



**To: Council**

**On: 25 June 2015**

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**Report by: Director of Finance & Resources**

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**Heading: UNAUDITED ANNUAL ACCOUNTS 2014/15**

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**1. SUMMARY**

- 1.1 The Council's Accounts and Group Accounts for 2014/15 will be submitted for audit by the statutory deadline of 30 June 2015 and a copy of the Council's Accounts is attached for members' approval. The accounts fully comply with International Financial Reporting Standards (IFRS) and relevant accounting regulations. In order to comply with charity accounting requirements, the Council's Accounts do not incorporate statements relating to the Common Good Funds and Charitable Trust Funds. In both these instances, separate accounts have been prepared in accordance with registered charities accounting requirements and are also included for members' approval.
- 1.2 The Auditor is planning to complete the audit process by early September 2015. Their report on the Accounts will be made available to all members and will be submitted to the meeting of the Audit, Scrutiny & Petitions Board on 21 September for consideration.
- 1.3 The Management Commentary prefacing the Accounts provides an overview of the Council's financial performance and the key features are:-
- (a) Revenue spending has been contained within overall budget limits and across all service areas, with the exception of social work services, where the final year end outturn was an overspend of £0.364 million. The risk of an overspend occurring in social work services was reported early in the financial year to members and the outturn position was in line with anticipated forecasts.
  - (b) After adjusting for planned carry forwards, carry forward of committed resources and year end allocations, the General Fund has delivered an underspend of £0.795 million, marginally higher than that previously forecast and reported to members. Unallocated balances will decrease to £7.7 million moving into 2015/16, broadly in line with the minimum level recommended to the Council in the setting of the 2015/16

budget. As previously reported to members the maintenance of an appropriate level of unallocated reserves remains a key aspect in the management of financial risk which Audit Scotland have indicated they will keep under ongoing review across all local authorities.

(c) Of the overall General Fund reserves, the following are proposed to be earmarked:

- £0.571 million to fund the Council's anticipated final contribution to the M74 extension project. Discussion with Glasgow City Council has confirmed the final contribution is unlikely to be determined before 2016/17.
- £7.490 million as approved by the Economy & Jobs Policy Board on 20 May 2015 reflecting the flexible management of resources across financial years as part of the overall funding package supporting the delivery of the Invest in Renfrewshire Programme.
- £0.273 million of remaining funding linked to specific service projects within Social Work services as approved by the Social Work, Health and Well Being Policy Board on the 24<sup>th</sup> January 2013.
- £1.410 million relating to the Council's approved policy on delegated management of resources within schools.
- £8.631 million to support delivery of the Council's longer term waste strategy.
- £6.396 million relating to the Service Modernisation and Reform Fund (SMARF) which is set aside to assist in the delivery of the Council's transformation and change programme.
- £1.840 million of funding carried forward to support the delivery of committed projects as part of the Private Sector Housing Programme as approved on 11 March 2014 by the Housing and Community Safety Policy Board.
- £0.255m and £0.114m of resources carried forward linked to the multi year programmes for Energy Management and Events & Tourism respectively, as approved by Council on 14 February 2013, and the Economy & Jobs Policy Board on 21 May 2014.
- £1.136 million approved by the Council on 27 February 2014 to development initiatives on the Arnott's town centre site in Paisley.
- £1.107 million of planned revenue contributions to a number of approved capital projects principally relating to the Community Safety CCTV project.
- £3.321 million of resources committed to the ongoing Early Years Strategy and Change Fund arrangements as reported to the Education and Children Policy Board on 14 May 2015.
- £12.670 million for the Schools PPP reserve in line with the Council's approved affordability framework.
- £0.461 million earmarked to support investment in Credit Unions as approved by the Finance & Resources Policy Board on 12<sup>th</sup> November 2014.

- £0.233 million of resources committed to support land decontamination requirements as approved by the Environment Policy Board on 13 March 2013.
  - £1.561 million of resources committed to support the City Deal project as approved by Council on 13 February 2014.
  - £1.636 million of resource committed to support measures to Tackle Poverty as approved by Council on 12 February 2015.
  - £1.802 million of resource committed to support the Heritage Asset Strategy as agreed by Council on 12 February 2015
  - £0.180 million of specific grant received very late in 2014/15 planned to support youth employability
- (e) Unallocated HRA reserves as at 31<sup>st</sup> March have been maintained at £6.806 million. This represents a prudent level of unallocated reserves for the HRA which remain available to mitigate the impact of any unforeseen risks. In addition to these unallocated reserves, in setting the 2013/14 budget, the Council earmarked £5 million of resources to provide a range of additional support arrangements to tenants affected by Welfare Reform changes referred to above. £4.438 million was available at the start of financial year 2014/15. During the course of 2014/15, £0.599 million of these resources were utilised, leaving £3.838 million available for future years.
- (f) As outlined in paragraph 2.4 below, specific reserves now total £31.859 million, an increase on last year of £6.460 million and relate primarily to resources committed to the Council's capital investment programmes and management of the medium term debt smoothing strategy
- (g) Capital spending of £66.348 million (Note 19 of the accounts) was managed within the overall expenditure control limits approved by Council.
- (h) The Council no longer operates any significant trading operations but continues to operate a number of trading operations for management purposes. During the course of 2014/15 all trading operations have traded profitably.
- (i) The Council's in year council tax collection performance for 2014/15 was 96%, and is consistent with that reported in the previous year equalling the highest ever performance achieved by the Council.

## **2. RECOMMENDATIONS**

Council is asked to:-

- 2.1 Approve, subject to Audit, the Annual Accounts for 2014/15.
- 2.2 Note that the Auditor is planning to complete the audit of the Accounts by early September 2015 and that their report will be made available to all members and will be submitted to the meeting of the Audit, Scrutiny and Petitions Board on 21 September for detailed consideration.
- 2.3 Approve the sums earmarked within the General Fund reserves and HRA reserves as outlined in 1.3 above and in note 12 of the Accounts.

- 2.4 Approve the transfer of £6.552 million to, and £0.092 million from, the specific reserves as detailed below and in note 11 of the Accounts.

	Opening balance	Contributions to Reserves	Reserves Used / Transferred	Closing balance
	£ms	£ ms	£ ms	£ ms
Insurance Fund	2.543	-	-	2.543
Reservoir Repair Fund	0.313	0.002	0.005	0.310
Education Capital Items	0.735	0.190	0.087	0.838
Investment Programme Capital Fund	19.681	4.803	-	24.484
Housing Capital Fund	2.127	1.557	0.000	3.684
<b>Total</b>	<b>25.399</b>	<b>6.552</b>	<b>0.092</b>	<b>31.859</b>

- 2.5 Note the position outlined in section 6 as regards Group Accounts and as in previous years, delegate responsibility to the Director of Finance and Resources to submit the Group Accounts on behalf of the Council to the appointed Auditor by 30 June 2015.
- 2.6 Approve, subject to audit, the annual accounts attached for the Common Good Funds and Charitable Trusts which under accounting regulations require to be separately prepared and audited from the Council's accounts.

### 3. FINANCIAL PERFORMANCE 2014/15

- 3.1 This section of the report provides an overview of the budget performance for each service.

#### DEPARTMENTAL PERFORMANCE - GENERAL FUND REVENUE BUDGET

##### 3.2 **Chief Executive - £98,000 (4%) under-spend**

The year-end under-spend relates primarily to employee vacancies.

##### 3.3 **Finance and Corporate Services - £141,000 (0.4%) under-spend**

The year-end under-spend is marginally better than the projected position previously reported to members and relates to an under-spend in employee costs as a result of a higher level of vacancies occurring during the course of the year along with an over recovery in income, principally relating to licensing activities.

##### 3.4 **Community Resources - £134,000 (0.3%) under-spend**

The year end under-spend of £134,000 relates to the net effect across a number of services and can be summarised as follows:-

##### **Refuse Collection (£173,000 over-spend)**

The over-spend is due to lower income from trade waste and special uplifts, increased printing, transport, and water charges, which are partly offset by underspends on employee costs and supplies and services.

**Regulatory Services (£60,000 under-spend)**

The under-spend is mainly due to under-spends on employee costs and supplies and services

**Refuse Disposal (£206,000 under-spend)**

This under-spend is due to lower payments to contractors, which is partly offset by lower income, and increased transport costs.

**Streetscene (£218,000 over-spend)**

The over-spend is partly due to a strategic investment to support early operational Streetscene activities in advance of the 2015 Spring/Summer workplan, and increased employee costs. This was partly offset by under-spends on supplies and services and transport costs.

**Cleaning and Janitorial (£59,000 under-spend)**

The under-spend is due to lower expenditure on clothing and uniforms and provisions, which is partly offset by over-spends on employee costs.

**Land Services (£85,000 over-spend)**

The over-spend is due to lower recreational and cemetery income, and increased supplies and services.

**Renfrewshire Wardens (£166,000 under-spend)**

The under-spend is mainly due to vacancies, and lower transport costs. This was partially offset by additional expenditure on supplies and services.

**Roads Maintenance (£67,000 under-spend)**

The under-spend is mainly due to under-spends on supplies and services and payments to contractors, partly offset by increased employee costs.

**Flooding (£132,000 under-spend)**

The year end under-spend is due to under-spends on payments to contractors.

**Street Lighting (£84,000 over-spend)**

The over-spend is mainly due to over-spends on supplies and services and payments to contractors.

3.5 **Development & Housing - Property & Construction Services - £27,000 (0.6%) under-spend**

The year end position is marginally improved from the anticipated breakeven position previously reported to members. An under-spend in employee costs which has resulted from vacancies experienced over the course of the financial year, together with an over-recovery in design and supervision fees which has offset overspends in property and contractor costs.

### **Development & Housing - Planning & Economic Development - breakeven**

The year-end position for the Planning and Economic Development Division is in line with the anticipated breakeven position.

### **Development & Housing - Other Housing - £536,000 (9%) under-spend**

The year end closing position is a higher under-spend position than the final projection previously reported to members and arises mainly due to an under-spend within employee costs relating to vacancies and a better year end position on the closure of the Housing Benefit subsidy account than previously anticipated.

### **3.6 Education - £9,000 (0.01%) under-spend**

The under-spend is after accounting for year-end budget flexibility carried forward by schools under the terms of the Council's agreed delegated management of resources (DMR) scheme as detailed in section 1.3 above. This net result can be summarised as follows:

#### **Central Administration (£440,000 over-spend)**

The over-spend relates mainly to additional staffing costs, disclosure and SEEMIS subscription costs, and the net cost of hosting the Mission Discovery project.

#### **Additional Support for Learning (£299,000 over-spend)**

The over-spend mainly relates to transport costs, arising from increased costs and distances travelled, and additional posts required to meet service demands.

#### **ASN Schools (£56,000 over-spend)**

The over-spend relates to transport costs due to increased cost and distances travelled, and additional posts required to meet service demands.

#### **Educational Development Service (£34,000 under-spend)**

The under-spend mainly relates a number of small under-spends across various projects.

#### **Pre-Five Service (£129,000 under-spend)**

The under-spend is partly due to partner payments, as a result of demand being less than anticipated and partly due to staffing costs, resulting from delays in filling vacancies.

#### **Primary Schools (£139,000 under-spend)**

The under-spend mainly relates to lower teaching staffing costs, and SPT transport costs.

#### **Secondary Schools (£480,000 under-spend)**

The under-spend mainly relates to lower teaching staffing costs and SPT transport costs

#### **Facilities Management (£13,000 under-spend)**

The under-spend relates to janitorial overtime recharges, which were less than anticipated.

### **3.7 Leisure Services – £2,200 (0.02%) under-spend**

The year-end position is in line with expectations and relates to a range of minor off-setting under and over-spends.

### 3.8 **Social Work - £364,000 (0.4%) Over-spend**

The overall position for Social Work is in line with that previously reported to members, a summary of the main areas of variance across divisions of service is detailed below:

#### **Management and Support Services (£511,000 under-spend)**

The under-spend is mainly in relation to payroll costs and the annual criminal justice administration fee.

#### **Children and Families (£842,000 over-spend)**

The net overspend reflects higher than anticipated payroll costs along with growing pressures in relation to Kinship Care and fostering payments, and external residential placement budgets.

#### **Older People (£402,000 over-spend)**

The net overspend within older people services reflects costs associated with vacancy cover due to recruitment challenges for Occupational Therapists, and, the homecare service as a result of the shift in the balance of care to community support. This is offset by an under-spend in the external care home placement budget and significant in-year support from non-recurring funding.

#### **Physical Disabilities (£61,000 over-spend)**

The over-spend is due to increases in the purchase of equipment to support service users to stay in their own homes reflecting the shift in the balance of care to the community and their associated needs.

#### **Learning Disabilities (£547,000 under-spend)**

The under-spend reflects the time taken to recruit to new posts within the Learning Disability day services, particularly in relation to service re-design, along with a degree of slippage in Adult planned placements and in-year support from non-recurring funding.

#### **Mental Health (£160,000 over-spend)**

The over-spend reflects costs associated with vacancy cover due to recruitment challenges in this area of service.

### 3.9 **Miscellaneous Services – £100,000 (0.2%) Underspend**

The year-end under-spend relates to income secured from successful VAT appeal refunds.

### 3.10 **Trading Operations – Overachievement of planned Surplus - £0.068 million**

Building Services achieved a surplus for the year of £0.497 million, while Roads Services achieved a surplus for the year of £0.145 million. Catering and Vehicle Maintenance trading operations achieved surpluses of £0.456m and £0.519m respectively. The overall surplus on all trading operations for the year of £1.617 million was £0.068 million more than the planned surplus of £1.549 million. This additional surplus has been achieved predominantly through a higher than planned level of workload secured by the Building Services trading operation, linked primarily to the delivery of the Scottish Housing Quality Standard (SHQS) investment programme in the Council's housing stock. The surplus for the year from the trading operations has been added to General Fund balances, with the exception of the Building Services, 84% of which was transferred to the Housing Revenue Account balance in line with agreed Council policy.

	<b>Surplus 2012/13</b>	<b>Surplus 2013/14</b>	<b>Surplus 2014/15</b>	<b>Target Surplus 2014/15</b>	<b>Total Surplus 12/13 to 14/15</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Building Services	1,424	1,301	497	468	3,222
Roads Direct	168	127	145	125	440
Vehicle Maintenance	403	500	519	506	1,422
Catering	477	429	456	450	1,362
<b>Total</b>	<b>2,472</b>	<b>2,357</b>	<b>1,617</b>	<b>1,549</b>	<b>6,446</b>

The main points to note in relation to the performance of the trading operation during 2014/15 are outlined below:

(a) **Building Services surplus £497,000**

Building Services returned a trading surplus of £497,000, a marginal improvement on the targeted surplus of £468,000. £416,000 of the surplus has been transferred to the Housing Revenue Account (HRA) in line with the percentage of work allocated to Building Services from the HRA over the course of the year.

(b) **Roads Direct Surplus £145,000**

The surplus achieved of £145,000 is slightly higher than the budgeted surplus of £125,000, and is mainly due to lower than anticipated capital/depreciation charges.

(c) **Vehicle Maintenance Surplus £519,000**

The Vehicle Maintenance trading surplus of £519,000 is broadly in line with the anticipated surplus of £505,000.

(d) **Catering Surplus £456,000**

The Catering trading surplus of £456,000 is broadly in line with the target surplus of £450,000.

3.11 **Council Tax Income - £0.098 million over-recovery**

Council tax income has over recovered against budget and the in year collection level of 96%, consistent with that reported in the previous year. This represents a continued positive level of collection performance in what remains a challenging economic environment for both residents and the Council.

3.12 **Housing Revenue Account (HRA) – Break-even**

The final year end breakeven position is in line with the projected outturn previously reported and mainly reflects the net effect of under-spends in payments to other bodies and lower than projected capital charges which have been used to fund increased capital contributions as part of the overall housing debt smoothing strategy.

The under-spend on payments to other bodies has arisen due to lower than expected levels of irrecoverable rent due to Welfare Reform pressures resulting from under-

occupancy and Universal Credit not materialising as quickly as anticipated, and lower than expected levels of expenditure against Welfare Reform budgets as a result of additional Discretionary Housing Payment (DHP) resources being available to support tenants.

The overspend in property costs relates mainly to the increased capital contributions as part of the HRA Business Plan Strategy to utilise in year under-spends to assist in mitigating the impact of future capital borrowing costs arising from the delivery of the SHQS investment in the housing stock.

Unallocated HRA reserves as at 31<sup>st</sup> March have been maintained at £6.806 million. This represents a prudent level of unallocated reserves for the HRA which remain available to mitigate the impact of any unforeseen risks. In addition to these unallocated reserves, in setting the 2013/14 budget, the Council earmarked £5 million of resources to provide a range of additional support arrangements to tenants affected by Welfare Reform changes referred to above. £4.438 million was available at the start of financial year 2014/15. During the course of 2014/15, £0.600 million of these resources were utilised, leaving £3.838 million available for future years.

## **4. BUDGET PERFORMANCE - CAPITAL**

### **4.1 Non Housing Capital Budget Performance**

Non-Housing capital expenditure totalled £36.473 million during 2014/15. Capital receipts of £0.802 million were generated from asset sales. These receipts along with £3.208 million available within the Useable Capital Receipts Reserve provided total receipts of £4.010 million. Of this £0.250 million was utilised to support the current year investment programme, leaving a balance of £3.760 million which is earmarked to support the ongoing investment programme for future years. The capital investment performance was delivered within the approved prudential expenditure and borrowing limits set by the Council.

### **4.2 Housing Capital Budget Performance**

Housing capital expenditure totalled £31.247 million during 2014/15. Capital receipts of £2.285 million were realised from asset sales during 2014/15, and all were used to fund capital expenditure. The capital budget performance was delivered within the approved prudential expenditure and borrowing limits set by the Council.

## **5 PRUDENTIAL FRAMEWORK**

5.1 The Prudential Framework approved by the Council is supported by a number of indicators and the Council's performance against these indicators is reported in the Management Commentary in the Accounts.

## **6. GROUP ACCOUNTS**

6.1 The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 – ("the code"), requires local authorities to consider accounting for their interests in all types of entity e.g. Joint Boards & Committees, Leisure Trusts, companies etc. This includes other local authorities or similar bodies as defined in section 106 of the Local Government (Scotland) Act 1973 e.g. statutory bodies such as Police, Fire, and Valuation Boards plus all Joint Committees. Under the code authorities are required to prepare a full set of Group Accounts in addition to their own Council's Accounts where they have a material interest in such entities.

6.2 To comply with the mandatory requirement for such disclosures we have once again reviewed over the last year a number of organisations with which the Council is involved against the accounting guidelines as detailed in the code. We have concluded that the Council is required to prepare Group Accounts and to consolidate the results of the Council with a share of a number of other entities.

6.3 The entities that are deemed to fall within the Council's group boundary are:

Joint Boards encompassing Concessionary Fares, Strathclyde Passenger Transport Authority and the Renfrewshire Valuation Joint Board

Renfrewshire Leisure Limited

Cart Corridor Joint Venture Company (the Council's interest in the Cart Corridor Joint Venture Company was disposed of as approved by Council on 18 December 2014)

Park Lane Developments (Renfrewshire) LLP

6.4 Both the Council's own Accounts and the Group Accounts need to be submitted together by the 30 June to our auditors to meet the statutory deadline. However, the preparation of the Group Accounts is dependent upon the completed accounts for each of the other relevant organisations being made available to the Council. Agreement has been reached on the timing of this between the Council and the respective organisations in this regard. However, the timing of the exchange of the relevant information is such that there is not sufficient time to allow the Group Accounts to be prepared and released in time for the issue of Council papers prior to 25th June.

6.5 As in previous years it is therefore proposed that the Council approve delegated authority to the Director of Finance and Resources to submit the duly completed Group Accounts to the auditor on the Council's behalf.

## **7. Common Good Funds and Sundry Trust Annual Accounts**

7.1 Under accounting requirements introduced in 2010/11, the Council is required to present the annual accounts of both the Common Good Funds and the Charitable Trusts separately from the Council's main accounts. In addition, the Council is also required to put in place audit arrangements which are separated from the audit of the Council and its own financial statements.

7.2 Enclosed therefore for members approval are the annual accounts for both the Common Good Funds and the Charitable Trusts which have been prepared in line the Charities Statement of Recommended Accounting Practice (Charities SORP).

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## **Implications of this Report**

**Financial** – The report provides an overview of the Council's finances as at 31 March 2015 and of actual budget performance for 2014/15. The outcome of Audit Scotland's findings will be reported to the first available meeting of the Audit, Scrutiny & Petitions Board following the issue of the Audit Scotland Report to Members.

**HR & Organisational Development** - none

**Community Planning** – The positive outcome in challenging circumstances for the financial year 2014/15, will help to maintain the Council's stable financial position which supports the Council to deliver on its key objectives and priorities.

**Legal** - subject to approval by Council, the Accounts will be released for audit by the statutory deadline of 30 June 2015.

**Property/Assets** – none

**Information Technology** - none

**Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

**Health & Safety** - none

**Procurement** – none

**Risk** - none

**Privacy Impact** - none

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## **List of Background Papers**

(a) Background Papers - none

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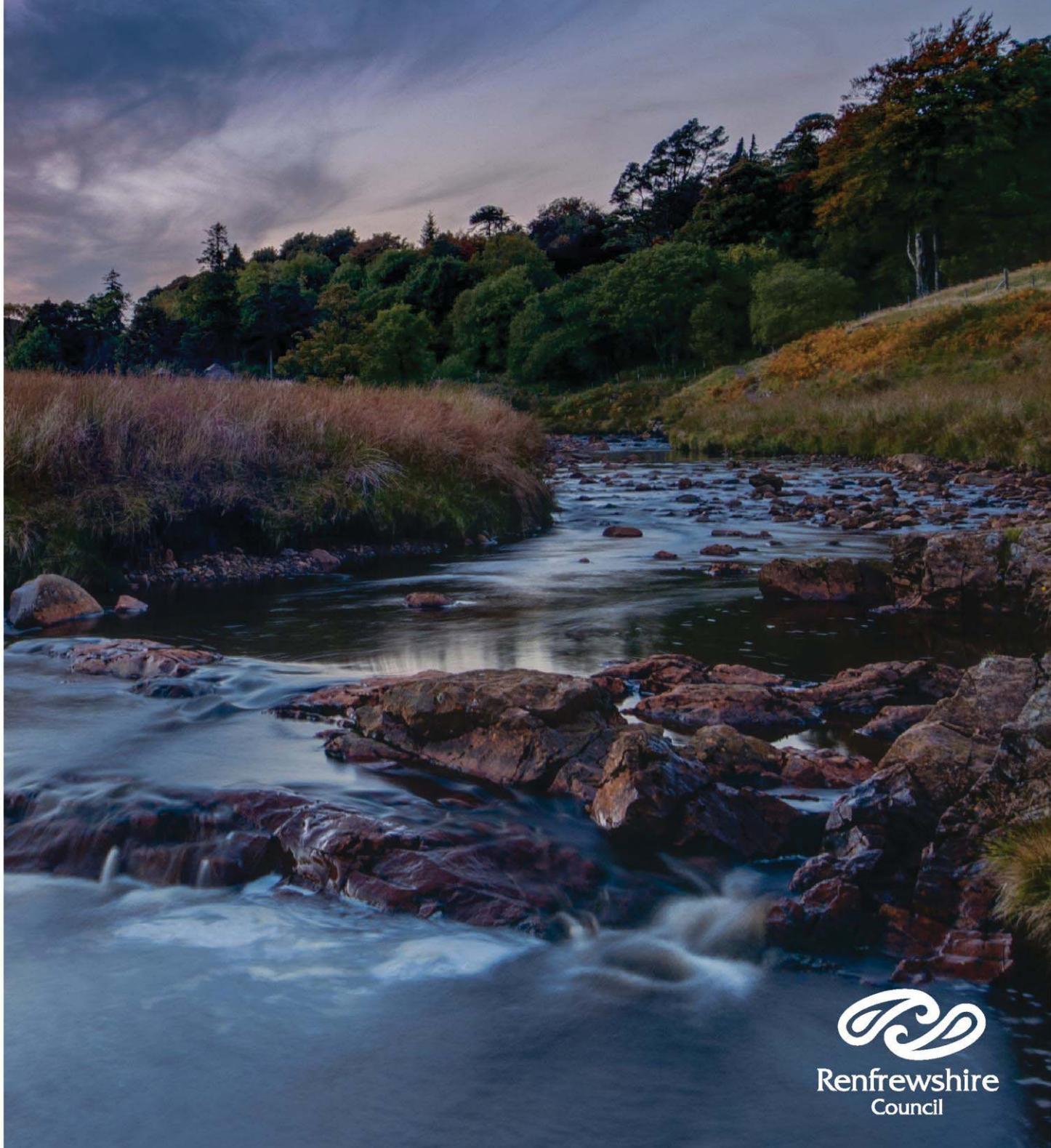
**Author – Alan Russell, Director of Finance & Resources**



# Renfrewshire Council

## Unaudited Accounts

### 2014–2015





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## Introduction

This commentary outlines the objectives, strategy and financial performance of the Council over the 2014-2015 financial year, and also provides an indication of issues and risks which may impact the financial performance of the Council in the future.

## Principal Activities

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

The Council has forty councillors, elected every five years to represent the interests of the local community. The management of the Council is led by the Chief Executive, Sandra Black. The management structure of the Council is divided into five departments – Childrens' Services, Community Resources, Development and Housing Services, Finance and Resources and the Chief Executive's Service. Leisure services within Renfrewshire are provided by Renfrewshire Leisure Limited, an arms' length organisation which delivers sport and leisure services on behalf of the Council. During 2015-2016 Renfrewshire Leisure will also assume responsibility for operating cultural and libraries services in Renfrewshire.

## Objectives and Council Strategy

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

Both the Community and Council Plan are structured into six key themes: Children and Young People, Jobs and the Economy, Community Care, Health and Wellbeing, A Safer and Stronger Renfrewshire, A Greener Renfrewshire and Empowering our Communities. Progress and performance under each theme is monitored by a community planning thematic Board. The Renfrewshire Single Outcome Agreement (SOA) is the action plan for the delivery of the Community Plan, and again the SOA can be found on the Council website. The SOA outlines the key national outcomes the Council and its partners are committed to delivering.

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

## Public Performance Reporting

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

## Annual Budget 2014-2015

The Council approved the budget for 2014-2015 on 13 February 2014 (minutes of the meeting are available on the Council website). The Council agreed to draw on reserves by £1.9 million to invest in the regeneration of cultural and heritage assets as a driver for economic development; further investment in services to the unemployed and businesses; and measures to Tackle Poverty; whilst also agreeing a freeze on council tax levels for the seventh year running (Band D council tax in Renfrewshire is £1,165).

The Council further agreed in relation to the Housing Revenue Account (HRA), a 3.5% rental increase for 2014-2015, lower than the previously planned increase of 4.5%. The Council also agreed to maintain earmarked HRA reserves to support a series of measures to support tenants mitigate the impact of welfare reform measures, including providing a Council Tenant Assistance Fund to give financial support through debt write off for tenants experiencing financial hardship, and in particular that related to the "bedroom tax".

Capital investment in non-housing assets of £120 million over 2014-2015 and 2015-2016 was agreed, of which £85 million would be funded by the Council, with the balance being funded by government grant. Capital investment of £57 million in council housing over 2014-2015 to 2016-2017 was also agreed, allowing the Council to fully meet the requirement of the Scottish Housing Quality Standard.

## Financial Performance

### Revenue

The Comprehensive Income and Expenditure Account summarises the total costs of providing Council services and the income available to fund those services. The General Fund is funded by government grant and council tax revenues and the Movement in Reserves Statement shows a surplus of £5.929 million which represents an underspend of £0.794 million for the year against the budgeted surplus of £5.135 million.

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

	Budget	Actual	Variance
	£m	£m	£m
Employee costs	227.9	234.6	6.7
Payments to other bodies	36.0	34.3	(1.7)
Other costs	306.2	305.7	(0.5)
<b>Total Expenditure</b>	<b>570.1</b>	<b>574.6</b>	<b>4.5</b>
Revenue Support Grant	(204.8)	(204.8)	-
Council Tax Income	(64.2)	(64.3)	(0.1)
Non Domestic Rates Income*	(106.3)	(106.3)	-
Other Income	(199.9)	(205.1)	(5.2)
<b>Total Income</b>	<b>(575.2)</b>	<b>(580.5)</b>	<b>(5.3)</b>
<b>Contribution to Reserves</b>	<b>(5.1)</b>	<b>(5.9)</b>	<b>(0.8)</b>

\*The Council was due £106.3 million of non-domestic rate income from the Scottish Government as its share of the national pool. The Council collected £84.4 million directly from local businesses with the remainder of £21.9 million (2013-14 £16.0 million) payable from the Scottish Government.

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

The £0.794 million balance outlined above reflects under-spends achieved across a range of services due to effective budget management by Directors, offset by an overspend within Social Work due to unprecedented levels of demand for services. The outturn position also includes an over-recovery of £0.098 million in Council Tax income, which reflects in year collection performance for 2014-2015 of 96.0%, equal to the highest performance level ever achieved by the Council.

Combining the surplus with the accumulated General Fund balance brought forward from 2013-2014 of £52.925 million, produces a cumulative working balance of £58.854 million to be carried forward to 2015-2016. Of this balance, £51.087 million has been earmarked for a particular purpose as outlined in Note 11. This leaves a balance of £7.767 million of unallocated reserves (2.1% of the Council's net annual running costs) which is broadly in line with the Council's financial planning assumptions.

#### Housing Revenue Account

The Housing Revenue Account balance reduced by £0.6 million in the year related to agreed support for tenants affected by Welfare Reform. In agreeing the budget for 2015-2016, the Council plans to maintain earmarked reserves agreed in 2012-2013 to put in place a range of additional measures to support tenants affected by housing benefit and other changes arising from the Welfare Reform agenda. As at 31 March 2015, £3.838 million of the originally earmarked £5 million remains available for this purpose. This was after a transfer of £1.557 million to the Housing Capital Fund which will be used in future years to assist in managing the financial cost of borrowing supporting the delivery of improvements in the standard of council housing stock in line with the Scottish Housing Quality Standard.

#### Trading Operations

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

Building Services achieved a surplus for the year of £0.497 million, while Roads Services achieved a surplus for the year of £0.145 million. Catering and Vehicle Maintenance trading operations achieved surpluses of £0.456 million and £0.519 million respectively. The overall surplus on all trading operations for the year of £1.617 million was £0.068 million more than the planned surplus of £1.549 million. The surplus for the year from the trading operations has been added to General Fund balances, with the exception of the Building Services surplus which was split between the General Fund and the Housing Revenue Account balance in line with agreed Council policy.

#### Capital

The Council continues to make significant capital investment in the council housing, schools, leisure, community and town centre estate. The Council invested £31.247 million in 2014-2015 in council dwellings as part of finalising the delivery of the SHQS programme. Investment in the schools and leisure estate totalled £17.891 million, while the Council also invested £7.771 million in roads and transport, £1.651 million in vehicles, £5.593 million in lifecycle maintenance of council buildings and £0.488 million in ICT equipment and infrastructure.

Total capital funding available was £69.515 million as outlined in Note 20, with total capital spend being £66.348 million. Of the funding available, £3.863 million was sourced from revenue, £25.477 million from government grants and other contributions, and £2.536 million from asset sales. The balance of funding was provided by utilising internal cash balances and borrowing in line with both the Council's sustainable capital investment plans and the debt smoothing strategy which is explained in further detail below.

#### Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 34 and 35. The appointed actuaries have confirmed a deterioration of £74.358 million in their assessment of the actuarial deficit position of the local government pension fund. This movement is the net outturn from both increased liabilities linked to a lower real discount rate as at 31 March 2015 than the year previously (a lower discount rate leading to an increased value in future liabilities), and better than expected investment returns in the year.

The assessment provides only a snapshot as at 31 March 2015 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

#### Impact on Asset Valuation

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

### Borrowing and the Prudential Framework

In line with the agreed Treasury Strategy for 2014/15, the Council undertook no additional long term borrowing during the year, whilst maturing loans amounting to £15.2m were repaid. No refinancing of these loans was necessary and the level of cash balances available to the Council remains consistent with daily cash requirements and capital plans.

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

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

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year, most recently on 18 December 2014. The CFR is a prudent assessment of the aggregate external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The actual CFR at 31 March 2015 was £367.6 million, which is within the approved limit of £398 million. The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £310.6 million at 31 March 2015 compared to the operational boundary of £382m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable; and match the Council's medium to long-term financial strategy. The Council's non-housing financing costs are 7.8% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs are 41%, within the planned limit of 45%.

### Public Private Partnerships

The Council entered into a Public Private Partnership for the provision of educational buildings and maintenance thereof. This agreement has provided the Council with replacement buildings such as pre-five nurseries, primary and secondary schools and community education premises. The provider is required to ensure the availability of these buildings to a pre-agreed standard. During 2014-2015, £15.652 million was paid to the contractor under the terms of the agreement. As part of the agreed long term funding arrangement for the project, the Council has also ring fenced £12.670 million of its General Reserve balance which will be utilised to support the ongoing payment of the unitary charge due in the final five years of the PPP contract when government grant support expires. In setting the budget for 2015-2016, the Council has again agreed to temporarily suspend further annual contributions to this reserve in line with its medium term financial plan. It is anticipated the Council will consider recommencing the annual contribution once growth in government revenue support grant re-emerges.

### Provisions, Contingencies and Write-offs

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 26. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 11, the Council has also earmarked £51.087 million for specific purposes.

The Council continues to manage the risks associated with equal pay legislation and regularly assesses the potential exposure of the Council in the context of any changes emerging as a consequence of legal precedent, progress achieved by the Council in handling specific claims and the associated wider implications on the Council's overall risk profile. In line with this ongoing process of re-assessment of risk, the Council has reduced the level of provision.

There were a number of immaterial write-offs during the year which were approved by the relevant Policy Board or the Director of Finance and Corporate Services under delegated authority.

### Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2014-2015, and the affordability of its ongoing commitments.

Financial Indicator	Commentary	2014-2015
<b>Reserves</b>		
Uncommitted General Fund reserves as a proportion of budgeted net expenditure	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7 million.	2.1%
Movement in uncommitted General Fund balance	Reflects the extent to which the Council is using uncommitted reserves. The investment of uncommitted reserves was agreed as part of the 2014-2015 budget setting.	(15.5)%
<b>Council Tax</b>		
In-year collection rate	Reflects the Council's effectiveness in collecting council tax debt	96.0%
Council tax income as a proportion of total taxation and non-specific grant income	Reflects the Council's ability to vary expenditure by raising council tax, the principal local authority controlled source of finance. Council tax has been frozen since 2007-2008.	16.4%
<b>Financial Management</b>		
Actual outturn vs budgeted expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management	0.2%
Actual contribution to/from unallocated General Fund reserves vs budget		15%
<b>Debt/Long term borrowing</b>		
Capital Financing Requirement (CFR)	The information in this section demonstrates that external debt levels are within prudential parameters, and that the level of borrowing is affordable. Further information is available in the Treasury Management Annual Report as agreed by Council on 25 June 2015.	£367.6 million
External debt		£310.6 million
Ratio of financing costs to net revenue stream		7.8%

## Financial Outlook and Key Risks

### Management of Treasury Risk

While the general economy improved over the course of 2014-2015, the pressure on public finances continues. The re-elected Chancellor of the Exchequer has signalled that the UK government's programme of reduction in public sector expenditure will remain a feature of economic policy in the medium term. Ongoing concerns with the European banking system, particularly in relation to the debt position of Greece and a possible exit from the Eurozone, have heightened. The Council continues to mitigate the risks associated with security of cash deposits by actively considering debt restructuring as opportunities arise, continually reviewing in consultation with our treasury advisors the criteria for placing deposits with financial institutions on the Council's approved counterparty list, making use of immediately accessible deposit facilities and also making continued use of the Debt Management Account Deposit Facility operated by the Debt Management Office within HM Treasury. In addition, as part of the Council's ongoing treasury strategy, the Council continues to utilise internal cash balances, deferring external borrowing requirements with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs. This strategy is kept under careful review in order that the Council retains sufficient cash balances to support its ongoing and future requirements, and remains alert to any anticipated adverse movement in future borrowing rates.

### Key Financial Risks and the Reform Agenda

The period of reduction in the overall level of UK public sector expenditure is anticipated to extend throughout the term of the current UK Parliament, with the comprehensive spending review planned for autumn 2015 providing more information as to the depth of public sector expenditure cuts in the UK. The grant settlement for 2015-2016 was broadly in line with the financial planning assumptions the Council had made, however the pay award for 2015-2016 has at the time of writing still to be determined. In 2016-2017 the Council's grant position is expected to further reduce, while thereafter economic commentators continue to forecast pressure on public expenditure until at least 2018. The timing of the 2015 Spending Review will leave little time for the Council to respond to what is expected to be further pressures through 2016 to 2019, and as such, the Council, in line with prudent financial practice, continues to adopt a medium term time horizon for financial planning purposes and decisions. It is estimated over this period the Council will face a funding gap of up to £30 million.

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

The impact of Welfare Reform continues to be felt, with both the Scottish Welfare Fund and Discretionary Housing Payments seeing exponential demand, highlighting the pressures felt by households linked to the introduction of the Social Sector Size Criteria (otherwise referred to as the "bedroom tax") and providing challenges for the Council in terms of demand for services and support. The Council along with key partners remains committed to supporting residents prepare for and manage the impact of changes for themselves, their families and communities. The Tackling Poverty commission instigated by the Council has made a range of recommendations for the Council and its partners to take forward to tackle the impact of poverty, especially child poverty, across Renfrewshire. A funding package of £6 million has been agreed by the Council to support the implementation of these measures.

In the face of these challenges, the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. In August 2014 the Council agreed a range of significant investments under the Glasgow and Clyde Valley City Deal programme. Over the next 20 years the City Deal will deliver £1.13 billion of public sector investment in infrastructure in the region, generating 29,000 new jobs. Particular to Renfrewshire, the ongoing regeneration of areas of the Clyde Waterfront and the investment area around Glasgow Airport along with improved road and rail access, will deliver sustained economic growth and improved employment prospects across Renfrewshire's communities.

The Council has also committed significant funds to invest in Heritage and Cultural assets and events as a driver for economic growth, with planned investment in Paisley Museum and a range of other heritage assets being key to delivering sustainable economic growth.

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

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

### Service Changes and Future Developments

During 2014-2015 there were no changes to the statutory functions undertaken by the Council.

The Scottish Parliament in February 2014 passed the Public Bodies (Joint Working) (Scotland) Act 2014, which has significant implications for both local government and the NHS in Scotland. In summary, the key changes are the integration of all adult community health and social care services (as a minimum) within either a Partnership or a lead agency with effect from 1 April 2015. On 26 February 2015 the Council approved an Integration Scheme which outlines the proposed operation of the Renfrewshire Health and Social Care Partnership and its governance arrangements. This Scheme has now been approved by the Scottish Government and an order to establish the Integrated Joint Board will come into effect from 27 June 2015. The Partnership will operate in "shadow" form over the course of 2015-2016, becoming fully operational on 31 March 2016.

The Council also agreed in December 2014 to expand the remit of Renfrewshire Leisure to provide all cultural, leisure and sports facilities on behalf of the Council with effect from 1 July 2015. This proposal will support safeguarding and potentially expanding these services through partnership working and coordinated planning, while also delivering annual revenue savings to the Council.

### **Charitable Funds**

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

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

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

Overall, the Common Good Funds achieved a combined surplus of £0.140 million that is added to the previous surplus brought forward. The total net asset value increased by £1.662 million, with investments increasing by £0.956 million, linked to buoyant equity market conditions. The annual accounts of the Common Good Funds and charitable trusts are available on the Council website.

### **Conclusion and Acknowledgements**

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

### Scope of Responsibility

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

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

This statement explains how Renfrewshire Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for a Statement on the System of Internal Financial Control.

### The purpose of the governance framework

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

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

### The governance framework

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

- The overarching strategic vision and objectives of the Council are detailed in the Council Plan as approved by Council in December 2013 which sets out the key outcomes the Council is committed to delivering with its partners, as set out in the Community Plan and Single Outcome Agreement.
- The Council operates within an established procedural framework which incorporates a scheme of delegation, financial regulations, standing orders relating to contracts and procedural standing orders. The framework was most recently reviewed by Council in February 2013. The Council facilitates policy and decision making through a policy board structure which was also reviewed recently; a revised structure was agreed at the December 2014 Council meeting. The Council's scheme of decentralisation established five statutory Local Area Committees to promote the well-being of the area and ensure that services meet the needs of the residents of that area.
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly. The Corporate Management Team monitors a quarterly scorecard of performance information. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually.
- The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol on member/officer relations and an inter-party protocol which is currently being reviewed.

- The Council's consultation strategy sets out our approach for engaging with stakeholders. Consultation on the future vision and activities of the Council is undertaken through the Public Services Panel, regular community planning events and through service specific consultations and the Council actively engages the Council's partners through existing community planning networks.
- The Council's approach to risk management is set out in the risk management strategy and is well embedded with a corporate risk register supported by service risk registers. Risks are reported regularly to policy boards.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

### **The system of internal financial control**

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

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

### **Review of effectiveness**

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

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of a self-assessment tool involving completion of a 31 point checklist covering four key areas of governance:

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

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

The Council has a Local Code of Corporate Governance which is reviewed annually including reviews of the scheme of delegation, standing orders relating to contracts and procedural standing orders. This review was most recently carried out in March 2015.

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

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Scrutiny and Petitions Board, and Audit Panel. Internal Audit undertakes an annual programme of work, approved by the Audit, Scrutiny and Petitions Board, based on a strategic risk assessment. The Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

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

### **Significant governance issues and improvements**

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

As part of the planned work, internal audit identified a number of opportunities to improve the application security controls in relation to the education information management system. Management took prompt action to engage with the supplier to take forward the recommendations made to mitigate the identified risks.

The Council has fully implemented the Public Service Improvement Framework, a self assessment/evaluation framework which enables services to identify strengths and areas of improvement. The second cycle of assessments are now underway. This along with other well established frameworks such as "How good is our school?" ensures that the Council has a comprehensive self evaluation framework in place for all services.

Quality of service is also assessed through national standards such as the Customer Service Excellence Standard, which all services are now accredited for. The Council was re-awarded organisational accreditation for Customer Service Excellence in April 2015.

The Council developed a Corporate Improvement Assessment which was approved by the Leadership Board in December 2011. The Corporate Improvement Assessment draws together the extensive range of improvement activity that takes place across services, allows elected members to more easily identify the priorities for improvement and to scrutinise whether these are being achieved. The Corporate Improvement Assessment is updated regularly and was most recently presented to the Leadership Board on 2 April 2014. In addition it forms the basis of the Council's annual update to the external inspection agencies which make up the Local Area Network.

The Council welcomes the approach taken by external inspection agencies, through the Local Area Network to develop comprehensive annual Assurance and Improvement Plans which are proportionate and based on risks identified. The Assurance and Improvement Plan for 2014-2017 concluded that the Council "continues to demonstrate its commitment to improve".

The Council has continued to improve the management of information risk. The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups. The Information Commissioner's Office (ICO) undertook a follow-up of their October 2012 audit and related action plan. The ICO concluded from this review that the council had responded positively to the recommendations made and concluded that "The arrangements for data protection compliance provide a high level of assurance that processes and procedures are in place and being adhered to and that the objective of data protection compliance will be achieved".

During 2014-2015 the Council approved the expansion of Renfrewshire Leisure to establish a Leisure and Cultural Trust from 1 July 2015.

Under the Public Bodies (Joint Working) (Scotland) Act 2014 the Council agreed to delegate all social care services for adults and older people to the Health and Social Care Integrated Joint Board (IJB). The Integration Scheme formalising the partnership between the Council and Greater Glasgow and Clyde Health Board has been submitted to the Scottish Government and details the governance arrangements to be put in place for the operation of the IJB.

During 2014-2015 the Council agreed to participate in the Glasgow and Clyde Valley City Deal and approved the associated Assurance Framework including the establishment of the City Deal Joint Committee under Section 57 of the Local Government (Scotland) Act 1973.

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

The Chief Financial Officer in a public service organisation:

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

To deliver these responsibilities the Chief Financial Officer:

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

The Council considers that it complies with the above statement.

#### **Assurance**

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2014-2015 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

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

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

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

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008. The salary for the Leader of the Council in 2014-2015 was £33,123 per annum (£32,795 in 2013-2014) and the salary for the Provost was £24,650 per annum (£24,406 in 2013-2014).

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to fourteen senior councillors (in addition to the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in 2014-2015 being £289,816 per annum; and whose salaries individually must be on a specified scale, in 2014-2015 £16,560 to £24,842. In December 2012 the Council approved that Renfrewshire would have twelve senior councillors: eight Policy Board Conveners (paid £24,650 per annum in 2014-2015); three Regulatory Board Conveners (paid £20,364 in 2014-2015); and one Leader of the Opposition (paid £20,364 in 2014-2015).

### **2. Remuneration Policy for Senior Employees**

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The salaries of the Corporate Directors and Heads of Service are based on a fixed percentage of the Chief Executive's salary as agreed at the full Council meeting on 26 June 2008. Corporate Directors receive 80% of the amount of the Chief Executive's salary, and Heads of Service receive 76% of the amount of the Director's salary. On 18 February 2015, the Council's Leadership Board approved a number of changes to the Council's senior management structure. Following this, and as part of the Council's Organisational Development strategy, a full review of the pay and grading policies is being carried out over the coming year. Senior employees receive no other benefits.

In line with all local government employee groups, senior employees received a 1% pay award in 2014-2015.

### **3. Remuneration of Senior Employees**

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

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

The Council has interpreted the above criteria as including the Chief Executive and Directors.

The term "remuneration" means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2014, whether or not those amounts were actually paid to, or received by, those persons within that period.

2013-2014		Senior employees		2014-2015				
Total	Name	Post held	Annual Salary	Other fees and allowances (i)	Expenses allowance chargeable to UK income tax £	Compensation for loss of employment (ii)	Other (iii)	Total
£			£	£	£	£	£	£
134,068	David Martin	Chief Executive to 30/11/14	90,520	12,869	-	-	-	103,389
108,922	Sandra Black	Chief Executive from 1/12/14, Director of Finance and Corporate Services to 30/11/14	118,431	600	-	-	-	119,031
108,922	Robert Naylor	Director of Education and Leisure Services	110,012	-	-	-	-	110,012
108,922	Shona MacDougall	Director of Community Resources	110,012	200	-	-	-	110,212
108,922	Mary Crearie	Director of Development and Housing Services	110,012	-	-	-	-	110,012
108,922	Peter MacLeod	Director of Social Work	110,012	-	-	-	-	110,012
-	Alan Russell	Director of Finance and Resources from 1/12/14	34,517	600	-	-	-	35,117
<b>678,678</b>	<b>Total</b>		<b>683,516</b>	<b>14,269</b>	-	-	-	<b>697,785</b>

(i) Other Fees and Allowances relates to other payments made to officers for example in their role as either returning officer or election staff;  
(ii) includes any other payments made to or receivable by the person in connection with the termination of their employment;  
(iii) "other" includes any payments made by the Council by way of remuneration to, or in respect of, the person that do not otherwise fall within this paragraph, other than payments relating to pensions.

There were no non-consolidated bonuses or performance related payments made to any senior officer in 2014-2015.

#### 4. Remuneration of Senior Councillors

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

The table below shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2015, whether or not those amounts were actually paid to, or received by, those persons within that period.

2013-2014		Leader of the Council, Provost, senior councillors		2014-2015	
Total	Name	Position held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
32,897	Mark Macmillan	Leader of the Council	33,015	102	33,117
25,261	Anne Hall	Provost	24,570	301	24,871
24,406	Mike Holmes*	Policy Board Convener	24,570	-	24,570
24,406	Jim Harte	Policy Board Convener	24,570	-	24,570
24,406	Tommy Williams**	Policy Board Convener	24,570	-	24,570
24,406	Jacqueline Henry	Policy Board Convener	24,570	-	24,570
24,406	Terry Kelly	Policy Board Convener	24,570	-	24,570
24,456	Iain McMillan	Policy Board Convener	24,570	-	24,570
24,406	Roy Glen	Policy Board Convener	24,570	-	24,570
24,406	Eddie Devine	Policy Board Convener	24,570	-	24,570
20,497	Sam Mullin***	Regulatory Board Convener	20,635	-	20,635
20,162	John Hood	Regulatory Board Convener	20,298	-	20,298
20,162	Jim Sharkey	Regulatory Board Convener	20,298	-	20,298
20,162	Alexander Murrin	Regulatory Board Convener	20,298	-	20,298
20,234	Brian Lawson^	Leader of the Opposition	15,923	72	15,995
-	Iain Nicolson^^	Leader of the Opposition	5,627	-	5,627
<b>354,673</b>	<b>Total</b>		<b>357,224</b>	<b>475</b>	<b>357,699</b>

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

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

\*\* Cllr Tommy Williams is also Convener of the North Strathclyde Community Justice Authority. Cllr Williams receives no additional remuneration for this post. The Convener is eligible to receive a salary of £20,635 but Cllr Williams receives remuneration only for his appointment as a Policy Board Convener.

\*\*\*Cllr Sam Mullin is also Convener of the Renfrewshire Valuation Joint Board. The Convener is eligible to receive remuneration of £20,635. Cllr Mullin received remuneration only as Convener of the Renfrewshire Valuation Joint Board; no additional remuneration was received for his appointment as a Regulatory Board Convener.

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

^^ Cllr Iain Nicolson was Leader of the Opposition from 4 December 2014 to 16 March 2015; outwith these dates Cllr Nicolson was not paid as a Senior Councillor. Only the salary associated with Cllr Nicolson's Senior Councillor appointment is detailed in the table above.

## 5. Pension Entitlement

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

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

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age for both councillors and employees is 65.

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

The tiers and members contribution rates are as follows:

Contribution rate	Whole time pay 2013-2014	Whole time pay 2014-2015
5.5%	On earnings up to and including £19,800	On earnings up to and including £20,335
7.25%	On earnings above £19,800 and up to £24,200	On earnings above £20,336 and up to £24,853
8.5%	On earnings above £24,200 and up to £33,200	On earnings above £24,854 and up to £34,096
9.5%	On earnings above £33,200 and up to £44,200	On earnings above £34,097 and up to £45,393
12%	On earnings above £44,200	On earnings above £45,394

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 lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service). The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

The pension entitlements for Senior Employees and Senior Councillors for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Senior employees		Accrued pension benefits as at 31 March 2015		Change in accrued pension benefits since 31 March 2014		Pension contributions made by Renfrewshire Council during 2014-2015
Name	Post held	Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
David Martin	Chief Executive to 30/11/14	0.054	0.125	+0.002	+0.002	17,470
Sandra Black	Chief Executive from 1/12/14, Director of Finance and Corporate Services to 30/11/14	0.058	0.133	+0.013	+0.026	22,587
Robert Naylor	Director of Education and Leisure Services	0.013	0.005	+0.002	-	21,232
Shona MacDougall	Director of Community Resources	0.050	0.116	+0.003	+0.001	21,232
Mary Crearie	Director of Development and Housing Services	0.035	0.073	+0.002	+0.001	21,232
Peter MacLeod	Director of Social Work	0.040	0.088	+0.002	+0.001	21,232
Alan Russell	Director of Finance and Resources from 1/12/14	0.031	0.062	+0.007	+0.012	17,524
<b>Total</b>		<b>0.281</b>	<b>0.602</b>	<b>+0.031</b>	<b>+0.043</b>	<b>142,509</b>

Leader of the Council, Provost, senior councillors		Accrued pension benefits as at 31 March 2015		Change in accrued pension benefits since 31 March 2014		Pension contributions made by Renfrewshire Council during 2014-2015
Name	Post held	Pension	Lump Sum	Pension	Lump Sum	£
		£m	£m	£m	£m	
Mark Macmillan	Leader of the Council	0.002	-	+0.001	-	6,394
Anne Hall	Provost		-	-	-	-
Mike Holmes	Policy Board Convener	0.003	0.001	+0.001	-	4,758
Jim Harte	Policy Board Convener		-	-	-	-
Tommy Williams	Policy Board Convener	0.003	0.001	+0.001	-	4,758
Jacqueline Henry	Policy Board Convener	0.001	-	-	-	4,758
Terry Kelly	Policy Board Convener		-	-	-	-
Iain McMillan	Policy Board Convener		-	-	-	-
Roy Glen	Policy Board Convener	0.001	-	-	-	4,758
Eddie Devine	Policy Board Convener	0.002	0.001	-	-	4,758
Sam Mullin	Regulatory Board Convener	0.003	0.001	+0.001	-	3,996
John Hood	Regulatory Board Convener	0.001	-	-	-	3,931
Jim Sharkey	Regulatory Board Convener		-	-	-	-
Alexander Murrin	Regulatory Board Convener	0.002	0.001	-	-	3,931
Brian Lawson	Leader of the Opposition	0.003	0.001	-	-	3,725
Iain Nicolson	Leader of the Opposition	0.003	0.002	-	-	3,391
<b>Total</b>		<b>0.024</b>	<b>0.008</b>	-	-	<b>49,158</b>

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

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment, with the exception of Mr Naylor who is also a member of the Scottish Teachers Superannuation Scheme.

## 6. Councillors' remuneration

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

2013-2014		2014-2015	
£		£	
761,031	Salaries	768,560	
7,875	Travel costs – reimbursed	8,432	
17,573	Travel costs – paid directly by the Council	16,161	
1,051	Subsistence expenses - reimbursed	1,047	
-	Subsistence expenses -paid directly by the Council	-	
1,582	Telephone and information communication technology expenses – reimbursed	1,261	
8,317	Telephone and information communication technology expenses – paid directly by the Council	8,065	
2,917	Other allowances and expenses	623	
<b>800,346</b>	<b>Total</b>	<b>804,149</b>	

The public record of members' salaries, allowances and expenses for 2014-2015 is available for inspection during normal working hours at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley. The public record is also available on the "Register of Councillors' Interests" page of the Council's website: [www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk).

## 7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2014-2015, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2014-2015. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above.

2013-2014		2014-2015		2013-2014		2014-2015	
Number of Employees	Remuneration band	Number of Employees	Left during 2014-2015	Number of Employees	Remuneration band	Number of Employees	Left during 2014-2015
103	£50,000 to £54,999	93	-	-	£100,000 to £104,999	2	2
39	£55,000 to £59,999	55	3	5	£105,000 to £109,999	-	-
10	£60,000 to £64,999	7	2	-	£110,000 to £114,999	5	1
2	£65,000 to £69,999	2	-	-	£115,000 to £119,999	1	-
5	£70,000 to £74,999	5	2	-	£120,000 to £124,999	-	-
5	£75,000 to £79,999	6	2	1	£125,000 to £129,999	-	-
16	£80,000 to £84,999	12	-	2	£130,000 to £134,999	-	-
3	£85,000 to £89,999	2	2	-	£135,000 to £139,999	-	-
1	£90,000 to £94,999	3	1	-	£140,000 to £144,999	-	-
-	£95,000 to £99,999	-	-	-	£145,000 to £149,999	-	-
				192		193	15

Of the 15 employees who left during the year, 12 would not have appeared in this note if costs associated with redundancy or early retirement payments received were excluded.

## 8. Exit Packages

The Council has agreed a number of exit packages in 2014-2015 as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

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

	2013-2014	2014-2015
Future Life expectancy at age 65 – males	23.3 years	24.8 years
Future Life expectancy at age 65 – females	25.3 years	26.2 years
Pension increase rate	2.8%	2.3%
Discount Rate	4.3%	3.2%

2013-2014		Exit package cost	2014-2015	
Number of departures agreed	Total projected cost of exit packages in each band £m		Number of departures agreed	Total projected cost of exit packages in each band £m
1	0.006	£0 - £20,000	64	0.615
1	0.033	£20,001 - £40,000	49	1.451
3	0.129	£40,001 - £60,000	28	1.351
1	0.063	£60,001 - £80,000	23	1.599
4	0.360	£80,001 - £100,000	16	1.414
10	1.199	£100,001 - £150,000	23	2.862
1	0.186	£150,001 - £200,000	10	1.759
1	0.201	£200,001 - £250,000	6	1.349
-	-	£250,001 - £300,000	7	1.878
1	0.313	£300,001 - £350,000	-	-
-	-	£350,001 - £400,000	-	-
-	-	£400,001 - £450,000	1	0.418
<b>23</b>	<b>2.490</b>	<b>Total</b>	<b>227*</b>	<b>14.696</b>

\* Of the 227 departures agreed, 117 individuals will leave the Council during 2015-2016. The remainder left in 2014-2015.

### **The Authority's Responsibilities**

The Authority is required

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### **The Director of Finance and Resources' Responsibilities**

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

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent, and complied with the Code of Practice;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- Signed and dated the Annual Accounts.

This statement of accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2015.

**Alan Russell CPFA**

Director of Finance and Resources

17 June 2015

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

Under arrangements approved by the Commission for Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the annual accounts of Renfrewshire Council for the year ended 31 March 2015 is:

Brian Howarth ACMA  
Assistant Director of Audit (Local Government)  
Audit Scotland  
4<sup>th</sup> Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

**Statement**

The audit of the Council's Accounts for 2014-2015 is not yet complete i.e. the figures are "subject to audit". The certified Accounts will be presented to the Council for approval post audit.

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

	Note	Usable reserves						Total usable reserves £m	Unusable reserves £m	Total reserves £m
		General Fund Balance £m	Housing Revenue Account £m	Revenue statutory funds £m	Capital Receipts Reserve £m	Capital statutory funds £m				
<b>Balance at 31 March 2013 carried forward</b>		<b>50.904</b>	<b>11.807</b>	<b>2.853</b>	<b>4.204</b>	<b>22.922</b>	<b>92.690</b>	<b>521.514</b>	<b>614.204</b>	
<i>Movement in reserves during 2013-2014:</i>										
Surplus or (deficit) on the provision of services		0.556	(14.441)	-	-	-	(13.885)	-	(13.885)	
Other comprehensive income and expenditure		-	-	-	-	-	-	100.202	100.202	
<b>Total comprehensive income and expenditure</b>		<b>0.556</b>	<b>(14.441)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13.885)</b>	<b>100.202</b>	<b>86.317</b>	
Adjustments between accounting basis and funding basis under regulations	5	1.384	16.006	-	(0.996)	(2.422)	13.972	(13.972)	-	
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>1.940</b>	<b>1.565</b>	<b>-</b>	<b>(0.996)</b>	<b>(2.422)</b>	<b>0.087</b>	<b>86.230</b>	<b>86.317</b>	
Transfers to or (from) other statutory reserves	11	0.081	(2.127)	0.003	-	2.043	-	-	-	
<b>Increase or (decrease) in 2013-2014</b>		<b>2.021</b>	<b>(0.562)</b>	<b>0.003</b>	<b>(0.996)</b>	<b>(0.379)</b>	<b>0.087</b>	<b>86.230</b>	<b>86.317</b>	
<b>Balance at 31 March 2014 carried forward</b>		<b>52.925</b>	<b>11.245</b>	<b>2.856</b>	<b>3.208</b>	<b>22.543</b>	<b>92.777</b>	<b>607.744</b>	<b>700.521</b>	
<i>Movement in reserves during 2014-2015:</i>										
Surplus or (deficit) on the provision of services		7.453	(16.586)	-	-	-	(9.133)	-	(9.133)	
Other comprehensive income and expenditure		-	-	-	-	-	-	(52.875)	(52.875)	
<b>Total comprehensive income and expenditure</b>		<b>7.453</b>	<b>(16.586)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9.133)</b>	<b>(52.875)</b>	<b>(62.008)</b>	
Adjustments between accounting basis and funding basis under regulations	5	3.379	17.543	-	0.552	-	21.474	(21.474)	-	
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>10.832</b>	<b>0.957</b>	<b>-</b>	<b>0.552</b>	<b>-</b>	<b>12.341</b>	<b>(74.349)</b>	<b>(62.008)</b>	
Transfers to or (from) other statutory reserves	11	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-	
<b>Increase or (decrease) in 2014-2015</b>		<b>5.929</b>	<b>(0.600)</b>	<b>(0.003)</b>	<b>0.552</b>	<b>6.463</b>	<b>12.341</b>	<b>(74.349)</b>	<b>(62.008)</b>	
<b>Balance at 31 March 2015 carried forward</b>		<b>58.854</b>	<b>10.645</b>	<b>2.853</b>	<b>3.760</b>	<b>29.006</b>	<b>105.118</b>	<b>533.395</b>	<b>638.513</b>	

## Annual Accounts 2014-2015 Comprehensive Income and Expenditure Statement

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

2013-2014				2014-2015		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m	Note	£m	£m	£m
20.812	(9.251)	11.561		20.119	(8.919)	11.200
28.552	(4.728)	23.824		30.466	(5.503)	24.963
182.522	(19.625)	162.897		177.965	(21.399)	156.566
31.187	(10.705)	20.482		31.074	(8.653)	22.421
56.471	(47.821)	8.650		58.302	(48.672)	9.630
75.815	(69.335)	6.480		77.314	(69.277)	8.037
11.058	(4.978)	6.080		14.500	(8.021)	6.479
25.606	(8.173)	17.433		25.539	(7.988)	17.551
148.570	(47.981)	100.589		153.960	(49.051)	104.909
11.260	(2.308)	8.952		11.629	(2.444)	9.185
1.686	(0.080)	1.606		1.168	(0.081)	1.087
<b>593.539</b>	<b>(224.985)</b>	<b>368.554</b>		<b>602.036</b>	<b>(230.008)</b>	<b>372.028</b>
			<b>Net cost of services</b>			
			Other operating expenditure:			
	(0.594)		(Gains) or losses on the disposal of non-current assets			0.522
	28.902		Financing and investment income and expenditure	6		29.652
	(382.977)		Taxation and non-specific grant income	10		(393.069)
	<b>13.885</b>		<b>(Surplus) or deficit on the provision of services</b>			<b>9.133</b>
	(116.936)		(Surplus) or deficit on the revaluation of non-current assets	13		(4.578)
	(9.217)		Impairment (gains) or losses on non-current assets charged to the revaluation reserve	13		0.643
	0.098		(Surplus) or deficit on the revaluation of available-for-sale financial assets	12(ii)		(0.205)
	25.853		Actuarial (gains) or losses on pension assets and liabilities	35(ii)		57.015
	<b>(100.202)</b>		<b>Other comprehensive income and expenditure</b>			<b>52.875</b>
	<b>(86.317)</b>		<b>Total comprehensive income and expenditure</b>			<b>62.008</b>

The **balance sheet** shows the value as at 31 March 2015 of the assets and liabilities recognised by the council. The net assets of the council are matched by the reserves held by the council. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **movement in reserves statement**.

31 March 2014		31 March 2015	
£m	Note	£m	
1,203.150	Property, plant and equipment	13	1,199.115
1.575	Investment property	14	1.575
38.661	Heritage assets	15	38.977
0.964	Intangible assets	16	0.860
2.845	Long-term investments	27	3.116
5.889	Long-term debtors	23	5.411
<b>1,253.084</b>	<b>Long-term assets</b>		<b>1,249.054</b>
27.605	Short-term investments	27	24.694
0.898	Inventories	21	1.084
-	Short-term Intangible Assets	22	0.931
39.188	Short-term debtors	23	47.298
29.826	Cash and cash equivalents	24	29.298
1.176	Short-term assets held for sale	17	0.756
<b>98.693</b>	<b>Current assets</b>		<b>104.061</b>
(58.006)	Short-term borrowing	27	(70.511)
(58.100)	Short-term creditors	25	(64.089)
(7.266)	Short-term provisions	26	(6.935)
<b>(123.372)</b>	<b>Current liabilities</b>		<b>(141.535)</b>
(193.041)	Long-term borrowing	27	(165.932)
(85.167)	Long-term creditors	25	(82.546)
(5.865)	Long-term provisions	26	(5.821)
(242.706)	Other long-term liabilities	35(vi)	(317.064)
(1.105)	Grants Receipts in Advance	9	(1.704)
<b>(527.884)</b>	<b>Long-term liabilities</b>		<b>(573.067)</b>
<b>700.521</b>	<b>Net assets</b>		<b>638.513</b>
92.777	Usable reserves	11	105.118
607.744	Unusable reserves	12	533.395
<b>700.521</b>	<b>Total reserves</b>		<b>638.513</b>

The unaudited accounts were issued on 17 June 2015.

Balance Sheet signed by:

**Alan Russell CPFA**

Director of Finance and Resources

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

2013-2014			2014-2015	
£m		Note	£m	
13.885	Net (surplus) or deficit on the provision of services		9.133	
(92.822)	Adjust net surplus or deficit on the provision of services for non-cash movements	29a	(89.460)	
23.157	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		28.560	
<b>(55.780)</b>	<b>Net cash flows from operating activities</b>		<b>(51.767)</b>	
18.307	Net cash flows from investing activities	29b	35.148	
32.042	Net cash flows from financing activities	29c	17.147	
<b>(5.431)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>0.528</b>	
(24.395)	Cash and cash equivalents at the beginning of the reporting period	22	(29.826)	
<b>(29.826)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(29.298)</b>	

### Note 1 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2014/15 Code:

- IFRS 13 Fair Value Measurement (May 2011)
- Annual Improvements to IFRS 2011-2013 Cycle
- IFRIC 21 Levies

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014-2015 financial statements.

IFRS13 defines the concept of fair value in the valuation of property, plant and equipment and may result in minor changes to the valuation of certain assets in 2015/16. IFRS Improvements and IFRIC 21 Levies are generally minor, principally providing clarification. Overall, these new or amended standards are not expected to have a significant impact on the financial statements.

### Note 2 Judgements in Applying Accounting Policies

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

Leases	Following an examination of all property and other asset leases, the Council has concluded that all land leases are operating leases. Leases relating to buildings in a number of cases meet the criteria for a finance lease as opposed to an operating lease, and they have been accounted for on this basis.
PFI/PPP and similar arrangements	The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Note 19 provides further details.
Public Sector Funding	There is some uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
Employee Benefits short-term provision	The Council has used a sampling approach to calculating the short-term provision for employee short-term compensated absences. A 5% random sample of employees has been used to calculate the short-term provision necessary for annual leave. Flexi-leave has been calculated based on the actual credit or debit position for all employees eligible as at 31 March 2015.

### Note 3 Assumptions made about the future

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

The items in the Council's Balance Sheet as at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.5 million for every year that useful lives had to be reduced.
Equal Pay and Holiday Pay Provision	The Council has made a provision of £1.236 million for the settlement of potential claims for back pay arising from Equal Pay legislation and a European Court of Justice ruling on Holiday Pay, based on the number of actual claims received and potentially receivable and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in the estimated average settlement could have the effect of adding £0.124 million to the required provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £146 million. However, the assumptions interact in complex ways. During 2014-2015, the Council's actuaries advised that the net pensions liability had reduced by £51.9 million as a result of estimates being corrected as a result of experience but increased by £155.5 million as a result of updating of the assumptions.
Debt Impairment	At 31 March 2015, the Council had a balance for trade debtors of £18.6 million. A review of significant balances suggested that an impairment of doubtful debts of 62% (£11.5 million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an increase of 10% of the amount of the impairment of doubtful debts would require an additional £1.9 million to be set aside as an allowance.

#### Note 4 Events after the balance sheet date

The Director of Finance and Resources, being the officer responsible for the council's financial affairs, signed the unaudited Annual Accounts on 25 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### Note 5 Adjustment between accounting basis and funding basis under regulations

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

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

2013-2014	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(52.247)	(28.631)	-	-	<b>80.878</b>
Amortisation of intangible assets	(0.310)	-	-	-	<b>0.310</b>
Capital grants and contributions applied	19.665	0.714	-	-	<b>(20.379)</b>
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the comprehensive income and expenditure statement	0.421	0.173	-	-	<b>(0.594)</b>
Insertion of items not debited or credited to the comprehensive income and expenditure statement:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	33.301	10.081	-	-	<b>(43.382)</b>
Capital expenditure charged against the General Fund and HRA Balances	10.562	2.722	2.422	-	<b>(15.706)</b>
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(2.778)	<b>2.778</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	3.774	<b>(3.774)</b>
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.331	0.265	-	-	<b>(0.596)</b>
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(32.784)	(2.889)	-	-	<b>35.673</b>
Employer's pension contributions and direct payments to pensioners payable in the year	19.637	1.538	-	-	<b>(21.175)</b>
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.040	0.021	-	-	<b>(0.061)</b>
<b>Total adjustments</b>	<b>(1.384)</b>	<b>(16.006)</b>	<b>2.422</b>	<b>0.996</b>	<b>13.972</b>

## Note 6 Financing and investment income and expenditure

2013-2014		2014-215
£m		£m
24.213	Interest payable and similar charges	22.115
9.223	Pensions interest cost and expected return on pensions assets	10.573
(2.066)	Interest receivable and similar income	(1.302)
(0.111)	Income and expenditure in relation to investment properties and changes in their fair values	(0.111)
(2.357)	Net (surplus) or deficit on trading operations	(1.623)
<b>28.902</b>	<b>Total financing and investment income and expenditure</b>	<b>29.652</b>

## Note 7 Material Items of Income and Expenditure

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

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

## Note 8 Amounts reported for resource allocation decisions

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

The management of Renfrewshire Council is led by the Chief Executive and following a restructure of service departments implemented on 1 April 2013, the operational structure of the Council is divided into six main service areas, each led by a service director. Financial reports to management are prepared on a different basis from the accounting policies used in the statement of accounts. In particular:

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

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

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

Service area income and expenditure analysis 2013-2014	Service area						Total
	Education and Leisure Services	Community Resources	Finance and Corporate Services	Development and Housing Services	Social Work	Other Services	
	£m	£m	£m	£m	£m	£m	
Employee expenses	102.077	26.131	29.263	14.652	42.043	1.644	<b>215.810</b>
Other service expenses	94.333	45.526	10.082	126.510	92.555	22.185	<b>391.191</b>
Support services recharges	9.590	4.532	11.489	5.517	6.912	9.552	<b>47.592</b>
<b>Gross expenditure</b>	<b>206.000</b>	<b>76.189</b>	<b>50.834</b>	<b>146.679</b>	<b>141.510</b>	<b>33.381</b>	<b>654.593</b>
Income	(22.747)	(21.508)	(45.820)	(130.268)	(47.779)	(16.520)	<b>(284.642)</b>
<b>Net expenditure</b>	<b>183.253</b>	<b>54.681</b>	<b>5.014</b>	<b>16.411</b>	<b>93.731</b>	<b>16.861</b>	<b>369.951</b>

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

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

2013-2014		2014-2015
£m		£m
369.951	Net expenditure in the service area income and expenditure	370.046
59.856	Amounts not included in the service area analysis but included in the CIES	22.435
(58.673)	Amounts included in the service area analysis but not included in the CIES	(20.453)
<b>371.134</b>	<b>Net cost of services in the comprehensive income and expenditure</b>	<b>372.028</b>

### Reconciliation to subjective analysis of income and expenditure

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

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

2013-2014	Service area income and expenditure analysis	Amounts not included in the analysis but included in the CIES	Amounts included in the analysis but not included in the CIES	Allocation of support service recharges	Net Cost of Services	Amounts reported below the "net cost of services" in the CIES	(Surplus) or deficit on the CIES
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	215.810	(25.853)	(21.236)	-	<b>168.721</b>	-	<b>168.721</b>
Other service expenses	363.657	-	(18.161)	-	<b>345.496</b>	-	<b>345.496</b>
Support service recharges	47.592	-	-	(46.727)	<b>0.865</b>	-	<b>0.865</b>
Depreciation, amortisation and impairment	-	81.188	-	-	<b>81.188</b>	-	<b>81.188</b>
Interest payments	29.891	(8.258)	(21.633)	-	<b>0.000</b>	21.633	<b>21.633</b>
Net (surplus) or deficit on Trading Operations	(2.357)	-	2.357	-	-	(2.357)	<b>(2.357)</b>
(Gain) or loss on disposal of non-current assets	-	-	-	-	-	(0.594)	<b>(0.594)</b>
<b>Total expenditure</b>	<b>654.593</b>	<b>47.077</b>	<b>(58.673)</b>	<b>(46.727)</b>	<b>596.270</b>	<b>18.682</b>	<b>614.952</b>
Fees, charges and other service income	(186.290)	-	-	46.727	<b>(139.563)</b>	-	<b>(139.563)</b>
Interest and investment income	(1.043)	1.212	-	-	<b>0.169</b>	7.046	<b>7.215</b>
Income from council tax	-	-	-	-	-	(63.742)	<b>(63.742)</b>
Government grants and contributions	(97.309)	11.567	-	-	<b>(85.742)</b>	(319.235)	<b>(404.977)</b>
<b>Total income</b>	<b>(284.642)</b>	<b>12.779</b>	<b>-</b>	<b>46.727</b>	<b>(225.136)</b>	<b>(375.931)</b>	<b>(601.067)</b>
<b>Net expenditure</b>	<b>369.951</b>	<b>59.856</b>	<b>(58.673)</b>	<b>-</b>	<b>371.134</b>	<b>(357.249)</b>	<b>13.885</b>

## Note 9 Grant income

The council has received grants that have yet to be recognised as income. This is because these grants have conditions attached to them that remain outstanding, and which would require the monies to be returned to the grantor. The balance at 31 March 2015 is as follows:

31 March 2014		31 March 2015
£m		£m
	<i>Grants Receipts in Advance:</i>	
1.105	Miscellaneous revenue grants	1.704
<b>1.105</b>	<b>Total Grants Receipts in Advance</b>	<b>1.704</b>

The council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2014-2015.

2013-2014		2014-2015	
£m		£m	
65.118	Housing benefit	64.730	
1.516	Housing benefit and council tax administration	1.112	
0.868	Private sector housing grant	0.847	
0.751	Education Maintenance Allowance	0.696	
0.027	Gaelic Education	0.024	
0.063	School Milk	0.057	
1.272	Other Education	1.006	
6.257	Social work	5.551	
0.400	Employability	1.253	
2.847	Other grants	3.642	
<b>79.119</b>	<b>Total credited to services</b>	<b>78.918</b>	

#### Note 10 Taxation and non-specific grant income

The council credited the following taxation and non-specific grant income to the **comprehensive income and expenditure statement** during 2014-2015.

2013-2014		2014-2015	
£m		£m	
(63.742)	Income from council tax and community charge	(64.305)	
(97.709)	Distribution from the national non-domestic rate pool	(106.316)	
(209.959)	General Revenue Grant from the Scottish Government	(204.754)	
(11.567)	Capital grants and contributions	(17.694)	
<b>(382.977)</b>	<b>Total taxation and non-specific grant income</b>	<b>(393.069)</b>	

#### Note 11 Usable reserves

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

31 March 2014		31 March 2015	
£m		£m	
52.925	General Fund Balance	58.854	
11.245 *	Housing Revenue Account Balance	10.645 *	
3.208	Capital Receipts Reserve	3.760	
25.399	Other Statutory Funds	31.859	
<b>92.777</b>	<b>Total usable reserves</b>	<b>105.118</b>	

\* £3.838 million of the £10.645 million balance has been earmarked for Welfare Reform support

This note sets out the amounts set aside from the General Fund Balance in statutory funds established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for specific areas of expenditure, and the amounts transferred back from these funds to meet General Fund expenditure in 2014-2015.

	2013-2014			2014-2015			
	Balance at	Transfers out	Transfers in	Balance at	Transfers out	Transfers in	Balance at
	31 March 2013	2013-2014	2013-2014	31 March 2014	2014-2015	2014-2015	31 March 2015
	£m	£m	£m	£m	£m	£m	£m
Insurance Fund	2.543	-	-	2.543	-	-	2.543
Reservoir Repair Fund	0.310	-	0.003	0.313	(0.005)	0.002	0.310
<b>Revenue statutory funds</b>	<b>2.853</b>	<b>-</b>	<b>0.003</b>	<b>2.856</b>	<b>(0.005)</b>	<b>0.002</b>	<b>2.853</b>
Education Capital Items Fund	0.906	(0.195)	0.024	0.735	(0.087)	0.190	0.838
Investment Capital Fund	22.016	(9.572)	7.237	19.681	-	4.803	24.484
Housing Capital Fund	-	-	2.127	2.127	-	1.557	3.684
<b>Capital statutory funds</b>	<b>22.922</b>	<b>(9.767)</b>	<b>9.388</b>	<b>22.543</b>	<b>(0.087)</b>	<b>6.550</b>	<b>29.006</b>
<b>Total</b>	<b>25.775</b>	<b>(9.767)</b>	<b>9.391</b>	<b>25.399</b>	<b>(0.092)</b>	<b>6.552</b>	<b>31.859</b>

In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. Detail of the movement in the Capital Receipts Reserve is shown in Note 5, but a summary of the movement is also shown below.

	2013-2014			2014-2015			
	Balance at	Sale	Capital	Balance at	Sale	Capital	Balance at
	31 March 2013	proceeds	expenditure	31 March 2014	proceeds	expenditure	31 March 2015
	2013-2014	2013-2014	2014-2015	2014-2015	2014-2015	2014-2015	2015
	£m	£m	£m	£m	£m	£m	£m
<b>Capital Receipts Reserve</b>	<b>4.204</b>	<b>2.778</b>	<b>(3.774)</b>	<b>3.208</b>	<b>3.088</b>	<b>(2.536)</b>	<b>3.760</b>

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

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

The Education Capital Items Fund is earmarked funding for specific schools to be used in 2015-2016 for planned purchases of a capital nature such as computers and information communication technology equipment.

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

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

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

### Ring-fenced elements of the General Fund Balance

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

	2013-2014			2014-15			
	Balance at	Transfers out	Transfers in	Balance at	Transfers out	Transfers in	Balance at
	31 March 2013	2013-2014	2013-2014	31 March 2014	2014-2015	2014-2015	31 March 2015
	£m	£m	£m	£m	£m	£m	£m
Service Modernisation and Reform Fund	7.490	(0.850)	1.068	7.708	(1.337)	0.025	6.396
Funding the future availability of the educational establishments to be replaced under the Public Private Partnership	11.484	-	1.186	12.670	-	-	12.670
M74 Fund	0.594	(0.023)	-	0.571	-	-	0.571
Development Contribution – Paisley Town Centre	1.300	-	-	1.300	(0.164)	-	1.136
Early Years Change Fund	0.662	-	1.357	2.019	-	1.302	3.321
Land Decontamination	0.300	(0.029)	-	0.271	(0.038)	-	0.233
Waste Management Strategy	10.644	(1.139)	-	9.505	(0.874)	-	8.631
Invest in Renfrewshire	1.769	(0.195)	1.823	3.397	(0.239)	4.332	7.490
Community Safety	2.068	(0.483)	0.027	1.612	(0.505)	-	1.107
Private Sector Housing Grant	1.669	(0.080)	-	1.589	-	0.251	1.840
Town Centre Access	0.248	(0.141)	-	0.107	(0.107)	-	-
Tackling Poverty - Credit Union Support	-	-	0.500	0.500	(0.039)	-	0.461
Energy and Carbon Management	-	-	0.131	0.131	-	0.124	0.255
Events and Tourism	-	-	0.181	0.181	(0.067)	-	0.114
Paisley Town Centre Heritage Asset Strategy	-	-	-	-	-	1.802	1.802
City Deal	-	-	-	-	-	1.561	1.561
Rresponse to Commission on Tackling Poverty	-	-	-	-	-	1.636	1.636
Youth Employment Strategy	-	-	-	-	-	0.180	0.180
<i>Year end flexibility:</i>	-	-	-	-	-	-	-
Education and Leisure Services	1.581	(0.611)	-	0.970	-	0.440	1.410
Chief Executive's Service	0.250	(0.250)	-	-	-	-	-
Social Work	1.392	(1.346)	1.149	1.195	(0.952)	0.030	0.273
General Revenue Grant from the Scottish Government carried forward	0.099	(0.099)	-	-	-	-	-
<b>Total ring-fenced element of the General Fund Balance</b>	<b>41.550</b>	<b>(5.246)</b>	<b>7.422</b>	<b>43.726</b>	<b>(4.322)</b>	<b>11.683</b>	<b>51.087</b>
Unallocated element of the General Fund Balance	9.354	(0.155)	-	9.199	(2.227)	0.795	7.767
<b>General Fund Balance</b>	<b>50.904</b>	<b>(5.401)</b>	<b>7.422</b>	<b>52.925</b>	<b>(6.549)</b>	<b>12.478</b>	<b>58.854</b>

The unallocated balance of £7.767 million is 2.1% of the Council's net annual running costs.

## Note 12 Unusable reserves

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

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

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

### Summary of unusable reserves

31 March 2014		31 March 2015
£m		Note £m
334.760	Revaluation Reserve	(i) 328.457
0.126	Available-for-sale Financial Instruments Reserve	(ii) 0.331
538.147	Capital Adjustment Account	(iii) 543.420
(15.387)	Financial Instruments Adjustment Account	(iv) (14.882)
(242.706)	Pension Reserve	(v) (317.064)
(7.196)	Employee Statutory Adjustment Account	(vi) (6.867)
<b>607.744</b>	<b>Total unusable reserves</b>	<b>533.395</b>

### (i) Movement in the year: Revaluation Reserve

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

2013-2014		2014-2015	
£m		£m	£m
214.981	Balance at 1 April		334.760
126.153	Upward/(downward) revaluation of non-current assets	3.935	
(6.374)	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	(10.238)	
-	Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account	-	
119.779	Amount posted to the Capital Adjustment Account		(6.303)
<b>334.760</b>	<b>Balance at 31 March</b>		<b>328.457</b>

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

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

2013-2014		2014-2015	
£m		£m	
0.224	Balance at 1 April		0.126
(0.098)	Upward/(downward) revaluation of investments		0.205
<b>0.126</b>	<b>Balance at 31 March</b>		<b>0.331</b>

**(iii) Movement in the year: Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the **comprehensive income and expenditure statement** (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The Capital Adjustment Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council, and also revaluation gains accumulated on property, plant and equipment before 1 April 2007. The Revaluation Reserve was created to hold such gains arising from 1 April 2007 onwards.

Note 5 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2013-2014		2014-2015	
£m		£m	£m
531.904	<b>Balance at 1 April</b>		<b>538.147</b>
	<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</i>		
(80.878)	Charges for depreciation, impairment and revaluation losses of non-current assets	(70.605)	
(0.310)	Amortisation of intangible assets	(0.311)	
	Revenue expenditure funded from capital under statute		
(2.778)	Non-current assets sale proceeds	(3.088)	
0.594	Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement	(0.522)	
(83.372)			(74.526)
6.374	Adjusting amounts written out of the Revaluation Reserve		10.238
(76.998)	Net written out amount of the cost of non-current assets consumed in the year		(64.288)
	<i>Capital financing applied in the year:</i>		
3.774	Use of the Capital Receipts Reserve to finance new capital expenditure	2.536	
20.379	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	25.477	
43.382	Loans Fund principal repayments	37.685	
15.706	Capital expenditure charged against the General Fund and Housing Revenue Account balances	3.863	
83.241			69.561
<b>538.147</b>	<b>Balance at 31 March</b>		<b>543.420</b>

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

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

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

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

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

2013-2014		2014-2015	
£m		£m	£m
(15.983)	<b>Balance at 1 April</b>		(15.387)
-	Premiums incurred in the year and charged to the comprehensive income and expenditure statement	-	
0.581	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.489	
0.581			0.489
0.015	Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements or regulations		0.016
(15.387)	<b>Balance at 31 March</b>		(14.882)

**(v) Movement in the year: Pension Reserve**

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

2013-2014		2014-2015	
£m		£m	
(202.355)	Balance at 1 April	(242.706)	
(25.853)	Actuarial gains or (losses) on pensions assets and liabilities	(57.015)	
(35.673)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(39.191)	
21.175	Employer's pension contributions payable in the year	21.848	
<b>(242.706)</b>	<b>Balance at 31 March</b>	<b>(317.064)</b>	

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

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

2013-2014		2014-2015	
£m		£m	£m
(7.257)	Balance at 1 April		(7.196)
7.257	Settlement or cancellation of accrual made at the end of the	7.196	
(7.196)	Amounts accrued at the end of the current year	(6.867)	
0.061	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.329
<b>(7.196)</b>	<b>Balance at 31 March</b>		<b>(6.867)</b>

**Note 13 Property, Plant and Equipment**

**2014-2015**

	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2014	509.577	316.907	360.202	260.110	15.288	37.233	1,499.317	85.552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	(0.106)	-
Other asset reclassifications	(0.535)	(7.812)	35.281	-	(27.602)	0.668	-	-
Additions	4.477	3.039	33.018	7.782	17.262	0.246	65.824	0.877
Disposals	(1.421)	(3.671)	(2.727)	-	-	(1.601)	(9.420)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26.466)	(1.669)	0.693	-	-	0.185	(27.257)	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5.102)	(2.721)	-	-	(0.040)	(7.863)	-
<b>Gross carrying amount at 31 March 2015</b>	<b>485.526</b>	<b>301.692</b>	<b>423.746</b>	<b>267.892</b>	<b>4.948</b>	<b>36.691</b>	<b>1,520.495</b>	<b>86.429</b>
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	58.550	113.271	113.243	-	11.103	296.167	4.893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.018)	(5.984)	5.984	-	-	0.018	-	-
Depreciation charge for the year	16.983	6.581	33.413	5.249	-	0.064	62.290	3.132
Depreciation and impairment on disposals	(0.047)	(3.609)	(2.579)	-	-	(0.102)	(6.337)	-
Depreciation written out to the Revaluation Reserve	(16.918)	(7.481)	(7.404)	-	-	(0.032)	(31.835)	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1.371	(0.713)	-	-	(0.015)	0.643	(1.416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0.159	0.293	-	-	-	0.452	-
<b>Accumulated depreciation (including accumulated impairment losses) at 31 March 2015</b>	<b>-</b>	<b>49.587</b>	<b>142.265</b>	<b>118.492</b>	<b>-</b>	<b>11.036</b>	<b>321.380</b>	<b>6.609</b>
<b>Balance sheet net carrying amount at 31 March 2015</b>	<b>485.526</b>	<b>252.105</b>	<b>281.481</b>	<b>149.400</b>	<b>4.948</b>	<b>25.655</b>	<b>1,199.115</b>	<b>79.820</b>
<b>Balance sheet net carrying amount at 1 April 2014</b>	<b>509.577</b>	<b>258.357</b>	<b>246.931</b>	<b>146.867</b>	<b>15.288</b>	<b>26.130</b>	<b>1,203.150</b>	<b>80.659</b>

	Council dwellings		Other land and buildings		Vehicles, plant, furniture and equipment		Infrastructure assets		Assets under construction		Surplus assets		Total property, plant and equipment		Of which funded by PPP	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2013	397.005	386.438	280.398	251.088	7.402	56.041							1,378.372		89.597	
Assets reclassified (to) or from the "held for sale" category	(0.526)	(0.389)	-	-	-	-							(0.915)			
Other asset reclassifications	3.517	(37.070)	46.234	1.069	(10.467)	(3.314)							(0.031)			
Additions	3.153	5.408	36.223	7.953	18.353	0.038							71.128		0.862	
Disposals	(1.705)	(0.216)	(2.958)	-	-	-							(4.879)			
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	108.133	(11.342)	0.305	-	-	(11.229)							85.867		(2.328)	
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(25.922)	-	-	-	(4.303)							(30.225)		(2.579)	
<b>Gross carrying amount at 31 March 2014</b>	<b>509.577</b>	<b>316.907</b>	<b>360.202</b>	<b>260.110</b>	<b>15.288</b>	<b>37.233</b>							<b>1,499.317</b>		<b>85.552</b>	
Accumulated depreciation (including accumulated impairment losses) at 1 April 2013	-	76.100	87.875	108.191	-	16.480							288.646		6.952	
Assets reclassified (to) or from the "held for sale" category	(0.019)	(0.012)	-	-	-	-							(0.031)			
Depreciation on other reclassifications	-	(8.198)	8.483	-	-	(0.285)							-			
Depreciation charge for the year	13.690	8.308	27.702	5.052	-	0.077							54.829		2.496	
Depreciation and impairment on disposals	(0.058)	(0.017)	(2.892)	-	-	-							(2.967)			
Depreciation written out to the Revaluation Reserve	(13.613)	(16.813)	(0.241)	-	-	(0.250)							(30.917)		(4.555)	
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-							-		-	
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	(4.401)	-	-	-	(4.816)							(9.217)			
Impairment losses recognised in the surplus or deficit on the provision of services	-	3.583	(7.656)	-	-	(0.103)							(4.176)			
<b>Accumulated depreciation (including accumulated impairment losses) at 31 March 2014</b>	<b>-</b>	<b>58.550</b>	<b>113.271</b>	<b>113.243</b>	<b>-</b>	<b>11.103</b>							<b>296.167</b>		<b>4.893</b>	
<b>Balance sheet net carrying amount at 31 March 2013</b>	<b>509.577</b>	<b>258.357</b>	<b>246.931</b>	<b>146.867</b>	<b>15.288</b>	<b>26.130</b>							<b>1,203.150</b>		<b>80.659</b>	
<b>Balance sheet net carrying amount at 1 April 2012</b>	<b>397.005</b>	<b>310.338</b>	<b>192.523</b>	<b>142.897</b>	<b>7.402</b>	<b>39.561</b>							<b>1,089.726</b>		<b>82.645</b>	

#### Note 14 Investment properties

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

2013-2014		2014-2015	
£m		£m	
(0.111)	Rental income from investment property	(0.111)	
(0.111)	<b>Net (gain) or loss</b>	(0.111)	

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

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

2013-2014		2014-2015	
£m		£m	
1.572	Opening balance at 1 April	1.575	
0.003	Net gains or (losses) from fair value adjustments	-	
1.575	<b>Closing balance at 31 March</b>	1.575	

#### Note 15 Heritage Assets

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

2013-2014		2014-2015	
£m		£m	
38.409	Opening balance at 1 April	38.661	
0.252	Additions (at cost)	0.316	
38.661	<b>Closing balance at 31 March</b>	38.977	

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

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

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

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

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

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
	£m	£m	£m	£m	£m
Acquisitions	0.021	0.016	-	0.252	0.316
Donations	-	-	0.030	-	-
Disposals	0.011	-	-	-	-
Revaluations	-	(0.238)	(2.083)	-	-

### Note 16 Intangible assets

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

2013-2014		2014-2015	
Purchased software licences		Purchased software licences	
£m		£m	
<i>Balances at start of year:</i>			
2.310	Gross carrying amount	2.517	
(1.398)	Accumulated amortisation	(1.553)	
<b>0.912</b>	<b>Net carrying amount at start of year</b>	<b>0.964</b>	
0.388	Additions: purchases	0.208	
(0.181)	Disposals	(0.008)	
0.155	Accumulated amortisation derecognised on disposal	0.007	
(0.310)	Amortisation for the year	(0.311)	
<b>0.964</b>	<b>Net carrying amount at end of year</b>	<b>0.860</b>	
<i>...comprising:</i>			
2.517	Gross carrying amount	2.717	
(1.553)	Accumulated amortisation	(1.857)	
<b>0.964</b>	<b>Net carrying amount at end of year</b>	<b>0.860</b>	

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

## Note 17 Assets held for sale

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

2013-2014		2014-2015	
£m		£m	
0.358	Opening balance at 1 April	1.176	
	Assets newly classified as "held for sale":		
0.526	Council Dwellings	0.106	
0.389	Other Land and Buildings	-	
0.149	Revaluation gains	-	
(0.246)	Assets sold	(0.526)	
<b>1.176</b>	<b>Closing balance at 31 March</b>	<b>0.756</b>	

## Note 18 Leases

### Renfrewshire Council as Lessee

#### Finance Leases

The Council has acquired office equipment and other plant under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2014		31 March 2015	
£m		£m	
1.584	Vehicles, Plant, Furniture and Equipment	1.337	
<b>1.584</b>	<b>Total</b>	<b>1.337</b>	

The Council was committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that were payable by the Council while the liability remained outstanding. The final lease payments were made during 2014-15:

31 March 2014		31 March 2015	
£m		£m	
	Finance lease liabilities (NPV of minimum lease payments):		
0.008	- Current	-	
<b>0.008</b>	<b>Minimum lease payments</b>	<b>-</b>	

The minimum lease payments were payable over the following periods:

31 March 2014		31 March 2015	
Minimum Lease Payments	Finance Lease Liabilities	Minimum Lease Payments	Finance Lease Liabilities
£m	£m	£m	£m
0.008	0.008	-	-
<b>0.008</b>	<b>0.008</b>	<b>-</b>	<b>-</b>

Not later than one year

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The Council did not sub-let any accommodation held under these finance leases.

#### Operating Leases

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

31 March 2014		31 March 2015	
£m		£m	
0.963	Not later than one year	0.899	
2.810	Later than one year and not later than five years	3.022	
4.799	Later than five years	6.696	
<b>8.572</b>		<b>10.617</b>	

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

2013-2014		2014-2015	
£m		£m	
0.966	Minimum lease payments	0.899	
<b>0.966</b>		<b>0.899</b>	

#### Renfrewshire Council as Lessor

##### Finance Leases

The Council leased out one retail property on a finance lease. The Council had a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease came to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that would have been earned by the Council in future years whilst the debtor remained outstanding. The lease was terminated during 2014-15. The gross investment was made up of the following amounts:

31 March 2014		31 March 2015	
£m		£m	
Finance lease debtor (NPV of minimum lease payments):			
0.004	- Current	-	
<b>0.004</b>	<b>Gross investment in the lease</b>	-	

The gross investment in the lease and the minimum lease payments was received over the following periods:

31 March 2014		31 March 2015	
Minimum Lease Payments	Gross Investment in the Lease	Minimum Lease Payments	Gross Investment in the Lease
£m	£m	£m	£m
0.004	0.004	-	-
<b>0.004</b>	<b>0.004</b>	-	-

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

#### Operating Leases

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

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

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

31 March 2014		31 March 2015	
£m		£m	
0.236	Not later than one year	0.239	
0.810	Later than one year and not later than five years	0.818	
9.031	Later than five years	8.597	
<b>10.077</b>		<b>9.654</b>	

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

#### Note 19 Public Private Partnerships

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

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

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

Future Repayment Periods	Service Charges	Liability Repayment	Interest Repayment	Contingent Rentals	Total
	£m	£m	£m	£m	£m
Payable within 1 year	4.565	2.615	6.342	2.593	<b>16.115</b>
Payable within 2-5 years	19.995	11.050	23.359	12.783	<b>67.187</b>
Payable within 6-10 years	31.039	14.241	24.531	20.668	<b>90.479</b>
Payable within 11-15 years	36.090	17.054	18.784	26.348	<b>98.276</b>
Payable within 16-20 years	35.715	25.262	10.961	34.804	<b>106.742</b>
Payable within 21-25 years	25.839	14.881	1.893	19.487	<b>62.100</b>
<b>Total</b>	<b>153.243</b>	<b>85.103</b>	<b>85.870</b>	<b>116.683</b>	<b>440.899</b>

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

2013-2014		2014-2015	
£m		£m	
90.109	Balance outstanding at 1 April	87.638	
2.471	Payments during the year	2.535	
<b>87.638</b>	<b>Balance outstanding at 31 March</b>	<b>85.103</b>	

## Note 20 Capital expenditure and capital financing

Capital Expenditure involves the creation of assets, the benefit of which will be available to future council tax and non-domestic rate payers. It is financed from borrowing and capital income (sales receipts), and so the cost of the asset is effectively borne over a number of years. The council's overall capital investment programme is sub-divided into two programmes – housing and non-housing. In 2014-2015 total spending on capital projects was £66.348 million (£71.768 million in 2013-2014) and was within the overall prudential limits approved by Council. £2.536 million (£3.774 million in 2013-2014) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £34.472million (£31.909 million in 2013-2014) was financed from external borrowing and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, and the resources used to finance this expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The movement in the CFR during the year is also analysed in the table below.

2013-2014		2014-2015	
£m		£m	
<b>382.153</b>	<b>Opening Capital Financing Requirement</b>	<b>370.730</b>	
<i>Capital investment:</i>			
71.128	Property, plant and equipment	65.824	
0.388	Intangible assets	0.208	
0.252	Heritage Assets	0.316	
<i>Sources of finance:</i>			
(1.866)	Capital receipts – sale of council houses	(1.682)	
(1.908)	Capital receipts – sale of other council assets	(0.854)	
(20.379)	Government grants and other contributions	(25.477)	
(15.706)	Sums set aside from revenue – direct revenue contributions	(3.863)	
(43.332)	Loans Fund/Finance Lease principal repayments	(37.639)	
<b>370.730</b>	<b>Closing Capital Financing Requirement</b>	<b>367.563</b>	
<i>Explanation of movements during the year</i>			
(8.888)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(0.624)	
(0.064)	Reduction in finance leases obligations	(0.008)	
(2.471)	Increase/(decrease) in PPP finance lease creditor	(2.535)	
<b>(11.423)</b>	<b>Increase or (decrease) in Capital Financing Requirement during the year</b>	<b>(3.167)</b>	

At 31 March 2015 the Council had commitments on capital contracts for non-housing projects of £12.785million (£14.175 million in 2013-2014) and for housing projects of £13.169 million (£17.903 million in 2013-2014). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

## Note 21 Inventories

2013-2014		2014-2015	
Consumable Stores		Consumable Stores	
£m		£m	
0.884	Carrying amount at 1 April	0.898	
6.617	Additions during the year	6.651	
(6.579)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.462)	
(0.032)	Recognised as an expense during the year: inventories written down	(0.009)	
0.008	Reversals during the year of previous inventory write-downs	0.006	
<b>0.898</b>	<b>Carrying amount at 31 March</b>	<b>1.084</b>	

## Note 22 Intangible assets (current assets)

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

2013-14		2014-15	
CRC Allowances		CRC Allowances	
£m		£m	
-	Net carrying amount at start of year	-	
-	Additions: purchases	0.931	
-	Net carrying amount at end of year	<b>0.931</b>	

## Note 23 Debtors

31 March 2014			31 March 2015			
Short Term	Long Term		Short Term		Long Term	
£m	£m		£m	£m	£m	£m
20.563	-	Central government bodies, excluding NHS Scotland		24.107		-
0.345	-	Central government bodies: NHS Scotland		0.405		-
0.812	-	Other local authorities		0.051		-
1.138	-	Public corporations and trading funds		2.503		-
5.323	-	HM Revenue and Customs		6.761		-
		<i>Other entities and individuals:</i>				
14.016	-	Council tax arrears	13.964			-
(8.570)	-	Council tax arrears impairment	(9.276)			-
5.446	-	Council tax arrears net of impairment		4.688		-
2.799	-	Rent arrears	2.668			-
(1.984)	-	Rent arrears impairment	(2.429)			-
0.815	-	Rent arrears net of impairment		0.239		-
15.002	-	Trade debtors	18.559			-
(11.851)	-	Trade debtors impairment	(11.549)			-
3.151	-	Trade debtors net of impairment		7.010		-
1.595	11.224	Other debtors	1.534		11.284	
-	(5.335)	Other debtors impairment	-		(5.873)	
1.595	5.889	Other debtors net of impairment		1.534		5.411
<b>39.188</b>	<b>5.889</b>	<b>Total debtors</b>		<b>47.298</b>		<b>5.411</b>

## Note 24 Cash and cash equivalents

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

31 March 2014			31 March 2015	
£m			£m	
(5.331)		Current account balances with the council's banker	(2.257)	
0.303		Collection account balances not with the council's banker	0.291	
20.011		Callable deposits with UK banks	22.011	
14.794		Callable deposits in money market funds	9.204	
0.049		Imprest accounts held at council establishments	0.049	
<b>29.826</b>		<b>Total cash and cash equivalents</b>	<b>29.298</b>	

## Note 25 Creditors

The analysis below details the main creditor balances.

31 March 2014			31 March 2015	
Short Term	Long Term		Short Term	Long Term
£m	£m		£m	£m
3.794	-	Central government bodies, excluding NHS Scotland	4.522	-
0.273	-	Central government bodies: NHS Scotland	0.313	-
1.185	-	Other local authorities	4.484	-
0.023	-	Public corporations and trading funds	2.674	-
5.565	-	HM Revenue and Customs	5.440	-
4.948	-	Strathclyde Pension Fund and SPPA	4.892	-
8.953	-	Accrued payrolls	8.079	-
2.535	85.103	PPP finance lease creditor	2.615	82.488
0.008	-	Other finance lease creditor	-	-
-	0.020	Financial guarantees	-	0.010
30.816	0.044	Other entities and individuals	31.070	0.048
<b>58.100</b>	<b>85.167</b>	<b>Total creditors</b>	<b>64.089</b>	<b>82.546</b>

## Note 26 Provisions

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

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

The movement in these short term provisions is detailed below:

2013-2014				2014-2015		
Short term accumulating compensated absence	Teachers' maternity pay	Total		Short term accumulating compensated absence	Teachers' maternity pay	Total
£m	£m	£m		£m	£m	£m
7.257	0.068	7.325	Balance at 1 April	7.196	0.070	7.266
-	0.070	0.070	Additional provisions and increases to existing provisions	6.867	0.068	6.935
(0.061)	(0.068)	(0.129)	Reversal of existing provisions	(7.196)	(0.070)	(7.266)
<b>7.196</b>	<b>0.070</b>	<b>7.266</b>	<b>Balance at 31 March</b>	<b>6.867</b>	<b>0.068</b>	<b>6.935</b>

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

	2014-2015			
	Equal pay and Holiday pay compensation payments	Insurance claims	Other	Total
	£m	£m	£m	£m
Balance at 1 April 2014	1.413	4.253	0.199	5.865
Additional provisions and increases/ (decreases) to existing provisions made during the year		0.648	0.311	0.959
Amounts used during the year	(0.177)	(0.627)	(0.199)	(1.003)
<b>Balance at 31 March 2014</b>	<b>1.236</b>	<b>4.274</b>	<b>0.311</b>	<b>5.821</b>

#### Equal pay and Holiday pay compensation payments

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

#### Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The council has increased its net assessment by £0.648 million on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

#### Other

All other provisions are individually insignificant.

## Note 27 Financial Instruments

### Categories of financial instruments

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

31 March 2014			31 March 2015	
Long-term	Current		Long-term	Current
£m	£m		£m	£m
-	27.605	Loans and receivables - fixed term deposits	-	24.694
2.845	-	Available-for-sale financial assets - insurance fund investments	3.116	-
<b>2.845</b>	<b>27.605</b>	<b>Investments</b>	<b>3.116</b>	<b>24.694</b>
1.657	0.059	Loans and receivables - loans to other entities and individuals	1.452	0.075
4.232	33.683	Loans and receivables - trade receivables	3.959	42.535
<b>5.889</b>	<b>33.742</b>	<b>Debtors</b>	<b>5.411</b>	<b>42.610</b>
(172.641)	(18.374)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(165.932)	(9.690)
(20.400)	(34.395)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	-	(54.783)
-	(5.237)	Financial liabilities at amortised cost - borrowing from group entities	-	(6.038)
<b>(193.041)</b>	<b>(58.006)</b>	<b>Borrowing</b>	<b>(165.932)</b>	<b>(70.511)</b>
-	(36.091)	Financial liabilities at amortised cost - trade payables	-	(43.062)
(85.103)	(2.543)	PFI/PPP and finance lease liabilities	(82.488)	(2.615)
(0.020)	-	Financial guarantees	(0.010)	-
<b>(85.123)</b>	<b>(38.634)</b>	<b>Creditors</b>	<b>(82.498)</b>	<b>(45.677)</b>

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £3.483 million (2013-2014 £3.392 million) which has been impaired by £2.583 million, home loans of £0.562 million (2013-2014 £0.454 million), soft loans to service users of £.038 million (2013-2014 £0.036 million) and soft loans to employees of £0.027 million (2013-2014 £0.026 million).

#### Fair value of financial instruments

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

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

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

31 March 2014			31 March 2015	
Balance sheet carrying amount	Fair value		Balance sheet carrying amount	Fair value
£m	£m		£m	£m
27.605	27.663	Loans and receivables - fixed term deposits	24.694	24.717
2.845	2.845	Available-for-sale financial assets - insurance fund investments	3.116	3.116
<b>30.450</b>	<b>30.508</b>	<b>Investments</b>	<b>27.810</b>	<b>27.833</b>
1.716	1.849	Loans and receivables - loans to other entities and individuals	1.527	1.570
37.915	37.919	Loans and receivables - trade receivables	46.494	46.497
<b>39.631</b>	<b>39.768</b>	<b>Debtors</b>	<b>48.021</b>	<b>48.067</b>
(191.015)	(211.327)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(175.622)	(231.239)
(54.795)	(56.725)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.783)	(70.003)
(5.237)	(5.237)	Financial liabilities at amortised cost - borrowing from group entities	(6.038)	(6.038)
<b>(251.047)</b>	<b>(273.289)</b>	<b>Borrowing</b>	<b>(236.443)</b>	<b>(307.280)</b>
(36.091)	(36.091)	Financial liabilities at amortised cost - trade payables	(43.062)	(43.062)
(87.646)	(87.646)	PFI/PPP and finance lease liabilities	(85.103)	(85.103)
(0.020)	(0.020)	Financial guarantees	(0.010)	(0.010)
<b>(123.757)</b>	<b>(123.757)</b>	<b>Creditors</b>	<b>(128.175)</b>	<b>(128.175)</b>

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

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

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

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

The fair value of loans and receivables is greater than the balance sheet carrying amount as at 31 March 2015. This is because the council has placed fixed term deposits, and has made loans to other entities and individuals, where the contractual interest rate is higher than the rates available for similar deposits/loans at that date. This represents a notional future gain (based on economic conditions at 31 March 2015) attributable to the commitment to receive interest above current market rates.

Similarly, the fair value of financial liabilities at amortised cost is greater than the balance sheet carrying amount as at 31 March 2015. This is because the council has taken borrowing where the contractual interest rate is higher than the rates available for similar borrowing at that date. This represents a notional future loss (based on economic conditions at 31 March 2015) attributable to a commitment to pay interest to lenders above current market rates.

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

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

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

2013-2014	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)	-	-	20.365	20.365
Impairment losses	3.248	-	-	3.248
<b>Total expense in the (surplus) or deficit on the provision of services</b>	<b>3.248</b>	<b>-</b>	<b>20.365</b>	<b>23.613</b>
Interest income	(0.985)	-	-	(0.985)
Dividend income	-	(0.058)	-	(0.058)
Other income	(0.010)	-	-	(0.010)
<b>Total income in the (surplus) or deficit on the provision of services</b>	<b>(0.995)</b>	<b>(0.058)</b>	<b>-</b>	<b>(1.053)</b>
Net (gain) or loss on revaluation	-	0.098	-	0.098
<b>(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)</b>	<b>-</b>	<b>0.098</b>	<b>-</b>	<b>0.098</b>
<b>Net (gain) or loss for the year (in total comprehensive income and expenditure)</b>	<b>2.253</b>	<b>0.040</b>	<b>20.365</b>	<b>22.658</b>

## Note 28 Nature and extent of risks arising from Financial Instruments

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

### Credit Risk

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

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

2014-2015	Amount at 31 March 2015 £m	Historical experience of non-payment adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability at 31 March 2015 £m
Deposits with financial institutions	55.910	0.00%	-
Customers (sundry income)	7.397	34.74%	2.570
<b>Total</b>	<b>63.307</b>		<b>2.570</b>

The Council does not generally allow credit for customers, such that as at 31 March 2015 £5.204 million of the £7.397 million (£4.542 million of £6.351 million in 2013-2014) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2014		31 March 2015	
£m		£m	
1.006	Less than three months and past due	1.432	
0.386	Three to six months	0.429	
0.529	Six months to one year	0.423	
2.621	More than one year	2.920	
<b>4.542</b>	<b>Sundry income debtors past due</b>	<b>5.204</b>	

#### Collateral

Renfrewshire Council occasionally provides loans to residents who wish to buy their homes under "right to buy" legislation. In such cases the council takes a standard security over the property. As at 31 March 2015 the outstanding value of loans advanced by the council was £0.562 million (£0.454 million as at 31 March 2014).

#### Liquidity risk

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

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

31 March 2014			31 March 2015		
£m			£m		
		<i>Principal maturing...</i>			
48.128	19.99% *	in less than one year	59.625	26.43% *	
26.709	11.09%	between one and two years	11.522	5.11%	
26.258	10.91%	between two and five years	18.052	8.00%	
139.674	58.01%	in more than five years	136.358	60.46%	
<b>240.769</b>	<b>100.00%</b>	<b>Principal element of borrowing</b>	<b>225.557</b>	<b>100.00%</b>	

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

#### Market risk: interest rate risk

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

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

- it is the policy of the council to limit its exposure to variable rate borrowing to a maximum of 25% of what it borrows;
- during periods of falling rates and where it is economically advantageous to do so, the council will consider the repayment and restructuring of fixed interest rate debt;
- the council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.

To illustrate the notional impact of changes in interest rates upon the council, the following table shows the financial effect if rates had been 1% higher during 2014-2015, with all other variables held constant.

	2014-2015
	£m
<i>Notional impact on the surplus or deficit on the provision of services:</i>	
Increase in interest payable on new fixed rate borrowings taken during the year	-
Increase in interest receivable on deposits placed during the year	(0.625)
<b>Notional impact on the surplus or deficit on the provision of services</b>	<b>(0.625)</b>
Share of this impact which would be attributable to the Housing Revenue Account	(0.322)
<i>Accounting presentation changes, which would have no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.094
Decrease in the fair value of fixed rate borrowing	43.511

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

#### Market risk: price risk

The council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the council by Standard Life Wealth Limited in the Phoenix Fund. The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The benchmark return is LIBOR+2% per annum. During 2014-2015 the book cost of investments increased by £X.XXX million (£0.058 million increase during 2013-2014).

The investment is classified as "available-for-sale", meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is a prescribed presentational requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the council, an increase or fall of 5% in the general price of shares at 31 March 2015 would have resulted in a £X.XXX million gain or loss being recognised in other comprehensive income and expenditure for 2013-2014.

#### Market risk: foreign exchange risk

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

## Note 29 Cash flow statement

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

2013-2014		2014-2015
£m		£m
(81.188)	Depreciation, amortisation, impairment and revaluations	(70.916)
(4.602)	(Increase)/decrease in impairment provision for bad debts	(2.311)
7.664	(increase)/decrease in creditors	(6.510)
(2.322)	Increase/(decrease) in debtors	10.874
0.014	Increase/(decrease) in inventories	0.186
(14.498)	Pension (liability)/asset	(17.343)
(2.184)	Carrying amount of non-current assets sold	(3.610)
4.294	Other non-cash items charged to the net surplus or deficit on the provision of services	0.170
<b>(92.822)</b>	<b>Adjustment to net (surplus)/deficit on the provision of services for non – cash movements</b>	<b>(89.460)</b>

### 29b. Cash flow statement: investing activities

2013-2014		2014-2015
£m		£m
71.768	Purchase of property, plant and equipment, investment property and intangible assets	66.348
(2.778)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3.088)
(30.304)	Proceeds from short-term and long-term investments	(2.640)
(20.379)	Other receipts from investing activities	(25.472)
<b>18.307</b>	<b>Net cash flows from investing activities</b>	<b>35.148</b>

### 29c. Cash flow statement: financing activities

2013-2014		2014-2015
£m		£m
2.536	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	2.543
29.506	Repayment of short-term and long-term borrowing	14.604
<b>32.042</b>	<b>Net cash flows from financing activities</b>	<b>17.147</b>

### 29d. Cash flow statement: interest paid and received

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

2013-2014		2014-2015	
£m		£m	
(2.008)	Interest received	(1.235)	
15.316	Interest paid	13.486	
6.722	Interest element of finance lease and PPP payments	6.534	
<b>20.030</b>		<b>18.785</b>	

### Note 30 Trading operations

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

		2012-2013	2013-2014	2014-2015	Total of last three years
		£m	£m	£m	£m
<b>Building Services</b>	Turnover	16.205	17.882	17.373	<b>51.460</b>
	Expenditure	14.781	16.581	16.876	<b>48.238</b>
	<b>Surplus</b>	<b>1.424</b>	<b>1.301</b>	<b>0.497</b>	<b>3.222</b>
<b>Roads Services</b>	Turnover	5.037	4.893	4.441	<b>14.371</b>
	Expenditure	4.869	4.766	4.296	<b>13.931</b>
	<b>Surplus</b>	<b>0.168</b>	<b>0.127</b>	<b>0.145</b>	<b>0.440</b>
<b>Catering</b>	Turnover	5.062	5.178	5.772	<b>16.012</b>
	Expenditure	4.585	4.749	5.316	<b>14.650</b>
	<b>Surplus</b>	<b>0.477</b>	<b>0.429</b>	<b>0.456</b>	<b>1.362</b>
<b>Transport Workshop</b>	Turnover	3.125	2.996	3.252	<b>9.373</b>
	Expenditure	2.722	2.496	2.733	<b>7.951</b>
	<b>Surplus</b>	<b>0.403</b>	<b>0.500</b>	<b>0.519</b>	<b>1.422</b>
<b>Total for all trading operations</b>	Turnover	29.429	30.949	30.838	<b>91.216</b>
	Expenditure	26.957	28.592	29.221	<b>84.770</b>
	<b>Surplus</b>	<b>2.472</b>	<b>2.357</b>	<b>1.617</b>	<b>6.446</b>

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

### Note 31 Agency services

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

2013-2014		2014-2015	
£m		£m	
97.709	Scottish Government - Contributions (to) or from the non-domestic rates pool	106.316	
13.491	Non-domestic rates collected: East Renfrewshire	14.515	
0.054	Service income from East Renfrewshire Council for collection of non-domestic rates	0.055	
25.329	Domestic water and sewerage charges collected	25.811	
25.329	Domestic water and sewerage charges paid over to Scottish Water	25.811	
0.516	Service income from Scottish Water for collection of domestic water and sewerage charges	0.636	

### Note 32 Related parties

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

#### Central and Scottish Government

Central and Scottish Government have the potential to influence the general operations of the council, being responsible for providing the statutory framework within which the council operates. The Scottish Government provides the majority of the council's funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties such as council tax billing. Grants received from the Scottish Government are set out in the analysis in Note 10. Grant receipts outstanding at 31 March 2015 are shown in Note 9.

#### Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests are available on the Council website, [www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk). Services to the value of £1.005 million were commissioned from three companies in which three elected members had an interest. Contracts were entered into in full compliance with the Council's contract standing orders. Services totalling £0.143 million were commissioned from three organisations in which three elected members have a non-financial interest. The relevant members played no role in the decision relating to services commissioned. One elected member is employed by Renfrewshire Leisure Ltd (RLL). This member has declared this interest and recuses themselves from any Board or Committee meeting where items pertaining to RLL are under discussion.

### Note 33 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2014-2015 were £0.349 million (£0.346 million in 2013-2014). There were no fees paid to Audit Scotland in respect of any other services.

### Note 34 Pension schemes accounted for as defined contribution schemes

The Scottish Teachers' Superannuation Scheme is a contributory pension scheme administered and regulated by the Scottish Public Pensions Agency (an executive agency of the Scottish Government) on behalf of the Scottish Ministers. The Scottish Teachers' Superannuation Scheme is a defined benefit scheme but, as it is not possible to identify each participating council's share of the underlying liabilities on a consistent and reasonable basis, the Scottish Teachers' Superannuation Scheme is accounted for as if it were a defined contribution scheme. Throughout the year the council's rate of contribution as employer was 14.90% (14.90% in 2013-2014). A tiered employee contribution rate was introduced from 1 April 2012 (the standard rate for all levels of salary prior to 1 April 2012 was 6.4%):

Contribution rate 2013-2014	Full time Equivalent Pensionable Pay	Contribution rate 2014-2015
6.4%	Below £15,000	6.4%
7.0%	£15,000 to £25,999	7.2%
7.9%	£26,000 to £31,999	8.3%
8.8%	£32,000 to £39,999	9.5%
9.2%	£40,000 to £44,999	9.9%
10.1%	£45,000 to £74,999	11.0%
10.6%	£75,000 to £99,999	11.6%
11.2%	£100,000 and above	12.4%

The Council paid £9.049 million (£8.948 million in 2013-2014) for employer's contributions to the Scottish Public Pensions Agency. £0.548 million of expenditure (£0.361 million in 2013-2014) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.9% of teachers' pensionable pay (0.5% in 2013-2014).

### Note 35 Defined benefit pension schemes

#### (i) Participation in pension schemes

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

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

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

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

(ii) Transactions relating to post-employment benefits

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

2013-14		2014-15
£m		£m
	<i>Included within net cost of services:</i>	
24.487	Current service cost	28.525
6.072	Past service cost/(gain)	4.575
(4.109)	Losses or (gains) on curtailments and settlements	(4.482)
	<i>Included within financing and investment income and expenditure:</i>	
46.193	Interest cost	48.207
(36.970)	Expected return on scheme assets	(37.634)
<b>35.673</b>	<b>Total of LGPS post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>39.191</b>
	<i>Included within other comprehensive income and expenditure:</i>	
25.853	Actuarial losses or (gains)	57.015
<b>61.526</b>	<b>Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement</b>	<b>96.206</b>
	<i>Movement in reserves statement:</i>	
25.853	Actuarial losses or (gains)	57.015
35.673	Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	39.191
(21.175)	Employer contributions and direct payments to pensioners payable in the year	(21.848)
<b>40.351</b>	<b>Movement in the year on the Pension Reserve</b>	<b>74.358</b>

The cumulative amount of actuarial gains and losses recognised in the **comprehensive income and expenditure statement** as at 31 March 2015 is a loss of £323.151 million (loss of £266.136 million as at 31 March 2014).

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

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2015, the defined benefit obligation exceeded scheme assets by £317.064 million (£242.706 million as at 31 March 2014). The defined benefit obligation is valued on an actuarial basis using the "projected unit credit" method, which estimates the pensions that will be payable in future years (dependent on assumptions about mortality rates, salary levels and other factors) discounted to their present value. The discount rate used at 31 March 2015 was 3.2% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2014.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2015, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension liability of £317.064 million represents an increase of £74.358 million between 31 March 2014 and 31 March 2015. The net pension liability has a substantial impact on the net worth of the council as recorded in the **balance sheet**. However, statutory arrangements for funding the deficit mean that the financial position of the council remains assured. The deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

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

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

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

The following is a reconciliation of the 2014-2015 opening and closing balances of the present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation (that is, scheme liabilities).

2013-14		2014-15	
£m		£m	
1,024.267	Opening balance at 1 April	1,119.216	
24.487	Current service cost	28.525	
46.193	Interest cost	48.207	
5.953	Member contributions	6.188	
44.214	Actuarial losses or (gains)	103.592	
6.072	Past service cost	4.575	
(4.109)	Estimated benefits paid: unfunded	(4.482)	
(27.861)	Estimated benefits paid: other	(29.443)	
<b>1,119.216</b>	<b>Closing balance at 31 March</b>	<b>1,276.378</b>	

(v) Movement in scheme assets

The following is a reconciliation of the 2014-2015 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2013-14		2014-15	
£m		£m	
821.912	Opening balance at 1 April	876.510	
36.970	Expected return on scheme assets	37.634	
5.953	Member contributions	6.188	
21.175	Employer contributions	21.848	
4.109	Contributions in respect of unfunded benefits	4.482	
18.361	Actuarial (losses) or gains	46.577	
(4.109)	Estimated benefits paid: unfunded	(4.482)	
(27.861)	Estimated benefits paid: other	(29.443)	
<b>876.510</b>	<b>Closing balance at 31 March</b>	<b>959.314</b>	

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

The actual return on scheme assets from 1 April to 31 December 2014 was 7.6%.

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

31 March 2014				31 March 2015		
Quoted Prices in active markets	Prices not quoted in active markets	Total		Quoted Prices in active markets	Prices not quoted in active markets	Total
£m	£m	£m		£m	£m	£m
319.569	0.674	320.243	Equity instruments	351.682	0.724	<b>352.406</b>
-	0.006	0.006	Debt instruments (bonds)	-	0.005	<b>0.005</b>
-	82.666	82.666	Private Equity	-	93.348	<b>93.348</b>
-	61.402	61.402	Real Estate	-	87.646	<b>87.646</b>
21.696	348.391	370.087	Investment Funds	10.452	391.592	<b>402.044</b>
0.186	-	0.186	Derivatives	0.294	-	<b>0.294</b>
-	41.920	41.920	Cash & cash equivalents	-	23.571	<b>23.571</b>
<b>341.451</b>	<b>535.059</b>	<b>876.510</b>	<b>Fair value of scheme assets</b>	<b>362.428</b>	<b>596.886</b>	<b>959.314</b>

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

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

31 March 2014		31 March 2015
£m		£m
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities:	
(542.343)	Current employee members	(610.383)
(107.743)	Pre-local government reorganisation (1996) liabilities	(104.298)
(76.063)	Deferred pensioners	(100.743)
(312.132)	Pensioners	(369.785)
<u>(1,038.281)</u>	Defined benefit obligation - funded liabilities	<u>(1,185.209)</u>
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - unfunded liabilities:	
(65.451)	Retirals from Renfrewshire Council	(75.447)
(15.484)	Retirals pre-local government reorganisation (1996)	(15.722)
<u>(80.935)</u>	Defined benefit obligation - unfunded liabilities	<u>(91.169)</u>
<b><u>(1,119.216)</u></b>	<b>Present value of defined benefit obligation</b>	<b><u>(1,276.378)</u></b>
<b>876.510</b>	Fair value of scheme assets	<b>959.314</b>
<b>(242.706)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(317.064)</b>

Basis for estimating assets and liabilities

The following table shows the principal assumptions used by Hymans Robertson LLP, the Fund's independent actuaries, to estimate the council's post-employment benefits transactions for 2014-2015, and the council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2015:

31 March 2014		31 March 2015
4.3%	Discount rate for defined benefit obligation	3.2%
4.3%	Long-term expected rate of return on scheme assets*	3.2%
5.1%	Rate of increase in salaries**	4.3%
2.8%	Rate of increase in pensions	2.4%
2.8%	Rate of inflation	2.4%
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
21.0 years	Men	22.1 years
23.4 years	Women	23.6 years
	Longevity at age 65 for future pensioners:	
23.3 years	Men	24.8 years
25.3 years	Women	26.2 years
	Commutation assumptions - percentage of the maximum additional tax-free cash (per HM Revenue & Customs limits) converted from annual pension into retirement lump sum:	
50%	for pre-April 2009 service	50%
75%	for post-April 2009 service	75%

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

\*\*Salary increases are 1.0% pa for the years to 31 March 2015, reverting to 4.3% pa thereafter.

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

Impact on the Defined benefit Obligation in the Scheme	Movement in Employer Liability	
	£m	%
Longevity (increase or decrease by 1 year)	37.820	3%
Salary Increase Rate (increase or decrease by 0.5%)	62.216	5%
Pension Increase Rate (increase or decrease by 0.5%)	96.150	8%
Real Discount Rate (decrease or increase by 0.5%)	145.932	11%

#### Impact on the Authority's cash flows

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

The total contributions expected to be made by the council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2016 is £19.592 million. The weighted average duration of the defined benefit obligation is 18.6 years.

### **Note 36 Contingent assets and liabilities**

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

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

## Housing Revenue Account income and expenditure statement

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

2013-2014		2014-2015	
£m		£m	£m
	<i>Expenditure:</i>		
12.408	Repairs and maintenance	11.489	
13.599	Supervision and management	14.768	
28.631	Depreciation and impairment of non-current assets	30.641	
0.216	Increase or (decrease) in the allowance for bad debts	0.098	
1.617	Other expenditure	1.306	
56.471			58.302
	<i>Income:</i>		
(45.320)	Dwelling rents	(46.640)	
(1.159)	Non-dwelling rents	(1.303)	
(0.377)	Housing Support Grant	(0.377)	
(0.965)	Other income	(0.352)	
(47.821)			(48.672)
<b>8.650</b>	<b>Net cost of HRA services as included in the comprehensive income and expenditure statement</b>		<b>9.630</b>
0.055	HRA share of corporate and democratic core		0.055
0.441	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to a specific service.		0.333
<b>9.146</b>	<b>Net cost of HRA services</b>		<b>10.018</b>
	<i>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</i>		
(0.173)	(Gain) or loss on sale of HRA non-current assets		(0.153)
6.663	Interest payable and similar charges		6.793
(0.629)	Interest and investment income		(0.425)
(1.236)	Income from trading operations		(0.416)
0.670	Pensions interest cost and expected return on pensions assets		0.769
<b>14.441</b>	<b>(Surplus) or deficit for the year on HRA services</b>		<b>16.586</b>

## Movement on the Housing Revenue Account statement

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

2012-2013		2013-2014			
£m		£m	£m	£m	£m
(11.807)	Balance on the HRA at the end of the previous year				(11.245)
14.441	(Surplus) or deficit for the year on the HRA income and expenditure			16.586	
	<i>Adjustments between accounting basis and funding basis under regulations:</i>				
0.265	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		0.259		
0.173	Reverse out gain or (loss) on sale of HRA non-current assets		0.153		
	HRA share of contributions to or (from) the Pension Reserve:				
(2.889)	Reverse out net charges made for post-employment benefits in accordance with IAS19	(3.177)			
1.538	Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund	1.590			
(1.351)	HRA share of contributions to or (from) the Pension Reserve		(1.587)		
0.021	HRA share of contributions to or (from) the Employee Statutory Adjustment Account		0.024		
2.722	Capital expenditure funded by the HRA		2.017		
	Transfer to or (from) the Capital Adjustment Account:				
(28.631)	Reverse out depreciation and impairment losses on non-current assets	(30.641)			
0.714	Reverse out credits made for capital grants	0.065			
10.081	Loans fund principal contribution from the HRA	12.167			
(17.836)	Transfer to or (from) the Capital Adjustment Account		(18.409)		
(16.006)	Total of adjustments between accounting basis and funding basis under regulations			(17.543)	
(1.565)	<b>Net (increase) or decrease before transfers to or from reserves</b>			<b>(0.957)</b>	
2.127	Transfers to or (from) reserves			1.557	
<b>0.562</b>	<b>(Increase) or decrease in the year on the HRA</b>			<b>0.600</b>	
<b>(11.245) *</b>	<b>Balance on the HRA at the end of the current year</b>				<b>(10.645)</b>

\* £3.838m of the £10.645m balance has been earmarked for Welfare Reform support.

## Notes to the Housing Revenue Account income and expenditure statement

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

The Council was responsible for managing 12,348 dwellings during 2014-2015 (12,507 in 2013-2014). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2013-2014			2014-2015		
Number at 31 March 2014	Average weekly rent £	Type of dwelling	Number at 31 March 2015	Average weekly rent £	
422	54.56	One-apartment	419	56.28	
3,670	61.89	Two-apartment	3,660	64.15	
6,079	70.81	Three-apartment	5,979	72.74	
2,118	78.84	Four-apartment	2,074	81.30	
218	84.24	Five+apartment	216	87.15	
<b>12,507</b>		<b>Total</b>	<b>12,348</b>		

### 2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£1.403 million in 2014-15 and £1.614 million in 2013-2014), but excludes irrecoverables and bad debts. Average rents were £71.18 per week in 2014-2015 (£68.77 in 2013-2014). The total rent income for 2014-2015 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

### 3. The amount of rent arrears

At 31 March 2015 total rent arrears amounted to £2.600 million (£2.706 million at 31 March 2014). This is 5.2% of the total value of rents due at 31 March 2015.

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

In the financial year 2014-2015 the rental bad debt provision has been increased by £0.446 million (£0.266 million increase during 2013-2014). The provision to cover the potential loss of income stands at £2.429 million at 31 March 2015. This is 4.9% of the total value of rents due at that date.

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

NIL

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

2013-2014		2014-15	
£m		£m	
92.143	Gross council tax levied	92.833	
(13.763)	Council tax reduction scheme	(13.187)	
(13.363)	Other discounts and reductions	(13.634)	
(1.511)	Write-off of uncollectable debts and allowance for impairment	(1.518)	
0.236	Adjustment to previous years’ community charge and council tax	(0.189)	
<b>63.742</b>	<b>Transfer to the comprehensive income and expenditure statement</b>	<b>64.305</b>	

### Calculation of the council tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest “A” to the highest “H”. The council tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings. The band D council tax charge is calculated using the council tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2014-2015 was £1,164.69 (unchanged from 2013-2014).

In 2014-2015 if only one person over 18 lived in a property a discount of 25% was applied. From 1 April 2013 a continuous discount of 10% was available for furnished properties which are not anyone’s main home, for example second and holiday homes. Discounts of 50% were made for unoccupied property for a period of up to six months, with a continuous discount of 10% available thereafter. Certain persons are disregarded for Council Tax purposes, including people who are in detention, students and people who are severely mentally impaired. Reductions in council tax payable are also available for people with disabilities.

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

### Annual council tax charges

2014-2015	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H							
£	776.46	£	905.87	£	1,035.28	£	1,164.69	£	1,423.51	£	1,682.33	£	1,941.15	£	2,329.38

Calculation of the council tax base

2014-2015	Number of dwellings	Number of exemptions	Disabled relief	Discounts of 25%	Discounts of 50%	Total equivalent dwellings	Ratio to Band D	Band D equivalents	
Band A	13,643	1,537	14	8,427	540	9,832	6:9	6,555	
Band B	25,563	1,347	117	13,328	504	20,585	7:9	16,010	
Band C	14,351	450	70	5,959	198	12,290	8:9	10,924	
Band D	11,436	238	48	3,883	129	10,184	1:1	10,184	
Band E	10,280	152	69	2,405	97	9,453	11:9	11,554	
Band F	5,761	64	44	1,007	45	5,399	13:9	7,799	
Band G	3,435	89	20	434	35	3,200	15:9	5,333	
Band H	217	15	0	30	10	190	18:9	380	
<b>Total</b>	<b>84,686</b>	<b>3,892</b>	<b>382</b>	<b>35,473</b>	<b>1,558</b>	<b>71,133</b>		<b>68,739</b>	
								Band A dwellings subject to disabled relief	7
								Class 17 and 24 dwellings	92
								<b>Sub-total</b>	<b>68,838</b>
								Provision for non-payment and future award of discounts and reliefs	(2,462)
								<b>Council tax base</b>	<b>66,376</b>

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

2013-2014		2014-2015	
£m		£m	
111.482	Gross rates levied	112.792	
(21.020)	Reliefs and other deductions	(21.132)	
(0.997)	Write-off of uncollectable debts and allowance for impairment	(1.801)	
<b>89.465</b>	<b>Net non-domestic rate income</b>	<b>89.859</b>	
(7.802)	Adjustment to previous years' non-domestic rates	(5.441)	
<b>16.046</b>	<b>Contribution (to) or from the national non-domestic rate pool</b>	<b>21.898</b>	
-	Non-domestic rate income retained by authority (BRIS)	-	
97.709	Transfer to comprehensive income and expenditure statement	106.316	

#### The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the First Minister for Scotland. For 2014-2015 the charge was 47.1 pence in the pound. From 1 April 2010 the Scottish Government amended the existing Small Business Bonus Scheme (SBBS). Under the SBBS properties with a rateable value up to and including £10,000 are entitled to a 100% reduction in their business rates. Properties with a rateable value of between £10,001 and £12,000 receive a 50% reduction and properties with a rateable value of between £12,001 and £18,000 receive a 25% reduction. This allows a business with two or more properties with a combined rateable value of under £35,000 to qualify for relief. The relief is 25% for properties with an individual rateable value less than £18,000. For properties with a rateable value over £35,000 a supplement of 1.1 pence in the pound was added as per the Non-domestic Rates (Levying) (Scotland) Regulations 2004 as amended.

#### Analysis of Renfrewshire Council's rateable values

		2014-2015	
		£m	£m
Rateable value at 1 April 2014:	Commercial	91.878	
	Industrial and freight transport	45.789	
	Education and public service	16.301	
	Communications	31.423	
	Others	49.689	
			235.080
Running roll (full-year rateable value)			0.101
<b>Rateable value at 31 March 2015</b>			<b>235.181</b>
Wholly exempt subjects			(1.563)
<b>Net rateable value at 31 March 2015</b>			<b>233.618</b>

## **Accounting Policies**

The Financial Statements for the year ended 31 March 2015 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

### **Service Reporting**

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

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

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

- i. Revenue from the sale of goods or provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser or can measure reliably the percentage completion of the transaction, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- ii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.
- iii. Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by 31 March 2014 or relate to services associated with the prior financial year.

### **Business Improvement District**

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

### **Carbon Reduction Commitment Scheme**

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

### **Cash and Cash Equivalents**

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

### **Charges for the Use of Assets**

- i. Services are charged for the use of assets no matter how they are financed and this charge includes a provision for depreciation where appropriate.
- ii. In the case of the Council's Trading Operations, the charge for the use of assets includes a provision for depreciation plus an interest charge for the actual cost of borrowing for capital expenditure. This accounting treatment fully complies with the specific reporting requirements under the Local Government in Scotland Act 2003 for the Council's Trading Operations.

### **Contingent Assets and Liabilities**

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

### **Employee Benefits**

#### Benefits payable during employment

All salaries and wages earned up to 31 March 2014 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

#### Termination benefits

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

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

### Post employment benefits

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

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

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

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

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

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

### **Prior Period Adjustments**

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

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

### **Financial Instruments**

#### Financial Assets

Financial assets are classified into two types:

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

#### *Loans and Receivables*

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

Included within long-term debtors are a number of interest free pay advances to employees as part of negotiated changes to pay cycles (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

#### *Available-for-Sale Assets*

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

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus/Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Income and Expenditure Account in the year of extinguishment. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### Financial Guarantees

Financial guarantees are recognised at fair value assessed as the probability of the guarantees being called and the likely amount payable under the guarantees.

#### Loans Fund

The Council operates a Loans Fund and all loans raised are paid into the Fund. Advances are made to departments to finance capital expenditure during the year. Repayments to the Loans Fund are calculated using the annuity method.

Interest is calculated and allocated to the Comprehensive Income and Expenditure Statement in accordance with guidance from the Local Authorities Scotland Accounts Advisory Committee (LASAAC). LASAAC are the accounting standard setting body for local authorities in Scotland under the powers of Finance Circular 5/85. Note 2 issued by LASAAC sets out the accounting for financing costs.

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

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants

Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

### Heritage Assets

The Council's heritage assets are held in the museums operated by the Council's Arts and Museum Service (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and also in a secure store). The purpose of holding these assets according to the Renfrewshire Council Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. Purchased acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the Renfrewshire Council Museums Acquisition and Disposal Policy.

The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Shawl and textile design	The museums hold a collection of approximately 1,000 Paisley-type shawls, and a considerable collection of original designs for shawl manufacture. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Natural History	The collection includes vertebrate and invertebrate zoology, botany, geology and microslide collections; in addition to a library of natural history books. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Human History	The museums hold collections relating to social history, transport, science (including an important collection of astronomical apparatus in Coats Observatory), archaeology, arms, local archives, numismatics, photography, textiles, ethnography and Egyptology. The collection is included in the balance sheet at insurance valuation which is based on market values. However where an external valuation or cost information is available, or a valuation may be secured at a cost which is not prohibitive relative to the value of the item, then the Council will recognise the asset in the balance sheet at this value. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

In addition to the museums collections, there are a number of public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout Renfrewshire. These assets are not generally recognised in the balance sheet. The Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets and the lack of comparable data. However, where reliable cost information can be reasonably obtained, the asset will be included in the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Museums service will occasionally dispose of heritage assets in accordance with the Renfrewshire Council Museums' Acquisitions and Disposal Policy (a copy of which is available from the Arts and Museums Service). Assets are only disposed of for curatorial reasons (eg the item has deteriorated to such an extent it is no longer suitable for public display) and not with the aim of generating funds. Any proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. Expenditure incurred in preserving individual items is recognised in the comprehensive income and expenditure statement.

### **Intangible Assets**

The Council accounts for purchased software licences and CRC allowances purchased prospectively as Intangible Assets. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **Interests in Companies and Other Entities**

The Council has "material interests" in a charitable company and Joint Boards and Committees that have the nature of "associates" under accounting conventions, and requiring it to prepare group accounts. In the Council's own single-entity accounts, these interests are not recorded as the Council has no shares in, or ownership of, any of these organisations.

Reflected in the Council's single-entity balance sheet is a 45% shareholding in a joint venture company, and a 50% holding in a limited liability partnership. These are recorded as investments.

### **Inventories**

Inventories (generally consumable stock) are included in the Balance Sheet at weighted average cost.

### **Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **Landfill Allowance Trading Scheme**

Landfill allowances became tradable in Scotland on 1 April 2008. Allowances (whether issued free by the Scottish Government or purchased from another Waste Disposal Authority) are recognised as current assets. Allowances are measured initially at their fair value. The Scheme is currently under review and the Scottish Government has suspended penalties and trading, therefore no asset or liability has been recognised in the Statements as there is no market for the allowances.

### **Leases**

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

#### The Council as Lessee

##### *Finance Leases*

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

##### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement. Title to the property, plant or equipment remains with the lessor.

#### The Council as Lessor

##### *Finance Leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received), and
- finance income (credited to the Comprehensive Income and Expenditure Statement)

##### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement.

### **Overheads and Central Support Costs**

The net cost of all central support departments is fully allocated to user departments. The method of allocation is determined by the individual support departments and in many instances is time based.

Corporate & democratic core and direct service activities are differentiated as required by the Code. The Code further defines corporate and democratic core activities into "corporate management" (CM) and "democratic representation and management" (DRM). CM includes all expenses incurred in providing the infrastructure that allows services to be provided. DRM includes all Councillor-related expenses including meetings of the Council and its Boards, officer support to Councillors, advice to voluntary bodies and activities undertaken by Councillors to represent local interests.

### **PFI Schemes – School Buildings Maintenance and Other Facilities**

The Council carries the assets used under PFI contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The accounting treatment of the PFI scheme is in accordance with IFRIC12 *Service Concession Arrangements*.

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

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating

The cost of assets acquired other than by purchase is deemed to be its fair value. The valuation of work-in-progress is based on cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de-minimus level does not apply where certain categories of these assets are grouped together and form part of the approved capital programme. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH). Council dwellings are valued using a Beacon Principle (adjusted vacant possession) methodology in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance.
- Vehicles, plant, furniture and equipment – depreciated replacement cost
- Other land and buildings – fair value, determined as the market value amount that would be paid for the asset in its existing use (existing use value – EUV). Operational assets are shown at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets are shown at the lower of net current replacement cost or net realisable value.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of any revaluation is 31 March. Valuations are undertaken by the Council Valuer who is MRICS qualified. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve.

#### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, investment properties and assets that are not yet available for use (ie, assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property of between 10 and 50 years as estimated by the Council Valuer

- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer based on useful lives of between 3 and 30 years.
- infrastructure – straight-line allocation over 40 years.

General Fund services are charged with depreciation where appropriate for the use of assets no matter how they are financed. Depreciation on the Council's non-operational assets is not charged to service revenue accounts. It is however reflected in the Comprehensive Income and Expenditure Statement through non-distributable costs.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Significance is determined by comparing a component's cost against the overall cost of an asset, and a component is deemed significant if its cost is 20% or more of the total asset cost. The de-minimus threshold for componentisation is £1 million.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Provisions**

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

### **Reserves**

The Council has various reserve funds. The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes. The Reservoir Repair Fund is funding received from a contractor and provides for repairs in perpetuity to the Thornly Dam. The Capital Receipts Reserve is the proceeds of fixed assets available to meet future capital investment.

The two capital reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former of these represents the store of gains on revaluation of fixed assets not yet realised through sales and the latter relates to amounts set aside from capital resources to meet past expenditure.

The two accounting reserves arising from the restatement of financial instruments to "fair value" are the Financial Instruments Adjustment Account and the Available-for-Sale Financial Instruments Reserve. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending & borrowing by the Council. The Available-for-Sale Financial Instruments Reserve is a store of gains or losses on revaluation of the investments of the Insurance Fund not yet realised through sales.

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

### **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### **Trading Operations**

All trading operations are classified as non-significant in terms of the Local Government in Scotland Act 2003. The surplus or deficit on each trading operation is allocated to the General Fund balance; with the exception of Building Services where the surplus is apportioned between the General Fund balance and the Housing Revenue Account balance based on the level of Housing related turnover.

### **VAT**

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





**Renfrewshire**  
Council

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# RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY                      SCo19478

RENFREW                    SCo19479

JOHNSTONE                SCo19480

## TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

2014-15



Renfrewshire  
Council

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## Trustees' Annual Report

### *Introduction*

Renfrewshire Council acts as sole trustee for the Common Good Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

SC019478	Paisley Common Good Fund
SC019479	Renfrew Common Good Fund
SC019480	Johnstone Common Good Fund

The principal address of the Common Good Funds is:

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

Renfrewshire Council administers the Common Good Funds and separately accounts for them. They do not form part of the Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Common Good "vest[s] in" the relevant local authority. However they are included within the group accounts of the Council.

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

Investment Managers: Standard Life Wealth Limited  
                                  1 George Street  
                                  Edinburgh  
                                  EH2 2LL

Investment Advisors: Hymans Robertson LLP  
                                  20 Waterloo Street  
                                  Glasgow  
                                  G2 6DB

## ***Trustees***

The Common Good is not a Trust, and is not governed by trust law. Therefore in terms of the “Trustees” of the Common Good, the guidance provided by OSCR is that those who have “general control and management” of the charity are the charity trustees. Decisions regarding the general control and management of the Common Good Funds are made by the Finance and Resources Policy Board (FRPB) of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council :

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady	John Hood
Cathy McEwan	Iain McMillan
Brian Lawson	Audrey Doig
Jim Sharkey	Anne Hall
Terry Kelly	Allan Noon
Kenny MacLaren	Michael Holmes
Tommy Williams	Jim Harte
Eddie Devine	James McQuade
Marie McGurk	Sam Mullin
Lorraine Cameron	Iain Nicolson
Mark Macmillan	Roy Glen
Margaret Devine	Mags McLaren
Maureen Sharkey	Stephen McGee
Jacqueline Henry	Andy Doig
Derek Bibby	Maria Brown
Chris Gilmour	James McLaren
Stuart Clark	Paul Mack
Will Mylet	Bill Brown

Day to day management of the Common Good Funds is delegated to the Director of Finance and Resources of Renfrewshire Council.

## ***Structure, Governance and Management***

The Common Good is a fund of money and assets which the Council has a statutory obligation (under Section 15(4) of the Local Government etc (Scotland) Act 1994) to administer “having regard to the interests of the inhabitants of the area to which the Common Good formerly related” (i.e. the former burghs of Paisley, Renfrew and Johnstone). Although the Common Good is administered separately from mainstream local

authority funding, it is owned outright by the Council (s222 of the Local Government (Scotland) Act 1973) and does not have an identity separate from the Council, nor a constitutional form distinct from the Council.

The charity test, set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 provides that “a body meets the charity test if –

- (a) its purposes consist of only one or more charitable purposes, and
- (b) it provides .....public benefit in Scotland or elsewhere.”

The Common Good Funds are not “bodies” separate from the Council, and the Council’s purposes consist of much more than the charitable purposes listed in the Act. In this context officers of the Council are exploring with OSCR and the Scottish Government the appropriateness of the charitable status of the Common Good on an ongoing basis.

## History

The Common Good comprises land granted to a Burgh by the Crown, further grants of land and buildings, mainly in the late 19<sup>th</sup> and early 20<sup>th</sup> century by local industrialists and other landowners for the common good of the inhabitants of the Burgh and the rental income and sale proceeds from such land. The bulk of the Paisley Common Good was granted to the Burgh of Paisley by the King Charles II Charter dated 27 and 28 July 1666, and has been administered by the Burgh and its successors since that date. The bulk of the Renfrew Common Good was granted to the Royal Burgh of Renfrew by the Queen Anne Charter dated 7 August 1703 and again has been administered by the Burgh and its successors since that date.

## Governance and Management

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Common Good is owned by the Council, these specific provisions are supplemented by the general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

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

Decisions regarding the operation, assets, processes or policies of the Common Good Funds are delegated by the Council to the Finance and Resources Policy Board. Income to the Common Good Funds is solely from investment returns (both financial investments and property rental income) and bank interest – no donations

to the Funds are solicited. The only other source of income which arises periodically is from the sale of fixed assets.

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

Regular training is offered to the members of the Investment Review Board through information sessions at each meeting; and attendance at Trustee training events offered by our appointed Investment Manager.

## **Risk**

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

The main risk for the Common Good relates to the investment income available for disbursement through grants. As mentioned above, investment performance is monitored quarterly by officers of the Council and they receive specialist advice in this regard from Hymans Robertson LLP, appointed investment advisors. A Statement of Investment Principles has been agreed by the Investment Review Board and this is regularly reviewed to ensure the benchmark against which performance is monitored remains relevant and appropriate.

## ***Objectives and Activities***

As mentioned above, there is no governing document for the Common Good. The assets were gifted for the common good of the inhabitants of the burgh. The most concise statement of the administration of the Common Good is contained in a judgement by Lord Kyllachy:

*"The Common Good is corporate property and falls as such to be administered by the Council – and applied by them for the benefit of the community in such a manner as, and using such reasonable judgement as, they think proper".*

Therefore in terms of the aims of the Common Good, they can not be narrowed down from that detailed above, i.e. that the funds are used for the benefit the inhabitants of the burgh to which they are related.

## **Grantmaking**

There are two elements to the grants awarded from Common Good Funds: recurring grants (i.e. those awarded for a period of some years) or large grant awards that are agreed by the FRPB. In addition the FRPB also agrees the budget available to Local Area Committees (LACs) for subsequent award to community groups. LACs were set up in an effort to involve communities more directly in the decision-making of the Council, and

they are comprised of the elected members of the relevant wards, along with representatives from local community groups e.g. Community Councils, Elderly Forums, Youth Groups etc. Each LAC now is allocated an annual budget, and they consider at each LAC meeting (held in public) the grant requests they have received. Only eligible grants may be considered – further information on the eligibility criteria may be obtained from the Council.

## ***Achievements and Performance***

In 2014-15 grants totalling £87,800 were awarded by Local Area Committees to a wide variety of community organisations. Other grant expenditure totalling £246,660 was made throughout the year. This included grants to: the Cherrie Centre (out of school care provider); contributions to finance CCTV : grants to help fund Christmas light displays in Renfrew and Paisley town centres and a grant to help finance Renfrew Gala Week.

### **Investment performance**

The Common Good Funds have adopted a total return policy for investment income, and have agreed income targets which the Investment Manager exceeded in year. During the year the average yield on investments was 3.5% (4.3% in 2013/14). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.63% (0.91% in 2013/14).

Overall, the Common Good Funds reported a combined net movement in funds of £1.662 million that is added to the previous fund balance brought forward. The surplus achieved is mainly related to unrealised gains on investments and on the revaluation of fixed assets.

## ***Financial Review***

The Common Good Funds have no explicit reserves policy, but as a general principle the "capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year.

No individual Common Good Fund is in deficit.

The main funding sources for the Common Good Funds this year are dividend and investment income (69%) and property rental income (31%).

During the year land at Brown Street, Renfrew which had been declared surplus to requirements was sold for £425,676.

The Investment Review Board has agreed a Statement of Investment Principles (SoIP) which regulates the relationship between the Council and the Investment Manager. The SoIP details benchmark asset class holdings and also the restrictions which the Council has agreed i.e. no direct holdings in tobacco stocks or companies involved in the manufacture or supply of military equipment; and a minimum holding of 15% of the total funds to be held in fixed interest stocks.

## ***Future Plans***

The Common Good Funds will continue to make grants available to local organisations through the Local Area Committee grant making process, and will also continue to fund recurring commitments such as Christmas Lights displays.

The Council will also continue to review the funding provided by the Common Good Funds to ensure it remains appropriate and in line with the objectives of the Funds and to the benefit of the inhabitants of the relevant Burghs.

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

Signed:

Date:

Alan Russell  
Director of Finance and Resources  
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor Michael Holmes  
Convener – Finance and Resources Policy Board  
Renfrewshire Council

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

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

The Trustees are responsible for preparing the annual report and financial statements for each financial year, in accordance with the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice for Accounting and Reporting by Charities 2005 (the Charities SORP), which give a true and fair view of the incoming resources and application of the resources of the charity during the year and of the charity's state of affairs at the end of the financial year. In preparing those financial statements, the Trustees are required to:

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

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

### b) Statement of disclosure of information to auditors

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

Signed:

Cllr Michael Holmes  
Convener – Finance and Resources Policy Board  
Renfrewshire Council

Date:

## **Independent Auditors Report to the Trustees of Renfrewshire Council Common Good Funds and the Accounts Commission for Scotland**

The accounts are still subject to audit. The appointed auditor is:

Brian Howarth ACMA CGMA

Assistant Director, Audit Services

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place, Glasgow, G2 1BT

xx September 2015

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

## Statement of Financial Activities for the Year Ended 31<sup>st</sup> March 2015

This Account summarises the resources that have been generated and consumed in providing services and managing the Common Good Funds during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed. This Account also includes the Statement of Total Recognised Gains and Losses which brings together all of the gains and losses of the Funds for the year and shows the aggregate increase in their net worth. All Common Good Funds have unrestricted funds only; there were no restricted or endowment funds during 2014-15 or in 2013-14.

	Note	Year to 31 <sup>st</sup> March 2015				Year to 31 <sup>st</sup> March 2014			
		Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
<b>Incoming Resources from Charitable Activities</b>									
Grants, Interest & Dividend Income	2(a)	0.132	0.000	0.441	<b>0.573</b>	0.145	0.000	0.485	<b>0.630</b>
Rental and Other Income	2(b)	0.049	0.000	0.313	<b>0.362</b>	0.049	0.000	0.307	<b>0.356</b>
<b>Total Incoming Resources</b>		<b>0.181</b>	<b>0.000</b>	<b>0.754</b>	<b>0.935</b>	<b>0.194</b>	<b>0.000</b>	<b>0.792</b>	<b>0.986</b>
<b>Resources Expended</b>									
<i>Cost of Generating Funds</i>									
Fundraising Trading		0.000	0.000	0.011	<b>0.011</b>	0.000	0.000	(0.004)	<b>(0.004)</b>
Investment Management Costs		0.011	0.000	0.037	<b>0.048</b>	0.012	0.000	0.039	<b>0.051</b>
Charitable Activities	3(a)	0.147	0.000	0.187	<b>0.334</b>	0.147	0.000	0.197	<b>0.344</b>
Governance Costs	3(b)	0.016	0.000	0.048	<b>0.064</b>	0.016	0.000	0.047	<b>0.063</b>
Depreciation and Impairment		0.048	0.000	0.290	<b>0.338</b>	0.047	0.000	(0.243)	<b>(0.196)</b>
<b>Total Resources Expended</b>		<b>0.222</b>	<b>0.000</b>	<b>0.573</b>	<b>0.795</b>	<b>0.222</b>	<b>0.000</b>	<b>0.036</b>	<b>0.258</b>
<b>Net Incoming / (Outgoing) Resources</b>		<b>(0.041)</b>	<b>0.000</b>	<b>0.181</b>	<b>0.140</b>	<b>(0.028)</b>	<b>0.000</b>	<b>0.756</b>	<b>0.728</b>
<b>Other Gains or Losses</b>									
Gains/(Losses) on Revaluation of Fixed Assets	4	(0.015)	0.000	0.588	<b>0.573</b>	0.000	0.000	1.039	<b>1.039</b>
Gains/(Losses) on Investment Assets	5	0.214	0.000	0.735	<b>0.949</b>	0.123	0.000	0.411	<b>0.534</b>
<b>Total Other Recognised Gains or Losses</b>		<b>0.199</b>	<b>0.000</b>	<b>1.323</b>	<b>1.522</b>	<b>0.123</b>	<b>0.000</b>	<b>1.450</b>	<b>1.573</b>
<b>Net Movement in Funds</b>		<b>0.158</b>	<b>0.000</b>	<b>1.504</b>	<b>1.662</b>	<b>0.095</b>	<b>0.000</b>	<b>2.206</b>	<b>2.301</b>
Transfer between Funds		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Funds Brought Forward</b>		<b>4.730</b>	<b>0.052</b>	<b>25.693</b>	<b>30.475</b>	<b>4.635</b>	<b>0.052</b>	<b>23.487</b>	<b>28.174</b>
<b>Total Funds Carried Forward</b>		<b>4.888</b>	<b>0.052</b>	<b>27.197</b>	<b>32.137</b>	<b>4.730</b>	<b>0.052</b>	<b>25.693</b>	<b>30.475</b>

The notes on pages 12 to 20 form part of these financial statements.

## Balance Sheet as at 31<sup>st</sup> March 2015

The Balance Sheet summarises in its top half all of the assets that the Common Good Funds own and the liabilities that they owe to others. The bottom half sets out how the net assets of the Funds are allocated between usable resources and statutory reserves needed to comply with accounting rules.

	Note	At 31 <sup>st</sup> March 2015				At 31 <sup>st</sup> March 2014			
		Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
		£m	£m	£m	£m	£m	£m	£m	£m
<b>Fixed Assets</b>									
Tangible Fixed Assets	4	0.623	0.000	12.308	12.931	0.686	0.000	12.436	13.122
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	3.626	0.000	12.230	15.856	3.410	0.000	11.490	14.900
		<b>4.312</b>	<b>0.047</b>	<b>24.647</b>	<b>29.006</b>	<b>4.159</b>	<b>0.047</b>	<b>24.035</b>	<b>28.241</b>
<b>Current Assets</b>									
Debtors	13	0.005	0.000	0.032	0.037	0.005	0.000	0.017	0.022
Short term deposits	15	0.574	0.005	2.533	3.112	0.571	0.005	1.687	2.263
		<b>0.579</b>	<b>0.005</b>	<b>2.565</b>	<b>3.149</b>	<b>0.576</b>	<b>0.005</b>	<b>1.704</b>	<b>2.285</b>
<b>Less: Current Liabilities</b>									
Creditors: Amounts Falling Due Within One Year	14	(0.003)	0.000	(0.015)	(0.018)	(0.005)	0.000	(0.046)	(0.051)
		<b>(0.003)</b>	<b>0.000</b>	<b>(0.015)</b>	<b>(0.018)</b>	<b>(0.005)</b>	<b>0.000</b>	<b>(0.046)</b>	<b>(0.051)</b>
<b>Net Current Assets</b>		<b>0.576</b>	<b>0.005</b>	<b>2.550</b>	<b>3.131</b>	<b>0.571</b>	<b>0.005</b>	<b>1.658</b>	<b>2.234</b>
<b>Net Assets</b>		<b>4.888</b>	<b>0.052</b>	<b>27.197</b>	<b>32.137</b>	<b>4.730</b>	<b>0.052</b>	<b>25.693</b>	<b>30.475</b>
<b>Funds of the Charities</b>									
<u>Unrestricted Funds</u>									
Income Funds		3.406	0.036	17.918	21.360	3.378*	0.036	17.099*	20.513*
Revaluation reserve : Investments		0.843	0.000	2.749	3.592	0.678	0.000	2.181	2.859
Revaluation reserve : Other Fixed Assets		0.639	0.016	6.530	7.185	0.674*	0.016	6.413*	7.103*
		<b>4.888</b>	<b>0.052</b>	<b>27.197</b>	<b>32.137</b>	<b>4.730</b>	<b>0.052</b>	<b>25.693</b>	<b>30.475</b>

\* 2013/14 reserve figures have been restated to correct a historic discrepancy in the apportionment between general and revaluation reserves

Signed:

Date:

Alan Russell  
Director of Finance and Resources  
Renfrewshire Council

Signed:

Date:

Councillor Michael Holmes  
Convener – Finance and Resources  
Policy Board  
Renfrewshire Council

## Cash Flow Statement for Year Ended 31<sup>st</sup> March 2015

This statement summarises the inflows and outflows of cash arising from the transactions with third parties on both day to day revenue transactions and expenditure on capital activities. For the purposes of this statement, cash is defined as cash in hand and deposits repayable on demand.

Notes	Year ended 31st March 2015				Year ended 31st March 2014				
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	
<b>Net Cash Inflow from Operating Activities</b>	<b>7</b>	<b>0.005</b>	<b>0.000</b>	<b>0.425</b>	<b>0.430</b>	<b>(0.007)</b>	<b>0.000</b>	<b>0.537</b>	<b>0.530</b>
<b>Capital Expenditure and Financial Investment</b>									
Cash paid for fixed asset investment		(0.343)	0.000	(1.150)	<b>(1.493)</b>	(0.862)	0.000	(3.048)	<b>(3.910)</b>
Receipts from sales of fixed asset: investments		0.420	0.000	1.416	<b>1.836</b>	0.861	0.000	3.042	<b>3.903</b>
Receipts from sales of fixed asset: property		0.000	0.000	0.426	<b>0.426</b>	0.000	0.000	0.000	<b>0.000</b>
Payments to acquire tangible fixed assets		0.000	0.000	0.000	<b>0.000</b>	0.000	0.000	(0.028)	<b>(0.028)</b>
<b>Net cash flow from capital expenditure and financial investments</b>		<b>0.077</b>	<b>0.000</b>	<b>0.692</b>	<b>0.769</b>	<b>(0.001)</b>	<b>0.000</b>	<b>(0.034)</b>	<b>(0.035)</b>
<b>(Increase)/decrease in cash held for investments</b>		<b>(0.079)</b>	<b>0.000</b>	<b>(0.271)</b>	<b>(0.350)</b>	<b>0.025</b>	<b>0.000</b>	<b>0.086</b>	<b>0.111</b>
<b>Increase/(decrease) in cash held in the year</b>		<b>0.003</b>	<b>0.000</b>	<b>0.846</b>	<b>0.849</b>	<b>0.017</b>	<b>0.000</b>	<b>0.589</b>	<b>0.606</b>
<b>Reconciliation of net cash flow to movement in net funds</b>									
(Decrease)/increase in cash in year		0.003	0.000	0.846	0.849	0.017	0.000	0.589	0.606
net funds at 1 April		0.571	0.005	1.687	2.263	0.554	0.005	1.098	1.657
<b>Net funds at 31 March</b>		<b>0.574</b>	<b>0.005</b>	<b>2.533</b>	<b>3.112</b>	<b>0.571</b>	<b>0.005</b>	<b>1.687</b>	<b>2.263</b>

## Notes to the Financial Statements

### 1: Accounting Policies

#### *Introduction*

The Financial Statements for the year ended 31 March 2015 have been compiled in accordance with the Charities Statement of Recommended Practice (the SORP), UK Generally Accepted Accounting Principles (UK GAAP) and the Charities Accounts (Scotland) Regulations 2006. They are designed to give a true and fair view of the financial performance and position of the Common Good Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

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

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

#### *Incoming Resources*

##### **Recognition of incoming resources**

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

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

##### **Grants and Donations**

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

##### **Gifts in Kind**

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

##### **Investment Income**

This is included in the accounts when receivable.

##### **Investment Gains and Losses**

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

## ***Resources Expended***

### **Liability Recognition**

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

### **Charitable Activities**

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

### **Governance Costs**

Governance costs include the:

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

### **Grants Payable without Performance Conditions**

These are recognised in the accounts when the grant has been paid.

## ***Assets***

### **Valuation**

Land and buildings have been valued on the basis of market value in relation to existing use, assessed either on a comparative basis or on a depreciated replacement cost basis. The valuations have been compiled by the Council Valuer who is MRICS qualified. Assets under construction are shown at historic cost. Land and buildings are revalued every five years, with increases in valuation matched by credits to the Revaluation Reserve.

A de-minimis of £9,000 is applied for capitalisation of expenditure.

The civic regalia and equipment (heritage assets) have been valued on a present value insurance basis.

Investments are valued at market value.

### **Depreciation**

Depreciation is charged on a straight -line basis on all assets other than land, heritage assets and assets under construction. The Council Valuer determines the useful life of property assets. Depreciation is based on expected life of costs capitalised

### **Impairment**

The value of each category of asset is reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a revaluation exercise, the loss is charged to the SOFA.

## Departures from the Charities SORP

Operational land and buildings have been valued on a depreciated replacement costs basis, not a historic basis as per the Charities SORP. The main reason for this is the obligation under the Local Government Code of Practice on local authority accounting to apply a depreciated replacement cost valuation basis, and it is under the Local Government Code that the Common Good Accounts have been audited in previous years.

## 2: Incoming Resources

### a) Grants, Interest and Dividend income

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m							
Grant income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dividend income	0.128	0.000	0.429	0.557	0.140	0.000	0.472	0.612
Interest income	0.004	0.000	0.012	0.016	0.005	0.000	0.013	0.018
<b>Total grant &amp; investment income</b>	<b>0.132</b>	<b>0.000</b>	<b>0.441</b>	<b>0.573</b>	<b>0.145</b>	<b>0.000</b>	<b>0.485</b>	<b>0.630</b>

### b) Rental and Other Income

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m							
Rental income from properties	0.049	0.000	0.313	0.362	0.049	0.000	0.307	0.356
Other Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total rental and other income</b>	<b>0.049</b>	<b>0.000</b>	<b>0.313</b>	<b>0.362</b>	<b>0.049</b>	<b>0.000</b>	<b>0.307</b>	<b>0.356</b>

## 3: Resources Expended

### a) Charitable Activities

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m							
Voluntary organisation grants	0.030	0.000	0.058	0.088	0.030	0.000	0.058	0.088
Civic related grants	0.117	0.000	0.129	0.246	0.117	0.000	0.139	0.256
<b>Total charitable activities grants</b>	<b>0.147</b>	<b>0.000</b>	<b>0.187</b>	<b>0.334</b>	<b>0.147</b>	<b>0.000</b>	<b>0.197</b>	<b>0.344</b>

## b) Governance Costs

	2014-15				2013-14			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accountancy and Administrative Services	0.005	0.000	0.013	0.018	0.010	0.000	0.028	0.038
Property Services	0.011	0.000	0.035	0.045	0.006	0.000	0.019	0.025
<b>Total Governance Costs</b>	<b>0.016</b>	<b>0.000</b>	<b>0.048</b>	<b>0.063</b>	<b>0.016</b>	<b>0.000</b>	<b>0.047</b>	<b>0.063</b>

## 4: Tangible Fixed Assets

### a) Paisley Common Good Fund

	Operational Land and Buildings £m	Non-Operational Assets – Surplus Assets £m	Total Tangible Fixed Assets £m	Heritage Assets £m
<b>Gross Book Value</b>				
At 1 <sup>st</sup> April 2014	0.477	0.352	0.829	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.000	(0.015)	(0.015)	0.000
<b>At 31<sup>st</sup> March 2015</b>	<b>0.477</b>	<b>0.337</b>	<b>0.814</b>	<b>0.063</b>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2014	0.143	0.000	0.143	0.000
Depreciation for Year	0.048	0.000	0.048	0.000
Depreciation on Revaluation	0.000	0.000	0.000	0.000
<b>At 31<sup>st</sup> March 2015</b>	<b>0.191</b>	<b>0.000</b>	<b>0.191</b>	<b>0.000</b>
<b>Net Book Value at 31<sup>st</sup> March 2015</b>	<b>0.286</b>	<b>0.337</b>	<b>0.623</b>	<b>0.063</b>
<b>Net Book Value at 31<sup>st</sup> March 2014</b>	<b>0.334</b>	<b>0.352</b>	<b>0.686</b>	<b>0.063</b>

### b) Renfrew Common Good Fund

	Operational Land and Buildings	Plant and Equipment	Non- operational assets – Investment Properties	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m	£m	£m
<b>Gross Book Value</b>						
At 1 <sup>st</sup> April 2014	11.104	0.532	0.689	0.349	12.674	0.109
Additions	0.000	0.000	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	(0.325)	(0.325)	0.000
Transfers	(1.150)	1.150	0.000	0.000	0.000	0.000
Revaluations	0.026	0.241	0.102	0.000	0.369	0.000
<b>At 31<sup>st</sup> March 2015</b>	<b>9.980</b>	<b>1.923</b>	<b>0.791</b>	<b>0.024</b>	<b>12.718</b>	<b>0.109</b>
<b>Depreciation</b>						
At 1 <sup>st</sup> April 2014	0.223	0.000	0.015	0.000	0.238	0.000
Depreciation for year	0.242	0.041	0.007	0.000	0.290	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation write back on revaluations	(0.540)	0.000	0.000	0.000	(0.540)	0.000
Impairment losses written out on revaluation	0.422	0.000	0.000	0.000	0.422	0.000
<b>At 31<sup>st</sup> March 2015</b>	<b>0.347</b>	<b>0.041</b>	<b>0.022</b>	<b>0.000</b>	<b>0.410</b>	<b>0.000</b>
<b>Net Book Value at 31<sup>st</sup> March 2015</b>	<b>9.634</b>	<b>1.882</b>	<b>0.769</b>	<b>0.024</b>	<b>12.308</b>	<b>0.109</b>
<b>Net Book Value at 31<sup>st</sup> March 2014</b>	<b>10.881</b>	<b>0.532</b>	<b>0.674</b>	<b>0.349</b>	<b>12.436</b>	<b>0.109</b>

### c) Johnstone Common Good Fund

	Heritage Assets
	£m
<b>Gross Book Value</b>	
At 1 <sup>st</sup> April 2014	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
<b>At 31<sup>st</sup> March 2015</b>	<b>0.047</b>
<b>Depreciation</b>	
At 1 <sup>st</sup> April 2014	0.000
Depreciation for year	0.000
<b>At 31<sup>st</sup> March 2015</b>	<b>0.000</b>
<b>Net Book Value at 31<sup>st</sup> March 2015</b>	<b>0.047</b>
<b>Net Book Value at 31<sup>st</sup> March 2014</b>	<b>0.047</b>

### *d) Heritage Assets*

Heritage Assets include items of civic regalia and equipment formerly used by the Provost of the Council on civic occasions. The assets are now held in Renfrewshire museums.

## 5: Fixed Asset Investments

Investments are held specifically to provide the funds from which donations and civic activities can be funded from.

### *a) Analysis of market values*

	2014-15			2013-14		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1 <sup>st</sup> April 2014	3.410	11.490	14.900	3.311	11.159	14.470
Additions	0.343	1.150	1.493	0.862	3.048	3.910
Disposals	(0.420)	(1.416)	(1.836)	(0.861)	(3.042)	(3.903)
Net gain/(loss) on revaluation	0.214	0.735	0.949	0.123	0.411	0.534
Increase/(decrease) in cash in bank awaiting investment	0.079	0.271	0.350	(0.025)	(0.086)	(0.111)
<b>At 31<sup>st</sup> March 2015</b>	<b>3.626</b>	<b>12.230</b>	<b>15.856</b>	<b>3.410</b>	<b>11.490</b>	<b>14.900</b>

### *b) Asset Allocation Analysis*

	2014-15			2013-14		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.234	0.811	1.045	0.169	0.588	0.757
Other UK Bonds	0.219	0.731	0.950	0.262	0.865	1.127
Overseas Bonds	0.166	0.555	0.721	0.148	0.492	0.640
Equities:						
UK Equities	1.725	5.614	7.339	1.684	5.680	7.364
Overseas Equities	1.064	3.789	4.853	0.981	3.312	4.293
Non-Region Specific	0.045	0.153	0.198	0.037	0.124	0.161
Property Investments	0.079	0.264	0.343	0.034	0.115	0.149
Cash	0.094	0.313	0.407	0.095	0.314	0.409
<b>Total Investment Assets</b>	<b>3.626</b>	<b>12.230</b>	<b>15.856</b>	<b>3.410</b>	<b>11.490</b>	<b>14.900</b>

All investments during 2014-15 and in 2013-14 were held in unrestricted funds.

## 6: Reserves Cover

	2014-15				2013-14			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
<b>Free Reserves</b>								
Unrestricted Funds	3.447	0.036	17.737	21.220	3.406	0.036	16.343	19.785
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.041)	0.000	0.181	0.140	(0.028)	0.000	0.756	0.728
<b>Total Unrestricted Funds</b>	<b>3.406</b>	<b>0.036</b>	<b>17.918</b>	<b>21.360</b>	<b>3.378</b>	<b>0.036</b>	<b>17.099</b>	<b>20.513</b>
Less Funds tied up in fixed assets	(3.626)	0.000	(12.230)	(15.856)	(3.410)	0.000	(11.490)	(14.900)
<b>Total Free Reserves</b>	<b>(0.220)</b>	<b>0.036</b>	<b>5.688</b>	<b>5.504</b>	<b>(0.032)</b>	<b>0.036</b>	<b>5.609</b>	<b>5.613</b>
Annual Running Costs exclude impairment	0.222	0.000	0.573	0.795	0.222	0.000	0.522	0.744
Number of months held in reserve	<b>0</b>	<b>0</b>	<b>119</b>	<b>n/a</b>	<b>0</b>	<b>0</b>	<b>128</b>	<b>n/a</b>

Funds tied up in fixed assets are represented by investments held by the Common Good Funds.

## 7: Cash Flow Statement

### *a Reconciliation of net incoming/outgoing resources to net cash inflow/ (outflow) from operating activities*

	Year to 31 <sup>st</sup> March 2015			Year to 31 <sup>st</sup> March 2014		
	Paisley £m	Johnstone £m	Renfrew £m	Paisley £m	Johnstone £m	Renfrew £m
Net incoming/outgoing resources before other recognised gains and losses	(0.041)	0.000	0.181	(0.028)	0.000	0.756
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.048	0.000	0.290	0.048	0.000	(0.243)
Decrease/(increase) in debtors	0.000	0.000	(0.015)	0.003	0.000	0.014
Increase/(decrease) in creditors	(0.002)	0.000	(0.031)	(0.030)	0.000	0.010
<b>Net cash (inflow)/outflow from operating activities</b>	<b>0.005</b>	<b>0.000</b>	<b>0.425</b>	<b>(0.007)</b>	<b>0.000</b>	<b>0.537</b>

## *b Analysis of changes in net funds*

	At 1 April 2014	Cash- flow	At 31 March 2015	At 1 April 2013	Cash- flow	At 31 March 2014
	£m	£m	£m	£m	£m	£m
<b>Short term deposits</b>						
Paisley	0.571	0.003	0.574	0.554	0.017	0.571
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	1.687	0.846	2.533	1.098	0.589	1.687
	<b>2.263</b>	<b>0.849</b>	<b>3.112</b>	<b>1.657</b>	<b>0.606</b>	<b>2.263</b>

## **8: Trustees' remuneration and expenses**

Neither the Trustees of the Common Good Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during 2014-15.

## **9: Related Parties**

During the year, the Common Good Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. The costs of this are disclosed in note 3(b), Governance Costs. The Council also acts as the banker for the Common Good Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' balance sheets. There are no outstanding balances due to or from Renfrewshire Council other than those that appear in the balance sheet.

## **10: Commitments**

As at March 2015, no Common Good Fund had outstanding commitments on capital contracts. There were no outstanding commitments for operating lease rentals.

## **11: Staff Costs and Emoluments**

No members of staff were employed directly via the Common Good Funds during 2014-15 (2013-14 nil). All costs were incurred by Renfrewshire Council and recharged as detailed in note 3(b) Governance Costs. There are therefore no employees with emoluments above £60,000 (2013-14 nil).

## **12: Audit Costs**

Costs of £4,550 were incurred in relation to the audit of the 2014/15 financial statements.

## 13: Debtors

	Year to 31 <sup>st</sup> March 2015				Year to 31 <sup>st</sup> March 2014			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accrued Income	0.005	0.000	0.032	0.037	0.005	0.000	0.017	0.022
<b>Total Debtors</b>	<b>0.005</b>	<b>0.000</b>	<b>0.032</b>	<b>0.037</b>	<b>0.005</b>	<b>0.000</b>	<b>0.017</b>	<b>0.022</b>

## 14: Creditors

	Year to 31 <sup>st</sup> March 2015				Year to 31 <sup>st</sup> March 2014			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Trade Creditors	0.003	0.000	0.010	0.013	0.005	0.000	0.038	0.043
Rents in Advance	0.000	0.000	0.005	0.005	0.000	0.000	0.008	0.008
<b>Total Creditors</b>	<b>0.003</b>	<b>0.000</b>	<b>0.015</b>	<b>0.018</b>	<b>0.005</b>	<b>0.000</b>	<b>0.046</b>	<b>0.051</b>

## 15: Short Term Deposits

Short term deposits are accounts held with Renfrewshire Council who process receipts, payments and accounting entries on behalf of the Common Good Funds.

# RENFREWSHIRE COUNCIL TRUST FUNDS

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

1 APRIL 2014 to 31 MARCH 2015



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## Trustees' Report

### 1. INTRODUCTION

Renfrewshire Council acts as sole trustee for the Trust Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

The following charities' financial statements are included in this report:

Charity Number	Charity Name	Charity Number	Charity Name
SC042035	Renfrew Burgh Citizens Fund	SC042036	Renfrewshire Council Citizens Fund
SC042037	Paisley Burgh Citizens Fund	SC019454	Coats Observatory Fund

The principal address of the Trust Funds is:

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

Renfrewshire Council administers the Trust Funds and separately accounts for them. They do not form part of the Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trusts "vest[s] in" the relevant local authority.

Independent Examiners:            Audit Scotland  
   4<sup>th</sup> Floor, South Suite  
   The Athenaeum Building  
   8 Nelson Mandela Place  
   Glasgow G2 1BT

## **TRUSTEES**

In terms of the “Trustees” of the Trusts, the guidance provided by OSCR is that those who have “general control and management” of the charity are the charity trustees. Decisions regarding the general control and management of the Trust Funds are made by the Finance and Resources Policy Board of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

The following individuals were the Trustees of the Trust Funds in their capacity as elected members of Renfrewshire Council :

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady	John Hood
Cathy McEwan	Iain McMillan
Brian Lawson	Audrey Doig
Jim Sharkey	Anne Hall
Terry Kelly	Allan Noon
Kenny MacLaren	Michael Holmes
Tommy Williams	Jim Harte
Eddie Devine	James McQuade
Marie McGurk	Sam Mullin
Lorraine Cameron	Iain Nicolson
Mark Macmillan	Roy Glen
Margaret Devine	Mags McLaren
Maureen Sharkey	Stephen McGee
Jacqueline Henry	Andy Doig
Derek Bibby	Maria Brown
Chris Gilmour	James McLaren
Stuart Clark	Paul Mack
Will Mylet	Bill Brown

Day to day management of the Trust Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All of the trustees for the accounts are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees.

## **2. STRUCTURE, GOVERNANCE AND MANAGEMENT**

The three Citizens Funds were set up in 2011 as successor funds to the various sundry trusts controlled by Renfrewshire Council. The Council made use of the reorganisation provisions of the Charities and Trustee Investment (Scotland) Act 2005 to enable better use to be made of the balances within the existing funds, and reorganize them into larger funds with updated purposes. The reorganisation was completed with the consent of OSCR.

The Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council as Trustees own the buildings comprising the Coats Observatory.

## **HISTORY**

The following table gives an indication of the purpose of the Trusts:

<b>Charity No.</b>	<b>Name</b>	<b>Purpose</b>
SC042035	Renfrew Burgh Citizens Fund	Promoting the welfare of individuals who are in need by reason of age, ill-health, disability, financial hardship or other disadvantage and fostering good citizenship and community wellbeing and regeneration by giving financial assistance by way of grant to those living or working in the area. To further voluntary activity or to contribute to the regeneration of the community in the area formerly known as the Burgh of Renfrew
SC042036	Renfrewshire Council Citizens Fund	As above, but for the area for which Renfrewshire Council and its successors is responsible
SC042037	Paisley Burgh Citizens Fund	As above, but for the area formerly known as the Burgh of Paisley
SC019454	Coats Observatory Fund	"for the upkeep of Coats Observatory equipment" The above purpose was relevant while there were cash funds available; however these funds have been exhausted, and only the property assets remain.

## **GOVERNANCE AND MANAGEMENT**

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Trust Funds are controlled by the Council, these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

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

Decisions regarding the operation, assets, processes or policies of the Trust Funds are delegated by the Council to the Finance & Resources Policy Board (FRPB). The FRPB will request the appropriate Local Area Committee (LAC) - the view of the Local Area Committee being representative of the general public view for that locality - to submit proposals for the Board to consider for project expenditure, taking account of the original intentions of the donors of the funds as to purpose and location within the Local Area Committee boundary. Proposals submitted by LACs are then considered for approval by the FRPB.

## **RISK**

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

## **3. OBJECTIVES AND ACTIVITIES**

Income to the Trust Funds is solely from interest earned on balances held by Renfrewshire Council Loans Fund – no donations to the Funds are solicited.

## **4. ACHIEVEMENTS AND PERFORMANCE**

During the year one payment was made from the Renfrew Burgh Citizens Fund to help with repairs to the Renfrew Riverside Walkway. Four awards totalling £11,260 were paid from the Renfrewshire Council Citizens Fund. These payments were made from funds associated with Kilbarchan, to organisations in the Kilbarchan area.

One award was made from the Paisley Burgh Citizens Fund during the year to the Harmony Pensioners Club for £533.

The combined monies of the Trusts were invested in the Council's Loans Fund on the basis that the returns available were better than those available commercially. The average rate of interest achieved in the period was 0.63% (0.91% in 2013/14).

## **5. FINANCIAL REVIEW**

The Trust Funds have no explicit reserves policy, and it is anticipated that the Citizens Funds will be fully disbursed in the coming years. No individual Trust Fund is in deficit. Other income of £104,630.53 was received in the year was from Renfrewshire Council and this was used to fund the expenditure on repairs to the observatory building carried out during the year

## **6. FUTURE PLANS**

It is anticipated that as further community projects are recommended for funding, the Citizens Funds will in time be wound up, their balances having been fully disbursed.



**Renfrewshire Council Trust Funds  
Financial Statements**

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

Signed:

Date:

Alan Russell  
Director of Finance and Resources  
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor Michael Holmes  
Convener – Finance & Resources Policy Board  
Renfrewshire Council

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

The accounts are still subject to independent examination. The appointed examiner is:

Brian Howarth ACMA CGMA

Assistant Director, Audit Services

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place, Glasgow, G2 1BT

30 September 2014

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

## Trust Accounts Financial Statements Overview

### 1. INTRODUCTION

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

### 2. STATEMENT OF RECEIPTS AND PAYMENTS

The Statement of Receipts and Payments provides an analysis of the incoming and outgoing cash and bank transactions for the period. The Trust Funds have income and expenditure in their respective unrestricted funds.

If applicable, the Statement would also show any cash movements in relation to fixed assets. In the case of the Trust Funds, there have been no purchases or sales of fixed assets.

### 3. STATEMENT OF BALANCES

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

### 4. NOTES TO THE ACCOUNTS

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

## Statement of Receipts and Payments for the year ended 31<sup>st</sup> March 2015

year ended 31st March 2015					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Coats Observatory Fund SC019454 Unrestricted £	Total £
<b>Receipts</b>					
Income from other charities	0.00	0.00	0.00	0.00	0.00
Income from investments other than land and buildings	28.00	149.00	215.28	0.00	392.28
Other receipts	0.00	0.00	0.00	104,630.53	104,630.53
<b>Total receipts</b>	<b>28.00</b>	<b>149.00</b>	<b>215.28</b>	<b>104,630.53</b>	<b>105,022.81</b>
<b>Receipts from investment sales</b>					
Proceeds from sale of investments	0.00	0.00	0.00	0.00	0.00
<b>Total receipts from investment sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Payments</b>					
Charitable activities	433.00	4,920.46	11,260.00	0.00	16,613.46
Governance costs	333.33	333.33	333.34	0.00	1,000.00
Building maintenance costs	0.00	0.00	0.00	104,630.53	104,630.53
<b>Total payments</b>	<b>766.33</b>	<b>5,253.79</b>	<b>11,593.34</b>	<b>104,630.53</b>	<b>122,243.99</b>
Transfer between funds	0.00	0.00	0.00	0.00	0.00
<b>Surplus / (deficit) for period</b>	<b>(738.33)</b>	<b>(5,104.79)</b>	<b>(11,378.06)</b>	<b>0.00</b>	<b>(17,221.18)</b>

year ended 31st March 2014					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Coats Observatory Fund SC019454 Unrestricted £	Total £
<b>Receipts</b>					
Income from other charities	200.00	0.00	0.00	0.00	200.00
Income from investments other than land and buildings	272.00	210.00	356.05	0.00	838.05
<b>Total receipts</b>	<b>472.00</b>	<b>210.00</b>	<b>356.05</b>	<b>0.00</b>	<b>1,038.05</b>
<b>Receipts from investment sales</b>					
Proceeds from sale of investments	0.00	0.00	0.00	0.00	0.00
<b>Total receipts from investment sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Payments</b>					
Charitable activities	34,640.00	0.00	9,900.00	0.00	44,540.00
Governance costs	783.33	783.33	783.34	0.00	2,350.00
<b>Total payments</b>	<b>35,423.33</b>	<b>783.33</b>	<b>10,683.34</b>	<b>0.00</b>	<b>46,890.00</b>
Transfer between funds	0.00	0.00	0.00	0.00	0.00
<b>Surplus / (deficit) for period</b>	<b>(34,951.33)</b>	<b>(573.33)</b>	<b>(10,327.29)</b>	<b>0.00</b>	<b>(45,851.95)</b>

## Statement of Balances as at 31<sup>st</sup> March 2015

As at 31st March 2015							
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Restricted £	Total £	Total £
<b>Cash funds</b>							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	5,746.59	30,783.60	42,386.84	0.00	0.00	0.00	78,917.03
Surplus / (deficit) for period	(738.33)	(5,104.79)	(11,378.06)	0.00	0.00	0.00	(17,221.18)
	<b>5,008.26</b>	<b>25,678.81</b>	<b>31,008.78</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>61,695.85</b>
<b>Other assets (at current valuation)</b>							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	619,603.96	619,603.96	619,603.96
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>619,603.96</b>	<b>619,603.96</b>	<b>619,603.96</b>

As at 31st March 2014							
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Restricted £	Total £	Total £
<b>Cash funds</b>							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	40,697.92	31,356.93	52,714.13	0.00	0.00	0.00	124,768.98
Surplus / (deficit) for period	200.00	0.00	0.00	0.00	0.00	0.00	200.00
	<b>40,897.92</b>	<b>31,356.93</b>	<b>52,714.13</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>124,968.98</b>
<b>Other assets (at current valuation)</b>							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	640,566.72	640,566.72	640,566.72
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>640,566.72</b>	<b>640,566.72</b>	<b>640,566.72</b>

Signed:

Alan Russell  
Director of Finance and Resources  
Renfrewshire Council

Date:

Signed:

Councillor Michael Holmes  
Convener – Finance & Resources Policy Board  
Renfrewshire Council

Date:

## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

#### **INTRODUCTION**

The Financial Statements for the year ended 31 March 2015 have been compiled in accordance with the Charities Statement of Recommended Practice (the SORP), UK Generally Accepted Accounting Principles (UK GAAP) and the Charities Accounts (Scotland) Regulations 2006. They are designed to give a true and fair view of the financial performance and position of the Trust Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities’ operations, however it is anticipated that the Citizens Funds will not continue indefinitely as their balances reduce. This has no impact on the financial statements as the assets of these Funds comprise entirely cash balances which are not subject to a valuation estimation.

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

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

#### Fund Accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity.

Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

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

The 2013-14 comparative figures have been brought forward unchanged.

## **INCOMING/OUTGOING RESOURCES**

### ***Recognition of incoming resources***

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

### ***Recognition of expenditure***

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

### ***Charitable Activities***

Decisions regarding the way the Trust Funds' income is spent are taken by the Finance & Resources Policy Board, whose membership comprises 16 of the trustees of the Trust Funds.

### ***Costs of Generating Funds***

The cost of administering the Trust Funds is borne entirely by Renfrewshire Council.

### ***Governance Costs***

Governance costs, where applicable, include the:

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

### ***Grants Payable Without Performance Conditions***

These are recognised in the accounts when the grant has been paid.

## **ASSETS**

The Citizens Funds hold no assets other than cash which is held on deposit with Renfrewshire Council (see Note 4).

The Observatory Fund includes the land and buildings of Coats Observatory, Paisley. The valuation is based on fair value, determined as the market value that would be paid for the asset in its current use. Valuations are provided by the Council Valuer who is MRICS qualified, and are updated as a minimum every five years. The Observatory building is being depreciated on a straight-line basis over 30 years.

## **2. ANALYSIS OF RECEIPTS/PAYMENTS**

The other income received in the year was from Renfrewshire Council and this was used to fund the expenditure on repairs to the observatory building carried out during the year. These repairs had no effect on the value of the asset.

Details are provided in the Trustees' Annual Report explaining the grants paid out.

## **3. TRUSTEES' REMUNERATION AND EXPENSES**

Neither the trustees of the Trust Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the trustees during the period (2013-14 nil).

#### 4. RELATED PARTIES

During the period, the Trust Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. No costs were incurred by the Trust Funds for this administration. The Council also acts as the banker for the Trust Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' statement of balances, labelled as "balances held with Renfrewshire Council". There are no other outstanding balances due to or from Renfrewshire Council.

#### 5. MOVEMENT IN FUNDS

	At 01/04/2014 £	Net movement in funds £	Transfers between funds £	At 31/03/2015 £
Unrestricted funds	78,917.03	(17,221.18)	0.00	61,695.85
Endowment funds	0.00	0.00	0.00	0.00
Restricted funds :				
Coats Observatory	0.00	0.00	0.00	0.00
	<u>78,917.03</u>	<u>(17,221.18)</u>	<u>0.00</u>	<u>61,695.85</u>

The restricted funds hold the Coats Observatory building and land asset. The current market value of the Coats Observatory at 31/03/2015 is £619,603.96