 31 March 2018 were approved by the Joint Committee on 10 September 2018. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- the audited part of the Remuneration Report, Management Commentary and Governance Statement were all consistent with the financial statements and properly prepared in accordance with the accounts direction
- we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

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

### Submission of annual report and accounts for audit

**16.** We received the unaudited annual report and accounts on 11 June 2018 which was earlier than our agreed audit timetable.

**17.** The unaudited annual report and accounts provided for audit were complete and of a good standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

### Risks of material misstatement

**18.** [Appendix 2](#) provides a description of areas we assessed as being at risk of material misstatement at the planning stage, how we addressed them and our conclusions thereon. These risks influenced our overall audit strategy, the allocation of staff resources to the audit and how the efforts of the audit team were directed.

## Materiality

**19.** Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. When deciding on what is material we consider both the amount and nature of the misstatement.

**20.** We carried out our initial assessment of materiality for the annual report and accounts during the planning phase of the audit. On receipt of the unaudited annual report and accounts we reviewed our planning materiality calculations and concluded that, while the values changed slightly, they remained appropriate and these are summarised in [Exhibit 1](#).

### Exhibit 1

#### Materiality values

Materiality level	Annual Audit Plan	Unaudited annual report and accounts
<b>Overall materiality</b> – 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.	£6,000	£7,000
<b>Performance materiality</b> – 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 75 per cent of overall materiality.	£4,500	£5,200
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount.	£1,000	£1,000

Source: Annual Audit Plan 2017/18

## How we evaluate misstatements

**21.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality. There were two material adjustments to the unaudited financial statements which are outlined in [Exhibit 2](#). There were no other errors above the reporting threshold.

## Significant findings from the audit (ISA 260)

**22.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance. These are summarised in [Exhibit 2](#).

## Exhibit 2

### Significant findings from the audit of Clydeplan

Issue	Resolution
<p><b>1. Project income and expenditure</b></p> <p>Clydeplan manage projects which generate income and incur expenditure. These projects are part of Clydeplan's operations, therefore income and expenditure associated with these projects should be recognised on the Comprehensive Income and Expenditure Statement (CIES) each year. Any balance at the year end should be recognised on the Balance Sheet.</p> <p>The year end balance has been recognised on the Balance Sheet but income and expenditure incurred in year has been processed through a suspense account and was not recognised on the CIES. This resulted in income and expenditure being understated by £41,524 in 2017/18. The same accounting treatment was applied in 2016/17 which resulted in income and expenditure being understated by £69,151 in 2016/17.</p>	<p>To correct these errors, adjustments to the 2016/17 and 2017/18 figures in the audited accounts have been processed. The impact of the adjustments was to increase income and expenditure in both years. There was no impact on the deficit on the provision of services as the additional income and expenditure recognised was offset.</p>
<p><b>2. Pension scheme valuation</b></p> <p>Clydeplan accounts for its share of Strathclyde Pension Fund in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). 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 Clydeplan's balance sheet being understated by £71,000</p>	<p>This was corrected by management. An adjustment was processed to reflect Clydeplan's share of the pension fund assets based on the latest valuation at 31 March 2018. This had the impact of reducing the pension fund liability and increasing the pension reserve by £71,000. 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 IAS 19, this adjustment does not impact the outturn for the year or the general fund balance.</p>

### Other issues

**23.** The Accounting Code outlines that for financial statements to be useful, they must provide a faithful representation of financial information with the substance of a transaction/process being reported as opposed to its legal form.

**24.** The financial statements disclose that Clydeplan does not have the power to hold assets therefore any capital expenditure is treated as revenue expenditure.

**25.** A similar disclosure issue was identified with Clydeplan's reserves. The financial statements outline Joint Committees have no specific powers to hold reserves therefore reserves are transferred to creditors. Any reserves that have been built up will ultimately be returned to the member councils upon the cessation of Clydeplan or when the Joint Committee decides to reimburse the reserves to member councils.

**26.** Discussions with management are ongoing to conclude whether the current treatment of capital expenditure and reserves is appropriate or needs to be revised going forward.



#### **Recommendation 1**

**Going forward, management should review how capital expenditure and reserves are disclosed within the financial statements.**

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#### **Follow up of prior year recommendations**

**27.** We have followed up actions previously reported and assessed progress. Two agreed actions were raised in 2016/17 and both have been fully actioned as outlined in [Appendix 1](#).



# Part 2

## Financial sustainability and governance statement



### Main judgements

**A deficit of £0.012 million was delivered against a budgeted breakeven position and this was managed through the use of reserves.**

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

### Financial performance in 2017/18

**28.** The Joint Committee approved the 2017/18 budget in December 2016. Total budgeted expenditure was £0.599 million and total budgeted income was £0.599 million resulting in a breakeven position.

**29.** Actual outturn in 2017/18 was total expenditure of £0.628 million and total income of £0.616 million. This resulted in a deficit of £0.012 million that was met through the use of reserves.

**30.** During the year an appeal was lodged by a developer in response to the Strategic Development Plan which was approved by the Scottish Ministers in July 2017. The appeal was against the Scottish Ministers but Clydeplan was named as an interested party. Clydeplan incurred costs of around £0.020 million on legal advisers in responding to the appeal. The appeal was heard by the Court of Session and a decision was made to dismiss the case. Clydeplan made a claim to recover costs and this was heard in July 2018. The total costs to be awarded to Clydeplan are yet to be finalised.

### Short term financial planning

**31.** The largest source of income for Clydeplan is requisitions from members of the Joint Committee. A small proportion of income is also generated from services provided to the Green Network Partnership.

**32.** The Joint Committee approved the 2018/19 budget in December 2017. Total budgeted expenditure was £0.618 million and total budgeted income was £0.599 million. This resulted in a budget gap of £0.019 million that is to be addressed through efficiency savings or the use of reserves. Requisition income remained unchanged at £0.580 million.

### Medium to long term financial planning

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

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

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

**35.** As outlined in paragraph 31, the 2018/19 budget identifies a budget gap of £0.018 million. The budget also forecasts a budget gap in 2019/20 and 2020/21 of £0.033 million and £0.048 million respectively. These are also expected to be addressed through efficiency savings or the use of reserves. The main driver of the budget gap is increased employee costs. With the removal of the cap on public sector pay, there is more uncertainty around employee costs each year.

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

## **Governance statement**

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

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

## **General Data Protection Regulation**

**39.** The General Data Protection Regulation (GDPR) became enforceable on 25 May 2018. The regulation made changes to data protection laws and the ways in which entities address data protection compliance. Failure to comply with the regulation could result in significant sanctions.

**40.** Renfrewshire Council has been providing support to Clydeplan in preparation for GDPR. As a Joint Committee, Clydeplan is not specifically impacted by the requirements of GDPR. However, management have decided it will fall within the arrangements in place at Renfrewshire Council, as host authority, and the Data Protection Officer (DPO) of Renfrewshire Council will assume responsibility of data protection arrangements at Clydeplan.

# Appendix 1

## Action plan 2017/18

### 2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Capital expenditure and reserves</b></p> <p>The financial statements disclose Clydeplan does not have the power to hold assets or reserves therefore capital expenditure and reserves are not reflected within the financial statements.</p> <p><b>Risk</b></p> <p>There is a risk the financial statements do not fully reflect the substance of Clydeplan's transactions.</p>	<p>It is recommended that going forward management review how capital expenditure and reserves are reported in the financial statements.</p> <p><a href="#">Paragraph 24 - 27</a></p>	<p>This will be reviewed and updated as appropriate.</p> <p>Responsible officer: Head of Finance</p> <p>Target date: 31 March 2019</p>

### Follow up of prior year recommendations

b/f	<p><b>1. Medium term financial planning</b></p> <p>A review of committee papers and minutes identified no medium or longer term financial planning is carried out and no scenario planning on savings is carried out either. As a result, there is a risk members have insufficient information to make informed decisions.</p>	<p>It is recommended scenario planning is carried out to highlight the impact of possible developments to members.</p>	<p>The 2018/19 budget included revenue estimates to 2020/21.</p> <p>Responsible officer: Head of Finance</p> <p>Target date: 31 March 2018</p> <p>Actual date: 11 December 2017</p>
b/f	<p><b>2. Contract standing orders</b></p> <p>A review of the contract standing orders was carried out which highlighted information that was not up to date. As a result, there is a risk that the process and procedures in respect of granting contracts are not up to date and in line with legislation.</p>	<p>It is recommended that the contract standing orders are reviewed and updated.</p>	<p>The contract standing orders were revised and approved by the Joint Committee.</p> <p>Responsible officer: Head of Corporate Governance</p> <p>Target date: 31 March 2018</p> <p>Actual date: 11 September 2017</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 report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<b>1 Risk of management override of controls</b>  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.	Detailed testing of journal entries.  Review of accounting estimates.  Focused testing of accruals and prepayments.  Evaluation of significant transactions that are outside the normal course of business.	No unusual or inappropriate transactions were identified as part of our detailed journal testing.  A review of accounting estimates did not show any evidence of bias.  Focused testing of accruals and prepayments did not identify any balances that were incorrectly held on the Balance Sheet.  Focused testing on a sample of transactions outside the normal course of business did not show any evidence of management override of controls.  <b>Conclusion: no evidence of management override of controls.</b>
<b>2 Risk of fraud over income</b>  The majority of Clydeplan's income is in the form of requisitions from member authorities. However, a proportion of income is generated from other sources. As a result, in accordance with ISA 240, there is an inherent risk of fraud that requires an audit response.	Analytical procedures on income streams.  Detailed testing of revenue transactions focusing on the areas of greatest risk.	Analytical procedures were carried out over all income streams and satisfactory responses were provided for all significant variances.  Detailed testing of revenue transactions confirmed these were normal business transactions and had been accounted for in the correct year. An error was identified in how project income is reported which resulted in income being understated. However, this was corrected by management.  <b>Conclusion: no evidence of fraud over income.</b>
<b>3 Risk of fraud over expenditure</b>  ISA 240 presumes a risk of fraud over income which is expanded to include	Analytical procedures on expenditure streams.	Analytical procedures were carried out over all expenditure streams and satisfactory

Audit risk	Assurance procedure	Results and conclusions
<p>fraud over expenditure in the public sector by the Code of Audit Practice</p> <p>The risk of fraud over expenditure applies due to the variety and extent of expenditure incurred by Clydeplan in delivering services.</p>	<p>Detailed testing of expenditure transactions focusing on the areas of greatest risk.</p>	<p>responses were provided for all significant variances.</p> <p>Detailed testing of expenditure transactions confirmed these were normal business transactions and had been accounted for in the correct year. An error was identified in how project expenditure is reported which resulted in expenditure being understated. However, this was corrected by management.</p> <p><b>Conclusion: no evidence of fraud over expenditure.</b></p>

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

<p><b>4 General Data Protection Regulation</b></p> <p>The General Data Protection Regulation (GDPR) becomes enforceable in May 2018. The regulation makes changes to data protection laws and the ways in which entities address data protection compliance. Failure to comply with the regulation can result in significant sanctions.</p> <p>Ensuring compliance with the regulation is resource intensive and will require a designated Data Protection Officer (DPO). Clydeplan will need to ensure it is prepared for GDPR and has the necessary arrangements in place for the enforcement date.</p>	<p>Attendance at Joint Committee meetings and review of Joint Committee meeting papers.</p> <p>Discussions with management to monitor and discuss developments.</p>	<p>Renfrewshire Council has been providing support to Clydeplan for GDPR. The DPO of Renfrewshire Council will assume responsibility for data protection arrangements at Clydeplan.</p> <p><b>Conclusion: GDPR has only been enforceable for a short period of time. Steps have been taken by management to ensure the statutory requirements of GDPR have been met. Compliance with GDPR will be assessed as part of our audit work over the remainder of the audit engagement.</b></p>
<p><b>5 Changes to the Scottish planning system</b></p> <p>The draft Planning Bill was introduced in December 2017. The Bill will repeal the provisions requiring the formation of Strategic Development Planning Authorities and the production of Strategic Development Plans. If passed by Parliament in its current form this will result in the cessation of Clydeplan.</p> <p>There is uncertainty in timings but the proposed changes could impact on Clydeplan's ability to carry out day to day operations and meet its future objectives.</p>	<p>Attendance at Joint Committee meetings and review of Joint Committee meeting papers.</p> <p>Discussions with management to monitor and discuss developments.</p> <p>Monitor progress of draft Planning Bill through Parliamentary process.</p>	<p>The draft Planning Bill has been progressing through the Parliamentary process. The Stage 1 report was published in May 2018 and debated by Parliament in the same month. Stage 2 of the Parliamentary process is expected to be completed in November 2018 and the Government have indicated the Bill will be updated to provide greater clarity and reflect the outcome of the Stage 1 debate.</p> <p>Management have responded to the Draft Bill and gave oral and written evidence at various stages of the Parliamentary process. Management have also been in discussions with the Glasgow City Region partnership to discuss the role, function and governance of</p>

Audit risk	Assurance procedure	Results and conclusions
		<p>Clydeplan as part of this partnership.</p> <p><b>Conclusion: the Draft Bill is still progressing through the Parliamentary process and management have given evidence on the Draft Bill. Management have also been in discussions with the Glasgow City Region partnership to discuss the role of Clydeplan in developments. There are still uncertainties about the role of Clydeplan going forward as no decisions have yet been made. Progress and developments will continue to be monitored and discussed with management.</b></p>

# Glasgow and the Clyde Valley Strategic Development Planning Authority

## 2017/18 Annual Audit Report

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

**To:** Joint Committee

**On:** 10 September 2018

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

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**Heading:** Audited Annual Accounts 2017-18

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**1. Summary**

- 1.1 At the meeting of the Joint Committee on 11 June 2018 a report on the unaudited accounts for the year ended 31 March was noted.
- 1.2 Following the introduction of the Local Authority Accounts (Scotland) Regulations 2014 the audited accounts must be approved for signature by the Joint Committee no later than 30 September each year. Following this approval the audited accounts will be submitted to the Strategic Development Plan Manager, the Convenor and the Treasurer for signature.

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**2 Recommendations**

- 2.1 It is recommended that members approve the audited accounts for signature.
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## Annual Financial Statements 2017/18

**Glasgow & the Clyde Valley Strategic Development Planning Authority  
Annual Accounts 2017/18**

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## **Management Commentary**

### **Introduction**

The requirements governing the format and content of local authorities' annual accounts (under s106 of the Local Government (Scotland) Act 1973 joint boards and committees are classed as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The annual accounts are prepared in line with The Local Authority Accounts (Scotland) Regulations 2014.

### **History and Statutory Background**

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

GCVSDPA is a Joint Committee formed under section 57 of the Local Government (Scotland) Act 1973. The Joint Committee is comprised of the eight local authorities of East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire. A Joint Committee is not a separate legal entity, therefore, to ensure the actions of the GCVSDPA have legal effect it must appoint a 'lead authority' with legal personality to act on its behalf to implement its decisions. The lead authority appointed to act for GCVSDPA is Renfrewshire Council.

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

The Glasgow Clyde Valley Green Network Partnership (GCVGNP) has a strong relationship with the GCVSDPA and an overview of the Partnership is provided at note 9 of the financial statements.

### **The Strategic Development Plan**

The SDP sets out a development strategy over the next 20 years of where new development should be located and a policy framework to help deliver sustainable economic growth and enhance the quality of life in the Glasgow and Clyde Valley region. The current SDP was approved by Scottish Ministers on the 24<sup>th</sup> July 2017.

2017/18 saw a number of important developments in respect of strategic development planning which will have significant implications for the future role and work of the GCVSDPA.

Firstly, following approval of the Plan, legal action was commenced by Gladman Developments Limited who appealed against Scottish Ministers approval of the plan, citing Clydeplan as an interested party. This challenge was heard in the Inner House of the Court of Session and a decision to refuse the appeal was delivered by Lord Carloway, the Lord President on 20<sup>th</sup> March 2018. This matter has taken up both human and cost resource during 2017/18, and award of costs will be pursued if appropriate.

Secondly, the ongoing review of planning governance has continued with the Planning Bill introduced by the Cabinet Secretary for Communities, Social Security and Equalities, Angela Constance MSP, on 4 December 2017. As anticipated, given the nature of the independent panel's review recommendations, the Bill proposes the removal of Strategic Development Plans from the development plan hierarchy. However, the Policy Memorandum which accompanies the Bill, continues to describe strategic planning as *"an essential element of the overall planning system"* and states that *"Authorities should have the scope and flexibility to determine the best ways for them to*

**Glasgow & the Clyde Valley Strategic Development Planning Authority  
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*work together in bespoke regional partnerships, covering their shared interests; alongside their duties to participate in the production of the NPF, which would include regional planning interests.”*

The Bill is currently going through the parliamentary scrutiny process and is anticipated to receive Royal Assent in late September. Given the very specific implications of the Bill, Clydeplan has actively engaged in the parliamentary call for evidence including participation in an oral evidence session at the Local Government and Communities Committee on 7th March 2018.

Finally, the direction of travel set within the Bill towards effective bespoke regional partnerships, combined with the continuing development of the Glasgow City Region's Economic Strategic and Action Plan published in February 2017, continue to have implications for the day to day activities of this organisation. In addition to the appointment of a Director of Regional Economic Growth at Glasgow City Region, 3 portfolio lead officers have been appointed on a seconded basis to assist in developing the activities of the 8 city region portfolios. Clydeplan is now an active participant on a number of these groupings including:

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

Clydeplan is for example providing direct technical support to the Infrastructure and assets portfolio through the development of a North Lanarkshire Pilot Study that will be rolled out city region wide if appropriate. In particular, the Land Use Portfolio is committed to the production of a regional spatial strategy and Clydeplan will play an active role in supporting its preparation. Clydeplan's involvement in these City Region activities is likely to increase during 2018/19.

The principle focus for 2018/19 will involve working closely with Clydeplan's Steering Group to: consider the implications of the emerging Planning legislation due in September 2018 and develop an appropriate work programme in support of the work streams emerging for both Clydeplan and the Glasgow City Region portfolios.

## **Financial Performance**

### **Revenue**

The Comprehensive Income and Expenditure Statement on page 19 summarises the total costs of providing services and the income available to fund those services.

The Joint Committee has returned a deficit of £11,492 for the financial year 2017/18. This deficit excludes accounting adjustments relating to pensions and short-term accumulating compensated absences. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure Statement is due to accounting adjustments for pension costs £53,000 and accrued employee benefits £829.

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

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	Budget £	Actual £	Variance £
Employee Costs	430,000	437,020	(7,020)
Property Costs	67,500	61,680	5,820
Supplies and Services	43,300	101,823	(58,523)
Contractors & Others	9,000	29,012	(20,012)
Administrative Costs	41,800	36,279	5,521
Payments to Other Bodies	7,100	3,690	3,410
<b>Total Expenditure</b>	<b>598,700</b>	<b>669,504</b>	<b>(70,804)</b>
Requisition Income	(579,500)	(579,500)	-
Other Income	(19,200)	(78,512)	59,312
<b>Total Income</b>	<b>(598,700)</b>	<b>(658,012)</b>	<b>59,312</b>
<b>(Surplus)/Deficit for Year</b>	<b>-</b>	<b>11,492</b>	<b>(11,492)</b>

The overspend in Employee Costs is mainly due to Salaries, whereby there was backfilling of a seconded post. Income has been received for the secondment from City Region Team to offset the salary cost.

The underspend in Property Costs is due to renting out office space for the year to an external body. Rent levels agreed under the lease extension, approved in August 2016, remain unchanged from previous levels.

The overspend in Supplies and Services is the result of the costs associated with the Strategic Development Plan and an IT software update to Microsoft Outlook. Additional costs are included for Project Expenditure within Clyde Estuary Forum. This has been offset by Project Income.

Consultancy fees incurred in respect of the preparation of the legal challenge by Gladman Developments Limited and the Proposed Plan have contributed to the overspend in Contractors.

Administration Costs is underspent due to lower than expected printing and stationery costs and conference and course expenses.

Payments to Other Bodies is underspent due to a decrease in survey expenditure in 17/18.

Other Income is over recovered due to the income received from the Glasgow Green Network to cover the administration support by GCVSDPA employees and also secondment income from City Region Team at Glasgow City Council. This is offset by the overspend in Employee Costs. Income has been received for the Clyde Estuary Forum to offset the expenditure through Supplies and Services.

### **Capital and Reserves**

The Joint Committee does not have the legal powers necessary to hold assets therefore there is no capital spend. Cash balances held by the Joint Committee are matched by creditor balances. The largest creditor balance relates to the revenue reserve balance of £276,749.

The balance on revenue reserves is made up as follows:

Strategic Development Plan Contingency Fund	£173,332
General Reserves	£103,417
<b>Balance at 31 March 2018</b>	<b>£276,749</b>

### **Provisions, Contingencies and Write-offs**

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

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

There were no debt write-offs during the year.

### **Net Pension Position**

The disclosure requirements for pension benefits under IAS19 are detailed at Note 17. The appointed actuaries have confirmed a net liability position of £0.193 million, a decrease of £0.747 million in their assessment of the position of the pension fund. The net deficit position of the pension reserve impacts on the net asset position of the Joint Committee as a whole, however the funding of these future liabilities will be met from future requisitions from members and as such the going concern assumption is valid.

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

### **Service changes and Future Developments**

Subject to any amendments to the Planning Bill which will be considered at Stage 2 of the Bill's progress in June 2018, and given the Scottish Government's intention to remove strategic development plans from the hierarchy of development plans, in all likelihood the requirement for SDP3 will be removed. However, the Glasgow City Region's Economic Strategic and Action Plan contains a commitment to prepare a regional land use spatial strategy to support the economic strategy and Clydeplan's core team will continue to have a significant role in that regard.

The governance arrangements around both the Steering Group and Clydeplan Joint Committee may require to be revisited over the next 12-18 months although this is also dependent on the activities and approach of the Glasgow City Region and its Cabinet. Clydeplan will continue to keep both its Steering Group and Joint Committee apprised of these significant contextual changes and will work closely with its partners to develop a work programme that remains relevant to the delivery of Clydeplan's vision as well as the emerging Glasgow City Region agenda.

### **Events after the Balance Sheet Date**

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

### **Impact of Economic Climate**

The Joint Committee recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. It has been agreed that the level of requisition in 2018/19 remain at 2017/18 levels.



**Conclusion**

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

**Councillor Lawrence O'Neill**

Convenor  
10 September 2018

**Alan Russell**

Treasurer  
10 September 2018

**Stuart Tait**

Strategic Development Plan Manager  
10 September 2018

## **Statement of Responsibilities for the Annual Accounts**

### **The Joint Committee's Responsibilities**

The Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs. (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for the Glasgow & Clyde Valley Strategic Development Planning Authority;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to ensure 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);
- to approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on the 10 September 2018.

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

### **Councillor Lawrence O'Neill**

Convenor  
10 September 2018

### **The Treasurer's Responsibilities**

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

In preparing this statement of accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent;
- Complied with legislation;
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Joint Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2018.

### **Alan Russell CPFA**

Treasurer  
10 September 2018

## **Governance Statement**

### **Scope of Responsibility**

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

### **The Joint Committee's Governance Framework**

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

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

The main features of our governance arrangements are summarised below:

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

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

- Financial management is supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,

**Glasgow & the Clyde Valley Strategic Development Planning Authority  
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- 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.

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

### **Review of Effectiveness**

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

The effectiveness of the governance framework is reviewed annually by the Strategic Development Plan Manager, including the use of a self-assessment tool involving completion of a 30 point checklist covering four key areas of governance:

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

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

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

### **Statement on the Role of the Chief Financial Officer**

CIPFA published this statement in 2016 and under the Code, the Joint Committee is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact. The full statement is:

The Chief Financial Officer in a public service organisation:

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

To deliver these responsibilities the Chief Financial Officer:

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

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

**Review of Scottish Planning System**

The ongoing review of the Scottish Planning System which has recommended the removal of Strategic Development Plans from the Development Plan hierarchy to be replaced with regional partnership working, has created uncertainty about the statutory nature of Strategic Development Plans' and their related governance structures and processes.

The draft Planning Bill was introduced in December 2017. The Bill will repeal the provisions requiring the formation of Strategic Development Planning Authorities and the production of Strategic Development Plans. If passed by Parliament this will result in the cessation of Clydeplan in its current form.

The Planning Bill parliamentary scrutiny period is ongoing and it is anticipated that the Bill will be enacted in September 2018 with transitional arrangements to the new system to follow thereafter. It is understood that these arrangements will be aligned to publication of the Scottish Government's new National Planning Framework which is due in 2020.

As a consequence of the Bill the future role of strategic planning (and Clydeplan) in the West of Scotland is currently under consideration by the emerging Glasgow City Region partnership. Clydeplan are actively participating in those discussions though no definitive decisions, regarding the role, functions, governance or staffing, have been made.

**Assurance**

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

**Councillor Lawrence O'Neill**  
Convenor  
10 September 2018

**Stuart Tait**  
Strategic Development Plan Manager  
10 September 2018

## Remuneration report

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

### 1. Remuneration policy for elected members

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

### 2. Remuneration policy for senior employees

The Remuneration Policy of the Joint Committee is set in reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The salary of the Strategic Development Planning Manager is set at spinal point 29, which is currently the equivalent of 51.7% of the salary of the Chief Executive of Renfrewshire Council. These arrangements were agreed through approval of the Chief Officers' Award – Structure Plan Manager report at a meeting of the Joint Committee on 2<sup>nd</sup> December, 2002. The Assistant Strategic Development Planning Manager and Programme Manager posts have been evaluated under the single status framework and are paid according to the salary scales of Renfrewshire Council.

2016/17	Senior Employees		2017/18
Total Salary, fees and allowances	Name	Post Held	Total Salary, fees and allowances
£			£
71,721	Stuart Tait	Strategic Development Plan Manager	72,481
49,932	Dorothy McDonald	Assistant Strategic Development Plan Manager	51,266
<b>121,653</b>	<b>Total</b>		<b>123,747</b>

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2018, whether or not those amounts were actually paid to, or received by, those persons within that period.

(i) "Other" includes any payments made by the Joint Committee by way of remuneration to, or in respect of, the person that do not otherwise fall within the definition, other than payments relating to pensions.

### 3. Pension rights

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

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

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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.

<b>2016/17</b>	Member contribution rates on earnings in the bands below	<b>2017/18</b>
Up to £20,500	5.5%	Up to £20,700
£20,501 to £25,000	7.25%	£20,701 to £25,300
£25,001 to £34,400	8.5%	£25,301 to £34,700
£34,401 to £45,800	9.5%	£34,701 to £46,300
Over £45,801	12%	Over £46,301

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of the pensionable pay for each year of membership, adjusted in line with the cost of living. (Prior to 2015 the accrual rate guaranteed a pension based on 1/60th 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 full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

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

Senior Employees						
Name	Post Held	Accrued Pension benefits as at 31 March 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made by Joint Committee during 2017-2018
		Pension	Lump Sum	Pension	Lump Sum	(i)
		£m	£m	£m	£m	£
Stuart Tait	Strategic Development Plan Manager	0.031	0.058	+0.003	+0.001	13,981
Dorothy McDonald	Assistant Strategic Development Plan Manager	0.022	0.041	+0.003	+0.002	9,890
		0.053	0.099	+0.006	+0.003	23,871

(i) includes any contributions that Glasgow and the Clyde Valley Strategic Development Planning Authority has agreed to pay in respect of the relevant person at a later date

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

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#### **4. Remuneration of Employees**

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2017/18, in bands of £5,000.

2016/17	Remuneration Band	2017/18
Number of employees		Number of employees
-	£50,000 - £54,999	1
-	£55,000 - 59,999	-
-	£60,000 - £64,999	-
-	£65,000 - 69,999	-
1	£70,000 - £74,999	1
-	£75,000 - £79,999	-
-	£80,000 - £84,999	-
-	£85,000 - £89,999	-
-	£90,000 - £94,999	-
-	£95,000 - £99,000	-
1		2

#### **5. Exit Packages**

Glasgow and Clyde Valley Strategic Development Planning Authority agreed no exit packages in 2017-18.

**Councillor Lawrence O'Neill**  
Convenor  
10 September 2018

**Stuart Tait**  
Strategic Development Plan Manager  
10 September 2018



## **Independent Auditors Report**

### **Annual Accounts 2017-18**

#### **Independent auditor's report to the members of Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee 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 Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 Glasgow and the Clyde Valley Strategic Development Planning Authority as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 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 of 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 Glasgow and the Clyde Valley Strategic Development Planning Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

### **Responsibilities of the Treasurer for the financial statements**

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

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

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

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

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

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

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

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

performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on other prescribed matters**

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 auditable 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.

Mark Ferris  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

September 2018

## **Movement in Reserves Statement for the year ended 31 March 2018**

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

		Usable reserves		Unusable reserves	
		Revenue Reserve	Pension Reserve	Employee Statutory Adjustment Account	Total Reserves
	Note	£	£	£	£
<b>Balance at 31 March 2016 carried forward</b>		-	(462,000)	(9,964)	(471,964)
<i>Movement in reserves during 2016-17</i>					
<b>Total comprehensive income and expenditure</b>		(5,325)	(446,000)	-	(451,325)
Adjustments between accounting basis and funding basis under regulations	7a & 7b	35,079	(32,000)	(3,079)	-
Transfer from Creditors	7a	258,487			258,487
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>288,241</b>	<b>(478,000)</b>	<b>(3,079)</b>	<b>(192,838)</b>
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	14	(288,241)	-	-	(288,241)
<b>Increase or (decrease) in 2016-17</b>		<b>-</b>	<b>(478,000)</b>	<b>(3,079)</b>	<b>(481,079)</b>
<b>Balance at 31 March 2017 carried forward</b>		-	(940,000)	(13,043)	(953,043)
<i>Movement in reserves during 2017-18</i>					
<b>Total comprehensive income and expenditure</b>		<b>(90,321)</b>	<b>825,000</b>	<b>-</b>	<b>734,679</b>
Adjustments between accounting basis and funding basis under regulations	7a & 7b	78,829	(78,000)	(829)	-
Transfer from Creditors	7a	288,241			288,241
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>276,749</b>	<b>747,000</b>	<b>(829)</b>	<b>1,022,920</b>
Transfers (to) or from other statutory reserves		-			-
Transfer to creditors	14	(276,749)			(276,749)
<b>Increase or (decrease) in 2017-18</b>		<b>-</b>	<b>747,000</b>	<b>(829)</b>	<b>746,171</b>
<b>Balance at 31 March 2018 carried forward</b>		-	(193,000)	(13,872)	(206,872)

## **Comprehensive Income and Expenditure Statement for the year ended 31 March 2018**

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

<b>2016/17</b>			<b>2017/18</b>
£		Note	£
435,708	Employee Costs		490,849
58,669	Property Costs		61,680
105,333	Supplies & Services *		101,823
16,006	Contractors		29,012
36,022	Administration Costs		36,279
4,041	Payments to Other Bodies		3,690
<b>655,779</b>	<b>Cost of Services</b>		<b>723,333</b>
(84,256)	Other Income		(76,223)
13,302	Financing & Investment Income & Expenditure	10	22,711
(579,500)	Requisitions from Members Authorities	15	(579,500)
<b>5,325</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>90,321</b>
446,000	Actuarial (Gains) or losses on pension assets and liabilities	17a	(825,000)
<b>446,000</b>	<b>Other Comprehensive Income &amp; Expenditure</b>		<b>(825,000)</b>
<b>451,325</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(734,679)</b>

\*The 2016/17 CIES has been restated to include Project Income and Expenditure within the provision of Services

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

2016/17 £		Note	2017/18 £
	<b><u>Current Assets</u></b>		
433,301	Funds held by Renfrewshire Council		388,033
17,997	Debtors and Prepayments	12	11,205
451,298			399,238
	<b><u>less Current Liabilities</u></b>		
(464,341)	Creditors And Accruals	13	(413,110)
(13,043)	<b>Net (Liabilities)/Asset Excluding Pension</b>		(13,872)
	<b><u>Long Term Liabilities</u></b>		
(940,000)	Pension (liability)/Asset	7b	(193,000)
(953,043)	<b>Net (Liabilities)/Asset Including Pension</b>		(206,872)
	<b><u>Represented by:</u></b>		
	<b>Useable Reserves</b>		
(288,241)	Balance due to Member Authorities		(276,749)
288,241	Transfer to Creditors	7a	276,749
	<b>Unuseable Reserves</b>		
(13,043)	Employee Statutory Adjustment Account	7c	(13,872)
(940,000)	Pension Reserve	7b	(193,000)
(953,043)			(206,872)

The audited accounts were authorised for issue on 10 September 2018.  
Balance Sheet signed by:

**Alan Russell CPFA**  
Treasurer  
10 September 2018

## **Cash flow Statement for the year ended 31 March 2018**

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

<b>2016/17</b>		<b>2017/18</b>
<b>£</b>		<b>£</b>
	<b>Operating Activities</b>	
	<b>Cash Inflows</b>	
(716,506)	Other receipts from operating activities	(746,612)
(2,698)	Interest received	(2,289)
<b>(719,204)</b>	<b>Cash inflows generated from operating activities</b>	<b>(748,901)</b>
	<b>Cash Outflows</b>	
348,657	Cash paid to and on behalf of employees	364,517
349,999	Cash paid to suppliers for goods and services	359,315
66,496	Other payments for operating activities	70,338
<b>765,152</b>	<b>Cash outflows generated from operating activities</b>	<b>794,170</b>
<b>45,948</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>45,269</b>
479,250	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	433,302
433,302	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	388,033
<b>45,948</b>	<b>Net cash outflow in cash and cash equivalents in year</b>	<b>45,269</b>

## **Note 1 Expenditure Funding Analysis for the year ended 31 March 2018**

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

<b>2017/18</b>	<b>(Surplus)/Deficit for Year</b>	<b>Net Expenditure Chargeable to the General Fund</b>	<b>Adjustments between Funding and Accounting basis</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 31st March 2018	11,492			11,492
Employee Statutory Adjustment		829		829
Pension Cost			53,000	53,000
Pension Interest			25,000	25,000
<b>(Surplus) or deficit on the provision of service</b>				<b>90,321</b>

<b>2016/17</b>	<b>(Surplus)/Deficit for Year</b>	<b>Net Expenditure Chargeable to the General Fund</b>	<b>Adjustments between Funding and Accounting basis</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 31st March 2017	(29,754)			(29,754)
Approved draw on reserves		-		-
Employee Statutory Adjustment		3,079		3,079
Pension Cost			16,000	16,000
Pension Interest			16,000	16,000
<b>(Surplus) or deficit on the provision of service</b>				<b>5,325</b>



## **Note 2 Accounting Policies**

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 for Local Authorities 2017/18, (SeRCOP) supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Joint Committee and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

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

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

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

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

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

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

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

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

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

### **Accruals of Expenditure and Income**

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

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

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

### **Cash and Cash Equivalents**

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

### **Contingent Assets and Liabilities**

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

### **Employee Benefits**

#### Benefits payable during employment

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

#### Post employment benefits

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

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

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

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

Note 17 to the Core Financial Statements provides further information.

### **Events after the Balance Sheet date**

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 6 provides further information.

### **Prior Period Adjustments**

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

### **Government Grants and other Contributions**

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

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

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

### **Leases**

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

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

#### *Operating Leases*

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

### **Property, Plant and Equipment**

Glasgow & the Clyde Valley Strategic Development Planning Authority is a Joint Committee as constituted under s106(1) of the Local Government (Scotland) Act 1973. The Joint Committee has no legal power to hold assets. Any cash assets held are matched by an equivalent creditor balance.

## **Reserves**

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

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

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

## **VAT**

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

## **Note 3 Accounting Standards Issued not Adopted**

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

## **Note 4 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 2, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however, a summary of those with the most significant effect is detailed below.

Leases	An analysis of the terms of the lease for the office accommodation at West Regent Street leased by the Joint Committee has concluded it is an operating lease. Note 11 provides further information.
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## **Note 5 Assumptions made about the future**

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

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

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<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Results differ from Assumption</b>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £0.452 million. However, the assumptions interact in complex ways. During 2017/18, the appointed actuaries advised that the net pension asset had increased by £0.825 million attributable to updating of the financial assumptions.

## **Note 6 Events after the balance sheet date**

Events taking place after the authorised for issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 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.

## **Note 7 Details of Movement in Reserves**

### **a. Revenue Reserve**

<b>2016/17</b>		<b>2017/18</b>
£		£
(258,487)	Balance as at 1 April	(288,241)
(32,000)	Transfer to pension reserve	(78,000)
(3,079)	Transfer to employee statutory adjustment account	(829)
-	Transfers to or (from) other statutory reserves	-
5,325	(Surplus) or Deficit on provision of services (from the Comprehensive Income & Expenditure Account)	90,321
<b>(288,241)</b>	<b>Balance as at 31 March</b>	<b>(276,749)</b>

This represents the excess of member authority requisitions over expenditure in any one year and is shown as payable to the member authorities

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**b. Pension Reserve**

<b>2016/17</b>		<b>2017/18</b>
<b>£</b>		<b>£</b>
(462,000)	Balance as at 1 April	(940,000)
(446,000)	Actuarial Gains and Losses (see note 17)	825,000
(32,000)	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	(78,000)
<b>(940,000)</b>	<b>Balance as at 31 March</b>	<b>(193,000)</b>

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

**c. Employee Statutory Adjustment Account**

<b>2016/17</b>		<b>2017/18</b>
<b>£</b>		<b>£</b>
(9,964)	Balance as at 1 April	(13,043)
9,964	Reversal of prior year accrual for short-term accumulating compensated absences	13,043
(13,043)	Recognition of the accrual for short-term accumulating compensating absences at 31 March	(13,872)
<b>(13,043)</b>	<b>Balance as at 31 March</b>	<b>(13,872)</b>

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

## **Note 8 Reconciliation of the Balance on the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement**

The deficit for the year on the Revenue Reserves was £78,829 less than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

<b>2016/17</b>		<b>2017/18</b>
£		£
<b>Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement in Reserves Statement</b>		
(89,000)	Net charges made for retirement benefits in accordance with IAS19	(138,000)
(3,079)	Net charges for employment short-term accumulating absences	(829)
<u>(92,079)</u>		<u>(138,829)</u>
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement in Reserves Statement</b>		
<u>57,000</u>	Employers contributions payable to the Strathclyde Pension Fund	<u>60,000</u>
<u>(35,079)</u>	<b>Net additional amount required to be debited or credited to the Revenue Reserves balance for the year</b>	<u>(78,829)</u>

## **Note 9 Green Network Partnership**

### **Overview**

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

There is a strong relationship between the GCVSDPA and the GCVGNP: The SDP manager and assistant manager are Chair and Vice Chair of the GNP Board; the GCVSDPA Joint Committee acts for its constituent local authorities to agree local authority funding to support the GNP Business Plan; the GCVSDPA Joint Committee approves the GNP business plan and revenue estimates, in respect of local authority contributions only; progress against business plan targets are monitored annually by the Joint Committee; the executive team of the SDP and GNP share offices in West Regent Street, Glasgow.

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



## Financial Performance

### Revenue

The GNP has returned a deficit of £5,761 (2016-17 - £29,639 deficit), against a budgeted breakeven position. The deficit is a result of a reduction in income from Forestry Commission Scotland (FCS) and Project Income from the Central Scotland Green Network (CSGN).

The GNP is a significant regional component of the CSGN. As a result, the GNP secures additional funding for various projects related to the CSGN. The total project expenditure by the GNP during 2017-18 was £10,127 (2016-17, £212,262). The GNP has been a key partner in the study and planning of the development of the Seven Lochs Wetland Park resulting in the continuing significant levels of project expenditure.

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

2016/17			2017/18
£	Council	Percentage	£
5,589	East Dunbartonshire	3.2%	5,589
4,758	East Renfrewshire	2.7%	4,758
31,019	Glasgow City	17.9%	31,019
4,322	Inverclyde	2.5%	4,322
17,306	North Lanarkshire	10.0%	17,306
9,040	Renfrewshire	5.2%	9,040
16,497	South Lanarkshire	9.5%	16,497
4,855	West Dunbartonshire	2.8%	4,855
<b>93,386</b>	<b>Funding From Authorities Represented by GCVSDPA</b>	<b>53.8%</b>	<b>93,386</b>
	<b>Other Government Agencies</b>		
32,955	Forestry Commission	17.2%	29,796
14,008	Glasgow Centre for Population Health	8.1%	14,008
4,669	Scottish Environmental Protection Agency	2.7%	4,669
31,514	Scottish National Heritage	18.3%	31,782
<b>83,146</b>	<b>Total From Other Government Agencies</b>	<b>46.2%</b>	<b>80,255</b>
<b>176,532</b>	<b>TOTAL</b>	<b>100.0%</b>	<b>173,641</b>

### Capital and Reserves

The GCVGNP does not have legal powers necessary to hold assets therefore it has no capital spend. The Partnership retains financial reserves to offset any liabilities of the Partnership. The table below shows the value of the Partnerships reserves at the 31 March 2018. This is analysed into usable reserves, which has been derived from partnership funding and can be used to fund expenditure, and unusable reserves, which cannot be used to fund expenditure.

2016/17		2017/18
	<b><u>Reserves Represented by:</u></b>	
	<b>Useable Reserves</b>	
(94,122)	Balance due to Partnership Members	(88,361)
	<b>Unuseable Reserves</b>	
(3,498)	Employee Statutory Adjustment Account	(4,824)
(469,000)	Pension Reserve *	(86,000)
<b>(566,620)</b>		<b>(179,185)</b>

\*Note 2016/17 Pension reserve restated due to updated pensions reports supplied by Hymans for 2016/17



## Note 10 Financing & Investment Income

2016/17		2017/18
£		£
(2,698)	Interest on Balances	(2,289)
16,000	Pension Interest Cost	25,000
<b>13,302</b>	<b>Total Financing &amp; Investment Income</b>	<b>22,711</b>

## Note 11 Operating Leases

The Joint Committee has extended the operating lease on the office accommodation at West Regent Street in Glasgow until October 2019. The lease was extended in October 2016 for a term of 3 years, with a tenant only break option which allows the extended lease to be terminated by the Joint Committee without penalty one year after the commencement of the extended lease period. Twenty five percent of the accommodation costs are paid by The Green Network Partnership. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £29,250 (2016/17 £29,250). The cost of the total lease agreement, including the proportion paid by The Green Network Partnership is detailed below:

2016/17		2017/18
£		£
	Future Minimum Lease Payments	
44,604	- not later than one year	44,180
70,230	- later than one year and not later than five years	26,050
-	- later than five years	-
<b>114,834</b>		<b>70,230</b>

## Note 12 Debtors

2016/17		2017/18
£		£
6,851	Scottish Government	0
11,146	Other entities and individuals	11,205
<b>17,997</b>	<b>Total short term debtors</b>	<b>11,205</b>

## Note 13 Creditors

2016/17		2017/18
£		£
288,241	Other local authorities	276,749
13,043	Short term accumulating absences	13,872
25,099	Accrued payrolls	27,263
133,689	Studies funding	92,165
4,269	Other entities and individuals	3,061
<b>464,341</b>	<b>Total short term creditors</b>	<b>413,110</b>

## **Note 14 Transfer to Creditors**

2016/17 £		2017/18 £
<u>(288,241)</u>	In terms of Section 58 of the Local Government (Scotland) Act 1973, Joint Committees have no specific powers to retain reserves to meet future funding requirements and the amount due to member authorities has been transferred to creditors.	<u>(276,749)</u>

## **Note 15 Related parties**

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

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

The service level agreement for these services is £23,200 (2016/17 £23,200). A proportion of the cost is paid by the Green Network Partnership. The amount paid in respect of these services by the GCVSDPA for the year ended 31 March 2018 was £18,900 (2016/17 £18,900).

2016/17 £	Council	Percentage	2017/18 £
72,437.50	East Dunbartonshire	12.5%	72,437.50
72,437.50	East Renfrewshire	12.5%	72,437.50
72,437.50	Glasgow City	12.5%	72,437.50
72,437.50	Inverclyde	12.5%	72,437.50
72,437.50	North Lanarkshire	12.5%	72,437.50
72,437.50	Renfrewshire	12.5%	72,437.50
72,437.50	South Lanarkshire	12.5%	72,437.50
72,437.50	West Dunbartonshire	12.5%	72,437.50
<u><u>579,500.00</u></u>	<b>GCVSDPA Funding</b>	<b>100.00%</b>	<u><u>579,500.00</u></u>

## **Note 16 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 £2,810 (£2,770 in 2016/17). There were no fees paid to Audit Scotland in respect of any other services.

## **Note 17 Retirement Benefits**

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

## 17a. Transactions relating to retirement benefits

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

The following transactions have been made in the accounting statements in 2017-2018:

2016/17		Note	2017/18
£			£
	<b>Comprehensive Income &amp; Expenditure Statement</b>		
	<b>Cost of Services</b>		
73,000	Current service cost	(i)	113,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
<u>73,000</u>			<u>113,000</u>
	<b>Financing &amp; Investment Income &amp; Expenditure</b>		
16,000	Net interest	(iv)	25,000
<u>89,000</u>	<b>Total post employment benefit charged to the Surplus or Deficit on the Provision of Services</b>		<u>138,000</u>
	<b>Other post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		
(591,000)	Return on assets excluding amounts included in net interest		(226,000)
1,037,000	Actuarial (gains) and losses arising on changes in financial assumptions		(599,000)
<u>446,000</u>	<b>Total Actuarial (gain) or loss</b>		<u>(825,000)</u>
<u>535,000</u>	<b>Total post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		<u>(687,000)</u>
	<b>Movement in Reserves Statement</b>	(v)	
478,000	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code		(747,000)
<u>57,000</u>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>		<u>60,000</u>

### Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees
- ii. Past service cost is the cost of discretionary pension benefits to former employees who retired on the grounds of efficiency etc or savings made for commuting part of the pension for additional cash.
- iii. Curtailments are the pension costs to employees retired under redundancy terms.
- iv. The net Interest Cost is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.
- v. The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year (£78,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2017/18 these amounted to £8,507 (2016/17 £8,424).

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In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gain of £0.825 million are included in the Movement in Reserves Statement (2016/17 £0.446 million loss).

**17b. Assets and liabilities in relation to retirement benefits**

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

2016/17		2017/18
£000		£000
3,454	Opening present value	4,639
73	Current service cost	113
121	Interest Cost	121
22	Employee Contributions	23
	Remeasurement (gains)/losses:	
1,037	Actuarial (gains)/losses arising from changes in financial assumptions	(599)
(68)	Benefits Paid	(68)
<b>4,639</b>	<b>Closing present value of scheme liabilities</b>	<b>4,229</b>

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

2016/17		2017/18
£000		£000
2,992	Opening Fair Value	3,699
105	Interest Income	96
	Remeasurement gain/(loss):	
591	Return on assets excluding amounts included in net interest	226
57	Contributions from employer	60
22	Contributions from employee	23
(68)	Benefits Paid	(68)
<b>3,699</b>	<b>Closing fair value of scheme assets</b>	<b>4,036</b>

**17c. Fund history**

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Present Value of Liabilities	(2,693)	(3,713)	(3,454)	(4,639)	(4,229)
Fair value of assets	2,337	2,911	2,992	3,699	4,036
<b>Surplus/(deficit) in the scheme</b>	<b>(356)</b>	<b>(802)</b>	<b>(462)</b>	<b>(940)</b>	<b>(193)</b>

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

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The net liability of £0.193 million has a significant impact on the net worth of the Joint Committee as recorded in the balance sheet. Any deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

The total contributions expected to be made by the Joint Committee to Strathclyde Pension Fund in the year to 31 March 2019 is £0.060 million.

**17d. Basis for estimating assets and liabilities**

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

The principal assumptions used by the actuary have been:

2016/17	Financial Year:	2017/18
	<b>Mortality assumptions</b>	
	Longevity at 65 for current pensioners	
22.1 years	• Men	21.4 years
23.6 years	• Women	23.7 years
	Longevity at 65 for Future pensioners	
24.8 years	• Men	23.4 years
26.2 years	• Women	25.8 years
4.4%	Rate of increase in salaries	3.6%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.7%
	Take-up of option to convert annual pension into retirement lump sum:	
50.0%	For Pre April 2009 Service	50.0%
75.0%	Post April 2009 Service	75.0%

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

2016/17 £000		Percentage	2017/18 £000
	<b>Equity Securities</b>		
352	Consumer	6.4%	259
278	Manufacturing	5.2%	210
110	Energy and Utilities	1.3%	54
257	Financial Institutions	4.3%	174
150	Health and Care	2.6%	103
213	Information Technology	3.3%	133
-	Other	0.0%	-
<b>1,360</b>	<b>Total Equity</b>	<b>23.1%</b>	<b>933</b>
	<b>Debt Securities</b>		
	Corporate Bonds (Investment Grade)	3.1%	127
<b>0</b>	<b>Total Debt Securities</b>	<b>3.1%</b>	<b>127</b>
	<b>Private Equity</b>		
305	All	12.0%	482
<b>305</b>	<b>Total Private Equity</b>	<b>12.0%</b>	<b>482</b>
	<b>Real Estate</b>		
446	UK Property	9.1%	365
-	Overseas Property	0.0%	-
<b>446</b>	<b>Total Real Estate</b>	<b>9.1%</b>	<b>365</b>
	<b>Investment Funds &amp; Unit Trusts</b>		
1189	Equities	30.9%	1,246
208	Bonds	11.6%	467
2	Commodities	0.1%	2
-	Infrastructure	0.0%	-
50	Other	0.1%	5
<b>1,449</b>	<b>Total Investment Funds &amp; Unit Trusts</b>	<b>42.7%</b>	<b>1,720</b>
	<b>Derivatives</b>		
-	Inflation	0.0%	-
-	Interest Rate	0.0%	-
-	Foreign Exchange	0.0%	-
-	Other	0.0%	0
<b>0</b>	<b>Total Derivatives</b>	<b>0.0%</b>	<b>0</b>
	<b>Cash &amp; Cash Equivalents</b>		
139	All	10.1%	408
<b>139</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>10.1%</b>	<b>408</b>
<b>3,699</b>	<b>Total</b>	<b>100%</b>	<b>4,036</b>

**17e. Impact on cashflows**

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2017-18 and 2018-19.

**Note 18 Contingent Liabilities and Assets**

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

