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Renfrewshire Council

Notice of Meeting and Agenda
Council

Date	Time	Venue
Thursday, 25 June 2015	09:30	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM
Head of Corporate Governance

Membership

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

Provost Anne Hall (Convener): Councillor John Caldwell (Depute Convener)

Further Information

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

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Items of business

Apologies

Apologies from members.

Declarations of Interest

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

1 Minutes of Meetings of Council, Boards and Panels

Minutes of Meetings of Council, Boards and Panels (attached separately)

Council Meeting, 30 April, 2015 (pages 505-518)

Housing & Community Safety Policy Board, 12 May, 2015 (pages 519-528)
Planning & Property Policy Board, 12 May, 2015 (pages 529-538)
Renfrew & Gallowhill Local Area Committee, 12 May, 2015 (pages 539-546)
Environment Policy Board, 13 May, 2015 (pages 547-552)
Finance & Resources Policy Board, 13 May, 2015 (pages 553-572)
Education & Children Policy Board, 14 May, 2015 (pages 573-580)
Sport, Leisure & Culture Policy Board, 14 May, 2015 (pages 581-584)
Paisley North Local Area Committee, 14 May, 2015 (pages 585-592)
Appointment Board, 18 May 2015 (pages 593-594)
Social Work, Health & Well-being Policy Board, 19 May, 2015 (pages 595-608)
Paisley South Local Area Committee, 19 May, 2015 (pages 609-616)
Economy & Jobs Policy Board, 20 May, 2015 (pages 617-624)
Personnel Appeals & Applied Conditions of Service Appeals Panel, 21 May, 2015 (pages 625-626)
Johnstone & the Villages Local Area Committee, 21 May, 2015 (pages 627-634)
Houston, Crosslee, Linwood, Riverside & Erskine Local Area Committee, 26 May, 2015 (pages 635-642)
Regulatory Functions Board, 27 May, 2015 (pages 643-652)
Audit, Scrutiny & Petitions Board, 1 June, 2015 (pages 653-661)
Placing Requests Appeals Panel, 2 June, 2015 (Copy to follow)
Appointment Board, 2 June, 2015 (Copy to follow)
Leadership Board, 3 June, 2015 (Copy to follow)
Appointment Board, 4 June, 2015 (Copy to follow)
Appointment Board, 9 June, 2015 (Copy to follow)
Placing Requests Appeals Panel, 16 June, 2015 (Copy to follow)
Appointment Board, 16 June, 2015 (Copy to follow)
Appointment Board, 16 June, 2015 (Copy to follow)

Regulatory Functions Board, 18 June, 2015 (Copy to follow)
Appointment Board, 18 June, 2015 (Copy to follow)
Appointment Board, 18 June, 2015 (Copy to follow)
Appointment Board, 19 June, 2015 (Copy to follow)
Appointment Board, 22 June, 2015 (Copy to follow)
Appointment Board, 23 June, 2015 (Copy to follow)

2 **Paisley's Bid for UK City of Culture 2021** **9 - 14**

Report by the Chief Executive.

3 **Unaudited Annual Accounts 2014/15** **15 - 154**

Report by the Director of Finance & Resources.

4 **Treasury Management Annual Report 2014/15** **155 - 164**

Report by the Director of Finance & Resources.

5 **Action Plan to Tackle Poverty** **165 - 178**

Report by the Chief Executive.

6 **Webcasting of Council Meetings** **179 - 182**

Report by the Director of Finance & Resources.

7 **Better Council Change Programme - Street Lighting Investment Strategy, Renfrewshire** **183 - 188**

Joint report by the Directors of Community Resources and Finance & Resources.

8 **Future of Cultural & Leisure Services - Update Report** **189 - 198**

Report by the Chief Executive

9 **The Commission of Local Tax Reform** **199 - 210**

Report by the Director of Finance & Resources.

10 Notice of Motion (1) by Councillors Gilmour and I McMillan

"Council notes that this year marks the 200th anniversary of engineering in Johnstone.

Council recognises the contribution that the town has made to the global engineering industry."

11 Notice of Motion (2) by Councillors M Sharkey and J Sharkey

"Council believes that the proper disposal of dog waste is a matter of real concern for residents of the East End of Paisley and a danger of wlefare throughout Renfrewshire. Council believes that the advice of Dogs for the Disabled and Guide Dogs for the Blind be followed as proper practice for all dog owners. Council calls on the Director of Community Resources to bring forward a proposal which encourages all dog carers to follow the guidelines and penalise those who refuse to care properly for their dogs and their neighbours".

12 Notice of Motion (3) by Councillors Andy Doig and Lawson

"Newly-Elected MPs - Paisley & Renfrewshire South and Paisley & Renfrewshire North

This Council congratulates Ms Mhairi Black MP, representing Paisley & Renfrewshire South and Mr Gavin Newlands MP, representing Paisley & Renfrewshire North on their successful election to the Westminster Parliament".

13 Notice of Motion (4) by Councillors McEwan and K MacLaren

"Nuclear Free Local Authorities

Renfrewshire Council hosted a seminar for the Nuclear Free Local Authorities (NFLA) Scotland on 5 June, 2015. A key part of the discussion centred on the need for cross-party support to ensure Renfrewshire's education curriculum includes material reflectng the realities of using nuclear weapons. These information packs can also include audio visual material highlighting not just the dangers of using weapons but also the potential dangers of warheards during transportation or while in storage.

These information packs should be of a level to appeal to senior primary pupils as well as those in secondary schools.

This motion also requests that Hiroshima Day should be a day of remembrance in all schools in Renfrewwshire where special assembilies should be part of the day's events".

14 Notice of Motion (5) by Councillors Lawson and Mylet

"Closure of Bank of Scotland - Glasgow Road, Paisley Branch

Council condemns the closure of the Bank of Scotland branch, Glasgow Road, Paisley, and agrees to write to the Bank asking it to reconsider its decision. Council also condemns the continuing closure of local bank branches throughout Scotland".

15 Notice of Motion (6) by Councillors K MacLaren and M MacLaren

"The One in Five Campaign

Council agrees to sign up to the 'One in Five' campaign which calls on organisations to sign up to a charter which pledges to make society and politics more accessible for disabled people.

The 'One in Five' campaign aims to encourage, empower and increase participation amongst disabled people in Scotland".

16 Notice of Motion (7) by Councillors Andy Doig and Lawson

"This Council congratulates the Johnstone Community Council in producing positive proposals to ease traffic congestion in the town, and agrees that the forthcoming Johnstone Town Action Plan will include a modelling of these proposals, and a full public consultation to evaluate their effectiveness.

Council further agrees that the new town hall development is not the end, but only the beginning of the regeneration of Johnstone, and supports the creation of a Johnstone Development Trust to promote the regeneration of the town".

17 Notice of Motion (8) by Councillors Lawson and Andy Doig

"Policy Board Membership

Council agrees that the SNP Group representation on the Council's Boards and the other bodies listed is changed to the following:

Audit, Scrutiny & Petitions - Councillors M Brown, McEwan (Depute Convener) and Perrie;
Economy & Jobs - Councillors Cameron, Andy Doig, Nicolson and K MacLaren
Education & Children - Councillors Cameron, Lawson, McQuade, Mylet and Perrie
Environment - Councillors Andy Doig, Audrey Doig, McGurk and Nicolson
Finance & Resources - Councillors Audrey Doig, Lawson, K MacLaren, M MacLaren and Noon
Housing & Community Safety - Councillors Lawson, McEwan, McGurk and Noon
Leadership - Councillors Cameron, Andy Doig, Lawson, K MacLaren and M MacLaren
Planning & Property - Councillors Audrey Doig, McGee, McGurk, Nicolson and Perrie
Regulatory Functions - Councillors M Brown, McEwan, McQuade and Mylet
Social Work, Health & Well-being - Councillors M Brown, Cameron, Andy Doig, McEwan and McGee
Adoption & Fostering - Councillors Audrey Doig and Perrie
Emergencies Board - Councillors Andy Doig and Lawson
Investment Review Board - Councillor Noon
JCB Non-Teaching - Councillors Audrey Doig and Noon
Licensing Board - Councillors McQuade and Perrie
Cross-Party Group on Child Protection - Councillor Lawson
Jobs & Economy Thematic Board - Councillor Andy Doig
Valuation Board - Councillor Lawson (Member) and Councillor M MacLaren (Substitute); Councillor McGee (Member) and Councillor Perrie (Substitute); and Councillor Audrey Doig (Member) and Councillor K MacLaren (Substitute)".

18 Notice of Motion (9) by Councillors Holmes and Williams

"Council notes that the number of households in Renfrewshire living in the private rented sector has more than doubled to 8,300 in the past 10 years; notes that the average weekly rent for a two-bed property in the private rented sector is over 50% more than the equivalent council property. Council welcomes Shelter Scotland's Make Renting Right campaign and supports its call for reform of the private rented sector, and, in particular, reforms to provide for tenants and support for the principle of the introduction of a cap on rent rises and the limitation of rent reviews to one per annum".

To: Council

On: 25 June 2015

Report by: Chief Executive

Heading: Paisley's Bid for UK City of Culture 2021

1. Summary

1.1. This report sets out a proposal for Paisley entering the competition to host the UK City of Culture in 2021, and seeks the full support of the Council to develop the bid in partnership with a range of stakeholders, for submission in 2017.

2. Recommendations

2.1 It is recommended that the Council:

(i) Authorise the Chief Executive to work with partners to put in place the necessary resources required to support and enable the development and delivery of a credible, and deliverable, partnership bid for UK City of Culture 2021, on behalf of Paisley.

(ii) Note the establishment of a Paisley City of Culture Partnership Board.

(iii) Agree that the Leader of the Council will chair the Partnership Board, and that the Depute Leader of the Council, the Leader of the Opposition and the Chair of Renfrewshire Leisure will also be members of the Board.

(iv) To note that regular progress reports on the activity surrounding the preparation of the bid will be reported to the Leadership Board.

3. **Background**

3.1 "Working together to make Renfrewshire a fairer, more inclusive place where all our people, communities and businesses thrive" is the vision set out in our Community Plan 2013 – 2023.

3.2 A successful Paisley is vital to the economic and social performance of all of Renfrewshire. The Paisley Heritage Asset Strategy which was approved by Council in January 2014 set out a strategy for the town that seeks to exploit its wealth of heritage and cultural assets as a basis for regeneration.

3.3 It sets out an ambitious vision for Paisley including the development of a signature museum project of national status, developing opportunities to improve the visitor offer and rebrand Paisley as a visitor destination, providing employment and regeneration opportunities. As a regeneration platform the Strategy identifies the opportunities to ensure that the economic gains made are felt across Renfrewshire and are beneficial to local people in terms of training, employment and business development.

3.4 Heritage driven regeneration strategies have transformed the economic performance of towns and cities throughout the UK. In developing the strategy consideration was given to the journey of towns like Derry-Londonderry, Dundee and Hull, towns which face similar challenges to Paisley, and who have used the UK City of Culture programme as a positive lever for change.

3.5 The UK City of Culture programme will act as a significant catalyst for cultural and economic regeneration and as a rallying call for partners across Paisley, and beyond, to back the bid and develop a compelling case and vision to host this year long programme in 2021.

UK City of Culture

3.6 The UK City of Culture programme was developed by the UK Government to build on the success of Liverpool as European Capital of Culture 2008 and the Cultural Olympiad in 2012, by creating a national cultural event spread over a year, focused on a particular city or urban area. The City of Culture programme aims to:

- encourage the use of culture and creativity as a catalyst for change,
- promote the development of new partnerships,
- encourage ambition, innovation and inspiration in cultural and creative activity,
- align the cultural excellence of national arts organisations to support the year with cultural highlights that will attract media attention, encourage national tourism and change perceptions.

3.7 Winning the title and hosting a year of cultural events helps cities to:

- attract more visitors
- increase media interest in the city
- bring community members together
- increase levels of professional artistic collaboration

3.8 Derry-Londonderry was the first UK City of Culture in 2013. A four year cycle for the programme has been established and Hull was selected as UK City of Culture 2017. Continuing the four year cycle results in the next UK City of Culture year being 2021.

3.9 The selection of the host city is a competitive process run through the Department for Culture, Media and Sport (DCMS). They assemble a judging panel and appoint independent assessors to consider submissions. The selection process for the 2021 competition will take place during Hull's host year 2017. Although no formal programme has been published it is anticipated on the basis of the previous bid processes that expressions of interest will be sought in February 2017, with entries required by the end of April. Thereafter a shortlist is announced and full and final bids will be required by the end of September, with the winner announced at the end of November 2017.

3.10 Our current understanding of other cities considering bidding for 2021 include Coventry, Hereford, Worcester and Sunderland, although it is likely that other candidates will step forward between now and the bidding date. At this point, we are the only known bid for Scotland.

3.11 Our research into the programme has emphasised the importance of a compelling case being developed to demonstrate the positive change that can be delivered by hosting the programme. The successful candidate will have demonstrated capacity and capability of hosting an interesting and engaging year long programme, and will have shown how the programme will deliver economic, social, cultural and tourism infrastructure benefits. All from a well understood and clearly articulated baseline. Judges also expect to see a high level of community engagement, grass roots understanding, support and involvement in the bid and programme.

3.12 Whatever the outcome of the bidding process, the overarching ambition is that Paisley's bid will raise its profile and change perceptions of the town, set new benchmarks for engagement and regeneration, foster new partnerships within the town and with national agencies, and accelerate the pace of economic and social regeneration.

3.13 The recent Commission on Tackling Poverty in Renfrewshire highlights that Renfrewshire is an area with many strengths and much to be proud of, however, it also emphasises the need to "nurture and grow our potential; otherwise the deep-rooted deprivation issues which have developed over many decades will persist". Those cities who have been successful candidates for the UK City of Culture programme have been those who have demonstrated that the programme will bring a step change for their community. Derry-Londonderry hosts some of the most deprived communities in Northern Ireland, has a struggling retail and town centre economy with high vacancy levels, and had issues of high unemployment rates and a divided community. Early feedback from Derry-Londonderry is that the most remarkable success of the bid has been in the bringing together of the community and building of civic pride. Similarly, Hull, the host city for 2017, faces challenges in terms of unemployment, educational attainment, health and external perceptions.

3.14 In preparing to bid for UK City of Culture 2021, the benefits of a Paisley Bid would include:

- Raising Paisley's national and international profile as a visitor destination.
- Building the civic pride of residents, and changing perceptions of Paisley as a place to visit.
- Encouraging investment and promoting a new vibrancy for the town centre.
- Creating new employment opportunities, in particular the visitor and creative economy.
- Through art and cultural programmes, engaging with communities, and citizens of all ages across Renfrewshire.
- Galvanising community participation and connections.
- Building capacity and aspiration among our young people.
- Providing a strong and compelling ambition for the area that will be a catalyst for partnership working.

4. A Partnership Bid

4.1. Feedback from previous candidates has consistently emphasised the importance of a "whole town" bid, and the need for cross business, community and political support. With this in mind a Paisley City of Culture Partnership Board will be established, and is proposed to be chaired by the Council leader. The role of this group will be to draw together all of the necessary partners (national and local) across the civic, political, business, educational and community interests of the town, to support the formation of the Bid and to submit it on behalf of Paisley. This will be supported by a City of Culture Executive Group with key representatives from across the partnership who will deliver the key work-streams associated with the bid, coordinated by a Bid Manager, and chaired by the Council's Chief Executive.

5. **Resourcing the Bid**

5.1 While there is no cost for entering the City of Culture competition, preparing the best bid possible will incur costs with investment in staff time, specialist and advisory services required to support the bid. The experience of other Cities who have entered in the programme is that costs in the region of £250k to £300k can be envisaged.

Implications of the Report

1. **Financial** – There will be costs associated with the bringing together of a bid for UK City of Culture, this will include staff costs, and costs of any expert advisors which will be commissioned to support the development of the bid. The experience of other Cities is that these costs can range from £250k-£300k. These costs will be met from existing resources. If the bid for UK City of Culture is successful then the financial implications will be more significant. The process of developing the bid will assist in defining the potential cost of hosting the UK City of Culture programme and the funding strategy required to support this.

2. **HR & Organisational Development** – A small team will be required to resource the development of the Bid. A Bid manager will be appointed to coordinate the development of the bid.

3. **Community Planning –**

   Empowering our Communities – Community engagement and building capacity through cultural programmes is a key element of the bidding process.

   Jobs and the Economy – The UK City of Culture programme can act as a catalyst for increased visitors to the town, and provide opportunities for social and economic regeneration and job creation. The experience of other cities who have participated in the programme is of a positive economic impact.

4. **Legal** - *None.*

5. **Property/Assets –** none at this stage, although a successful bid will require venues that are suitable to host large scale events. The extent of any property requirement will be scoped through the development of the bid. -.

6. **Information Technology** – *None*

7. **Equality & Human Rights** -

(a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – N/A

9. **Procurement** – There will be a requirement to procure expert advice on aspects of the development of the Bid. Any procurement will be conducted in accordance with legislation and the Council's standing orders.

10. **Risk** – There is a risk that Paisley's bid for UK City of Culture may not be successful, however, the feedback from previous participants in the programme is that the process of bidding itself brings many positive benefits including raising of civic pride and aspiration, and assists in the development of strong engagement with the local community and partnership working.

11. **Privacy Impact** – N/A.

List of Background Papers

The foregoing background papers will be retained within *(Development & Housing Services)* for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is *Stuart McMillan, x7850*

Author: Mary Crearie, Director of Development & Housing Services x 6256

Renfrewshire Council

To: **Council**

On: **25 June 2015**

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

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

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 24th 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 12th 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 31st 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
Total	**25.399**	**6.552**	**0.092**	**31.859**

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.

	Surplus 2012/13 £000s	Surplus 2013/14 £000s	Surplus 2014/15 £000s	Target Surplus 2014/15 £000s	Total Surplus 12/13 to 14/15 £000s
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
Total	**2,472**	**2,357**	**1,617**	**1,549**	**6,446**

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 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 31st 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.

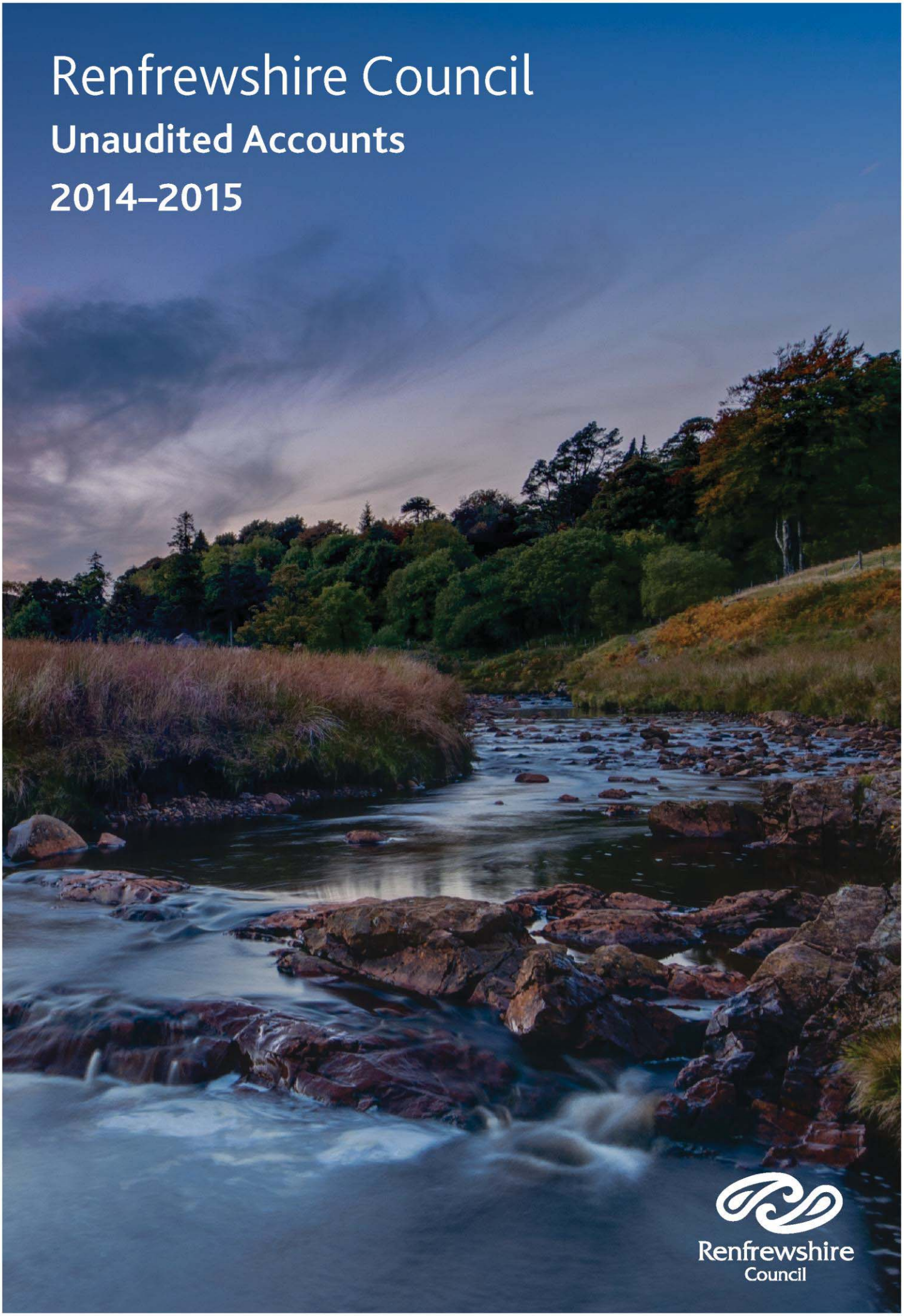
7.2 Enclosed therefore for members approval are the annual accounts for both the Common Good Funds and the Charitable Trusts which have been prepared in line the Charities Statement of Recommended Accounting Practice (Charities SORP).

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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 lead by the Chief Executive, Sandra Black. The management structure of the Council is divided into five departments – Childrens' Services, Community Resources, Development and Housing Services, Finance and Resources and the Chief Executive's Service. Leisure 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.

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)
Total Expenditure	**570.1**	**574.6**	**4.5**
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)
Total Income	**(575.2)**	**(580.5)**	**(5.3)**
Contribution to Reserves	**(5.1)**	**(5.9)**	**(0.8)**

*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
Reserves		
Uncommitted General Fund reserves as a proportion of budgeted net expenditure	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7 million.	2.1%
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)%
Council Tax		
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%
Financial Management		
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%
Debt/Long term borrowing		
Capital Financing Requirement (CFR)	The information is 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), 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

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**
678,678	**Total**		**683,516**	**14,269**	**-**	**-**	**-**	**697,785**

(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**
354,673	**Total**		**357,224**	**475**	**357,699**

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						
Name	Post held	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
		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
Total		**0.281**	**0.602**	**+0.031**	**+0.043**	**142,509**

Leader of the Council, Provost, senior councillors						
Name	**Post held**	**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**
		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
Total		**0.024**	**0.008**	**-**	**-**	**49,158**

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
800,346	**Total**	**804,149**

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.

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 **notiona**l 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
23	**2.490**	**Total**	**227***	**14.696**

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

Statement of Responsibilities for the Annual Accounts

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
4th 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.

Movement in Reserves Statement

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

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

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 £m	Gross income £m	Net expenditure £m		Note	Gross expenditure £m	Gross income £m	Net expenditure £m
20.812	(9.251)	11.561	Central services to the public		20.119	(8.919)	11.200
28.552	(4.728)	23.824	Cultural and related services		30.466	(5.503)	24.963
182.522	(19.625)	162.897	Education services		177.965	(21.399)	156.566
31.187	(10.705)	20.482	Environmental services		31.074	(8.653)	22.421
56.471	(47.821)	8.650	Housing services - Housing Revenue Account		58.302	(48.672)	9.630
75.815	(69.335)	6.480	Housing services - other		77.314	(69.277)	8.037
11.058	(4.978)	6.080	Planning and development services		14.500	(8.021)	6.479
25.606	(8.173)	17.433	Roads and transport services		25.539	(7.988)	17.551
148.570	(47.981)	100.589	Social work		153.960	(49.051)	104.909
11.260	(2.308)	8.952	Corporate and democratic core		11.629	(2.444)	9.185
1.686	(0.080)	1.606	Non-distributed costs		1.168	(0.081)	1.087
593.539	**(224.985)**	**368.554**	**Net cost of services**		**602.036**	**(230.008)**	**372.028**
			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)
		13.885	**(Surplus) or deficit on the provision of services**				**9.133**
		(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
		(100.202)	**Other comprehensive income and expenditure**				**52.875**
		(86.317)	**Total comprehensive income and expenditure**				**62.008**

Balance Sheet as at 31 March 2015

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 £m		Note	31 March 2015 £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
1,253.084	**Long-term assets**		**1,249.054**
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
98.693	**Current assets**		**104.061**
(58.006)	Short-term borrowing	27	(70.511)
(58.100)	Short-term creditors	25	(64.089)
(7.266)	Short-term provisions	26	(6.935)
(123.372)	**Current liabilities**		**(141.535)**
(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)
(527.884)	**Long-term liabilities**		**(573.067)**
700.521	**Net assets**		**638.513**
92.777	Usable reserves	11	105.118
607.744	Unusable reserves	12	533.395
700.521	**Total reserves**		**638.513**

The unaudited accounts were issued on 17 June 2015.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

Cash Flow Statement

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

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
(55.780)	**Net cash flows from operating activities**		**(51.767)**
18.307	Net cash flows from investing activities	29b	35.148
32.042	Net cash flows from financing activities	29c	17.147
(5.431)	**Net (increase) or decrease in cash and cash equivalents**		**0.528**
(24.395)	Cash and cash equivalents at the beginning of the reporting period	22	(29.826)
(29.826)	**Cash and cash equivalents at the end of the reporting period**		**(29.298)**

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

2013-2014	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
Adjustments primarily involving the Capital Adjustment Account:					
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)	-	-	**80.878**
Amortisation of intangible assets	(0.310)	-	-	-	**0.310**
Capital grants and contributions applied	19.665	0.714	-	-	**(20.379)**
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	-	-	**(0.594)**
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	-	-	**(43.382)**
Capital expenditure charged against the General Fund and HRA Balances	10.562	2.722	2.422	-	**(15.706)**
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(2.778)	**2.778**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	3.774	**(3.774)**
Adjustment primarily involving the Financial Instruments Adjustment Account:					
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	-	-	**(0.596)**
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(32.784)	(2.889)	-	-	**35.673**
Employer's pension contributions and direct payments to pensioners payable in the year	19.637	1.538	-	-	**(21.175)**
Adjustment primarily involving the Employee Statutory Adjustment Account:					
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	-	-	**(0.061)**
Total adjustments	**(1.384)**	**(16.006)**	**2.422**	**0.996**	**13.972**

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)
28.902	**Total financing and investment income and expenditure**	**29.652**

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	£m
Employee expenses	103.357	25.862	29.294	16.491	43.467	1.545	**220.016**
Other service expenses	82.003	46.546	10.455	128.846	93.323	37.381	**398.554**
Support services recharges	9.909	4.031	11.774	5.283	6.418	10.310	**47.725**
Gross expenditure	**195.269**	**76.439**	**51.523**	**150.620**	**143.208**	**49.236**	**666.295**
Income	(23.958)	(20.343)	(46.467)	(134.433)	(48.878)	(22.170)	**(296.249)**
Net expenditure	**171.311**	**56.096**	**5.056**	**16.187**	**94.330**	**27.066**	**370.046**

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	£m
Employee expenses	102.077	26.131	29.263	14.652	42.043	1.644	**215.810**
Other service expenses	94.333	45.526	10.082	126.510	92.555	22.185	**391.191**
Support services recharges	9.590	4.532	11.489	5.517	6.912	9.552	**47.592**
Gross expenditure	**206.000**	**76.189**	**50.834**	**146.679**	**141.510**	**33.381**	**654.593**
Income	(22.747)	(21.508)	(45.820)	(130.268)	(47.779)	(16.520)	**(284.642)**
Net expenditure	**183.253**	**54.681**	**5.014**	**16.411**	**93.731**	**16.861**	**369.951**

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)
371.134	**Net cost of services in the comprehensive income and expenditure**	**372.028**

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)	-	**140.823**	-	**140.823**
Other service expenses	368.016	-	22.281	-	**390.297**	-	**390.297**
Support service recharges	47.725	-	-	(47.725)	**-**	-	**-**
Depreciation, amortisation and impairment	-	70.916	-	-	**70.916**	-	**70.916**
Interest payments	32.162	(10.047)	(22.115)	-	**-**	32.162	**32.162**
Net (surplus) or deficit on Trading Operations	(1.623)		1.623	-	**-**	(1.623)	**(1.623)**
(Gain) or loss on disposal of non-current assets	-	-	-	-	**-**	0.522	**0.522**
Total expenditure	**666.295**	**3.854**	**(20.388)**	**(47.725)**	**602.036**	**31.061**	**633.097**
Fees, charges and other service income	(192.311)	-	-	47.725	**(144.586)**	-	**(144.586)**
Interest and investment income	(0.709)	0.887	-	-	**0.178**	(0.887)	**(0.709)**
Income from council tax	-	-	-	-	**-**	(64.305)	**(64.305)**
Government grants and contributions	(103.229)	17.694	(0.065)	-	**(85.600)**	(328.764)	**(414.364)**
Total income	**(296.249)**	**18.581**	**(0.065)**	**47.725**	**(230.008)**	**(393.956)**	**(623.964)**
Net expenditure	**370.046**	**22.435**	**(20.453)**	**-**	**372.028**	**(362.895)**	**9.133**

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)	-	**168.721**	-	**168.721**
Other service expenses	363.657	-	(18.161)	-	**345.496**	-	**345.496**
Support service recharges	47.592	-	-	(46.727)	**0.865**	-	**0.865**
Depreciation, amortisation and impairment	-	81.188	-	-	**81.188**	-	**81.188**
Interest payments	29.891	(8.258)	(21.633)	-	**0.000**	21.633	**21.633**
Net (surplus) or deficit on Trading Operations	(2.357)	-	2.357	-	**-**	(2.357)	**(2.357)**
(Gain) or loss on disposal of non-current assets	-	-	-	-	**-**	(0.594)	**(0.594)**
Total expenditure	**654.593**	**47.077**	**(58.673)**	**(46.727)**	**596.270**	**18.682**	**614.952**
Fees, charges and other service income	(186.290)	-	-	46.727	**(139.563)**	-	**(139.563)**
Interest and investment income	(1.043)	1.212	-	-	**0.169**	7.046	**7.215**
Income from council tax	-	-	-	-	**-**	(63.742)	**(63.742)**
Government grants and contributions	(97.309)	11.567	-	-	**(85.742)**	(319.235)	**(404.977)**
Total income	**(284.642)**	**12.779**	**-**	**46.727**	**(225.136)**	**(375.931)**	**(601.067)**
Net expenditure	**369.951**	**59.856**	**(58.673)**	**-**	**371.134**	**(357.249)**	**13.885**

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
	Grants Receipts in Advance:	
1.105	Miscellaneous revenue grants	1.704
1.105	**Total Grants Receipts in Advance**	**1.704**

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
79.119	**Total credited to services**	**78.918**

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)
(382.977)	**Total taxation and non-specific grant income**	**(393.069)**

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
92.777	**Total usable reserves**	**105.118**

* £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 31 March 2013	Transfers out 2013-2014	Transfers in 2013-2014	Balance at 31 March 2014	Transfers out 2014-2015	Transfers in 2014-2015	Balance at 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**
Revenue statutory funds	**2.853**	**-**	**0.003**	**2.856**	**(0.005)**	**0.002**	**2.853**
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**
Capital statutory funds	**22.922**	**(9.767)**	**9.388**	**22.543**	**(0.087)**	**6.550**	**29.006**
Total	**25.775**	**(9.767)**	**9.391**	**25.399**	**(0.092)**	**6.552**	**31.859**

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

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 31 March 2013	Transfers out 2013-2014	Transfers in 2013-2014	Balance at 31 March 2014	Transfers out 2014-2015	Transfers in 2014-2015	Balance at 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**
Rsponse to Commission on Tackling Poverty	**-**	-	-	**-**	-	1.636	**1.636**
Youth Employment Strategy	**-**	-	-	**-**	-	0.180	**0.180**
Year end flexibility:	**-**						
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)	-	**-**	-	-	**-**
Total ring-fenced element of the General Fund Balance	**41.550**	**(5.246)**	**7.422**	**43.726**	**(4.322)**	**11.683**	**51.087**
Unallocated element of the General Fund Balance	**9.354**	(0.155)	-	**9.199**	(2.227)	0.795	**7.767**
General Fund Balance	**50.904**	**(5.401)**	**7.422**	**52.925**	**(6.549)**	**12.478**	**58.854**

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		Note	31 March 2015
£m			£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)
607.744	**Total unusable reserves**		**533.395**

(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)
334.760	**Balance at 31 March**		**328.457**

(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
0.126	**Balance at 31 March**	**0.331**

(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	**Balance at 1 April**		**538.147**
	Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:		
(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)
	Capital financing applied in the year:		
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
538.147	**Balance at 31 March**		**543.420**

(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 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)	**Balance at 1 April**		(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)	**Balance at 31 March**		(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
(242.706)	**Balance at 31 March**	**(317.064)**

(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
(7.196)	**Balance at 31 March**		**(6.867)**

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)**	-
Gross carrying amount at 31 March 2015	**485.526**	**301.692**	**423.746**	**267.892**	**4.948**	**36.691**	**1,520.495**	**86.429**
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	58.550	113.271	113.243	-	11.103	**296.167**	4.893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	**-**	-
Depreciation on other reclassifications	(0.018)	(5.984)	5.984	-	-	0.018	**-**	-
Depreciation charge for the year	16.983	6.581	33.413	5.249	-	0.064	**62.290**	3.132
Depreciation and impairment on disposals	(0.047)	(3.609)	(2.579)	-	-	(0.102)	**(6.337)**	-
Depreciation written out to the Revaluation Reserve	(16.918)	(7.481)	(7.404)	-	-	(0.032)	**(31.835)**	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	**-**	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1.371	(0.713)	-	-	(0.015)	**0.643**	(1.416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0.159	0.293	-	-	-	**0.452**	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	**-**	**49.587**	**142.265**	**118.492**	**-**	**11.036**	**321.380**	**6.609**
Balance sheet net carrying amount at 31 March 2015	**485.526**	**252.105**	**281.481**	**149.400**	**4.948**	**25.655**	**1,199.115**	**79.820**
Balance sheet net carrying amount at 1 April 2014	**509.577**	**258.357**	**246.931**	**146.867**	**15.288**	**26.130**	**1,203.150**	**80.659**

2013-2014	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 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)
Gross carrying amount at 31 March 2014	**509.577**	**316.907**	**360.202**	**260.110**	**15.288**	**37.233**	**1,499.317**	**85.552**
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)**	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2014	**-**	**58.550**	**113.271**	**113.243**	**-**	**11.103**	**296.167**	**4.893**
Balance sheet net carrying amount at 31 March 2013	**509.577**	**258.357**	**246.931**	**146.867**	**15.288**	**26.130**	**1,203.150**	**80.659**
Balance sheet net carrying amount at 1 April 2012	**397.005**	**310.338**	**192.523**	**142.897**	**7.402**	**39.561**	**1,089.726**	**82.645**

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)	**Net (gain) or loss**	(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	**Closing balance at 31 March**	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	**Closing balance at 31 March**	38.977

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

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

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

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

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

	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
	Balances at start of year:	
2.310	Gross carrying amount	2.517
(1.398)	Accumulated amortisation	(1.553)
0.912	**Net carrying amount at start of year**	**0.964**
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)
0.964	**Net carrying amount at end of year**	**0.860**
	…comprising:	
2.517	Gross carrying amount	2.717
(1.553)	Accumulated amortisation	(1.857)
0.964	**Net carrying amount at end of year**	**0.860**

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 £m		2014-2015 £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)
1.176	**Closing balance at 31 March**	**0.756**

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 £m		31 March 2015 £m
1.584	Vehicles, Plant, Furniture and Equipment	1.337
1.584	**Total**	**1.337**

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 £m		31 March 2015 £m
	Finance lease liabilities (NPV of minimum lease payments):	
0.008	- Current	-
0.008	**Minimum lease payments**	**-**

The minimum lease payments were payable over the following periods:

31 March 2014			31 March 2015	
Minimum Lease Payments £m	Finance Lease Liabilities £m		Minimum Lease Payments £m	Finance Lease Liabilities £m
0.008	0.008	Not later than one year	-	-
0.008	**0.008**		**-**	**-**

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
8.572		**10.617**

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
0.966		**0.899**

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	-
0.004	**Gross investment in the lease**	**-**

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	Not later than one year	-	-
0.004	**0.004**		**-**	**-**

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
10.077		**9.654**

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	**16.115**
Payable within 2-5 years	19.995	11.050	23.359	12.783	**67.187**
Payable within 6-10 years	31.039	14.241	24.531	20.668	**90.479**
Payable within 11-15 years	36.090	17.054	18.784	26.348	**98.276**
Payable within 16-20 years	35.715	25.262	10.961	34.804	**106.742**
Payable within 21-25 years	25.839	14.881	1.893	19.487	**62.100**
Total	**153.243**	**85.103**	**85.870**	**116.683**	**440.899**

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
87.638	**Balance outstanding at 31 March**	**85.103**

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
382.153	**Opening Capital Financing Requirement**	**370.730**
	Capital investment:	
71.128	Property, plant and equipment	65.824
0.388	Intangible assets	0.208
0.252	Heritage Assets	0.316
	Sources of finance:	
(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)
370.730	**Closing Capital Financing Requirement**	**367.563**
	Explanation of movements during the year	
(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)
(11.423)	**Increase or (decrease) in Capital Financing Requirement during the year**	**(3.167)**

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 Consumable Stores £m		2014-2015 Consumable Stores £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
0.898	**Carrying amount at 31 March**	**1.084**

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 CRC Allowances £m		2014-15 CRC Allowances £m
-	**Net carrying amount at start of year**	-
-	Additions: purchases	0.931
-	**Net carrying amount at end of year**	**0.931**

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		-
		Other entities and individuals:				
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
39.188	**5.889**	**Total debtors**		**47.298**		**5.411**

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
29.826	**Total cash and cash equivalents**	**29.298**

Note 25 Creditors

The analysis below details the main creditor balances.

31 March 2014			31 March 2015	
Short Term £m	Long Term £m		Short Term £m	Long Term £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
58.100	**85.167**	**Total creditors**	**64.089**	**82.546**

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 £m	Teachers' maternity pay £m	Total £m		Short term accumulating compensated absence £m	Teachers' maternity pay £m	Total £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)
7.196	**0.070**	**7.266**	**Balance at 31 March**	**6.867**	**0.068**	**6.935**

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)
Balance at 31 March 2014	**1.236**	**4.274**	**0.311**	**5.821**

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	-
2.845	**27.605**	**Investments**	**3.116**	**24.694**
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
5.889	**33.742**	**Debtors**	**5.411**	**42.610**
(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)
(193.041)	**(58.006)**	**Borrowing**	**(165.932)**	**(70.511)**
-	(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)	-
(85.123)	**(38.634)**	**Creditors**	**(82.498)**	**(45.677)**

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 £m	Fair value £m		Balance sheet carrying amount £m	Fair value £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
30.450	**30.508**	**Investments**	**27.810**	**27.833**
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
39.631	**39.768**	**Debtors**	**48.021**	**48.067**
(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)
(251.047)	**(273.289)**	**Borrowing**	**(236.443)**	**(307.280)**
(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)
(123.757)	**(123.757)**	**Creditors**	**(128.175)**	**(128.175)**

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

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

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	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		£m
Deposits with financial institutions	55.910	0.00%	-
Customers (sundry income)	7.397	34.74%	2.570
Total	**63.307**		**2.570**

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
4.542	**Sundry income debtors past due**	**5.204**

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 meets 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	
		Principal maturing…		
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%
240.769	**100.00%**	**Principal element of borrowing**	**225.557**	**100.00%**

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

Market risk: interest rate risk

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

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

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

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

	2014-2015
	£m
Notional impact on the surplus or deficit on the provision of services:	
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)
Notional impact on the surplus or deficit on the provision of services	**(0.625)**
Share of this impact which would be attributable to the Housing Revenue Account	(0.322)
Accounting presentation changes, which would have no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure:	
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
(92.822)	**Adjustment to net (surplus)/deficit on the provision of services for non – cash movements**	**(89.460)**

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)
18.307	**Net cash flows from investing activities**	**35.148**

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
32.042	**Net cash flows from financing activities**	**17.147**

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
20.030		**18.785**

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

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. 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
	Included within net cost of services:	
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)
	Included within financing and investment income and expenditure:	
46.193	Interest cost	48.207
(36.970)	Expected return on scheme assets	(37.634)
35.673	**Total of LGPS post-employment benefits charged to the surplus or dficit on the provision of services**	**39.191**
	Included within other comprehensive income and expenditure:	
25.853	Actuarial losses or (gains)	57.015
61.526	**Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement**	**96.206**
	Movement in reserves statement:	
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)
40.351	**Movement in the year on the Pension Reserve**	**74.358**

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)
1,119.216	**Closing balance at 31 March**	**1,276.378**

(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)
876.510	**Closing balance at 31 March**	**959.314**

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	**352.406**
-	0.006	0.006	Debt instruments (bonds)	-	0.005	**0.005**
-	82.666	82.666	Private Equity	-	93.348	**93.348**
-	61.402	61.402	Real Estate	-	87.646	**87.646**
21.696	348.391	370.087	Investment Funds	10.452	391.592	**402.044**
0.186	-	0.186	Derivatives	0.294	-	**0.294**
-	41.920	41.920	Cash & cash equivalents	-	23.571	**23.571**
341.451	**535.059**	**876.510**	**Fair value of scheme assets**	**362.428**	**596.886**	**959.314**

(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 £m		31 March 2015 £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)
(1,038.281)	Defined benefit obligation - funded liabilities	(1,185.209)
	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)
(80.935)	Defined benefit obligation - unfunded liabilities	(91.169)
(1,119.216)	**Present value of defined benefit obligation**	**(1,276.378)**
876.510	Fair value of scheme assets	**959.314**
(242.706)	**Net liability arising from defined benefit obligation**	**(317.064)**

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
	Expenditure:		
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
	Income:		
(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)
8.650	**Net cost of HRA services as included in the comprehensive income and expenditure statement**		**9.630**
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
9.146	**Net cost of HRA services**		**10.018**
	HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:		
(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
14.441	**(Surplus) or deficit for the year on HRA services**		**16.586**

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			16.586	
	Adjustments between accounting basis and funding basis under regulations:				
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)	**Net (increase) or decrease before transfers to or from reserves**			**(0.957)**	
2.127	Transfers to or (from) reserves			1.557	
0.562	**(Increase) or decrease in the year on the HRA**				**0.600**
(11.245) *	**Balance on the HRA at the end of the current year**				**(10.645)**

* £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
12,507		**Total**	**12,348**	

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

Council Tax Income Account

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)
63.742	**Transfer to the comprehensive income and expenditure statement**	**64.305**

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
Total	**84,686**	**3,892**	**382**	**35,473**	**1,558**	**71,133**		**68,739**

Band A dwellings subject to disabled relief	7
Class 17 and 24 dwellings	92
Sub-total	**68,838**
Provision for non-payment and future award of discounts and reliefs	(2,462)
Council tax base	**66,376**

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)
89.465	**Net non-domestic rate income**	**89.859**
(7.802)	Adjustment to previous years' non-domestic rates	(5.441)
16.046	**Contribution (to) or from the national non-domestic rate pool**	**21.898**
-	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
Rateable value at 31 March 2015			**235.181**
Wholly exempt subjects			(1.563)
Net rateable value at 31 March 2015			**233.618**

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).

Deprecation 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.



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RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY	SC019478
RENFREW	SC019479
JOHNSTONE	SC019480

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 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT
Investment Managers:	Standard Life Wealth Limited 1 George Street Edinburgh EH2 2LL
Investment Advisors:	Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB

Trustees

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

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

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

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

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

Governance and Management

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

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

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

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

Regular training is offered to the members of the Investment Review Board through information sessions at each meeting; 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 31st 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.

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

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

Balance Sheet as at 31st 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.

		At 31st March 2015				At 31st March 2014			
	Note	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
Fixed Assets									
Tangible Fixed Assets	4	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
		4.312	**0.047**	**24.647**	**29.006**	**4.159**	**0.047**	**24.035**	**28.241**
Current Assets									
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
		0.579	**0.005**	**2.565**	**3.149**	**0.576**	**0.005**	**1.704**	**2.285**
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	14	(0.003)	0.000	(0.015)	(0.018)	(0.005)	0.000	(0.046)	(0.051)
		(0.003)	**0.000**	**(0.015)**	**(0.018)**	**(0.005)**	**0.000**	**(0.046)**	**(0.051)**
Net Current Assets		**0.576**	**0.005**	**2.550**	**3.131**	**0.571**	**0.005**	**1.658**	**2.234**
Net Assets		**4.888**	**0.052**	**27.197**	**32.137**	**4.730**	**0.052**	**25.693**	**30.475**
Funds of the Charities									
Unrestricted Funds									
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*
		4.888	**0.052**	**27.197**	**32.137**	**4.730**	**0.052**	**25.693**	**30.475**

* 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 31st 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.

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

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	£m	£m	£m	£m	£m	£m	£m
Grant income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dividend income	0.128	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
Total grant & investment income	**0.132**	**0.000**	**0.441**	**0.573**	**0.145**	**0.000**	**0.485**	**0.630**

b) Rental and Other Income

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£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
Total rental and other income	**0.049**	**0.000**	**0.313**	**0.362**	**0.049**	**0.000**	**0.307**	**0.356**

3: Resources Expended

a) Charitable Activities

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£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
Total charitable activities grants	**0.147**	**0.000**	**0.187**	**0.334**	**0.147**	**0.000**	**0.197**	**0.344**

b) Governance Costs

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£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
Total Governance Costs	**0.016**	**0.000**	**0.048**	**0.063**	**0.016**	**0.000**	**0.047**	**0.063**

4: Tangible Fixed Assets

a) Paisley Common Good Fund

	Operational Land and Buildings	Non-Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
Gross Book Value	£m	£m	£m	£m
At 1st 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
At 31st March 2015	**0.477**	**0.337**	**0.814**	**0.063**
Depreciation				
At 1st 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
At 31st March 2015	**0.191**	**0.000**	**0.191**	**0.000**
Net Book Value at 31st March 2015	**0.286**	**0.337**	**0.623**	**0.063**
Net Book Value at 31st March 2014	**0.334**	**0.352**	**0.686**	**0.063**

b) Renfrew Common Good Fund

Gross Book Value	Operational Land and Buildings £m	Plant and Equipment £m	Non-operational assets – Investment Properties £m	Non-Operational Assets – Surplus Assets £m	Total Tangible Fixed Assets £m	Heritage Assets £m
At 1st 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
At 31st March 2015	**9.980**	**1.923**	**0.791**	**0.024**	**12.718**	**0.109**
Depreciation						
At 1st 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
At 31st March 2015	**0.347**	**0.041**	**0.022**	**0.000**	**0.410**	**0.000**
Net Book Value at 31st March 2015	**9.634**	**1.882**	**0.769**	**0.024**	**12.308**	**0.109**
Net Book Value at 31st March 2014	**10.881**	**0.532**	**0.674**	**0.349**	**12.436**	**0.109**

c) Johnstone Common Good Fund

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

d) Heritage Assets

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

5: Fixed Asset Investments

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

a) Analysis of market values

	2014-15			2013-14		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1st 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)
At 31st March 2015	**3.626**	**12.230**	**15.856**	**3.410**	**11.490**	**14.900**

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
Total Investment Assets	**3.626**	**12.230**	**15.856**	**3.410**	**11.490**	**14.900**

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

6: Reserves Cover

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
Free Reserves	£m	£m	£m	£m	£m	£m	£m	£m
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
Total Unrestricted Funds	3.406	0.036	17.918	21.360	3.378	0.036	17.099	20.513
Less Funds tied up in fixed assets	(3.626)	0.000	(12.230)	(15.856)	(3.410)	0.000	(11.490)	(14.900)
Total Free Reserves	(0.220)	0.036	5.688	5.504	(0.032)	0.036	5.609	5.613
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	**0**	**0**	**119**	**n/a**	**0**	**0**	**128**	**n/a**

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

7: Cash Flow Statement

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

	Year to 31st March 2015			Year to 31st March 2014		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£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
Net cash (inflow)/outflow from operating activities	**0.005**	**0.000**	**0.425**	**(0.007)**	**0.000**	**0.537**

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
Short term deposits						
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
	2.263	**0.849**	**3.112**	**1.657**	**0.606**	**2.263**

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 31st March 2015				Year to 31st March 2015			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accrued Income	0.005	0.000	0.032	0.037	0.005	0.000	0.017	0.022
Total Debtors	**0.005**	**0.000**	**0.032**	**0.037**	**0.005**	**0.000**	**0.017**	**0.022**

14: Creditors

	Year to 31st March 2015				Year to 31st March 2014			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£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
Total Creditors	**0.003**	**0.000**	**0.015**	**0.018**	**0.005**	**0.000**	**0.046**	**0.051**

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

TRUSTEES

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

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

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

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

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

HISTORY

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

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

GOVERNANCE AND MANAGEMENT

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

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

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.

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 31st March 2015

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

	year ended 31st March 2014				
	Paisley Burgh Citizens Fund SC042037 Unrestricted	Renfrew Burgh Citizens Fund SC042035 Unrestricted	Renfrewshire Council Citzens Fund SC042036 Unrestricted	Coats Observatory Fund SC019454 Unrestricted	Total
Receipts	£	£	£	£	£
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
Total receipts	**472.00**	**210.00**	**356.05**	**0.00**	**1,038.05**
Receipts from investment sales					
Proceeds from sale of investments	0.00	0.00	0.00	0.00	0.00
Total receipts from investment sales	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Payments					
Charitable activities	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
Total payments	**35,423.33**	**783.33**	**10,683.34**	**0.00**	**46,890.00**
Transfer between funds	0.00	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	**(34,951.33)**	**(573.33)**	**(10,327.29)**	**0.00**	**(45,851.95)**

Statement of Balances as at 31st March 2015

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

	As at 31st March 2014						
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citzens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Total	Total
	£	£	£	£	£	£	£
Cash funds							
Balances held with Renfrewshire Council:							
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
	40,897.92	**31,356.93**	**52,714.13**	**0.00**	**0.00**	**0.00**	**124,968.98**
Other assets (at current valuation)							
Land and buildings:							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	640,566.72	640,566.72	640,566.72
Long Term Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	**0.00**	**0.00**	**0.00**	**640,566.72**	**640,566.72**	**640,566.72**

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 affect 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
	78,917.03	(17,221.18)	0.00	61,695.85

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

To: Council

On: 25 June 2015

Report by: Director of Finance and Resources

Heading: Treasury Management Annual Report for 2014-15

1. Summary

1.1 The Scottish Government issued new investment regulations (The Local Government Investments (Scotland) Regulations 2010) which came into force on 1st April 2010. It is a requirement of the new regulations that the Council's Treasury Management Annual Report be approved by full Council.

1.2 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code)

1.3 All aspects of the Treasury Policy Statement were complied with in 2014-15.

2. Recommendations

2.1 That the Council considers the Treasury Management Annual Report for the year 2014-15.

3. Review of 2014-15 Treasury Activities

3.1 Treasury Portfolio Position at 31.03.15

The Council's external borrowing position at the beginning and end of the last financial year was as follows:-

	Borrowing Position as at 31 March 14		Borrowing Position as at 31 March 15		Change
	£ m (a)	Average Interest Rate	£ m (b)	Average Interest Rate	(b) - (a)
Long Term Borrowings					
Public Work Loans Board - (PWLB) Fixed Interest	187.85	5.39%	172.64	5.41%	(15.21)
Market Loans	52.91	4.69%	52.91	4.69%	-
Total Long Term	**240.76**	**5.24%**	**225.55**	**5.25%**	**(15.21)**
Short Term Borrowings					
Common Good Funds	2.26	0.91%	3.11	0.63%	0.85
Agencies, Joint Boards	3.34	0.91%	3.32	0.63%	(0.02)
Charities and Trusts	0.06	0.91%	0.04	0.63%	(0.02)
Renfrewshire Leisure Ltd	0.24	0.91%	0.23	0.63%	(0.01)
Total Short Term	**5.90**	**0.91%**	**6.70**	**0.91%**	**0.80**
Total Borrowings	**246.66**	**4.97%**	**232.25**	**4.97%**	**(14.41)**
Temporary Investments	**62.29**	**0.71%**	**55.85**	**0.59%**	**(6.44)**

4. Review of Borrowing and Investment Outturn for 2014-15

4.1 Overall, the Council's total external borrowings decreased by £14.4 million. This was principally due to the repayment of £15.21m of maturing loans to Public Works Loan Board (PWLB).

4.2 Temporary investments held by the Council decreased by £6.44m. The main reason for this was due to the repayment of the £15.21m of maturing loans to the PWLB. In line with the Council's ongoing debt smoothing strategy, no new borrowing was undertaken, with investment balances being used to fund capital investment requirements. The level of cash balances held are required to fund the forward 2 year capital programme and a number of earmarked provisions and reserves that the Council has made for specific purposes in closing the 2014-15 accounts.

5. Review of Borrowing Strategy and New Borrowing during 2014-15

5.1 The agreed strategy for 2014-15 was approved by Council on 13 February 2014. Based on the Council's planned programme of investments and on interest rate forecasts for the year the Council's borrowing strategy for the year was to use cash balances to finance the Capital Investment Programme and not to take any new borrowing. As outlined above and in line with this strategy, no new borrowing was undertaken in 2014-15. This approach has meant that the Council has avoided the cost of holding higher levels of investments and it has continued to assist in mitigating any increase in the Council's exposure to credit risk (that is, risk related to holding cash deposits in banks) over the short term.

5.2 During the year Audit Scotland issued a national report on Borrowing and Treasury Management in Councils. A separate report on the key messages and recommendations made by Audit Scotland was prepared for the Audit, Scrutiny and Petitions Board on 1 June 2015.

6. Review of Investment Strategy and Investment Outturn for 2014-15

6.1 In carrying out investment activities, the Council will have regard to The Local Government Investment (Scotland) Regulations 2010, the accompanying Scottish Government Finance Circular 5/2010 and the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes ("the Treasury Management Code").

The Council's investment priorities are the :

- security of capital and
- liquidity of its investments

The Council's investment policy was outlined in the Council's Annual Investment Strategy Report 2014-15 which was approved by Council on 13 February 2014. This policy set out the Council's approach for choosing investment categories and counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

6.2 The Investment Strategy for 2014-15 which was prepared at the start of the financial year anticipated a low but rising Bank Rate (starting in quarter 1 of 2015).The strategy was therefore to continue to avoid locking into longer term deals while investment rates remained at historically low levels. However if attractive rates became available with counterparties of particularly high creditworthiness making longer-term deals worthwhile then these investments would be considered.

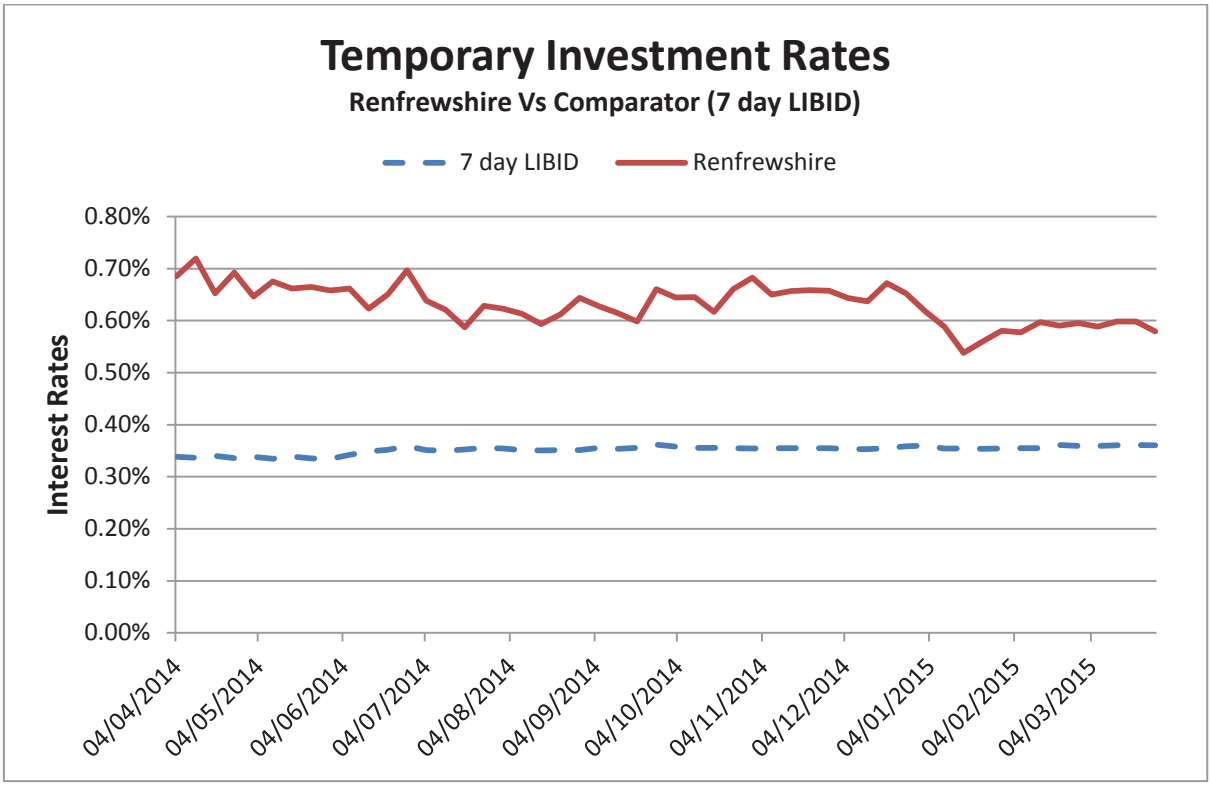
6.3 With the continuing concerns over the threat of deflation and recession within the Eurozone it became clear that the MPC were unlikely to start raising the Bank Rate in early 2015 and as a result money market investment rates have remained low. The low rates and ongoing uncertainty has highlighted the need for caution to be maintained in the Council's treasury investment activity.

6.4 During 2014-15, the Council only invested with institutions listed in the Council's approved Counterparty list and in the permitted investment categories. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

6.5 The table below shows interest rates achieved by the Council on its temporary investments during the year and for comparison the benchmark comparator, the average 7 day LIBID rate (uncompounded) sourced from Capita Treasury Services Limited.

Temporary investments - internally managed	**2013/14**	**2014/15**
Average Investment	£93.29m	£62.41m
Actual rate of return	0.91%	0.63%
Benchmark return	0.35%	0.35%

6.6 The graph below shows the trend of interest rates on our investments over the course of the year. The Council out-performed the average benchmark for the year. Throughout the year the Council made use of opportunities where appropriate to invest with the main government backed banks for periods up to one year when better rates were available. These special tranche rates offered some value over the year however, the attractiveness of these has continued to reduce in recent months, as counterparties lower yields in response to the increased availability of cheap funding from alternative sources, such as the Funding for Lending Scheme.



7. Debt Rescheduling

7.1 No rescheduling was undertaken during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable and the Council continued to use its internal cash balances to finance ongoing capital investment for the short term.

8. Compliance with Treasury Limits

8.1 The Prudential Code for Capital Finance in Local Authorities came into force on 1 April 2004 and replaced the previous system of "Section 94" Government controls over capital investment and borrowing. The Prudential Code allows greater local flexibility for investment decisions that are informed and supported by a "basket" of performance indicators. The 2014/15 indicators were approved by Council on 13 February 2014, and subsequently revised on 18 December 2014.

8.2 The Council's overall performance against the basket of these indicators provides a firm basis for the monitoring and control of capital investment and borrowing and for determining that it is affordable. Certain headline indicators are sub-divided per recommended best practice into two programmes – housing and non-housing.

8.3 The key performance indicators for Treasury are:

1. An “operational boundary” for the Council’s external borrowing (the upper limit for the aggregate external borrowing needed) plus an “authorised limit” for the Council’s external borrowing (the upper limit of aggregate external borrowing that is affordable and prudent).

2. An upper limit for “exposure to fixed interest and variable rate debt” (to manage the risk of over-exposure to fluctuations in interest rates over time)

3. A ratio of financing costs to net revenue stream (an affordability measure for debt repayments).

4. An upper limit for fixed rate borrowing maturing within the short, medium and long term (to ensure that the Council is not exposed to a significant re-borrowing requirement in the short to medium term).

In addition, it is a requirement of the Council's Treasury Policy Statement that the maximum amount of long term borrowings maturing in any one year will be no more than 15% and the maximum amount of long term borrowings maturing in any five year period will be no more than 50%. The objective of these limits is to ensure that the Council is not exposed to a significant re-borrowing requirement over a short period when interest rates could be relatively high.

8.4 External Borrowing at the Year-end

The Council’s aggregate external debt was contained within both the operational boundary and the authorised limit. The outturn compared to the prudential limits is as follows:

2013/14 Outturn		2014/15 Borrowing Limits	2014/15 Outturn
£m		£m	£m
328.41	Aggregate external debt of the Council at 31 March 2015*		310.65
387.00	Operational Boundary	382	
404.00	Authorised Limit	398	

* The actual borrowing level reflects a lower level of capital spend than was originally budgeted, coupled with the decision referred to in paragraph 5.1 above to fund capital investment in the short term through the use of internal cash balances.

8.5 Exposure to Fixed Interest and Variable Rate Debt

This indicator is expressed as a proportion of the total external debt of the Council. The Council’s exposure was within the limits set for both fixed and variable debt. The outturn compared to the prudential limits is as follows:

2013/14 Outturn		2014/15 Approved Upper Limits	2014/15 Outturn
%		%	%
77.94	Fixed interest rate exposure	100.00	76.46
22.06	Variable interest rate exposure	25.00	23.54

8.6 Ratio of Financing Costs to Net Revenue Stream

This indicator is expressed as a proportion. Both the Housing and Non-housing programme were within estimate.

2013/14 Outturn		2014/15 Estimated Ratio	2014/15 Outturn
%		%	%
36.4	Housing	45.3	40.6
10.5	Non-Housing	9.9	7.8

8.7 Fixed Rate Borrowing Maturing within the Short, Medium and Long Term

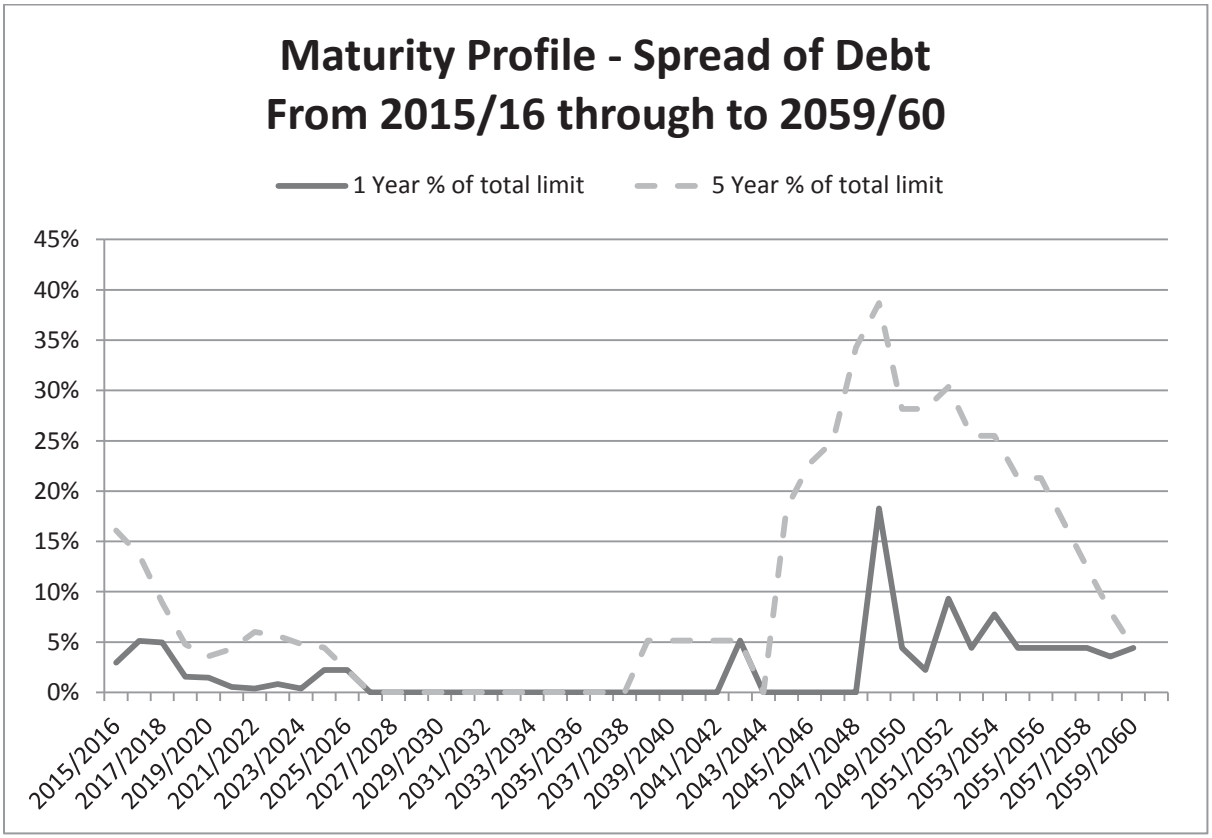
This indicator is expressed as a proportion of the total debt of the Council. The maturity profile of the Council's external debt is well within the approved limits. The outturn compared to the estimate is as follows:

2013/14 Outturn		2014/15 Approved Upper Limits	2014/15 Outturn
%		%	%
	Short term		
6.32	Under 12 months	15	2.98
	Medium term		
2.79	12 months and within 24 months	15	5.11
10.90	24 months and within 5 years	15	8.00
3.36	5 years and within 10 years	50	4.33
	Long term		
76.63	10 years and above	100	79.58

8.8 Long Term Borrowing Maturity Profile

During the financial year, the Council operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Strategy Statement. The Council's debt maturity profile at 31 March 2015 was within these limits with the exception of the debt maturing in the year 2048/49. The debt maturing in the year 2048/49 is 18.3% of the portfolio as compared to a target of 15%. This marginal breach on the 15% limit emerged as a consequence of a change implemented in 2007/08, in the way Lender Option/Borrower Option (LOBO) loans are treated in calculating the Council's maturity profile. Previously the next option date was used as a "potential" maturity date for each loan and this has been changed to the actual maturity end date for each loan. This better reflects the maturity risk in relation to these loans and although it does marginally breach our 15% target in 2048/49, it is expected that the debt will be subject to reprofiling well in advance of the 2048/49 maturity date.

The table below shows the "maturity profile" of the Council's long term borrowing. The heavy black line shows the debt maturing - and therefore requiring to be replaced - during each year up to 2060. The lighter broken line shows the debt maturing in the five year period for each year up to 2060. All years are below 40% and well within our policy limit of 50%.



Implications of the Report

1. **Financial** - As described in this report

2. **HR & Organisational Development** - None

3. **Community Planning –**

   Children and Young People – None

   Community Care, Health & Well-being - None

   Empowering our Communities - None

   Greener - None

   Jobs and the Economy - None

   Safer and Stronger - None

4. **Legal** - None

5. **Property/Assets** None

6. **Information Technology** - None

7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report.

8. **Health & Safety** None

9. **Procurement** – None

10. **Risk** – the report outlines a range of measures taken during the course of 2014/15 to manage treasury risks and the risk issues associated with the investment regulations in respect to borrowing and investment activity of the Council and the proposals for managing these risks.

11. **Privacy Impact** - None

List of Background Papers

"Capital Investment Programme 2014/15-2015/16" report, Appendix 6, agreed by Council 13/2/14

"Treasury Management Mid-year Review 2014/15" report, agreed by Finance & Resources Policy Board 12/11/14

Author: Richard Conway – 0141 618 7377

Renfrewshire Council

To: Council

On: 25 June 2015

Report by: Chief Executive

Heading: Action Plan to Tackle Poverty

1. Summary

1.1 The Renfrewshire Tackling Poverty Commission, the first of its kind to be established in Scotland, was set up by the Council in February 2014. The Commission was tasked by the Council to examine the nature, causes and impact of poverty in Renfrewshire. The Commission set itself on a journey to find innovative ways to mitigate and minimise the impact of child poverty, with the ultimate destination being that no child in Renfrewshire should face a future overshadowed by poverty.

1.2 The Commission published its report on Friday 13 March 2015, submitting the report to the Council and Community Planning Partnership (CPP) for consideration. Its approach was widely recognised as ground breaking, as the Commission looked at tackling poverty through the lens of local families. As a result, the Commission's findings have received widespread recognition - not only in Scotland but across the UK.

1.3 At the Council meeting on 23 March 2015, the Council unanimously endorsed all of the Commission's recommendations. It made a 'first step' cash injection of £3.23 million from the £6 million tackling poverty fund set aside in the 2015/16 budget to support an early response to the work of the Commission. Recognising the value of a partnership response, the Commission's report was referred to the Community Planning Partnership Board to agree a coordinated, cross-partnership response to the findings and recommendations of the Commission and to report back to Council on 25 June 2015.

1.4 The purpose of this report is to outline the extensive detailed work which has been carried out in the intervening period to continue the Council's strategic programme of tackling child poverty. The proposals have been developed by the Community Planning Partnership for consideration by members and fully commit the £6 million in additional resources to enable an early response to the work of the Tackling Poverty Commission.

1.5 As outlined in the report, the £6 million ring fenced sum is in addition to the £40 million of strategic investment already made by the Council in support of longer term economic growth and regeneration and reaffirms the Council's commitment to tackle poverty and inequality.

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2. Recommendations

2.1 It is recommended that members of the Council:

- Note the content of the paper and the update provided on the development of the Community Planning Partnership's Tackling Poverty action plan proposals.
- Approve the deployment of the £6 million of resources set aside in the 2015/16 budget to tackle poverty as detailed in the report.
- Note that proposals for monitoring and evaluation of the action plan will be brought back to council for consideration at the next Board cycle.
- Note that as part of the implementation process there will be ongoing dialogue with Renfrewshire residents directly affected by poverty to provide them with the opportunity to remain involved and to participate in the development of the criteria by which the success of the measures to tackle poverty will be assessed.
- Further note that a report on the feedback from the ongoing engagement will be brought to the next meeting of the Council.

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3. Background

3.1 The Renfrewshire Community Plan 2014 – 2023 sets out a challenging target to reduce child poverty to no more than 15% in any area by 2023 and in the Council Plan; A Better Future, A Better Council, the Council has set outs its ambition to bring about a reduction in the causes and impact of poverty, particularly child poverty in Renfrewshire in the period through to 2017

3.2 In February 2014, the Council approved the establishment of a Tackling Poverty Commission which was driven by the Council's strategic vision to make a positive difference to the lives of every child

living in poverty in Renfrewshire. The Commission's role was to act as 'critical friend' to the Council and its partners, providing independent and authoritative views on the current approach to tackling poverty, and ultimately, to make recommendations to the Council and its partners which would form the basis of a new approach to tackling poverty in Renfrewshire

3.3 The Renfrewshire Tackling Poverty Commission published its report on 13 March 2015 and identified 24 recommendations grouped under five priority areas proposed by the Commission. The findings reaffirmed the Council determination to systematically dismantle the inhibiting effects of poverty on a child's future. The Council was unanimous in its commitment to ensure that the income of a child's household should not determine how well they do at school and, ultimately, a child's life chances.

3.4 The recommendations are detailed in Appendix 1 of this report and the priority areas are listed below:

1. Increase the number of households who can access employment that provides an acceptable standard of living.
2. Prevent financial crisis and support low income families to make the most of their money.
3. Improve levels of physical and mental health of children in low income families.
4. Close the educational gap between children from low income families and their better off peers.
5. Create neighbourhoods where people want to live and can afford to live.

3.5 Just as the face of poverty has changed beyond recognition in the last decades, the Commission's recommendations reflect the changing response that is required from the Council and its partners in order to reduce the root causes and destructive impacts of child poverty in Renfrewshire. The Commission also applies equal weight to the way organisations should work together in order to effectively tackle child poverty. Community involvement and engagement are seen as critical to providing services that support people and crucially address the stigma associated with poverty.

4. Strategic Priorities and investment

4.1 In considering a response to the Commission's recommendations it is important to also acknowledge the Council's long term strategic economic and regeneration objectives and how they contribute to the partnership's drive to lift children in Renfrewshire out of poverty.

4.2 The Council Plan explains the ambition the Council has for Renfrewshire to make it a fairer more inclusive place. The Council has, in setting its priorities, already invested significant resources in

priority areas intrinsically linked to reducing the causes and impact of poverty in Renfrewshire. The £22 million committed to the Paisley Town Centre Heritage Asset Strategy including the proposed UK City of Culture Bid, and the commitment to the £1.13 billion City Deal provide strong evidence of the Council's determined commitment to grow the local economy, create employment and increase access to jobs – all with the aim of creating empowering environments for Renfrewshire's people to find sustainable routes out of poverty.

4.3 The response to the Commission's recommendations builds on this ambition. It provides the Council and its partners with an opportunity to commit additional resources to the already considerable commitments deployed in tackling poverty and inequality across the Council as well as on the major regeneration projects and other long term strategic programmes to improve the life chances and opportunities for all of Renfrewshire's children and their families including the Early Years Strategy and the Families First locality based projects; and, the partnerships flagship employability programme, Invest In Renfrewshire. The additional tackling poverty allocation provides additional one-off investment to the determined efforts already underway.

5. Development of the response

5.1 As approved at the Council meeting on 23 March 2015, a Tackling Poverty Steering Group led by the Chief Executive, comprising Council directors and senior executives from across the CPP has been set up to develop the response to the Commission's recommendations for consideration, of both the Community Planning Partnership Board and Council as well as oversee the implementation of the response. The Tackling Poverty Steering Group has considered the emerging proposals identified by lead directors and where comments have been offered, these have been considered and proposals revised.

5.2 Development work has been progressed by lead directors supported by the Tackling Poverty Programme team and has involved key partners including West College Scotland, Engage Renfrewshire, Police Scotland, University of the West of Scotland, Skills Development Scotland and Renfrewshire Chamber of Commerce in considering and developing evidence based interventions across all five of the Commission's priority areas. The proposals have been fully endorsed by the Community Planning Partnership Board at a special meeting to consider the response on 5 June 2015.

6. Proposed actions and interventions

6.1 The proposals are a blend of new interventions; the expansion of successful existing interventions; as well as specified projects to further assess need and scope the potential for alternative delivery

models. Significantly, the proposals recognise the contribution of existing programmes and where these can be aligned to the progress the Commission's recommendations.

6.2 The proposals are grouped according to the Commission's priorities and are then further grouped according to whether they can be progressed from existing resources or whether they require an allocation from the tackling poverty resources set aside by the Council to respond to the Commission's work.

6.3 The proposals offered to the Council for consideration are those that the Partnership believes are the most compelling and those most closely aligned to the Commission's recommendations. All recognise that it will require effort and commitment from all partners to implement and deliver positive outcomes based on these proposals.

7. Financial Summary

7.1 The Council seeks to invest in initiatives that will have a direct and positive impact on the causes and impact on poverty in Renfrewshire. The deployment of resources detailed in this report are consistent with the Tackling Poverty Commission's recommendations and provides an opportunity for the Council and its partners to provide an injection of resources into a variety of evidence based approaches and new initiatives across a range of priority areas.

7.2 The following sections of the report outline for members the proposed actions and interventions to be taken by the Council and its partners. These proposals, if approved, will ensure that the Council and its partners provide a cohesive response, directly aligned to the Tackling Poverty Commissions recommendations.

7.3 The proposed resource commitment in relation to the Commission's five priority areas and the 'how organisations should work' principles are shown in table 1 below:

Table 1

Priority	**Proposed Resource commitment**
Increase the number of households with access to employment that provides an acceptable standard of living	£0.15 million
Prevent financial crisis and support low income families to make the most of their money	£0.75 million
Improve levels of physical and mental health of children in low income families	£0.915 million

Close the educational attainment gap between children from low income households and their better off peers	£3.3 million
Create neighbourhoods where people want to live, and can afford to live	£0.715 million
How organisations should work	£0.17 million
Total	**£6.0 million**

8. Increase the number of households with access to employment that provides an acceptable standard of living

8.1 The Commission's recommendations under this priority were focussed on making work pay and on ensuring that employment opportunities are supported. The proposals recommended for approval are:

- Deliver a living wage campaign, supported by Renfrewshire Chamber of Commerce, focussed on low pay sectors. Promote the living wage and positive work practices across the partnership and leverage procurement opportunities to drive payment of the living wage among Council and CPP suppliers. The costs associated with these proposals will be met from existing resources.

- Invite the Secretary of State for Work and Pensions to introduce a pilot in Renfrewshire to test a redesign of incentives and conditions for receiving out of work benefits. A letter has been sent to the Secretary of State offering to meet to discuss this proposal; a reply is awaited. Discussions are being progressed with DWP locally in relation to advice and advocacy for customers linked to the introduction of Universal Credit. No additional resources are required to support this proposal.

- Provide increased resources through Invest in Renfrewshire (IiR) to provide support for people requiring childcare to attend job interviews and attend training; Map childcare provision to identify gaps in the provision of affordable flexible locally based childcare and develop alternative delivery models for consideration. The resource commitment required to support these actions is **£0.1 million**.

- Double the funding for transport assistance provided through Invest in Renfrewshire (IiR) to provide additional support for people starting work and accessing training opportunities; and work with transport providers to explore opportunities to provide lower cost time limited transport. Similar to the childcare proposal, further work is required to understand the existing provision and work with partners to identify alternative means of

support. The resource commitment required to support these proposals is **£0.1 million**.

- Works with Skills Development Scotland to develop high quality on the job training aimed at supporting lone parents' progress in work. No additional resources are required to support this proposal.

8.2 The total proposed additional resource allocation under this priority is **£0.15 million**.

9. Prevent financial crisis and support for low income families to make the most of their money

9.1 The Commission's recommendations under this priority were aimed at supporting lower income households to be able to access lower cost alternatives as well as ensure that they have straightforward access to a range of information and advice services. The proposals offered for considerations are:

- Develop and implement peer led approaches to financial and digital capabilities, designed to equip low income consumers to become active consumers. The resource required to progress this proposal is **£0.2 million**.

- With the Renfrewshire Advice Partnership, deliver changes to advice provision to ensure if offers easy access to advice services, providing a mechanism for the referral and tracking of clients between providers and the co-location of services. This proposal includes the resources of £0.170M committed to the provision of fuel advice across Renfrewshire at the Council meeting on 23 March 2015. The costs associated with this proposal are **£0.490 million**.

- Support Renfrewshire Food bank to safeguard its vital front line role, by funding a coordinator for 2 years and assistance to help secure a new distribution centre. **£0.06 million** of resources committed at Council meeting on 23 March 2015.

- Test opportunities to develop fuel switching programmes in Renfrewshire and investigate the feasibility of utility companies providing fuel cards for food bank service users. The costs associated with these proposals will be met from existing resources.

- Review current provision financial inclusion support in primary care settings; build connections between primary healthcare and financial inclusion, and co-locate primary care with relevant support where possible. The costs associated with this proposal

will be met from existing resources.

- Use Renfrewshire as a test area for innovative ways of working identified by the Primary Care Inequalities Group, Deep End GPs and the Centre for Population Health. The costs associated with this proposal will be met from existing resources.

9.2 The total proposed additional resource allocation under this priority is **£0.75 million**.

10. Improve levels of physical and mental health of children in low income families

10.1 Focusing on health inequalities and the impact of poverty on health, the recommendations under this priority were focussed on how existing health provision could be targeted at lower income families and in supporting children and young people facing the stress of living in poverty. The recommended proposals are:

- Extend Healthier, Wealthier Children referral pathways and advice provision across primary care and community services, starting with key vulnerable groups such as substance mis-users. The resource commitment required to support this proposal is **£0.06 million**.

- Recognising, the Scottish Government is commitment to universal health visiting services, NHS Greater Glasgow and Clyde will work with Scottish Government to maintain health visiting provision for the most vulnerable families, and deliver targeted parenting provision, as part of Families First projects. No additional resources are required to support this proposal.

- Invest in resilience development in schools by delivering a range of interventions including expansion of school counselling, rolling out peer mentoring across Renfrewshire's secondary schools, the delivery of targeted youth work programmes and personal and social development programmes in secondary schools. The level of resources required to deliver this proposal is **£0.4 million**.

- Continue to invest in the successful Children Experiencing Domestic Abuse Recovery (CEDAR) programme providing support to children and families suffering from the impact of domestic violence - **£0.125 million**.

- Improve health and well-being by providing access to arts and cultural activity for more vulnerable people in Renfrewshire at key transitional points, creating a shared sense of community

and ownership by with working schools and the creative learning network to develop cultural educational resources to address achievement and attainment and to work with the voluntary sector and wider partners to provide cultural activities and opportunities. A resource allocation of **£0.24 million** is proposed.

- Develop a new sports leadership employability programme, for young people not in education employment or training providing leadership, training through sport, leading to increased employability opportunities as sports coaches and sports motivators. The cost of this proposal is **£0.09 million.**

10.2 The proposed resource additional allocation under this priority is **£0.915 million**.

11. Close the educational attainment gap between children from low income families and their better off peers

11.1 A key area for the Commission, closing the educational attainment gap was regarded is critical to give all children and young people greater opportunity in later life. The proposals for consideration are:

- Build on existing proposals to introduce the successful Families First locality team approach in new area by further extending this provision into another two areas of Renfrewshire. The areas recommended by the Early Years Steering Board are in Johnstone, Gallowhill and Foxbar and pilot a new way of delivering breakfast clubs in these areas. The resource commitment for this proposal is **£1.16 million.**

- Introduce a range of evidence based approaches and good learning and teaching interventions to improve literacy by working with recognised educational experts, teachers, pupils and parents, setting new and stretching targets to improve attainment in literacy. The resource commitment required to support these proposals is **£1.19 million**.

- Invest in improving attainment through the use standardised assessments in primary schools; develop the use of testing in secondary schools to develop a rich source of information on how well children are performing, to target support to children from lower income families. **£0.3 million** of resources is requested to deliver this proposal.

- Address the cost of the school day by involving young people in identifying the problems they face and provide additional support for children from low income households targeted at removing the pressure of the costs linked to the school day, including schools trips, clubs, charity events and classroom

equipment. Work will also be taken forward to maximise the number of people eligible to claim free schools meals and educational maintenance allowance payments by ensuring that the process for applying is accessible and straightforward. A resource allocation of **£0.28 million** is proposed.

- Establish a joint team, aligned to the existing Skills for Success Group, bringing together current employability practice across partners, and develop initiatives to address gaps in provision. Staff will work with young people from S1-6 from low-income families, enabling them to access a targeted and cohesive offer of support which is managed in a multi-agency way. The level of resources required to deliver this proposal is **£0.41 million**.

11.2 The proposed additional resource allocation under this priority is **£3.3 million**.

12. Create neighbourhoods where people want to live, and can afford to live

12.1 The Commission recognised that where communities have control to make decisions, local areas thrive and grow. Good quality, affordable housing, across all tenures. The proposals offered for consideration under this priority are:

- Understand the funding landscape, highlighting new and innovative ways of attracting funding to Renfrewshire and support community groups in developing bids. The costs will be met from existing resources.

- Pilot a programme of social regeneration to support planned physical regeneration in the Johnstone Castle area, establishing an asset based approach to community involvement, using this as a mechanism to devolve specified funding for community led initiatives. A resource allocation of **£0.25 million** is proposed.

- Investment in major regeneration programmes such as City Deal, Paisley Heritage Asset Strategy and the proposed UK City of Culture bid will deliver community benefits, and promote positive workplace practices using procurement exercises and flexibilities. No additional resources required are required to support this proposal.

- Expand the successful 'Street Stuff' programme of activities, providing opportunities for young people in some of the more deprived communities in Renfrewshire to get involved in a variety of evening, weekend and holiday period activities, consulting with young people on the activities to be included. The proposal to expand this programme seeks funding of **£0.25**

million.

- Introduce volunteering and employability opportunities focussed on by offering young people from more deprived communities the chance to work with Police Scotland and the community safety team, enhancing their life experience and developing their work capability. Resources of **£0.135 million** are required to deliver this proposal.

- Working with social landlords, commission a study to better understand total housing costs, including the affordability of rents and develop arrangements which minimise the impact of rents and wider housing costs on tenants. This proposal will require resources of **£0.02 million.**

- Maximise the council's existing and future powers to register, regulate and enforce private landlords to improve private rented sector housing standards. **£0.06 million**.

12.2 The total proposed additional resource allocation under this priority is **£0.715 million**.

13. How organisations should work

13.1 Given equal weight over the course of its work, the Commission identified five principles directed at how organisations should act and what good services should look like. A number of the proposals listed under the five priority areas adopt the principles, with addressing stigma and involving people with direct experience of poverty in designing services, highlighted in this section. The proposals for consideration are:

- Develop the potential of the national Entitlement Card (for young people (Young Scot) as a ways of accessing discounts, providing rewards and as a way of sharing information with young people on low incomes **£0.07 million**.

- Develop and launch a campaign to address the stigma of poverty, expanding across partner organisations and with the wider public **£0.02 million.**

- Design and deliver a new digital assistance action plan and deploy a digital skills trainer in libraries to support people affected by poverty to overcome barriers in accessing and using information technology **£0.06 million**.

- Allocate budget to ensure that citizens involved in engagement and consultation of the tackling Poverty action plan are included and reimbursed **£0.02 million**.

- Integrate poverty into Equality and Human Rights Impact Assessments to ensure the council takes account of poverty when making decisions. No additional resources are required to support this proposal.

- Design and introduce a corporate stakeholder engagement framework that provides support and guidance to involving low-income stakeholders in the design and delivery of services. The costs associated with these proposals will be met from existing resources.

13.2 The total proposed additional resource allocation under this priority is **£0.17 million**.

14. Continued engagement

14.1 As referred to in section 13, the Tackling Poverty Commission urged the Council and its partners to consider the involvement of people in designing and shaping services.

14.2 The development of the CPP response to the work of the Commission offers an early opportunity to engage with people affected by poverty on the approach, it is therefore proposed that the people and organisations that took the time to respond to the Commission are offered an opportunity to consider the Partnership response. It is proposed that this engagement is carried out over the summer, giving people with a direct experience of poverty an opportunity to input into how the proposals will be implemented and ask what success should look like, with a report on the feedback brought back for consideration by the CPP and Council after the summer recess.

15. Monitoring and Evaluation

15.1 The proposals outlined in this report represent a significant additional investment by the council and its partners to tackle poverty in Renfrewshire therefore it will be important to monitor and track the implementation of the proposals. In setting targets, it will be important to consider the long term nature of some of the actions and set measurable and realistic targets to track progress. The consultation will seek to establish measures that demonstrate what success looks like to people with a direct experience of poverty and incorporate this into the monitoring plan.

16. Next steps

16.1 Subject to approval, work will begin immediately to implement the action plan, with oversight provided through the Tackling Poverty Steering Group. The results of the consultation will be reported to the Community Planning Partnership Board and Council after the summer

recess. Going forward, regular reports on progress towards implementation and in achievement against targets will be reported to the Community Planning Partnership Board and Council.

Implications of the Report

1. **Financial** - As outlined at 1.4, and as detailed in the main body of the report, the £6 million of investment set aside by the Council provides an opportunity to support the initiation of targeted activities in priority areas.

2. **HR & Organisational Development** – The requirement to enhance existing resources has been considered as part of the development of the proposals.

3. **Community Planning –** The Community Planning Partnership has set challenging targets for reducing child poverty in Renfrewshire. The Partnership's proposals are expected to have a positive impact on reducing the causes and impact of child poverty in Renfrewshire.

4. **Legal** - None

5. **Property/Assets -** None

6. **Information Technology -** Implementations plans will consider the implications for ICT

7. **Equality & Human Rights** - The report details a set of proposals to deploy of £6 million of resources to respond to the Tackling Poverty Commission recommendations. As the proposals focus on investment, it is expected that the proposals will have positive equalities and human rights impacts.

   The proposed Tackling Poverty Action Plan is of high relevance to equalities and human rights, considering the overrepresentation of a wide range of equalities groups who are also in low-income households, and the impact of poverty on enjoyment of human rights.

   The report includes proposals to integrate poverty into Equality and Human Rights Impact Assessment processes, and each project being taken forward will have an impact assessment that considers equalities and human rights issues in addition to consider the impact on socio-economic groups.

   In addition, there will be a consultation on the action plan over the summer period which will explicitly seek views of key communities

potentially affected by the proposals, and full equalities monitoring will be carried out to ensure that consultation is a representative exercise and can sufficiently inform the programme impact assessment.

These impact assessments will be developed as the projects are scoped over the summer period, will full impact assessments available in September along with an overarching programme impact assessment.

8. **Health & Safety** - None

9. **Procurement –** None

10. **Risk -** The Council and its partners are committed to breaking the poverty cycle in Renfrewshire. If the Council and partners do not effectively tackle the causes and impacts of poverty in Renfrewshire there will be further polarity of poverty in Renfrewshire, increasing inequality and health inequalities, and greater demand for services. The proposed response to the Tackling Poverty Commission's recommendations will mitigate and minimise the causes and impact of child poverty in Renfrewshire.

11. **Privacy Impact** - None

List of Background Papers

(a) Background Paper 1 - Report of Renfrewshire's Tackling Poverty Commission

The foregoing background papers will be retained within Chief Executives Service for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Rhona McGrath, Tackling Poverty & Welfare Reform Programme Manager; 0141 618 6879; Rhona.mcgrath@renfrewshire.gcsx.gov.uk

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Author: Rhona McGrath 0141 618 6879

Renfrewshire Council

To: Council

On: 25 June 2015

Report by: Director of Finance and Resources

Heading: **Webcasting of Council Meetings**

1. **Summary**

1.1 The Council at its meeting held on 1 May, 2014, following a one-off trial webcast of its meeting held on 27th February, 2014, agreed to a one-year pilot to webcast all Council meetings. Webcasting began with the meeting of the Council held on 9 October 2014 and subsequent meetings held on 18 December 2014, 12 and 26 February, 23 March, 30 April 2015 have been webcast. A tender was negotiated with Public-i (who provide webcasting services for around 98% of councils that use web-casting) for the pilot.

1.2 The purpose of this report is to provide details of suggested benefits and related costs of webcasting of Council meetings and to seek the Council's agreement to continue with webcasting.

2. **Recommendation**

2.1 To approve the continued webcasting of Council meetings and to note that further reports will be brought back to Council to consider the roll out of webcasting to Board meetings.

3. **Background**

3.1 Alongside social media, the webcasting of council meetings is quickly becoming a well-established part of local government processes.

At the time of the Council agreeing to the one-year pilot, only three other Scottish councils – Moray (since 2005), Highland (since 2008) and City of Edinburgh (since 2012) – webcast their meetings. However, since then Glasgow and Aberdeen City Councils have begun to webcast their meetings, Edinburgh has extended webcasting to meetings other than Council, and East Ayrshire and East Renfrewshire Councils are in the process of obtaining quotations in relation to webcasting their meetings. In addition, Dumfries and Galloway Council broadcasts live audio of their meetings and meetings of the Scottish Parliament and its committees are broadcast via Parliament TV.

3.2 Webcasting of meetings allows members of the public who may not be able to attend Council meetings the ability to view proceedings. Accordingly, webcasting enhances the democratic process and offers a cost-effective way of reaching large audiences, improves public engagement, openness and transparency about how the Council carries out its business, and increases trust in the decision-making process.

3.3 Figures obtained from Public-i indicate that to date the number of people who have viewed the Council meeting webcasts (both live and in archive) is 5369, an average of 767 per meeting. These are unique and not repeat viewings. This compares with an average attendance at Council meetings by members of the public of 4.

3.4 Webcasting allows meetings to be streamed live and archived over the internet with relevant contextual information (agendas, reports, speaker names etc). This allows members of the public to search the archive library for specific topics. Webcasting also enables members of the public to access content where and when they want. Council meetings can be viewed live but most councils have found that around 80% view the archive at their convenience rather than the live feed.

3.5 Webcasting can be used with social media to further promote public engagement.

3.6 Outwith Scotland, the Department for Communities and Local Government has issued guidance which emphasises that local authorities should, by default, be open to members of the public filming the public elements of meetings. The Welsh Local Government Association has also highlighted the advantages to its members of webcasting meetings and its use to foster transparency and encourage more people to participate in the local democratic process.

3.7 The annual fee for an off the shelf product typically costs around £16k per annum. A tendering exercise would require to be undertaken.

3.8 The sound system in the chambers, because if its age unreliable and is no longer supported by the manufacturer, neither is it compatible with webcasting meetings as it does not allow for the cameras to follow relevant speaker microphones. Accordingly, two members of staff require to be present to operate the webcasting equipment. This system is in the process of being replaced and the new system will incorporate automatic camera follow. This will reduce the resource implications of webcasting meetings.

3.8 Should the Council agree to continue with webcasting, consideration will be given to rolling this out to some Policy Board meetings but this would only be done following further consultation with members.

Implications of the Report

1. **Financial** - the cost will be met from existing resources.

2. **HR & Organisational Development** - *none*

3. **Community Planning –**

4. **Legal –** a protocol has been developed to deal with data protection issues.

5. **Property/Assets** - *none*

6. **Information Technology** - *none*
7. **Equality & Human Rights**
   (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** - *none*
9. **Procurement – a tendering exercise will require to be undertaken.**
10. **Risk** - *none*
11. **Privacy Impact** - *none*

Background papers: e-mail dated 1 June, 2015 from Public-i re live and archive viewings

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Renfrewshire Council

To: **COUNCIL**

On: **25th June 2015**

Report by: **Director of Community Resources and Director of Finance and Resources**

Heading: **Better Council Programme - Street Lighting Investment Strategy, Renfrewshire**

1. Summary

1.1 Following approval at the Environment Policy Board on the 12th March 2014, Outline and Detailed Business Cases have been progressed for a street lighting strategy which will modernise the Council's street lights. It is proposed as part of the strategic business case to undertake a large scale programme to replace existing lanterns with Light Emitting Diodes (LEDs) which produce white light, consume less electricity and require significantly less ongoing maintenance throughout their estimated 20 year lifespan. Unlike the existing yellow lamps in most street lights, the white lights from LEDs deliver good colour rendition and are recognised to positively contribute to community safety. Street Lighting accounts for around 20% of the Council's carbon consumption and in view of the lower power consumption of LEDs the proposed strategy will contribute significantly to the Council's carbon reduction targets.

1.2 The Outline Business Case (OBC) and Detailed Business Case (DBC) has identified a proposed programme to replace 28,613 existing lamps and 1,356 existing columns across Renfrewshire. In addition to the community safety improvements, the upgraded street lighting estate, will also support the delivery of gross annual revenue savings, estimated at £1.391m per annum and a net annual saving of approximately £0.75m after taking account of the

annual cost of borrowing associated with the delivery of the investment programme. It is also recognised that these estimated savings are based on existing costs and delivery of the renewal strategy would also support cost avoidance in respect to future energy price increases.

1.3 The capital investment cost to deliver this large scale strategic renewal programme has been estimated at approximately £11 million.

1.4 The OBC and DBC were developed on the basis of delivering the renewal programme over a 3 year period. However, as detailed within paragraph 6.1 of this report, it is considered that there exists the opportunity to explore the accelerated delivery of this project by the end of financial year 2016/17.

1.5 Due to the extent and scale of works that would require to be undertaken across Renfrewshire, it is recognised that a key component of the overall delivery arrangements, will be a comprehensive information and communications strategy. Effective communication and engagement with communities across Renfrewshire, both in terms of the programme of delivery and the wider benefits, will be a key objective as part of successfully managing the delivery of the programme.

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2. Recommendations

It is recommended that Council approves:-

2.1 The street lighting improvement strategy for the replacement of existing street lanterns with LEDs to improve the quality of light and reduce energy and maintenance costs;

2.2 That a capital investment programme, estimated at £11m to fund delivery of the strategy by the end of financial year 2016/17 be established; and

2.3 That the investment programme be delivered through the appropriate application of capital lifecycle maintenance resources available during the delivery programme period with the balance funded through self financed prudential borrowing arrangements

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3. Background

3.1 As set out in previous reports on street lighting to the Environment Policy Board, Renfrewshire Council currently owns some 31,765 street lights which

cost £1m per annum (contractor costs, lamps & mantles) to maintain and consumes approximately £1.4m of electricity per year (at 2014 prices).

3.2 The energy required to light our streets (14.5 million Kwh) produces 7,294 tonnes of carbon (CO_2) which is approximately 20% of the Council's total carbon production and has incurred a £16/tonne tax since April 2014 costing £117k per annum.

3.3 The combination of these three figures results in an annual lighting revenue cost of approximately £2.5m. In addition, based on current analysis of energy market, it is predicted that energy costs over the medium term are likely to double in the next 10 years, followed thereafter by a gradual increase in line with inflation.

3.4 Street lighting is a benefit to the local community, contributes to night time road safety, has a reduction/prevention role in terms of street crime, provides for a feeling of general security, and helps to promote economic development by supporting a 24 hour economy. Street Lighting is provided in accordance with the requirements of the Roads (Scotland) Act 1984 and via guidance provided by relevant British and European Standards.

3.5 As approved at the Environment Policy Board on the 12th March 2014, Outline and Detailed Business Cases have been developed for a proposed strategic renewal programme to replace lanterns throughout Renfrewshire with LED technology.

3.6 LED technology offers the following recognised and well established benefits over conventional street lamps:-

- Both energy and maintenance savings through increased efficiency and lifespan of over 20 years ,
- High quality white light which improves colour rendition and reduces light spill into adjacent areas,

3.7 The key findings from the Outline and Detailed Business Cases are set out in paragraphs 4 and 5 respectively.

4. Outline Business Case (OBC)

4.1 The OBC investigated options for a large scale lantern replacement programme, concluding that the preferred option is to replace the lanterns in all street lights, along with limited column renewal, across Renfrewshire at a capital investment cost estimated at approximately £11m.

4.2 To inform the robustness of the business case development process, a significant programme of condition surveys has been undertaken across all of the Council's the existing stock base. The survey results confirmed that the majority of the existing street lighting columns are capable of taking "retrofit" LED units. As a consequence, for the vast majority of locations across Renfrewshire the proposed renewal programme will involve a relatively straightforward change to the existing lantern head to achieve the energy and maintenance savings and associated wider public safety benefits. It was identified that an estimated 1,356 street lighting columns will have to be replaced due to their existing condition and provision for this more significant investment has been included within the estimated capital cost estimates. In addition, it is recognised that, notwithstanding the depth and quality of the condition survey information, in moving forward into delivery that this position may change as installations progress and an appropriate level of contingency for addition column replacement has been included in the estimated capital costs.

5. Detailed Business Case (DBC)

5.1 The DBC progressed the OBC preferred option of LEDs, in greater detail and also examined options for delivery of the project

5.2 The DBC highlighted that there is insufficient in house professional and contractual resource to progress this project and has recommended that an external provider carries out the design, project management and on-site installation of the LEDs.

5.3 In the course of progressing the OBC and DBC, a number of LEDs have already been implemented or committed across Renfrewshire (2,143 out of 30,756 lamps across Renfrewshire) associated with existing specific funding allocations. The DBC has revised the anticipated capital required in comparison with the OBC to reflect that the actual number of street lamps to be replaced under this programme as 28,613. Costs estimates include project delivery including all professional services, contractual costs and appropriate programme contingencies. As detailed above the required capital allocation has been estimated at £11m.

5.4 The revenue implications of delivering this project through the replacement of the 28,613 street lights (which have not already been committed for replacement through other programmes) is a gross recurring revenue saving of estimated at £1.391m per annum. The annual revenue savings would be delivered from a reduction in energy costs, lower maintenance costs due to the longevity of LEDs in comparison with existing lamps and a reduction in Carbon Tax costs. It is proposed that the revenue savings generated from the

programme are used to support self financing prudential borrowing to augment the Council's normal capital lifecycle funding identified to support ongoing renewal in the street lighting stock. Taking this into account, it is estimated that the net recurring revenue saving after addressing the ongoing annual revenue cost arising from the prudential borrowing is estimated at approximately £750k. It is also recognised that moving forward the delivery of the programme will also support future cost avoidance in the context of an expected increase in energy costs over the medium to longer term.

6. Implementation Timescales

6.1 It is estimated that subject to approval, a start on site can be achieved by January 2016. Although the OBC and DBC were developed on the basis of an installation programme spanning 3 years, subject to materials and contractor availability it is considered that this project can be accelerated and delivered by the end of financial year 2016/17. In line with all other projects, detailed and comprehensive risk register and programme delivery arrangements will be created, which will include the key risk associated with the availability of LEDs within the international market place to support the desired delivery timescale. Whilst the situation in this respect looks positive at present, it will require to be kept under careful review.

7. Public Engagement and Communications

7.1 It is proposed that a community wide communications strategy be prepared to ensure that Renfrewshire Residents are well informed about the proposals and the reasons behind them, the potential for short periods of disruption during implementation and the projected benefits that will be delivered with respect to how streets will look and feel.

Implications of the Report

1. **Financial** - Capital Investment for the recommended strategy will be funded predominantly from self financed prudential borrowing, the annual revenue costs of which will be supported from the gross savings released by the renewal programme.

2. **HR & Organisational Development** – None

3. **Community Planning** – the programme will deliver significant benefits that will directly contribute to key objectives of the Community and Council plans in relation to improved community safety and improved environmental

improvements through the use if cleaner and more efficient lighting technology.

4. **Legal** - None

5. **Property/Assets** – An estimated investment of £11m will be made in street lighting improvements.

6. **Information Technology** – None

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

8. **Health & Safety** – None

9. **Procurement** – the delivery of the programme will require a significant procurement strategy to be developed and a procurement exercise to be undertaken under the Council's existing contract arrangements.

10. **Risk** – the renewal programme will involve a range of delivery risks that will require to be carefully managed as part of the overall programme delivery arrangements.

11. **Privacy Impact** – None

Renfrewshire Council

To: **Council**

On: **25 June 2015**

Report by: **Chief Executive**

Heading: **Future of Cultural and Leisure Services – Update Report**

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1. Summary

1.1. At its meeting on 18 December 2014, the Council approved the proposal to broaden the remit of Renfrewshire Leisure Ltd to include the management and delivery of cultural and leisure services. A project team, supported by professional advisers, was established to undertake the necessary due diligence to develop, in partnership with Renfrewshire Leisure Ltd, the required suite of documents and agreements to facilitate the transfer to the trust of the agreed services, and associated personnel in line with the timeline detailed in the business case.

1.2. This report provides an update on the preparations for the transfer of the agreed services, and personnel. Council officers have completed the required due diligence process to support an effective and robust transfer arrangement. Renfrewshire Leisure Ltd is presently concluding its own due diligence process to allow acceptance of cultural and leisure services, and employees on 1 July 2015 and community centres and bowling greens by 1 December 2015.

1.3. At its meeting on 18 December, the Council also agreed to commit a further £1.5 million for investment in the community halls and facilities which will transfer in Phase 2. This report outlines the proposed strategy for allocating the £3 million investment fund for the improvement of community facilities.

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2. Recommendations

2.1. It is recommended that the Council:

i) note the good progress to implement the main actions outlined in the Council report of 18 December 2014 to enable the transfer of services, and employees included in Phase 1 of the proposal on 1 July 2015, as planned;

ii) agree, as outlined in section 5 of the report, that the £3 million of resources made available for investment in community facilities is targeted to support the Linwood Development Trust and the six community facilities detailed in paragraph 5.4 of the report.

iii) note that a further report will be brought back to Council outlining the level of investment and scope of work that will be carried out within each of the agreed community facilities; and

iv) note the Council's representation on the Board of the Trust will be Councillors James Harte, Margaret Devine and Iain Nicolson.

v) delegate to the Director of Finance and Resources, responsibility to finalise the detailed adjustment to the contract payment arrangements with Renfrewshire Leisure to appropriately reflect the current cost of services transferring to the Trust and those which will be retained by the Council and provided to the trust under service level arrangements.

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3. Background

3.1. At its meeting on 18 December 2014, the Council approved the proposals to transfer the management of cultural and leisure services to Renfrewshire Leisure Ltd in accordance with the business case.

3.2. The transfer of the management of cultural and leisure services, and employees will take place in two phases. The first phase of services - museums, art centre, town halls, libraries, sports pitches, pavilions and golf course, active schools, sports development and community centres with libraries will transfer on 1 July 2015, with the second phase for the transfer of operational control over community facilities and bowling greens due to take place on 1 December 2015.

3.3. A project team, supported by professional advisers, has carried out the necessary due diligence to develop, in partnership with Renfrewshire Leisure Ltd, the required suite of documents and agreements to facilitate the transfer to the trust of the agreed services, and associated personnel in line with the timeline detailed in the business case.

3.4. At its meeting on 18 December, the Council also agreed to commit a further £1.5 million of capital investment in the community halls and facilities which will form part of the transfer in Phase 2. A scoping exercise has now been undertaken to develop proposals for the £3 million investment in the community facilities.

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4. Progress – Phase One

4.1. The implementation plan contained in section 14.3 of the Business Case outlines the key timescales to enable the transfer of phase one services, facilities and staff. A project team was established to progress the actions in the implementation plan, overseen by a steering board chaired by the Chief Executive, with senior officers from the relevant professional disciplines.

4.2. Council officers and partners have worked together to ensure that the plan remains on target to allow services to successfully transfer on 1 July 2015. Employee consultation and engagement has been ongoing throughout the process and employees in scope for transfer, along with their relevant trade unions, have been formally notified in writing of the TUPE transfer.

4.3. Several workstreams were established to implement the actions necessary to develop the required documentation, agreements and processes to support the transfer. A summary of the main actions undertaken by each workstream is detailed below:

a) Legal
The main activities carried out include completion of the suite of contractual agreements covering the property leases/licences, collections and service agreements between Renfrewshire Leisure Ltd and the Council which have been reviewed by Renfrewshire Leisure Ltd. Completion of due diligence in relation to the titles for the properties being transferred has been assured and compliance with Procurement and State Aid rules confirmed.

b) HR
The team has developed revised staffing establishments and proposals for the integration of new staff structures with the current Renfrewshire Leisure Ltd operational structures. Staff within scope for transfer have been consulted along with their relevant trade unions and have been issued with regulation 13 letters advising of formal notification of the TUPE transfer.

c) Infrastructure
Service level agreements (SLAs) have been developed for all services including ICT which will continue to be delivered by Renfrewshire Council.

d) Finance
The team has developed the core finance systems to reflect the new Renfrewshire Leisure Ltd structure and reviewed and updated processes to reflect changes to order, payment and income practices in the lead up to and following the transfer of services along with revised banking arrangements for the Trust.

There has also been significant work undertaken to establish the net adjustment required to the service payment made by the Council to Renfrewshire Leisure to reflect the agreed transfer arrangements. The principle underpinning this workstream has focused upon ensuring that the Trust's service payment is appropriately adjusted, at the point of transfer, for the net cost of service provision transferring from the Council to the Trust, taking into account those services that will be retained by the Council and provided to the Trust under service level agreements. This approach is focused on ensuring that Trust is fully funded for the new responsibilities that it will assume under the transfer arrangements and that the Council is positioned to release the anticipated budget savings arising from the transfer.

There remains a limited amount of work to establish this position, in the context of the Phase 1 transfer, following the finalisation of a range of operational matters dealt with under the transfer agreement and service level arrangements. It is therefore proposed that, in the context of the principles outlined above, that the Director of Finance and Resources is delegated responsibility to finalise agreement with Renfrewshire Leisure the required net adjustment to the service payment following completion of both Phase 1 and Phase 2 transfers and that the agreed position be reported as part of future updates reports.

e) Operations

The main activities completed include the development of policies and procedures for the extended trust and development of protocols mirroring standard circulars 33,48 & 57 which specifically address the issue of outdoor education, trips and excursions and the welfare of young people. These have been communicated to staff. Procedures for complaints and FOI enquiries have also been agreed.

f) Marketing/Branding

The main activities undertaken include configuration of the Renfrewshire Leisure Ltd website to promote the wider service that will be offered from 1 July 2015. A review of data sharing and subscriber mailing lists has taken place in advance of the transfer. Social media links between the Council and Renfrewshire Leisure Ltd have been established and work has commenced on an integrated website “Whats On” in partnership between Renfrewshire Leisure Ltd and the Council which will assist events management.

g) Communications

Final employee communication and meetings took place in June and employees were notified of the communication process for the new organisation. Signage for each of the venues to inform the public of the change in management has been distributed and the Renfrewshire magazine will carry an article on the transfer arrangements to facilitate the transfer.

4.4. At the same time, the existing Board and senior officers of Renfrewshire Leisure Ltd have worked to implement the necessary changes to its own governance arrangements to facilitate the transfer. Renfrewshire Leisure Ltd Board subject to the final legal and financial documentation will, at its meeting on 25 June 2015, be asked to approve the final documentation and agree the payment for the delivery of the phase 1 services being transferred.

4.5. Overall, the project remains on course to achieve the phase one transfer date of 1 July 2015 and to deliver the anticipated maximum annual savings of approximately £600,000 in future years.

5. Community Facilities Investment Fund: Progress

5.1. The Council approved £1.5 million in February 2014 to fund improvements in the community facilities. A further £1.5 million was approved in December 2014 to establish a community facility investment fund of £3 million. The Council has already committed £50,000 of this funding to support the Linwood Community Development Trust (LCDT) to progress redevelopment plans of the playing fields at the Clippens School site in Linwood. In addition to this initial funding commitment, the Council has provided positive indications to the Trust of providing further match funding to support the Trust to secure lottery funding to progress the development proposals through to delivery. In this context and for planning purposes £0.250 million has been earmarked for this purpose subject to future consideration of detailed funding proposals brought forward by the LCDT.

5.2. In relation to developing proposal for the remaining £2.7 million of funding, full condition surveys have been carried out in recent months on all the community facilities which indicate that this level of funding is unlikely to cover the cost of improvements envisaged. A methodology was therefore developed to assist in developing proposals that would target the fund to the facilities which would have the biggest impact and deliver the best outcomes for the community.

5.3. The criteria for selection of facilities for investment / re-provision is:

- strategic location:
  isolated, in an area with little or no other facilities offering community access
- facility contains a library:
  library provision important to community, providing access, support and information on welfare reform, access to PCs, the lending of books, and other services.
- community usage:
  level of community bookings, attendance at community learning and development sessions or community clubs.
- state of repair of the facility:
  level of repairs required to allow the facility to meet basic access requirements and provide a comfortable environment for customers.

5.4. An evaluation of each of the facilities was carried out based on the criteria above; evaluation of each of the facilities is contained within appendix one in this report. Based on this assessment criteria, it is proposed that investment is targeted in the following facilities:

- Glenburn Community Centre, Paisley;
- Gallowhill Community Centre, Paisley;
- Cargill Hall, Bridge of Weir;
- Foxbar Community Centre, Paisley;
- Ralston Community Centre, Paisley;
- Johnstone Castle Community Centre, Johnstone.

5.5. Work is ongoing to establish the scope of works required at each of the facilities identified within this report to assess the level of investment required. A further report will be brought to Council in the autumn detailing the required investment, strategy and timeline for the delivery of the proposal.

5.6. The fund will also provide resources to address immediate minor refurbishment works required at the community managed halls and this will be discussed further with the management committees of those halls when the final assessment of the condition surveys is complete.

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6. Council Representation on the Board of RLL

6.1. In a separate report to Council on 18 December 2014 about 'Changes to the Council's Governance Structures and Arrangements', members agreed that the five Council representatives on the Board of the Culture and Renfrewshire Leisure Ltd Trust would be two officers (The Head of Finance and the Director of Development and Housing Services) and three elected members, two to be nominated by the administration group and one from the main opposition group. The nominations are Councillors James Harte, Margaret Devine and Iain Nicolson.

6.2. Following the successful transfer of services RLL will work to recruit two new directors to fill current vacancies with suitably skilled personnel. Appendix 2 lists the independent and staff board members for RLL.

Implications of this report

1. Financial Implications

The report covers proposals for allocating money from the Community Facilities Investment Fund up to a value of £3million. In addition, as outlined in 4.3 (d) the annual service payment made by the Council to Renfrewshire Leisure will be adjusted as appropriate to reflect the agreed transfer arrangements. The service payment will be appropriately adjusted, at the point of transfer, to ensure that Trust is fully funded for the new responsibilities that it will assume under the transfer arrangements and that the Council is positioned to release the anticipated budget savings arising from the transfer.

2. HR and Organisational Development Implications

As outlined in section 4.3 of the report.

3. Community Plan/Council Plan Implications

Children and Young People	- Investment in community facilities will allow better access and opportunities for young people.
Community Care, Health and Well-being	- The development of the trust and community facilities will offer communities further opportunities to access services.

Empowering our Communities	-	Proposed plans to develop improved community facilities will bring further opportunities for community participation.
Jobs and the Economy	-	The proposals within this report have the potential to develop services and create jobs.
Safer and Stronger	-	Provision of strong programmes and availability and access to services can assist in crime prevention.

4. Legal Implications

The creation of an expanded trust and the associated transfer of services to the expanded trust require to be carried out in accordance with procurement, state aid and public law. The transfer of staff will comply with the TUPE Regulations

5. Property/Assets Implications

The proposal involves the expanded Renfrewshire Leisure Ltd taking over operational responsibility of a number of Council properties.

6. Information Technology Implications

The proposal involves the transfer of hardware and software to support the operation of the services transferring.

7. Equality and Human Rights Implications

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

8. Health and Safety Implications

None.

9. Procurement Implications

None.

10. Risk Implications

A full risk log was prepared as part of the development of the business case. A risk register was also part of the monitoring arrangements for the work undertaken by the Project team while undertaking the implementation plan.

11. Privacy Impact

None.

List of Background Papers

(a) Background Paper 1: Council report on 18 December 2014 titled “Future of Cultural and Leisure Services including detailed Business case on the Culture and Leisure trust proposal.
(b) Background Paper 2: Council report on 18 December titled “Changes to the Council’s Governance Structures and Arrangements.”

The foregoing background papers will be retained within chief executive’s for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officers within the service are Ken Graham, Tel 618 7360 and Joyce McKellar, Tel 618 7194.

JMcK/KG/LG/AR
16 June 2015

Authors: Ken Graham, Head of Corporate Governance, Tel 618 7360 / Joyce McKellar, Acting Head of Service, Tel 618 7194

Appendix 1

Scoring Matrix

Venue	Strategic Location	Contains Library	Community Usage	State of Repair	Overall Score	Ward
Cargill	2	3	1	3	**9**	10
Elderslie	2	0	1	0	**3**	7
Foxbar	1	3	1	3	**8**	6
Gallowhill	2	3	2	3	**10**	2
Glenburn	2	3	3	3	**11**	5
Howwood	2	0	0	1	**3**	7
Hunterhill	2	0	0	0	**2**	3
Johnstone Castle	2	0	2	3	**7**	7
McKillop Institute	1	0	1	0	**2**	8
McMaster Centre	3	0	2	1	**6**	1
Ralston	2	3	1	2	**8**	3
South End Action Centre	2	0	3	0	**5**	2
Steeple Hall	1	0	0	1	**2**	8

Scoring

Strategic Location

No other facility within ward 3
Other facility but at a distance 2
Other facility but close by 1
Plenty other facilities within ward 0

Contains Library

Yes 3
No 0

Community Usage

49-60% 3
36-48% 2
23-35% 1
10-22% 0

State of Repair (based on remedial costs yr 1-4)

Over 200k 3
150-199K 2
100-149K 1
Up to £100k 0

Appendix 2

Staff and External Directors of Renfrewshire Leisure Ltd

Name	Position	Classification
Bob Darracott	Director	Business Representative
Colin Neill	Director	Business Representative
John Rodger	Director (Secretary)	Sports Representative
Steven Truesdale	Director (Staff Representative)	Renfrewshire Leisure Ltd

Renfrewshire Council

To: Council

On: 25 June 2016

Report by: Director of Finance & Resources

Heading: **The Commission on Local Tax Reform**

1 **Summary**

1.1. In June 2014, the Scottish Parliament's Local Government and Regeneration Committee's Inquiry into the Flexibility and Autonomy of Local Government unanimously called for a cross party Commission to be established to "*facilitate meaningful debate on alternative approaches with the aim of having a new system identified in time for the next local government elections in 2017".* This recommendation was subsequently reflected in the Scottish Government's Programme for Government 2014-15.

1.2 The Commission is jointly chaired by COSLA President Cllr David O'Neill, and Minister for Local Government, Marco Biagi MSP. The membership of the Commission includes both political and non-political representatives, including two MSPs, five Councillors, and six non-elected representatives from elsewhere in public life. The political appointees on the Commission are augmented by representatives from elsewhere in public life, with a view to achieving a balance between those with particular expertise in finance and taxation, and representatives who can promote social justice and fairness in relation to the Commission's considerations and the impact of its findings on Scottish households.

1.3 The remit of the Commission does not compel it to make a recommendations but it does require the Commission to explore in detail the available options and set out considerations in relation to these. Any changes would therefore be a matter for the government elected in May 2016. The published remit of the Commission is:

"To identify and examine alternative systems of local taxation that would deliver a fairer system of local taxation to support the funding of services delivered by local government. In doing so, the Commission will consider:

- The impacts on individuals, households and inequalities in income and wealth;
- The wider macro-economic, demographic and fiscal impacts, including housing market and land use;
- The administrative and collection arrangements that apply, including the costs of transition and subsequent operation;
- Potential timetables for transition, with due regard to the 2017 Local Government elections.
- The impacts on supporting local democracy, including on the financial accountability and autonomy of Local Government;
- The revenue raising capacity of the alternatives at both local authority and national levels.

1.4 In conducting its work, the Commission will engage with communities across Scotland to assess public perceptions of the emerging findings and to reflect this evidence in its final analysis and recommendations which are expected to be published in late 2015. In terms of this process of engagement, the Commission has asked the following specific questions:

- *To what extent does the current system of council tax deliver a fair and effective system of local taxation in Scotland? Are there any features of the current system that you wish to see retained or changed?*

- *Are there alternatives to the current system of council tax that you think would help to reform local taxation in Scotland? What are the main features of these, and why do you think they would deliver improvement?*

- *How well do you think that communities' local priorities are accounted for in the way local taxation operates at the moment? If there is room for improvement, how should things change?*

- *We would like to keep the conversation going. Please tell us about any events, networks or other ways in which we could help achieve this.*

1.5 Responses to the Committee are required to be submitted by the 22nd June 2015. Attached to this report is a proposed Council response which has been developed at the request of and in consultation with the Council's Administration Group.

2. **Recommendations**

2.1 It is recommended that the Council consider the content of the proposed response.

Implications of the Report

1. **Financial Implications** – the draft consultation response calls on a fundamental review of the local government finance system operating in Scotland

2. **HR and Organisational Development Implications** – none.

3. **Community Plan/Council Plan Implications**

   Wealthier and Fairer – the consultation response presents evidence to the commission for a range of significant reforms required in the overall system of local government finance to support a fairer distribution of resources and access to financial levers at a local level that can be used by local authorities to support local decisions targeted at improving and tackling inequality across the country.

   Smarter – none

   Healthier – none

   Safer and Stronger – none

   Greener – none

   Developing and Organisation – none

4. **Legal Implications** – none.

5. **Property Implications** – none.

6. **Information Technology Implications** – none.

7. **Equal Opportunity Implications** – none.

8. **Health and Safety Implications** – none.

9. **Procurement Implications** – none.

10. **Risk Implications –** none.

The Commission on Local Tax Reform

Response from Renfrewshire Council

June 2015

1. INTRODUCTION

1.1 Renfrewshire Council welcomes the opportunity to respond to the work of the Commission but would, at the outset of this response, highlight that a focus merely on local taxation, represents an overly narrow perspective when seeking to consider how best to support local authorities to address some of the major challenges they face to support and be accountable to their communities across Scotland.

1.2 Responses to the specific questions posed by the Commission are detailed within this paper, along with a case for a significantly more fundamental and far reaching review of the overall financing framework supporting local government across Scotland. In the absence of such a fundamental review, health, economic and social inequality will persist across the country and local authorities such as Renfrewshire will continue to receive an insufficient funding to allow it to best address the needs of all of its residents across all of its communities.

1.3 In England CIPFA and the Local Government Association (LGA) formed an Independent Commission which in February published its report on its consideration of the local government financing system in England. As is recommended in this response, that Commission recognised that the need for a review which extended to the whole finance system supporting local government and not merely the role and form of local taxation. Its recommendations are far reaching and present a real challenge to both national and local government alike. What is important to recognise is that much of the underlying reasons for the introduction of the independent commission in England are equally relevant to Scotland. As such, many of the key messages and recommendations of the commission should be of direct interest to both the Scottish Government and to local authorities. Some of the key messages include, but are not restricted to the following, many of which echo the key recommendations from Renfrewshire Council:

- The Commission recommends the establishment of an independent body to advise government on the funding needs of local government and on the allocation of funding to local authorities and sub-national areas.

- The Commission recommends that the incoming government ends the policy of setting referendum limits on council tax and leaves the decision to local politicians.

- The Commission recommends that the incoming government should devolve council tax discount setting and the power to determine who receives council tax support to local authorities.

- The Commission recommends that 100 per cent of business rates and business rate growth should be retained by local government.

- The review of business rate administration that has been announced by this government must look at the appeals process and propose ways to reduce the time it takes to resolve an appeal, as well as proposing options for reducing the time from valuation in which an appeal can be launched. This needs to be done in advance of the 2017 valuations.

- The Commission recommends that as part of the review of business rates, the government should consult on options for the localisation of business rate relief.

- The Commission recommends that the incoming government commits to full and clear multi-year settlements to enable effective long-term planning for local authorities and other public sector services.

- The Commission supports councils having the freedom to determine fees and charges locally.

- The Commission recommends that sub-national Pioneer areas should be given the power to determine the number and value of council tax bands and when properties are re-valued.

1.3 The following are the key messages outlined in this paper that would support a major and fundamental shift in the overall financing and funding framework for local government in Scotland and provide the opportunity to deliver better and more equitable outcomes and a fairer society across the whole of Scotland, including a fairer, more progressive and accountable local system of taxation.

- The focus on reviewing only the local taxation system is too narrow and there is a pressing need to take forward a more fundamental and far reaching review of the local government finance system operating in Scotland.

- This should include an independent review of the current system of resource allocation system used to distribute Scottish Government resources to local government, to ensure as far as possible that resources are directed towards the achievement of public service outcomes and have proper regard to the geographic, economic and social characteristics of different localities which drive demand and the cost of public services.

- Scottish Government should move to return to local government control the setting and retention of Non Domestic Rates income. It is essential that local authorities enjoy an appropriate level of financial autonomy and accountability, in order to foster and grow local democratic renewal and greater community involvement, moving local government closer to a 50% locally / nationally funded position. Whilst local government needs to act in partnership with central government to deliver a range of service objectives, a balance needs to be struck to ensure that local democracy is not undermined and local authorities do not become mere agents of central government. In many areas local authorities are best placed to judge the needs and priorities of the local communities it serves and should remain accountable to them for the local taxation and expenditure proposals. In many respects, this position echoes that being played out at a national level in terms of the changing devolution relationship between the Scottish and the UK Government and the consensus view being established over Scotland securing greater accountability not just for what it spends but for what is raised through national tax arrangements.

- The Council consider that it is appropriate that a proportion of the local tax raising capacity in Scotland should be based on a progressive property tax levied on the chargeable dwellings in Scotland. The rationale for the Council's support for a progressive property tax is based on an appraisal of a progressive property tax against some of the key principles highlighted in this submission. In conducting this appraisal the Council has identified a number of areas of key reforms which could be undertaken to the present system council tax system to increase its progressive characteristics encompassing:-

    - A review of the number of bands operating within the system and the fixed relationship between each.

    - The need for a revaluation to be undertaken to update the 1991 valuation base to more fairly redistribute the tax burden across the country, for a regular cycle of revaluation to be established moving forward and for revaluation to be underpinned by an appropriate equalisation mechanism operating through the grant distribution process to ensure revenue neutrality and that no individual local authority wins or loses from the process of revaluation.

- For the review of the council tax system to incorporate a review of both the Council Tax Reduction Scheme arrangements and other reliefs and discounts to enhance the progressive characteristics brought out by element of the existing system that focuses on the individual and their personal circumstances as part of the overall system.

2. THE NEED FOR STRATEGIC CHANGE IN THE LOCAL GOVERNMENT FUNDNG FRAMWEWORK

2.1 It is acknowledged that the Commission is focusing on the issue of local taxation and how this is best framed moving forward. However, it needs to be recognised that public services across Scotland have a critical and leading role to play in tackling poverty, deprivation and inequality which exists and indeed persists across the country. The root causes of poverty, deprivation and inequalities are complex, however their impact is far reaching in social, health and economic terms. Reversing this trend to create a fairer and more equitable society where communities, families and individuals can prosper and look forward to a positive future should remain key objectives of government at all levels and across all public sector service providers.

2.2 At present, the financing and funding arrangements supporting local government fails to provide a fair and flexible enough framework that would allow local authorities such as Renfrewshire to address such inequalities in a way that is sustainable and delivers real democratic accountability to its residents and businesses. As has been recognised by the CIPFA/LGA Independent Commission of local government finance in England, providing local government in Scotland with a finance system that will support long term sustainability, the opportunity to tackle long established economic and social inequality and strengthening local accountability requires fundamental and far reaching review of the local government finance system in Scotland. The remainder of this response sets out some of the key issues that require to be considered by such a review as well as addressing the key questions posed by the Commission in respect to local taxation.

3. THE DISTRIBUTION OF RESOURCES BY THE SCOTTISH GOVERNMENT AND THE DISCONNECT TO THE STRATEGIC POLICY CONTEXT

3.1 Addressing the impact of poverty and deprivation and the consequential economic, social and health inequalities is a key and jointly held priority at all levels of government and public services across Scotland. There exists a wide range of jointly agreed national strategies between the Scottish Government and local Community Planning Partners across Scotland which set a clear strategic direction across public services to deliver outcomes which begin to address, in a significant manner, poverty and inequality and create a society where communities, families, children and adults can enjoy a more positive and equitable future.

3.2 These strategies include for example “Achieving Our Potential” – A Framework to tackle poverty and income inequality in Scotland, Child Poverty Strategy for Scotland, The Early Years Framework and “Equally Well” task force report on health inequalities. Such strategies have helped to create a clearer strategic direction for public services and imbedded within each is an inherent need to strategically shift resources to support aims and objectives which for example place an increasing emphasis on directing resources to earlier intervention and prevention, recognising the importance closer working across public sector boundaries and the importance of a wide range of economic interventions, in particular those which provide sustainable employment opportunities and economic growth.

3.3 Given the developing consistency, clarity and consensus in relation to the strategic policy direction and need to deliver a strategic shift in both services provision and the deployment of resources by public bodies, there exists an obvious omission in the strategic financial context where there has been no associated review of how best to fundamentally realign and redirect resources at a national level by the Scottish Government. Such a review is badly needed to ensure resources are more effectively distributed across Scotland to better support the range of public bodies in the areas of the country where inequality, deprivation and poverty are at their most acute. Indeed, as far back as 2007 the Scottish Government recognised and committed to ensuring that public funds are invested, where appropriate, with a focus on deprivation.

3.4 The reality is however, actions by the Scottish Government to confront this challenging issue, have been marginal at best, with only limited change over the period since 2007. Indeed, the pressing need for such change has become increasingly acute and is reflected in growing calls from independent bodies for the need for such a review and similar change that is being recommended to be taken forward in other parts of the UK.

3.5 In March 2014 the Chartered Institute of Public Finance and Accountancy (CIPFA) highlighted, in their evidence provided to the Local Government and Regeneration Committee. CIPFA, that the current system of distributing resources to support local government in Scotland by the Scottish Government does not support the delivery of better outcomes, and suggest that in order to deliver better outcomes across the public sector a more holistic means of funding public services should be considered.

3.6 Local authorities in Scotland are currently funded by block grant, amounting to around 80% of their funding. The methodology used by the Scottish Government to determine the level of grant is largely formula-driven, the Grant Aided Expenditure (GAE) System. Such historic formulae, which was designed in the early 1980s and remains fundamentally unchanged, are largely input based. CIPFA share the view of the Independent Budget Review Panel which reported in June 2010 that there is a need to move towards a more outcomes-based approach to public service management.

3.7 CIPFA highlight the growing disconnect between the largely historic input based approach to resource allocation and the outcome expectations for our public services and in this context recommended that:

"An independent review of the current system of resource allocation is undertaken, to ensure as far as possible that national resources are directed towards the achievement of public service outcomes and have proper regard to the geographic, economic and social characteristics of different localities which drive demand and the cost of public services."

3.8 In addition and as referred to above, the Independent Commission in England has called for a similar review to be carried out in recognising many similar shortcomings in the existing system operating south of the border, despite deprivation for example already having a greater degree of influence in the distribution of resources than is experienced in Scotland.

4. THE NEED TO ADDRESS THE BALANCE OF FUNDING

4.1 Whilst much attention in recent years has focussed on alternative systems of local taxation, including the focus of this Commission, there continues to be a need to provide a means of promoting local accountability and increasing flexibility for local spending decisions, and of incentivising local public bodies to promote investment in their local areas, and further grow the local economy for the benefit of all.

4.2 The Layfield Report contributed much to the debate on local accountability of local government, concluding that this had been weakened by the tendency for government grants to grow when compared to the contribution from local taxation and this remains present within the current system. Layfield recommended that local accountability can be revived by making local government responsible to their electorate for both the expenditure they incur and the revenue they raise and above all for increases in either. The Layfield view was that tax raising and spending together guarantees accountability.

4.3 In Scotland, although local government has tax-raising capacity from both NDR and council tax, these systems as they currently operate, dilute accountability rather than support it:

- NDR is effectively a national levy by central government, and outwith TIF schemes, are without direct accountability of authorities to NDR taxpayers (e.g. local businesses); and

- Elements of Scottish Government grant funding have become conditional upon the freezing of council tax since 2008/09. Such has been the scale of the conditional grant, coupled with the landscape of declining overall resources available to local authorities, decision making

in relation to Council Tax levels has for all intents been removed from local authority control. This has created a disconnect between the accountability of the local authority to its tax payers, fundamentally altering the balance of accountability and creating the situation where local government is more accountable to central government (as a provider of finance) than to the citizens as the electorate and recipients of services.

4.5 Locally raised revenues provide one of the direct links from taxation to service provision, which makes local government directly accountable to its citizens. The higher the level of tax autonomy, the more incentive to ensure best value in use of taxpayer's money. local taxation is levied specifically to contribute to the delivery of local public services. This simple and central purpose ensures the link between local democracy and local accountability.

4.7 As such and as part of fundamentally reviewing the future of local government finance in Scotland, the Scottish Government should move to return to local government control the setting and retention of Non Domestic Rates income. It is essential that local authorities enjoy an appropriate level of financial autonomy and accountability, in order to foster and grow local democratic renewal and greater community involvement. Whilst local government needs to act in partnership with central government to deliver a range of service objectives, a balance needs to be struck to ensure that local democracy is not undermined and local authorities do not become mere agents of central government. In many areas local authorities are best placed to judge the needs and priorities of the local communities it serves and should remain accountable to them for the local taxation and expenditure proposals. In many respects, this position echoes that being played out at a national level in terms of the changing devolution relationship between the Scottish and the UK Government and the consensus view being established over Scotland securing greater accountability not just for what it spends but for what is raised through national tax arrangements.

4.8 The retention of responsibility for non domestic rates income will provide a significant shift in the balance of funding operating at a local level and is already a change which is progressing in England. Although it is recognised that such a change would require careful consideration in relation to the need for an equalisation mechanism to operate across the country, it would provide real incentives for local authorities to increasing deliver strategic interventions to support deliverable economic growth for their areas. Renfrewshire Council, along with other partner council in the Glasgow and Clyde Valley City Region have a demonstrable track record of being willing to take forward and deliver such strategic economic interventions through the City Deal arrangements to support real economic growth and tackle inequality, providing genuine and sustainable long term opportunities for individuals and families to secure routes out of poverty and deprivation.

4.9 As currently constructed the existing funding structures act as a limiting factor and require change in order to increase local flexibility and financial deliverability of such projects and ultimately local democratic accountability. Without change, innovative and ambitious local authorities and their partners will be restricted in delivering very real opportunities to the most deprived neighbourhoods.

5. ASSESSMENT OF EXISTING SYTEM OF LOCAL TAXATION

5.1 Moving onto addressing the specific question of the future of local taxation as part of the local government finance system in Scotland. In developing our response, the Council considered it necessary to firstly set out the principles which any system of taxation should meet. These principles are well recognised and have been well trailed in previous considerations of what form local taxation should take.

5.2 As detailed above, the Council believes that the benefits of local government retaining, and indeed growing its partial fiscal power, its responsibilities and its autonomy from central government have been both underestimated and overlooked. Consequently, the Council advocates a progressive property based system of local taxation, set and raised locally and based on a reformed council tax. The Council has appraised the current property tax system against the principles of taxation and indicate clearly where some reforms are needed.

5.6 PRINCIPLES OF TAXATION

The Council considers that in the context of local government in Scotland, local taxation can be tested against each of the following principles:

Accountability
In a democratic society the first requirement of any system of taxation is that 'the government, whether central or local, should be accountable to the electorate' for the tax which it raises. The relationship between local tax raising powers and democratically elected members has always been viewed as a strength of local authority accountability. However, its is recognised consideration of accountability in local government finance reviews (Layfield 1976, Burt 2006) some thirty years apart resulted in different conclusions on the relationship of local tax raising powers to accountability.

Fairness
There are at least three ways to consider fairness. Firstly, fairness between individuals, where those in similar circumstances should be treated alike and secondly, fairness between areas which takes account of varying needs and circumstances. Thirdly, the assessment of fairness will include the consideration of the wider basket of taxation which applies.

Stability and Predictability
Stability and predictability means that taxpayers, local authorities and the government should be able to rely on reasonably firm expectations about future commitments. Local authority services require predictability of income in order to set corporate and service plans and to set budgets accordingly. Individual taxpayers should reasonably expect to incur tax rates which do not fluctuate, other than marginally, between fiscal years.

Buoyancy of Tax Base
This criterion is generally considered to be the relationship of the tax yield to specific economic conditions. In a local tax this may be growth in levels of income or property valuations. Buoyancy while more likely to be evident in an income related tax, can also be detected in a property related tax. Buoyancy will however be dependent upon the prevailing economic conditions.

Ease of Understanding and Transparency
An individual should be able to understand easily how their tax liability has been determined. If there is a related system of discounts, exemptions, personal allowances and other reliefs, this should not make it difficult to predict how much an individual has to pay.

Ease of Collection including administration
This principle is similar for both the taxpayer and tax collector. For both, the tax should be easily collected and easily paid. The design of the tax should make it difficult to evade payment and allow ready identification of those who have not paid.

5.7. LOCAL PROPERTY BASED TAXATION – THE PREFERRED OPTION

6.1 One of the main arguments against the council tax is its regressive characteristics, in particular that it is not directly linked to ability to pay and therefore, impacts adversely upon fairness. The Council consider that it is entirely appropriate that a proportion of the local tax raising capacity in Scotland should be based on a progressive property tax or taxes levied on the chargeable dwellings in Scotland.

6.2 The rationale for the Council's support for a progressive property tax is based on the following appraisal of a progressive property tax against some of the key principles highlighted earlier in this submission. In conducting this appraisal the Council identifies some areas of key reforms which could be undertaken to the present system

Accountability
A local property tax, set by each local authority ensures the local link between elected members and local tax raising powers. The part property and part personal based nature of the present tax could be objectively examined to consider how the present reliefs and discounts could be more closely related to the property base than to personal circumstances to improve the progressive nature of the tax system.

Fairness
The prescribed and relatively narrow relationship between Band H and Band A maintains the regressive nature of the tax. There is a strong case for expansion of the number of bands and reconsidering the extent of the relationship between the highest and lowest band. The Burt Review considered that property was a reasonable proxy for the wealth of an individual. These two competing views are linked by the existing Council Tax reduction scheme which introduces the ability to pay at a later stage in the system. In simple terms, the regressive nature of the underlying tax system is smoothed by the introduction of fairness at the point at which an individual pays the tax as measured by the Council Tax reduction scheme. Indeed, the replacement of the Council Tax Benefit (CTB) Scheme with the Council Tax Reduction (CTR) Scheme as part of the UK Government's welfare reform agenda offers an opportunity that until only a couple of years ago didn't exist. The existing CTR Scheme for practical purposes replicated the old CTB scheme. This was put in place as a temporary measure whilst a longer term CTR arrangement was developed. As part of the development of this longer term scheme, the Scottish Parliament now has the devolved power to establish a reformed arrangement that could look to simplify the overall arrangements between the temporary CTR scheme and the other existing system of discounts and reliefs. This could be taken forward as part of a programme to reform the existing council tax system, with the overall aim of increasing the progressive nature of the underlying council tax system and the progressive influence of discounts and relief scheme. This may for example involve a change to the tapering effect and upper threshold that currently exists with CTR scheme which would see more people becoming eligible for some form of relief.

Stability and Predictability
The stable nature of the tax base, the number of properties, enables a local authority to set an accurate local tax designed to raise resources to meet local need.

Buoyancy
There is some evidence of buoyancy within a property based system but without the volatility of income related taxation. Buoyancy, which for many, is a strength of a tax system would be supported by stability and predictability and as such a property tax base would provide the stable basis for continuation of local services.

Ease of Collection including Administration
Local authorities in Scotland collect council tax, at a level of approximately 98% of the expected level. Council tax is collected over time and for some local authorities the actual collection level is in excess of 99%. It is considered that any tax which results in collection levels of this magnitude provides, in itself, a strong argument for retention and would maintain a link between local compulsory levy and local accountability. The tax base as well as noncollection is of course capable of being identified precisely with a fixed rather than a shifting tax base. In addition, within Renfrewshire at approximately 1.5% of the Band D tax level, the cost of collection provides a reasonably efficient cost base, something which is recognised through the existing joint billing and collection which are operated on behalf of Scottish Water.

Ease of Understanding and Transparency
The property tax register is a matter of public record and taxation bills are provided statutorily on an annual basis. The tax bill is identifiable to a property.

There has been no revaluation of the council tax property base since 1991. The Council considers that given the elapsed time alone since revaluation, provides a robust reason for

considering a current revaluation and for regular revaluations thereafter. It would need to be recognised however, that the purpose of a revaluation exercise should be to more equitably re-allocate the tax burden across the tax base and should be revenue neutral across the country. As such, any revaluation exercise would require to be accompanied by an appropriate equalisation mechanism within the Government Grant distribution process. The objective being to ensure that overall individual councils are no better or no worse off as a direct consequence of the revaluation process.