

GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING AUTHORITY JOINT COMMITTEE

To: Joint Committee

On: 11 June 2018

Report by: The Treasurer

Heading: Unaudited Annual Accounts 2017-18

1. Summary

- 1.1 The attached Annual Accounts for the year ended 31 March 2018 have been completed and forwarded to Audit Scotland for audit.
- 1.2 The accounts show a deficit for the year of £11,492 against a budgeted breakeven position. Further comments on the Accounts are shown on pages 4 to 6 of the report.
- 1.3 In accordance with the Local Authority Accounts (Scotland) Regulations 2014, the unaudited accounts have only been signed by the Treasurer as proper officer. The audited accounts will be signed by the Convener and the Strategic Development Plan Manager, as well as the Treasurer, in accordance with the regulations.

2 Recommendations

- 2.1 The Joint Committee is asked to note the Accounts and that, once the audit has been completed, the audited Accounts will be further presented to the Joint Committee for approval.
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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 24th 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 20th 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*

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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 Account on page 16 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 report 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	60,299	(16,999)
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
Total Expenditure	598,700	627,980	(29,280)
Requisition Income	(579,500)	(579,500)	-
Other Income	(19,200)	(36,988)	17,788
Total Income	(598,700)	(616,488)	17,788
(Surplus)/Deficit for Year	-	11,492	(11,492)

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.

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.

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
Balance at 31 March 2018	£276,749

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.

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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 £0.264 million, a decrease of £0.676 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.

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.

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

11 June 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, 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,

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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 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 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 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.

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 2nd 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
121,653	Total		123,747

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 1st 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.

2016/17	Member contribution rates on earnings in the bands below	2017/18
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		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
Name	Post Held	Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	(i) £
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	9,889
		0.053	0.099	+0.006	+0.003	23,869

(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.

Independent Auditor's Report

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Under arrangements approved by the Accounts Commission, the auditor with responsibility for the audit of the accounts of the Glasgow and the Clyde Valley Strategic Development Planning Authority for the year ended 31 March 2018 is:

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

Statement

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

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	£	£	£	£
Balance at 31 March 2016 carried forward		-	(462,000)	(9,964)	(471,964)
<i>Movement in reserves during 2016-17</i>					
Total comprehensive income and expenditure		(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
Net increase or (decrease) before transfers to other statutory reserves		288,241	(478,000)	(3,079)	(192,838)
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	14	(288,241)	-	-	(288,241)
Increase or (decrease) in 2016-17		-	(478,000)	(3,079)	(481,079)
Balance at 31 March 2017 carried forward		-	(940,000)	(13,043)	(953,043)
<i>Movement in reserves during 2017-18</i>					
Total comprehensive income and expenditure		(90,321)	754,000	-	663,679
Adjustments between accounting basis and funding basis under regulations	7a & 7b	78,829	(78,000)	(829)	-
Transfer from Creditors	7a	288,241			288,241
Net increase or (decrease) before transfers to other statutory reserves		276,749	676,000	(829)	951,921
Transfers (to) or from other statutory reserves		-			-
Transfer to creditors	14	(276,749)			(276,749)
Increase or (decrease) in 2017-18		-	676,000	(829)	675,171
Balance at 31 March 2018 carried forward		-	(264,000)	(13,872)	(277,872)

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**.

2016/17			2017/18
£		Note	£
435,708	Employee Costs		490,849
58,669	Property Costs		61,680
36,182	Supplies & Services		60,299
16,006	Contractors		29,012
36,022	Administration Costs		36,279
4,041	Payments to Other Bodies		3,690
586,628	Cost of Services		681,809
(15,105)	Other Income		(34,699)
13,302	Financing & Investment Income & Expenditure	10	22,711
(579,500)	Requisitions from Members Authorities	15	(579,500)
5,325	(Surplus) or deficit on the provision of services		90,321
446,000	Actuarial (Gains) or losses on pension assets and liabilities	17a	(754,000)
446,000	Other Comprehensive Income & Expenditure		(754,000)
451,325	Total Comprehensive Income & Expenditure		(663,679)

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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 £
	<u>Current Assets</u>		
433,301	Funds held by Renfrewshire Council		388,033
17,997	Debtors and Prepayments	12	11,205
<hr/> 451,298			<hr/> 399,238
	<u>less Current Liabilities</u>		
(464,341)	Creditors And Accruals	13	(413,110)
<hr/> (13,043)	Net (Liabilities)/Asset Excluding Pension		<hr/> (13,872)
	<u>Long Term Liabilities</u>		
(940,000)	Pension (liability)/Asset	7b	(264,000)
<hr/> (953,043)	Net (Liabilities)/Asset Including Pension		<hr/> (277,872)
	<u>Represented by:</u>		
	Useable Reserves		
(288,241)	Balance due to Member Authorities		(276,749)
288,241	Transfer to Creditors	7a	276,749
	Unuseable Reserves		
(13,043)	Employee Statutory Adjustment Account	7c	(13,872)
(940,000)	Pension Reserve	7b	(264,000)
<hr/> (953,043)			<hr/> (277,872)

The unaudited accounts were authorised for issue on 11 June 2018.
Balance Sheet signed by:

Alan Russell CPFA
Treasurer
11 June 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.

2016/17		2017/18
£		£
	Operating Activities	
	Cash Inflows	
(716,506)	Other receipts from operating activities	(746,612)
(2,698)	Interest received	(2,289)
(719,204)	Cash inflows generated from operating activities	(748,901)
	Cash Outflows	
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
765,152	Cash outflows generated from operating activities	794,170
45,948	Net (increase)/decrease in cash and cash equivalents	45,269
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
45,948	Net cash outflow in cash and cash equivalents in year	45,269

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.

2017/18	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
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
(Surplus) or deficit on the provision of service				90,321

2016/17	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
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
(Surplus) or deficit on the provision of service				64,832

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.

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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 Account until conditions attaching to the grant or contribution have been satisfied. Monies advanced as grants and contributions are carried in the Balance Sheet as creditors.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are 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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Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £0.452 million. However, the assumptions interact in complex ways. During 2017/18, the appointed actuaries advised that the net pension asset had increased by £0.754 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

2016/17		2017/18
£		£
(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
(288,241)	Balance as at 31 March	(276,749)

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

2016/17		2017/18
£		£
(462,000)	Balance as at 1 April	(940,000)
(446,000)	Actuarial Gains and Losses (see note 17)	754,000
(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)
(940,000)	Balance as at 31 March	(264,000)

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Joint 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

2016/17		2017/18
£		£
(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)
(13,043)	Balance as at 31 March	(13,872)

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.

2016/17 £		2017/18 £
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		
(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>
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement in Reserves Statement		
<u>57,000</u>	Employers contributions payable to the Strathclyde Pension Fund	<u>60,000</u>
<u>(35,079)</u>	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	<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
93,386	Funding From Authorities Represented by GCVSDPA	53.8%	93,386
	Other Government Agencies		
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
83,146	Total From Other Government Agencies	46.2%	80,255
176,532	TOTAL	100.0%	173,641

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
	<u>Reserves Represented by:</u>	
	Useable Reserves	
(94,122)	Balance due to Partnership Members	(88,361)
	Unuseable Reserves	
(3,498)	Employee Statutory Adjustment Account	(4,824)
(469,000)	Pension Reserve *	(107,000)
(566,620)		(200,185)

*Note: 2016/17 Pension Reserve restated

Note 10 Financing & Investment Income

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

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	-
114,834		70,230

Note 12 Debtors

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

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
464,341	Total short term creditors	413,110

Note 14 Transfer to Creditors

2016/17		2017/18
£		£
(288,241)	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.	(276,749)

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			2017/18
£	Council	Percentage	£
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
579,500.00	GCVSDPA Funding	100.00%	579,500.00

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.

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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 £
	Comprehensive Income & Expenditure Statement		
	Cost of Services		
73,000	Current service cost	(i)	113,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
<u>73,000</u>			<u>113,000</u>
	Financing & Investment Income & Expenditure		
16,000	Net interest	(iv)	25,000
<u>89,000</u>	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services		<u>138,000</u>
	Other post employment benefit charged to the Comprehensive Income and Expenditure Statement		
(591,000)	Return on assets excluding amounts included in net interest		(155,000)
1,037,000	Actuarial (gains) and losses arising on changes in financial assumptions		(599,000)
<u>446,000</u>	Total Actuarial (gain) or loss		<u>(754,000)</u>
<u>535,000</u>	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		<u>(616,000)</u>
	Movement in Reserves Statement	(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		(676,000)
<u>57,000</u>	Employers Contributions paid to Strathclyde Pension Fund		<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 £0.754 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)
4,639	Closing present value of scheme liabilities	4,229

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	155
57	Contributions from employer	60
22	Contributions from employee	23
(68)	Benefits Paid	(68)
3,699	Closing fair value of scheme assets	3,965

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	3,965
Surplus/(deficit) in the scheme	(356)	(802)	(462)	(940)	(264)

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 £0.264 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 2018 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
	Mortality assumptions	
	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			2017/18
£000		Percentage	£000
	Equity Securities		
352	Consumer	0.0%	-
278	Manufacturing	0.0%	-
110	Energy and Utilities	0.0%	-
257	Financial Institutions	0.0%	-
150	Health and Care	0.0%	-
213	Information Technology	0.0%	-
-	Other	28.7%	1,139
1,360	Total Equity	28.7%	1,139
	Private Equity		
305	All	8.9%	351
305	Total Private Equity	8.9%	351
	Real Estate		
446	UK Property	11.8%	470
-	Overseas Property	0.0%	-
446	Total Real Estate	11.8%	470
	Investment Funds & Unit Trusts		
1189	Equities	31.8%	1,261
208	Bonds	10.5%	414
2	Commodities	0.1%	-
-	Infrastructure	0.0%	-
50	Other	5.1%	203
1,449	Total Investment Funds & Unit Trusts	47.4%	1,878
	Derivatives		
-	Inflation	0.0%	-
-	Interest Rate	0.0%	-
-	Foreign Exchange	0.0%	-
-	Other	0.0%	2
0	Total Derivatives	0.0%	2
	Cash & Cash Equivalents		
139	All	3.2%	126
139	Total Cash & Cash Equivalents	3.2%	126
3,699	Total	100%	3,965

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.