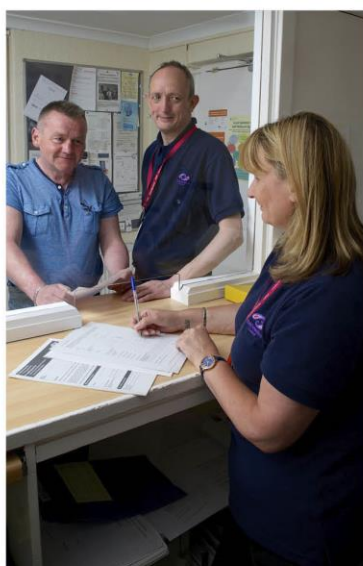


Renfrewshire Council

Unaudited Accounts

2018–2019



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Management Commentary

The purpose of the Management Commentary is to present an overview of Renfrewshire Council's performance during the 2018/19 financial year and to help readers understand its financial position at 31 March 2019. In addition, it outlines the main issues and risks that may impact the performance of the Council in the future. Renfrewshire Council, one of 32 local authorities in Scotland, was established by the Local Government

(Scotland) Act 1994 and came into being on 1 April 1996.



We provide services to around 178,000 residents in the entire Renfrewshire area, which has a mixed geography, with many villages complementing its three main towns of Johnstone, Paisley and Renfrew.

The Council is governed by 43 elected members, or councillors, comprised as follows:



The kind of services that the Council provides includes housing, nursery, primary and secondary education; social services; regeneration and waste services.

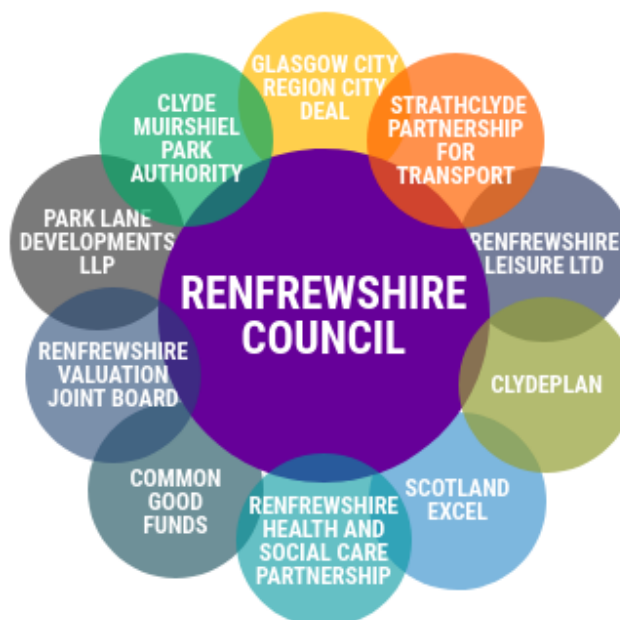


It also works closely with the Renfrewshire Health and Social Care Partnership, which delivers care services across the region.

Renfrewshire Council is organised into five directorate services, as follows:



The Council is also part of a wider Group, with partnerships spanning a number of organisations to varying degrees.



Our Aims and Objectives

The Council and its community partners aim to achieve the objectives agreed in the 'Our Renfrewshire Community Plan 2017-2027', with the overriding vision of:

Working together to make Renfrewshire a fairer, more inclusive place where all our people, communities and businesses thrive".

Performance against the Plan outcomes and objectives is monitored by the Community Planning Partnership Board, chaired by the Leader of the Council. The specific responsibilities and actions the Council will undertake to support the delivery of the Community Plan are detailed in the Council Plan 2017-2022. Both documents are available on the Council's website: www.renfrewshire.gov.uk.

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

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

Financial Strategy

The financial strategy and plans of the Council support the delivery of the Council's priorities as outlined in the Council Plan.

In order to achieve this, the financial strategy must ensure resources are effectively and efficiently deployed in line with corporate objectives; and ensure resources are managed sustainably and in a way which continues to ensure the stability of council services.

The medium-term Financial Outlook 2019-21 was reported to the Council on 27 September 2018, and the following range of financial planning principles from the existing Financial Strategy were confirmed:

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

Our Performance

The Council Plan outlines priorities and actions against which progress is reported bi-annually to the Council's Leadership Board, most recently on 19 June 2019. The update report can be found on the Council Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx> however an extract of progress updates against the five key strategic outcomes is shown below.

Strategic Outcome 1: Reshaping our place, our economy and our future

The City Deal Team continues to make significant progress in all projects. The core Advanced Manufacturing Innovation District Scotland (AMIDS) and the City Deal Glasgow Airport Investment Area (GAIA) Infrastructure contracts have been awarded and construction will commence in June 2019.

Work is ongoing to deliver a Renfrewshire Economic Strategy in Autumn 2019 – the first of its kind for Renfrewshire. The development work is being led by the Renfrewshire Economic Leadership Panel, with a particular focus on strengthening and growing the Renfrewshire economy in ways which people, businesses and places can contribute to and benefit from that growth.

Strategic Outcome 2: Building strong, safe and resilient communities

The new model of 'Local Partnerships' was agreed by Council in late September 2018 to replace Local Area Committees. These new structures represent new ways of working for communities, elected members and partners at a local level. First meetings of the new Local partnerships were held in March 2019 at which local priorities were agreed.

Revised plans have been developed with the local community for the regeneration of the Tannahill area of Ferguslie Park. These were approved by board in October 2018 and include proposals to build around 100 new Council homes in the area.

Strategic Outcome 3: Tackling inequality, ensuring opportunities for all

Key outcomes of the Tackling Poverty programme have included 177 households supported through energy advice services to achieve total savings of over £49,000; 130 young people supported to access school counselling services in the last quarter of 2018; over 2000 breakfasts being delivered each week through our breakfast club programme; and 210 peer educators now in place across Renfrewshire's schools engaging with pupils around issues such as mental health, physical activity and diet.

Care-experienced children and young people in Renfrewshire will receive additional support to help them reach their full potential following the allocation of £359,000 of Scottish Attainment Challenge funding. The money will help to expand and develop new initiatives for care-experienced children and young people, regardless of whether they are looked-after at home, in care, have been adopted or were previously being looked-after.

£7.7m of income was generated in 2018/19 for local people through the projects like Healthier, Wealthier Children, Families First and Energy Advice which are part of the Tackling Poverty programme which aims to prevent financial crisis and support low income families to make the most of their money. Furthermore, we are tracking the impact of Universal Credit on Renfrewshire residents to ensure that Council services continue to support citizens and manage the resource demands.

Strategic Outcome 4: Creating a sustainable Renfrewshire for all to enjoy

The Council completed energy improvement works to almost 6,000 privately owned and social rented homes throughout Renfrewshire. These works and projects have ensured council housing stock meets the Energy Efficiency Standard in Social Housing (EESH) requirements and improves energy efficiency and delivers energy bill savings to residents, helping to address fuel poverty.

The Team Up to Clean Up campaign has been hugely successful, with community clean ups increasing by over 130% in the past year, resulting in over 9000 gullies across Renfrewshire have been cleaned this year with over 150 tonnes of waste removed, 5,460 additional litter picking hours undertaken and an increase of 14.5% in street sweeping tonnage collected.



Strategic Outcome 5: Working together to improve outcomes

In October 2018, the organisation implemented the Business World system which represents the biggest single technology project ever undertaken by the Council and provides the platform to transform how the organisation approaches and delivers its key business and financial process.

Over 40,000 Renfrewshire citizens benefit from the digital services now available through MyAccount, with over 600 new users joining each week.

In September 2018, the organisation launched the Cross Organisational Mentoring Scheme which involves Renfrewshire, Glasgow, Inverclyde, South Lanarkshire and West Dunbartonshire Councils and NHS Greater Glasgow and Clyde.

A Service Improvement Plan (SIP) for each of the Council departments is 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. Further information can be found on the Council's website at www.renfrewshire.gov.uk>Your Council> Information, performance and statistics> Council Performance> Our current performance

Key Performance Indicators

Renfrewshire Council publishes a range of performance information to allow interested stakeholders to assess how the Council is performing. In addition, the Council supports the publication of performance information through the Local Government Benchmarking Framework (www.scotland.mylocalcouncil.info).

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

A progress update on the Improvement Plan was reported to the Leadership Board on 19 June 2019 and can be found on the Council Committee Management Information System:

<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>

Key Financial Ratios

The following tables provide information regarding the financial performance of the Council in 2018/19 and the affordability of its ongoing commitments:

Financial Indicator	2018/19	2017/18	Commentary
Reserves			
Uncommitted General Fund reserves as a % of budgeted net expenditure	1.9%	1.9%	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7m.
Movement in uncommitted General Fund balance	0.6%	0.4%	Reflects the extent to which the Council is using uncommitted reserves.
Council Tax			
In-year collection rate	96.0%	96.0%	Reflects the Council's effectiveness in collecting council tax debt
Council tax income as a proportion of total taxation and non-specific grant income	18.4%	18.3%	Reflects the Council's ability to vary expenditure by raising council tax, the principal local authority controlled source of finance.
Debt/Long term borrowing			
Capital Financing Requirement (CFR)	£346.8m	£347.5m	The information in this section demonstrates that external debt levels are within prudential parameters, and that the level of borrowing is affordable. Further information is available in the Treasury Management Annual Report presented to Council on 27 June 2019.
External debt	£298.9m	£305.3m	
Ratio of financing costs to net revenue stream (General Fund)	5.4%	5.7%	

Financial Performance

Primary Financial Statements

The annual accounts summarise the Council's transactions for the year, its financial position at 31 March 2019 and its cashflows. The annual accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), Movement in Reserves Statement (MIRS), Balance Sheet and Cashflow Statement. These statements are accompanied by notes to the accounts, which provide more details on the figures shown in the statements and set out the accounting policies adopted by the Council.

The Comprehensive Income and Expenditure Statement (CIES) presents the total cost of providing Council services in 2018/19 along with the income available to fund those services.

The outturn explained in the following section differs from the accounting deficit of £29.7m shown in the CIES due to accounting adjustments required to comply with proper accounting practice, but which under statute should not impact on local taxpayers. A reconciliation of these figures can be found in the Note 1: Expenditure and Funding Analysis.

Financial Instruments

A new International Financial Reporting Standard, IFRS9: Financial Instruments has been adopted by the Code, effective from 1 April 2018. This changes the way that financial assets in particular are classified and treated in the primary financial statements. Notes 23 to 25 provide further information.

General Fund

The General Fund is funded by government grant and Council Tax revenues and the Council is also able to apply usable reserves from the General Fund Balance to fund expenditure. After adjusting for planned carry forwards and debt repayments as per the Council's debt smoothing strategy, the General Fund delivered an underspend of

£0.043m. This is broadly in line with the forecast breakeven position previously reported to members.

The main reasons for the variance against the approved budget was the over-recovery in year of £0.875m of Council Tax revenue from an excellent 96% collection rate in 2018/19. This was offset by an £0.863m overspend in Miscellaneous Services linked to the agreed debt smoothing strategy and additional debt repayment.

2018/19	Budget £m	Actual £m	Variance £m
Employee costs	262.063	281.795	(19.732)
Payments to other bodies	83.054	78.155	4.899
Other costs	223.790	292.959	(69.169)
Total Expenditure	568.907	652.909	(84.002)
Revenue Support Grant	(183.015)	(183.015)	0.000
Council Tax Income	(74.524)	(75.399)	0.875
Non-Domestic Rates Income*	(120.105)	(120.105)	0.000
Other Income	(197.156)	(280.326)	83.170
Total Income	(574.800)	(658.845)	84.045
Contribution to General Fund Balances	(5.893)	(5.936)	0.043

*The Council was due £120.1m of Non-Domestic Rate Income from the Scottish Government as its share of the national pool. The Council collected £117.7m directly from local businesses with the excess of £2.4m due from the Scottish Government.

The Council's Reserves

The Council holds the following balances in reserve. Further details can be found in Note 7: Usable Reserves.

The General Fund balance of £59.1m will be carried forward to 2019/20. Of this balance, £52.0m has been earmarked for a particular purpose as outlined in Note 7: Usable Reserves. This leaves unallocated reserves of £7.1m (1.9% of the Council's net annual running costs), which is broadly in line with the Council's financial planning principles.

As at 1 April 2018 £m	Usable Reserves	As at 31 March 2019 £m
45.208	General Fund Balance	59.144
6.807	Housing Revenue Account	6.807
7.617	Capital Receipts Reserve	8.017
89.775	Other Statutory Funds	80.638
149.407	Total	154.606

Housing Revenue Account

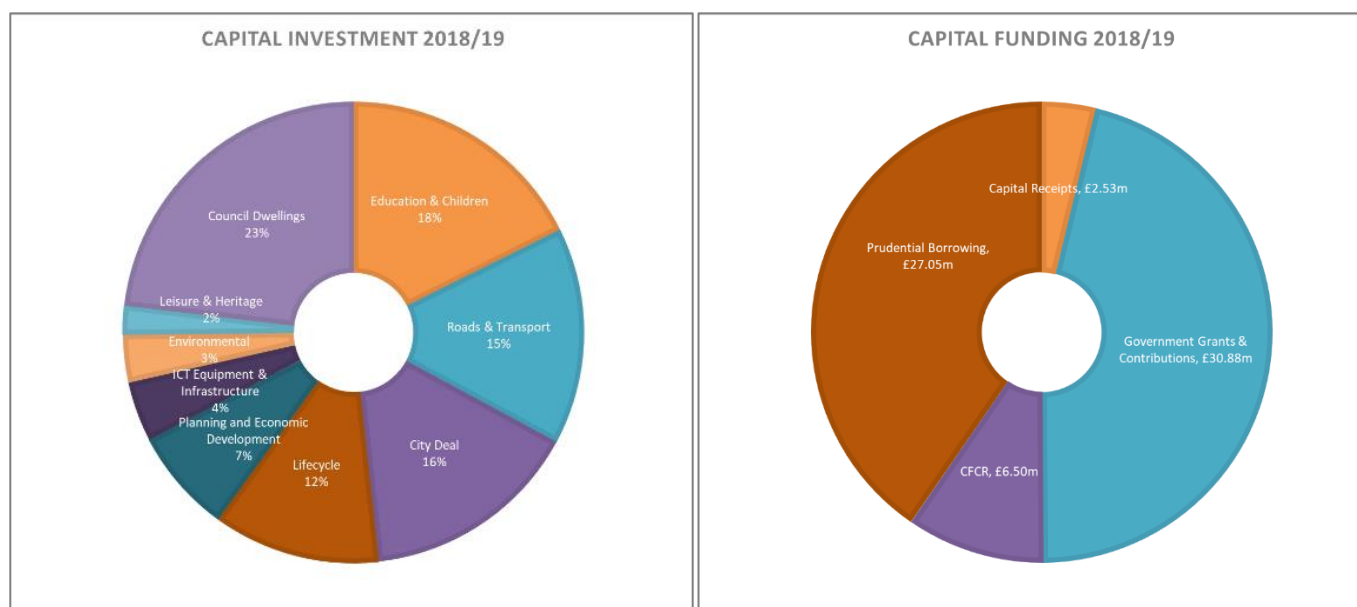
The balance on the Housing Revenue Account (HRA) as at 31st March 2019 has been maintained at £6.8m. This represents a prudent level of unallocated reserves for the HRA that remains available to mitigate the impact of any unforeseen risks. The year-end breakeven position is in line with projections reported during 2018/19 and reflects the net effect of underspends in support services and transfer payments that have been used to fund a repairs overspend and increased debt repayment as part of the overall housing debt smoothing strategy.

Capital and Borrowing

Renfrewshire Council continues to make significant capital investment in council housing, schools, culture, roads and the town centre estate. On 2 March 2018, the Council approved the housing capital investment programme for

2018/19 of £15.4m; and the general fund capital investment programme of £63.4m.

These programmes have been re-profiled during the year to reflect the planned expenditure timescales of individual projects or where project completion dates have been delayed, resulting in actual capital spend for the year of £67.0m. Further detail is provided in Note 14.



During the course of 2018/19 there was no new external borrowing. The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans. The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided in Note 23: Financial Instruments.

An important element of the Council's medium-term financial planning is the strategy of debt smoothing, which continues to be implemented to ensure the Council's debt profile remains appropriate and sustainable over the medium term. This process involves the planned repayment of debt over the medium term as part of the Council's planned budget, capital investment and treasury management strategies. This strategy has been in place for a number of years and is reaching its natural conclusion, however the Council will continue to explore options for further efficiencies should this be possible.

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 in its Treasury Management Strategy Statement (TMSS), approved by the Council on 2 March 2018 and revised on 13 December 2018. The TMSS for 2018/19 can be found on the Council Committee Management Information System at:

<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

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 2019 was £346.8m, which is within the approved limit of £370m.

The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £298.9m at 31 March 2019 compared to the operational boundary of £370m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable and match the Council's medium to long-term financial strategy.

The Council's non-housing financing costs are 5.4% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs as at 31 March 2019 were 51.7% of net housing revenues, higher than the forecast of 42.8% due to additional debt repaid in the year in line with the agreed business plan. Excluding these repayments, the actual position was 42.9%.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 30 and 31. The appointed actuaries, have confirmed an increase of £101.7m in their assessment of the Council's share of the actuarial deficit position of the local government pension fund as at 31 March 2019.

This can be attributed to a reduction in corporate bond yields at 31 March 2019, which increases the value of obligations. This is partially offset by investment returns being greater than the 31 March 2018 rate.

The assessment provides only a snapshot as at 31 March 2019 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

Provisions, Contingencies and Write-offs

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 22. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 7, the Council has also set aside £2.543m for uninsured claims.

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

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

The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with four subsidiaries - Renfrewshire Leisure Limited (a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire); the Common Good Funds; the Coats Observatory Trust and Park Lane Developments (Renfrewshire) Limited Liability Partnership. The Group Accounts also consolidate the Council's share of four other entities treated as associates or joint ventures – Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Renfrewshire Valuation Joint Board, and Renfrewshire Health and Social Care Integration Joint Board.

The Council has non-material interests in a number of other entities namely Clyde Muirshiel Park Authority, Scotland Excel, Glasgow and the Clyde Valley Strategic Development Planning Authority and Glasgow City Region – City Deal Cabinet.

Further information on the activities and services offered by Renfrewshire Leisure Limited and Renfrewshire Health and Social Care Partnership can be obtained from their websites: www.renfrewshireleisure.com. and <http://www.renfrewshire.hscp.scot/>

Financial Outlook and Key Risks

The Financial Outlook reported to the Leadership Board in September 2018 outlined continued risk to the Scottish local government settlement. As the transition of powers moves the Scottish budget towards almost 50% of spending being supported by devolved tax raising powers, the economic performance of the Scottish economy relative to that of the UK becomes a key determinant in the overall level of resources that will be available to the Scottish Government's budget each year.

At present, economic growth in Scotland continues to lag behind that of the UK and there exists a wide range of downside risks associated with economic and political uncertainty linked to the UK exit process from the European Union and wider global influences on the UK and Scottish economies. In particular as recently outlined in the Scottish Government Medium Term Financial Strategy, projected income tax reconciliation adjustments over 2020 to 2022 will be very challenging for the Scottish Government to accommodate without difficult tax and spending decisions.

This uncertain climate, coupled with the Scottish Government's stated commitments as outlined in the 2018 Medium Term Financial Strategy in relation to growing in real terms spending in the NHS and the commitment to almost double the level of free early years nursery hours over the course of this Parliament presents what is likely to be continuing challenges over the medium-term for core local government grant levels in Scotland.

The financial outlook for the Council remains based on an assumption that its grant settlement is likely to further reduce given Scottish Government policy commitments. For context, each 1% cut to the Council's general revenue grant represents a £3m loss in resource.

The local government grant settlement for 2019/20 (again only a single year settlement being announced) was initially cut, with Renfrewshire Council facing a reduction in funding of 1.4%. Following the conclusion of the Scottish Parliamentary budget approval process, and subsequent revision to the local government settlement, the final like-for-like comparison reflects a 0.5% reduction in the general revenue grant received in 2019/20 compared to 2018/19.

A balanced budget position moving into 2019/20 was agreed by the Council on 28 February 2019, reflecting well on the budget decisions taken to date by the Council towards addressing the medium-term savings requirement it is facing, while also incorporating significant temporary investment in measures to continue to Tackle Poverty and invest in Renfrewshire's infrastructure and communities. The Council also agreed a 4.79% council tax increase for 2019/20, which was the cap set by the Scottish Government.

The Council welcomes the Scottish Government's commitment to providing three-year local government funding settlements from 2020/21 onwards, as this will

support the Council to develop sustainable financial plans over the medium term.

Service and cost pressures arising from pay settlements, demographic and socio-economic factors continue to play a major role in driving spending pressures for the Council, particularly in relation to adult social care services, along with new duties under the Carers (Scotland) Act, now delivered by the Renfrewshire Health and Social Care Partnership (RHSCP).

A further recognised cost pressure for the Council is the management of waste, where refuse collection, disposal and recycling costs are increasing, owing to a global market downturn for dry recyclate material.

In the face of these challenges, the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. On 28 February 2019, the Council agreed a £40m investment programme in Renfrewshire's road, cycling and pathways network and a £29m investment in the school estate. These will run alongside the Glasgow and Clyde Valley City Deal programme, which is due to deliver £1.13bn of public sector investment in infrastructure in the region over the next decade, generating 29,000 new jobs.

The Council continues to mitigate treasury risks, including those associated with the security of cash deposits by actively considering debt restructuring as outlined in the Council's agreed Treasury Management Strategy. The Council also continually reviews, in consultation with its treasury advisors, the criteria for placing deposits with financial institutions on the Council's approved counterparty list. As part of the Council's treasury strategy, it continues to utilise internal cash balances, deferring or minimising external borrowing with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs.

This strategy is monitored carefully in order to ensure that the Council retains sufficient cash balances to support its ongoing requirements and remains alert to any anticipated adverse movement in future borrowing rates.

Charitable Funds

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

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

Overall, the Common Good Funds incurred a combined in-year surplus of £0.5m which is added to the previous surplus brought forward. The total net asset value increased by £1.3m, with investments increasing by £1.1m.

The unaudited annual accounts of the Common Good Funds and Charitable Trusts are reported to the Council on 27 June 2019 and can be found on the Committee Management Information System at:
<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

Conclusion and Acknowledgements

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

Cllr Iain Nicolson
Leader of the Council
27 June 2019

Sandra Black
Chief Executive
27 June 2019

Alan Russell
Director of Finance and Resources
27 June 2019

Annual Governance Statement

Scope of responsibility

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

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

This statement explains how Renfrewshire Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an annual Governance Statement.

The purpose of the governance framework

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

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

The governance framework

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

The overarching strategic priorities and vision of the Council are set out in the Council Plan 2017-2022 and the Renfrewshire Community Plan 2017-2027. The Council Plan is aligned to the Community Plan and sets out 5 strategic outcomes that the organisation will work to achieve over a 5-year period with specific priorities relating to tackling inequality, promoting economic and cultural regeneration, attainment and sustainability. Renfrewshire's Community Plan (also referred to as its Local Outcome Improvement Plan) details how community planning partners will work together to achieve the key priorities identified for Renfrewshire.

- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan and Local Outcome Improvement Plan.
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under regular review by the Council.
- The Council facilitates policy and decision making through a policy board structure. The Council's scheme of decentralisation was reviewed during 2018 and the five Local Area Committees were replaced with 7 Local Partnerships adopting a more informal and inclusive approach as part of a drive to ensure community voices are heard on local issues and to distribute their delegated resources in accordance with community need identified in their respective local action plans and community plan key priorities.

- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly including six monthly updates to the Leadership Board on progress against the implementation of the Council Plan.
- The Corporate Management Team monitors a quarterly scorecard of performance information. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually. An annual benchmarking report on the performance of the Council is submitted to the Audit, Risk and Scrutiny Board.
- The Council has adopted a code of conduct for its employees'. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol for Relationships between Political Groups, Elected Members and Officers.
- The Council's approach to risk management is set out in the risk management strategy and is well embedded. Risks are reported regularly to the Audit, Risk and Scrutiny Board.
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- Registers of interests for elected members and senior officers are maintained and published on the Council's website.
- The Council's arrangements for fraud prevention, detection and investigation are managed through the corporate counter fraud service.
- The Council's approach to 'whistleblowing' is outlined in the policy for expressing concerns outwith line management, it is intended to review and update this policy in the forthcoming year.
- There are adequate cyber security controls in place including a dedicated cyber security officer and conformance to the cyber essentials standards.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

Governance arrangements are in place within Renfrewshire Leisure Limited (RLL) and have been operating throughout the year with reports on performance being provided to the Council's Leadership Board.

Each year Audit Scotland publish an Annual Audit Report which reflects the findings from the annual financial audit, and also in relation to best value. Within the report, Audit Scotland specifically refer to the progress that has been achieved by the Council in terms of implementing the improvement plan which was developed following the publication of the Best Value Improvement Plan. In the report Audit Scotland noted that the "governance arrangements within the Council are operating effectively and support good governance and accountability". There are therefore no further actions required by Audit Scotland at this time in terms of the national report relating to ALEOs.

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,
 - The Chief Finance Officer is the Director of Finance and Resources who complies with the CIPFA Statement on the Role of The CFO in Public Services.

The role and responsibilities of the Audit Committee and the Chief Auditor

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

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

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

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

Internal Audit reporting arrangements, including communication of finalised audit engagements, monitoring the progress of agreed management actions and communication of any unacceptable risk identified to the Board.

Review of effectiveness and continuous improvement

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

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of a self-assessment tool involving completion of a 38-point checklist covering five key areas of governance:

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

This self-assessment indicated the governance framework is being complied with in all material respects. In addition, the review of the effectiveness of the governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Council continues to develop its approach to working with communities, with a new model for community level governance approved by full Council in September 2018. 7 Local Partnerships have been established and have identified initial local priorities. Decision making including that relating to relevant grants is delegated to each Local Partnership through a Lead Officer appointed by the Council.

The Council has a well embedded approach to continuous improvement through self-assessment. Registered services within education, social care and housing undertake regular self-assessment as part of the delivery of their services. A corporate self-assessment framework based on the Public Service Improvement Framework has been in place across the Council for almost 10 years. The framework was reviewed in late 2017 and a revised model of self-assessment the 'Renfrewshire Continuous Improvement model' was developed in 2018 and will be piloted in services during 2019. A self-assessment exercise involving the community planning partnership will also be undertaken.

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

As part of the ongoing relationship which is in place under the new best value methodology, Audit Scotland continuously engage with the Council in relation to the improvement plan, regularly attending Council and board meetings and reviewing information provided. Each year Audit Scotland provide an assessment of the ongoing position in relation to best value, within the Annual Audit Report. The Annual Audit Report for 17/18 was published in September 2018 and noted:

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

This is a very positive outcome in terms of follow-up audit, and officers will continue to work with the Audit Scotland team as part of the ongoing best value and financial audit appointments, and to progress the actions set out in the improvement plan.

During the year, the Council put in place arrangements to meet the Scottish Housing Regulator's new regulatory and assurance framework which requires the Council to submit an annual assurance statement, an annual return on the Scottish Social Housing Charter and a return on the Energy Efficiency Standard for Scotland.

The programme of work undertaken by Internal Audit identified a number of areas of limited assurance in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. The following areas have been identified as requiring improvement:

The review of the arrangements for recording salary sacrifice transactions identified that improvements were required in relation to the reconciliation of the suspense account and improvements in the processes for dealing with terminations from the scheme. Management has put in place arrangements to ensure that a regular review of the suspense account is now being undertaken to monitor and reconcile any discrepancies. Appropriate arrangements are in place to ensure that any actions are taken as necessary to clear the account and no further action is required.

The review of catering services, purchasing and stock control identified the need to ensure that catering employees responsible for purchasing activities are fully trained in their roles and responsibilities and more robust controls were required in relation to stock control. Management has agreed to comprehensively review the service arrangements for purchasing and stock control and provide training to relevant staff on the revised arrangements.

A review of selected inspection arrangements within Environment and Infrastructure services identified the need for management to undertake a comprehensive service review and ensure that revised policies are in line with the current code of practice.

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

Action Plan

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

Agreed action	Responsible person	Date
Review and update where necessary the policy for expressing concerns outwith line management 'whistleblowing' for approval by Board.	Chief Auditor	March 2020
Undertake a comprehensive review of catering service arrangements for purchasing and stock control and provide training to relevant staff on the revised arrangements.	Head of Facilities Management	Spring 2019
Undertake a comprehensive review of selected inspection service arrangements and update the policy in line with the code of practice.	Head of Operations and Infrastructure	Autumn 2019

Update on the 2017/2018 Action Plan

The 2017/18 Governance Statement identified a number of continuous improvement activities to be taken forward to improve the overall governance, risk management and internal control environment. Progress over the last 12 months against the agreed action plan is detailed below.

Agreed action	Progress Update	Responsible person	Date	Revised Date
Continue to implement the governance arrangement for community planning.	Governance structure fully implemented, with Improving Life Chance Board established in 2018	Head of Policy and Commissioning	Spring 2019	Complete
Complete the review of Renfrewshire Leisure Limited's governance arrangements following publication of Audit Scotland national review report.	A number of changes to governance were implemented during 2017 and 2018 in relation to RLL following recommendations made through the 2017 Best Value Assurance Report. These were made ahead of the publication of the national report, rather than awaiting its publication. In the 2017/18/ Annual Audit Report for Renfrewshire Council, the Council's external auditors (Audit Scotland) did not recommend further action in relation to ALEO governance.	Head of Policy and Commissioning	Winter 2018	Complete
Complete the review of the Financial Regulations for approval by the Council and the supporting financial codes.	The review and update of the Financial Regulations and Codes is complete and the Regulations have been approved by Council.	Director of Finance and Resources	Summer 2018	Complete

Agreed action	Progress Update	Responsible person	Date	Revised Date
Review the community lead governance arrangements for approval by the Council.	Following extensive consultation and engagement a new model of local partnerships was approved by full Council in September 2018. The new partnerships are now up and running and have identified local priorities for further progression.	Head of Policy and Commissioning	Summer 2018	Complete
Develop a detailed locality plan focusing on the communities that experience the poorest outcomes.	A locality plan was published in September 2017, the approach is now embedded within community planning arrangements.	Head of Policy and Commissioning	Spring 2019	Complete
Pilot the revised Renfrewshire continuous improvement model of self-assessment.	A new model was developed and approved by CMT in Summer 2018. This is currently on hold to allow for the completion of the staff values exercise that is underway.	Head of Policy and Commissioning	Autumn 2018	March 2020
Continue to monitor the delivery of the actions contained in the Best Value Improvement Plan.	The implementation of the Best Value Improvement Plan is reported to the Leadership Board every 6 months. Audit Scotland has acknowledged that the Council is making good progress in addressing the recommendations from the 2016/17 BVAR.	Chief Executive	Continuing	Complete
Continue to monitor and respond to developments in education reform and the establishment of regional collaboratives.	The regional collaboratives have now been formed and Renfrewshire, as one of the 8 local authorities in the West partnership, plays an active role in the work being taken forward. As part of the acting director's national involvement, Renfrewshire are well placed to help support and inform national policy as appropriate. At the moment, there are no further plans for legislative change.	Director of Children's Services and Head of Corporate Governance	Continuing	Complete
Review the governance and operational arrangements for corporate health and safety and formalise the health and safety strategy for approval by Board.	The review of governance and operational arrangements has been completed. A revised health and safety strategy has been approved by Board.	Director of Finance and Resources	Summer 2018	Complete
Improve the corporate oversight of external funding applications.	A single officer contact for all of the Council's external funding applications has now been agreed. The post holder will be responsible for ensuring	Head of Regeneration	Winter 2018	Complete

Agreed action	Progress Update	Responsible person	Date	Revised Date
	corporate oversight and compatibility with Council policy of all applications.			
Improve the procedures for non-residential care charging and payments.	The Charging & Payment Team has been restructured and all care at home invoicing is now dealt with by one team. Improved processes have been introduced to further improve the timeliness of system updates. The HSCP have supported a greater engagement between care providers and Care Managers to resolve any issues identified.	Head of Business and Customer Services and Head of Adult Services	Winter 2018	Complete
Revise the action plan for records management and monitor delivery.	The records management plan has been updated and is monitored by the Records Management Working Group (RMWG) which meets on a quarterly basis and regular updates are provided to the Audit, Risk and Scrutiny Board.	Head of Corporate Governance	Summer 2018	Complete
Review the counter fraud strategy and submit to Board for approval.	A revised counter fraud and corruption policy has been approved by Board.	Chief Auditor	Summer 2018	Complete
Continue to complete the recommendations to ensure full compliance with the PCI DSS standards.	Upgrade activities have addressed gaps. An audit is currently underway to re-assess compliance scope in order to confirm that no new gaps have appeared since the previous audit and to prepare the documentation for PCI compliance.	Head of ICT	Autumn 2018	Summer 2019
Payroll processes, procedures and management information will be reviewed in line with the implementation of Business World ERP system.	Payroll processes, procedures and management information have been reviewed in line with the implementation of Business World ERP system. The review developed a new guidance manual for payroll employees.	Head of Business and Customer Services	Spring 2019	Complete
Develop expenditure monitoring and contract oversight arrangements through the implementation of the Enterprise Resource Planning system and associated monitoring activity.	The implementation of the purchase to pay element now part of the Business World development project which is fully underway. Systems testing has been undertaken and the focus of the implementation is now on business readiness. The approach will be a phased implementation across services.	Head of Policy and Commissioning	Spring 2018	Complete

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2018-2019 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Cllr Iain Nicolson

Leader of the Council

27 June 2019

Sandra Black

Chief Executive

27 June 2019

Remuneration Report

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

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

1. Remuneration policy for the Leader of the Council, the Provost and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2018. The salary for the Leader of the Council in 2018-2019 was £33,990 per annum (£33,857 in 2017-2018) and the salary for the Provost was £25,493 per annum (£25,392 in 2017-2018).

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 2018-2019 being £297,423 per annum; and whose salaries individually must be on a specified scale, in 2018-2019 £16,994 to £25,493. In May 2017 the Council approved that Renfrewshire would have twelve senior councillors: four Policy Board Conveners (salary of £25,194 per annum in 2018-2019); four Regulatory Board Conveners (salary of £20,778 in 2018-2019); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £20,778 in 2018-2019).

2. Remuneration Policy for Senior Employees

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

Senior employees received a flat £1,600 pay award in 2018-2019.

3. Remuneration of Senior Employees

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

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

The Council has interpreted the above criteria as including the Chief Executive, Directors and the Chief Executive of any subsidiary bodies.

The term "remuneration" means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2019, whether or not those amounts were actually paid to, or received by, those persons within that period.

2017-18	Senior employees		2018-19
Total Remuneration	Name	Post held	Total Remuneration
£			£
148,752	Sandra Black	Chief Executive	141,802
114,257	Shona MacDougall	Director of Environment & Infrastructure Services until 30/09/2018	56,815
0	Gordon McNeil	Director of Environment & Infrastructure Services from 01/10/2018	55,380
113,955	Mary Crearie	Director of Communities, Housing & Planning Services (<i>seconded to City of Culture Bid from 24/07/2017 to 15/04/2018</i>)	115,507
104,378	Alasdair Morrison	Acting Director of Communities, Housing & Planning Services until 15/04/2018	4,693
113,907	Peter MacLeod	Director of Children's Services until 06/01/2019	88,629
0	Steven Quinn	Director of Children's Services from 22/05/2019 (<i>Acting Director from 09/05/2018 to 02/12/2018 and 07/01/2019 to 21/05/2019</i>)	104,132
117,326	Alan Russell	Director of Finance and Resources	115,507
712,575	Total		682,465

2017-18	Senior Employees of Subsidiary Bodies		2018-19
Total Remuneration	Name	Post held	Total Remuneration
£			£
95,709	Joyce McKellar	Chief Executive, Renfrewshire Leisure until 31/10/2018	57,004
0	Victoria Hollows	Chief Executive, Renfrewshire Leisure from 03/12/2018	29,920
0	Fiona Naylor	Acting Chief Executive from 15/10/2018 to 31/12/2018	20,284
95,709	Total		86,924

There were no non-consolidated bonuses or performance related payments made to any senior officer in 2018-2019.

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 2019, whether or not those amounts were actually paid to, or received by, those persons within that period.

2017-2018		Leader of the Council, Provost, senior councillors		2018-2019	
Total	Name	Position held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
3,147	Mark Macmillan ⁽¹⁾	Leader of the Council	0	0	0
2,475	Anne Hall ⁽¹⁾	Provost	0	0	0
2,342	Mike Holmes ⁽¹⁾	Policy Board Convener	0	0	0
2,342	Jim Harte ⁽¹⁾	Policy Board Convener	0	0	0
2,342	Tommy Williams ⁽¹⁾	Policy Board Convener	0	0	0
2,342	Jacqueline Henry ⁽¹⁾	Policy Board Convener	0	0	0
		Renfrewshire Health and Social Care			
2,342	Iain McMillan ⁽¹⁾	Partnership Representative	0	0	0
2,342	Roy Glen ⁽¹⁾	Policy Board Convener	0	0	0
2,946	Eddie Devine ⁽¹⁾	Policy Board Convener	0	0	0
1,967	Sam Mullin ⁽¹⁾	Regulatory Board Convener	0	0	0
1,935	John Hood ⁽¹⁾	Regulatory Board Convener	0	0	0
1,935	Jim Sharkey ⁽¹⁾	Regulatory Board Convener	0	0	0
1,935	Alexander Murrin ⁽¹⁾	Regulatory Board Convener	0	0	0
2,342	Terry Kelly ⁽¹⁾	Policy Board Convener	0	0	0
1,935	Kenny MacLaren ⁽¹⁾	Leader of the Opposition	0	0	0
29,499	Iain Nicolson ⁽²⁾	Leader Of the Council	33,990	0	33,990
22,123	Lorraine Cameron ⁽²⁾	Provost	25,493	344	25,837
21,869	Cathy McEwan ⁽²⁾	Policy Board Convener	25,194	0	25,194
21,869	Marie McGurk ⁽²⁾	Policy Board Convener	25,194	0	25,194
21,869	Jim Paterson ⁽²⁾	Policy Board Convener	25,194	0	25,194
21,869	John Shaw ^{(2) (3)}	Policy Board Convener	25,194	0	25,194
21,869	Lisa Marie Hughes ⁽²⁾	Chair Renfrewshire Leisure	25,194	0	25,194
21,869	Jacqueline Cameron ⁽²⁾	Chair/Vice Chair IJB	25,194	0	25,194
18,035	John McNaughtan ⁽²⁾	Regulatory Board Convener	20,778	0	20,778
18,035	Bill Binks ⁽²⁾	Regulatory Board Convener	20,778	0	20,778
18,035	Jennifer Adams McGregor ⁽²⁾	Regulatory Board Convener	20,778	0	20,778
		Regulatory Board Convener from			
16,050	Andy Steel ⁽²⁾	21/06/2017	20,778	0	20,778
		Convener Renfrewshire Valuation Joint			
15,989	Audrey Doig ⁽²⁾	Board from 30/06/2017	21,155	0	21,155
18,035	Eddie Devine ⁽²⁾	Leader of largest opposition group	20,778	0	20,778
18,035	James MacLaren ⁽²⁾	Leader of 2nd largest opposition group	20,778	0	20,778
339,719 Total			356,470	344	356,814

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

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

(1) Appointed until 4 May 2017

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

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

5. Pension Entitlement

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

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

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

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

The tiers and members contribution rates are as follows:

Contribution rate	Whole time pay 2018-2019	Whole time pay 2017-2018
5.5%	On earnings up to and including £21,800	On earnings up to and including £20,700
7.25%	On earnings above £21,800 and up to £26,700	On earnings above £20,700 and up to £25,300
8.5%	On earnings above £26,700 and up to £36,600	On earnings above £25,300 and up to £34,700
9.5%	On earnings above £36,600 and up to £48,800	On earnings above £34,700 and up to £46,300
12%	On earnings above £48,800	On earnings above £46,300

If a person works part-time their contribution rate will be based on their part-time pay.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of pensionable pay for each year of membership, adjusted in line with the cost of living (prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension entitlements for Senior Employees and Senior Councillors for the year to 31 March 2019 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	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018	
		2018-19	2017-18	Pension	Lump Sum	Pension	Lump Sum
		£	£	£000	£000	£000	£000
Sandra Black	Chief Executive	27,413	28,239	73	139	4	2
Shona MacDougall	Director of Environment & Infrastructure Services until 30/09/2018	11,022	21,984	60	120	1	0
Gordon McNeil	Director of Environment & Infrastructure Services from 01/10/2018	10,718	0	26	26	26	26
Mary Crearie	Director of Communities, Housing & Planning Services (<i>seconded to City of Culture Bid from 24/07/2017 to 15/04/2018</i>)	22,325	21,984	47	77	3	1
Alasdair Morrison	Acting Director of Communities, Housing & Planning Services until 15/04/2018	906	20,077	18	0	3	0
Peter MacLeod	Director of Children's Services until 06/01/2019	17,105	21,984	52	92	2	1
Steven Quinn	Director of Children's Services from 22/05/2019 (<i>Acting Director from 09/05/2018 to 02/12/2018 and 07/01/2019 to 21/05/2019</i>)	20,130	0	11	0	11	0
Alan Russell	Director of Finance and Resources	22,325	21,984	45	69	3	1
Total		131,944	136,252	332	523	53	31

Senior Employees of Subsidiary Bodies							
Name	Post held	In-year pension contributions by Renfrewshire Leisure		Accrued pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018	
		2018-19	2017-18	Pension	Lump Sum	Pension	Lump Sum
		£	£	£000	£000	£000	£000
Joyce McKellar	Chief Executive, Renfrewshire Leisure until 31/10/2018	10,988	18,152	51	102	1	(1)
Victoria Hollows	Chief Executive, Renfrewshire Leisure from 03/12/2018	5,812	0	1	0	1	0
Fiona Naylor	Acting Chief Executive from 15/10/2018 to 31/12/2018	3,778	0	5	0	5	0
Total		20,578	18,152	57	102	7	(1)

Leader of the Council, Provost, senior councillors							
Name	Post held	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018	
		2018-19	2017-18	Pension	Lump Sum	Pension	Lump Sum
		£	£	£000	£000	£000	£000
Mark Macmillan	Leader of the Council	0	607	0	0	(3)	(1)
Anne Hall	Provost	0	0	0	0	0	0
Mike Holmes	Policy Board Convener	0	452	0	0	(4)	(2)
Jim Harte	Policy Board Convener	0	0	0	0	0	0
Tommy Williams	Policy Board Convener	0	452	0	0	(4)	(2)
Jacqueline Henry	Policy Board Convener	0	452	0	0	(2)	0
Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	0	0	0	0	0	0
Roy Glen	Policy Board Convener	0	452	0	0	(3)	0
Eddie Devine	Policy Board Convener	0	0	0	0	0	0
Sam Mullin	Regulatory Board Convener	0	380	0	0	(3)	(1)
John Hood	Regulatory Board Convener	0	373	0	0	(2)	0
Jim Sharkey	Regulatory Board Convener	0	0	0	0	0	0
Alexander Murrin	Regulatory Board Convener	0	373	0	0	(3)	(1)
Terry Kelly	Policy Board Convener	0	0	0	0	0	0
Kenny MacLaren	Leader of the Opposition	0	373	0	0	(2)	0
				0	0	0	0
Iain Nicolson	Leader Of the Council	6,576	5,693	5	2	1	0
Lorraine Cameron	Provost	0	0	0	0	0	0
Cathy McEwan	Policy Board Convener	4,874	4,221	3	0	1	0
Marie McGurk	Policy Board Convener	4,874	4,221	1	0	0	0
Jim Paterson	Policy Board Convener	4,874	2,795	1	0	0	0
John Shaw	Policy Board Convener	4,874	4,221	1	0	1	0
Lisa Marie Hughes	Chair Renfrewshire Leisure	4,874	4,221	1	0	1	0
Jacqueline Cameron	Chair/Vice Chair IJB	4,874	4,221	1	0	1	0
John McNaughtan	Regulatory Board Convener	4,020	3,481	1	0	0	0
Bill Binks	Regulatory Board Convener	0	0	0	0	0	0
Jennifer Adams	Regulatory Board Convener	4,020	3,481	1	0	1	0
McGregor							
Andy Steel	Regulatory Board Convener from 21/06/2017	4,020	3,114	1	0	1	0
Audrey Doig	Convener RVJB from 30/06/2017	0	0	0	0	0	0
Eddie Devine	Leader of largest opposition group	4,020	4,049	5	1	1	0
James MacLaren	Leader of 2nd largest opposition group	4,020	3,481	3	0	1	0
Total		55,920	51,113	24	3	(17)	(7)

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

6. Councillors' remuneration

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

2017-2018	2018-2019
£	£
786,415 Salaries	798,473
3,906 Travel costs – reimbursed	3,046
10,949 Travel costs – paid directly by the Council	13,262
303 Subsistence expenses - reimbursed	106
- Subsistence expenses -paid directly by the Council	25
5,252 Training and Conferences	890
153 Telephone and information communication technology expenses – reimbursed	-
13,125 Telephone and information communication technology expenses – paid directly by the Council	4,925
134 Other allowances and expenses	344
820,237 Total	821,071

The public record of members' salaries, allowances and expenses for 2018-2019 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 2018-2019, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2018-2019. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above. Note that leavers may be included due to retirement or redundancy costs.

2017-2018		2018-2019	2017-2018		2018-2019
Number of Employees	Remuneration band	Number of Employees	Number of Employees	Remuneration band	Number of Employees
141	£50,000 to £54,999	141	-	£105,000 to £109,999	-
47	£55,000 to £59,999	95	3	£110,000 to £114,999	1
24	£60,000 to £64,999	42	1	£115,000 to £119,999	2
9	£65,000 to £69,999	5	-	£120,000 to £124,999	-
4	£70,000 to £74,999	8	-	£125,000 to £129,999	-
2	£75,000 to £79,999	5	-	£130,000 to £134,999	-
5	£80,000 to £84,999	3	-	£135,000 to £139,999	-
11	£85,000 to £89,999	9	-	£140,000 to £144,999	1
1	£90,000 to £94,999	2	1	£145,000 to £149,999	-
1	£95,000 to £99,999	5	-	£150,000 to £154,999	-
1	£100,000 to £104,999	-	-	£155,000 to £159,999	-
			251		319

Of the 319 employees noted for 2018-2019, three staff left the Council during the year (five in 2017-2018) and 173 are teachers (125 in 2017-2018).

8. Exit Packages

The Council has agreed a number of exit packages in 2018-2019 as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

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

	2017-2018	2018-2019
Future Life expectancy at age 65 – males	23.4 years	23.4 years
Future Life expectancy at age 65 – females	25.8 years	25.8 years
Pension increase rate	2.4%	2.5%
Discount Rate	2.7%	2.4%

2017-2018		Exit package cost	2018-2019	
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
22	0.190 £0 - £20,000		10	0.086
9	0.260 £20,001 - £40,000		3	0.065
9	0.460 £40,001 - £60,000		2	0.098
11	0.703 £60,001 - £80,000		-	-
7	0.643 £80,001 - £100,000		2	0.173
13	1.591 £100,001 - £150,000		10	1.256
4	0.663 £150,001 - £200,000		5	0.879
8	1.733 £200,001 - £250,000		5	1.120
83	6.243	Total	37	3.677

9. Trade Union Facility Time

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

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

Trade Union (TU) representative

2018-2019

Number of employees who were relevant union officials during the relevant period	59
FTE employee number	57.21

Percentage of pay bill spent on facility time

2018-2019

Total cost of facility time	£223,685
Total pay bill	£257,097,745
Percentage of the total pay bill spent on facility time	0.09%

Percentage of time spent on facility time

2018-2019

% time	Number of representatives
0%	13.00
1% - 50%	41.00
51% - 99%	3.00
100%	2.00

Paid Trade Union activities

2018-2019

Time spent on paid TU activities as a percentage of total paid facility time hours	30.17%
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Cllr Iain Nicolson
Leader of the Council
27 June 2019

Sandra Black
Chief Executive
27 June 2019

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources has been designated as that officer in Renfrewshire Council;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003), and;
- To approve the Annual Accounts for signature.

I can confirm that these annual accounts were approved for signature by the Council on 27 June 2019.

Signed on behalf of Renfrewshire Council.

Cllr Iain Nicolson
Leader of the Council
27 June 2019

The Director of Finance and Resources' Responsibilities

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

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

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

The Director of Finance and Resources has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Authority and its group at the reporting date and the transactions of the Authority and its group for the year ended 31 March 2019.



Alan Russell CPFA
Director of Finance and Resources
27 June 2019

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**.

2017-2018 (restated)		2018-2019		
Net expenditure	Note	Gross expenditure	Gross income	Net expenditure
£m		£m	£m	£m
186.082 Children's Services		212.449	(19.048)	193.401
21.642 Communities, Housing & Planning Services		136.476	(116.029)	20.447
59.363 Environment & Infrastructure		104.536	(44.598)	59.938
41.075 Finance & Resources		56.255	(12.373)	43.882
28.314 Chief Executive's Service		33.914	(8.181)	25.733
0.290 Other Services		12.169	(13.577)	(1.408)
68.498 Adult Services		196.100	(125.386)	70.714
405.264 Cost of services		751.899	(339.192)	412.707
- Removal of internal recharges		(22.865)	22.865	-
405.264 Net cost of services		729.034	(316.327)	412.707
Other operating expenditure:				
1.189 (Gains) or losses on the disposal of non-current assets		3.007	-	3.007
26.932 Financing and investment income and expenditure	3	24.566	(1.170)	23.396
(400.885) Taxation and non-specific grant income	4	-	(409.399)	(409.399)
32.500 (Surplus) or deficit on the provision of services		756.607	(726.896)	29.711
(91.530) (Surplus) or deficit on the revaluation of non-current assets	8(ii)			(17.054)
- Impairment (gains) or losses on non-current assets charged to the revaluation reserve	8(ii)			0.639
0.047 (Surplus) or deficit on the revaluation of available-for-sale financial assets	8(i)			(0.139)
(200.788) Actuarial (gains) or losses on pension assets and liabilities	31(ii)			79.998
(292.271) Other comprehensive income and expenditure				63.444
(259.771) Total comprehensive income and expenditure				93.155

The Council restructured its services during 2018-2019 and therefore the presentation of the 2017-2018 results have been restated to show a like-for-like comparison. There is no change to the overall Net Cost of Services.

Movement in Reserves Statement

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

	Note	Usable reserves					Unusable reserves	Total reserves
		General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds		
		£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2017 carried forward		48.726	9.811	2.857	7.631	81.508	150.533	597.247
<i>Movement in reserves during 2017-2018:</i>								
Total comprehensive income and expenditure		(21.321)	(11.179)	-	-	-	(32.500)	292.271
Adjustments between accounting basis and funding basis under regulations	6	25.030	8.175	-	(0.014)	(1.817)	31.374	(31.374)
Net increase or (decrease) before transfers to other statutory reserves		3.709	(3.004)	-	(0.014)	(1.817)	(1.126)	260.897
Transfers to or (from) other statutory reserves	7	(7.227)	-	0.001	-	7.226	-	-
Increase or (decrease) in 2017-2018		(3.518)	(3.004)	0.001	(0.014)	5.409	(1.126)	260.897
Balance at 31 March 2018 carried forward		45.208	6.807	2.858	7.617	86.917	149.407	858.144
<i>Movement in reserves during 2018-2019:</i>								
Total comprehensive income and expenditure		(24.790)	(4.921)	-	-	-	(29.711)	(63.444)
Adjustments between accounting basis and funding basis under regulations	6	32.664	4.921	-	0.400	(3.075)	34.910	(34.910)
Net increase or (decrease) before transfers to other statutory reserves		7.874	-	-	0.400	(3.075)	5.199	(98.354)
Transfers to or (from) other statutory reserves	7	6.062	-	-	-	(6.062)	-	-
Increase or (decrease) in 2018-2019		13.936	-	-	0.400	(9.137)	5.199	(98.354)
Balance at 31 March 2019 carried forward		59.144	6.807	2.858	8.017	77.780	154.606	759.790

Balance Sheet

The balance sheet shows the value as at 31 March 2019 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**.

As at 31 March 2018			As at 31 March 2019	
£m		Note		£m
1,346.473	Property, plant and equipment	9		1,341.087
1.587	Investment property	10		1.601
39.303	Heritage assets	11		39.303
0.405	Intangible assets	13		5.845
10.531	Long-term investments	23		3.785
2.492	Long-term debtors	19		1.182
1,400.791	Long-term assets			1,392.803
91.238	Short-term investments	23		103.292
0.757	Inventories	17		1.120
0.266	Short-term Intangible Assets	18		0.037
57.735	Short-term debtors	19		53.614
12.953	Cash and cash equivalents	20		46.342
0.251	Short-term assets held for sale	12		1.500
163.200	Current assets			205.905
(48.413)	Short-term borrowing	23		(69.174)
(68.388)	Short-term creditors	21		(100.986)
(7.417)	Short-term provisions	22		(6.718)
(124.218)	Current liabilities			(176.878)
(192.055)	Long-term borrowing	23		(168.357)
(74.275)	Long-term creditors	21		(71.442)
(5.426)	Long-term provisions	22		(5.420)
(160.466)	Other long-term liabilities	31(vi)		(262.215)
(432.222)	Long-term liabilities			(507.434)
1,007.551	Net assets			914.396
149.407	Usable reserves	7		154.606
858.144	Unusable reserves	8		759.790
1,007.551	Total reserves			914.396

The unaudited accounts were issued on 27 June 2019.

Balance Sheet signed by:



Alan Russell CPFA

Director of
Finance and

Cashflow 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.

2017-2018 restated	2018-2019
£m	£m
32.500 Net (surplus) or deficit on the provision of services	29.711
(80.691) Adjust net surplus or deficit on the provision of services for non-cash movements	26a (143.011)
24.163 Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	33.812
(24.028) Net cash flows from operating activities	(79.488)
30.842 Net cash flows from investing activities	26b 40.258
17.865 Net cash flows from financing activities	26c 5.841
24.679 Net (increase) or decrease in cash and cash equivalents	(33.389)
(37.632) Cash and cash equivalents at the beginning of the reporting period	20 (12.953)
(12.953) Cash and cash equivalents at the end of the reporting period	(46.342)

Note 1 Expenditure and Funding Analysis

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

2017-2018			2018-2019		
Net Adjustments expenditure chargeable to the General Fund and HRA	between funding and accounting basis (Note 1a)	Net expenditure in the CIES	Net Adjustments expenditure chargeable to the General Fund and HRA	between funding and accounting basis (Note 1a)	Net expenditure in the CIES
£m	£m	£m	£m	£m	£m
159.550	26.532	186.082	165.411	27.990	193.401
15.109	6.590	21.699	7.718	12.729	20.447
46.945	12.419	59.364	47.071	12.867	59.938
36.906	4.169	41.075	34.720	9.162	43.882
24.826	3.487	28.313	22.131	3.602	25.733
32.786	(32.496)	0.290	28.331	(29.739)	(1.408)
63.697	4.801	68.498	67.201	3.513	70.714
379.819	25.502	405.321	372.583	40.124	412.707
(373.297)	0.476	(372.821)	(378.519)	(4.477)	(382.996)
6.522	25.978	32.500	(5.936)	35.647	29.711
(Surplus) or deficit					
(58.537)		Opening General Fund and HRA balance	(52.015)		
6.522		Less (surplus) or deficit on General Fund and HRA balance in year	(5.936)		
-		Add other items not charged to the Surplus / Deficit	(8.000)		
(52.015)		Closing General Fund and HRA at 31 March*	(65.951)		

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

1a. Adjustments between funding and accounting basis

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

2018-2019	Adjustments between funding and accounting basis			
	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	(Note i)	(Note ii)	(Note iii)	
	£m	£m	£m	£m
Children's Services	24.080	5.307	(1.397)	27.990
Communities, Housing & Planning Services	10.644	1.944	0.141	12.729
Environment & Infrastructure	8.566	4.030	0.271	12.867
Finance & Resources	4.880	4.052	0.230	9.162
Chief Executive's Service	2.419	1.044	0.139	3.602
Other Services	(16.677)	(2.702)	(10.360)	(29.739)
Adult Services	-	3.513	-	3.513
Net cost of services	33.912	17.188	(10.976)	40.124
Other income and expenditure from the expenditure and funding analysis	(16.879)	4.563	7.839	(4.477)
Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services	17.033	21.751	(3.137)	35.647

2017-2018	Adjustments between funding and accounting basis			
	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	(Note i)	(Note ii)	(Note iii)	
	£m	£m	£m	£m
Children's Services	19.284	6.991	0.257	26.532
Communities, Housing & Planning Services	9.260	2.671	(5.341)	6.590
Environment & Infrastructure	8.605	3.846	(0.032)	12.419
Finance & Resources	4.093	-	0.076	4.169
Chief Executive's Service	3.487	-	-	3.487
Other Services	(11.156)	(0.877)	(20.463)	(32.496)
Adult Services	-	4.801	-	4.801
Net cost of services	33.573	17.432	(25.503)	25.502
Other income and expenditure from the expenditure and funding analysis	(26.456)	8.932	18.000	0.476
Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services	7.117	26.364	(7.503)	25.978

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

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

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

Note 2 Expenditure and income analysed by nature

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

2017-2018			2018-2019
£m		Note	£m
Expenditure			
261.370	Employee benefits expenses		281.795
393.784	Other service expenses		393.989
71.824	Depreciation, amortisation, impairment		76.115
29.351	Interest Payments	3	24.566
1.189	(Gain)/Loss on the disposal of assets		3.007
757.518	Total expenditure		779.472
Income			
(321.714)	Fees, charges and other service income		(339.192)
(2.419)	Interest and investment income	3	(1.170)
(172.146)	Income from council tax and non-domestic rates	4	(195.504)
(228.739)	Government grants and contributions	4	(213.895)
(725.018)	Total income		(749.761)
32.500	(Surplus) or deficit on the provision of services		29.711

Note 3 Financing and investment income and expenditure

2017-2018		Note	2018-2019
£m			£m
20.419	Interest payable and similar charges		20.003
8.932	Net interest on the net defined benefit liability		4.563
(0.993)	Interest receivable and similar income		(1.045)
(0.133)	Income and expenditure in relation to investment properties and changes in their fair values	10	(0.125)
(1.293)	Net (surplus) or deficit on trading operations		-
26.932	Total financing and investment income and expenditure		23.396

Note 4 Taxation and non-specific grant income

2017-2018		Note	2018-2019
£m			£m
(73.238)	Income from council tax and community charge		(75.399)
(98.908)	Distribution from the national non-domestic rate pool		(120.105)
(201.151)	General Revenue Grant from the Scottish Government		(183.015)
(27.588)	Capital grants and contributions		(30.880)
(400.885)	Total taxation and non-specific grant income		(409.399)

Note 5 Grant income

The Council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2018-2019.

2017-2018 restated		2018-2019
£m		£m
59.801	Housing benefit	58.937
0.844	Housing benefit and council tax administration	0.778
0.334	Discretionary Housing Payment	0.347
0.925	Private sector housing grant	0.900
0.683	Education Maintenance Allowance	0.640
0.022	Gaelic Education	0.020
0.026	School Milk	0.018
4.248	Pupil Equity Fund	4.272
	- Early Years Expansion	2.667
4.249	Other Education	5.662
4.003	Childrens Services	3.172
14.860	Adult Services	12.254
0.547	Employability	2.576
1.674	Other grants	2.131
92.216	Total credited to services	94.374

Note 6 Adjustment between accounting basis and funding basis under regulations

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

The first table outlines the current year position and the second table outlines the comparative prior year position.

2018-2019	General Fund Balance	Usable reserves		Capital Receipts Reserve	Unusable reserves
		Housing Revenue Account Balance	Capital Statutory Funds		
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the CIES:					
Charges for depreciation and impairment of non-current assets	(47.584)	(28.331)	-	-	75.915
Amortisation of intangible assets	(0.200)	-	-	-	0.200
Capital grants and contributions applied	25.249	5.631	-	-	(30.880)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	(3.289)	0.282	-	-	3.007
Insertion of items not debited or credited to the CIES:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	9.251	18.537	-	-	(27.788)
Capital expenditure charged against the General Fund and HRA Balances	3.421	-	3.075	-	(6.496)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	-	-	-	(2.932)	2.932
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	2.532	(2.532)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.263	0.234	-	-	(0.497)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(43.202)	(2.236)	-	-	45.438
Employer's pension contributions and direct payments to pensioners payable in the year	22.626	1.061	-	-	(23.687)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.801	(0.099)	-	-	(0.702)
Total adjustments	(32.664)	(4.921)	3.075	(0.400)	34.910

2017-2018	General Fund Balance	Usable reserves		Capital Receipts Reserve	Unusable reserves
		Housing Revenue Account Balance	Capital Statutory Funds		
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the CIES:					
Charges for depreciation and impairment of non-current assets	(42.316)	(29.239)	-	-	71.555
Amortisation of intangible assets	(0.269)	-	-	-	0.269
Capital grants and contributions applied	25.763	1.825	-	-	(27.588)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	(1.102)	(0.057)	-	-	1.159
Insertion of items not debited or credited to the CIES:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	12.129	20.860	-	-	(32.989)
Capital expenditure charged against the General Fund and HRA Balances	5.288	-	1.817	-	(7.105)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	-	-	-	(2.284)	2.284
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	2.298	(2.298)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.260	0.229	-	-	(0.489)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(46.868)	(3.334)	-	-	50.202
Employer's pension contributions and direct payments to pensioners payable in the year	22.382	1.456	-	-	(23.838)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.297)	0.085	-	-	0.212
Total adjustments	(25.030)	(8.175)	1.817	0.014	31.374

Note 7 Usable reserves

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

31 March 2018	31 March 2019
£m	£m
45.208 General Fund Balance	59.144
6.807 Housing Revenue Account Balance	6.807
7.617 Capital Receipts Reserve	8.017
89.775 Other Statutory Funds	80.638
149.407 Total usable reserves	154.606

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 2018-2019.

	2017-2018				2018-2019		
	Balance at 31 March 2017	Transfers out 2017-2018	Transfers in 2017-2018	Balance at 31 March 2018	Transfers out 2018-2019	Transfers in 2018-2019	Balance at 31 March 2019
	£m	£m	£m	£m	£m	£m	£m
Insurance Fund	2.543	-	-	2.543	-	-	2.543
Reservoir Repair Fund	0.314	-	0.001	0.315	-	-	0.315
Revenue statutory funds	2.857	-	0.001	2.858	-	-	2.858
Education Capital Items Fund	0.766	(0.220)	0.586	1.132	(0.331)	0.246	1.047
Investment Capital Fund	80.742	(4.320)	9.363	85.785	(11.075)	2.023	76.733
Capital statutory funds	81.508	(4.540)	9.949	86.917	(11.406)	2.269	77.780
Total	84.365	(4.540)	9.950	89.775	(11.406)	2.269	80.638

In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. Detail of the movement in the Capital Receipts Reserve is shown in Note 6, but a summary of the movement is also shown below.

	2017-2018				2018-2019		
	Balance at 31 March 2017	Sale proceeds 2017-2018	Capital expenditure funded 2017-2018	Balance at 31 March 2018	Sale proceeds 2018-2019	Capital expenditure funded 2018-2019	Balance at 31 March 2019
	£m	£m	£m	£m	£m	£m	£m
Capital Receipts Reserve	7.631	2.284	(2.298)	7.617	2.932	(2.532)	8.017

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 2018-2019 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 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

The following note sets out the amounts within the General Fund Balance that the Council has ring-fenced for future expenditure plans.

	2017-2018				2018-2019		
	Balance at 31 March 2017	Transfers out	Transfers in	Balance at 31 March 2018	Transfers out	Transfers in	Balance at 31 March 2019
	£m	£m	£m	£m	£m	£m	£m
Service Modernisation and Reform Fund	5.411	(1.730)	-	3.681	(1.370)	8.032	10.343
Funding the future availability of the educational establishments to be replaced under the Public Private Partnership	12.670	-	-	12.670	-	-	12.670
M74 Fund	0.566	-	-	0.566	-	-	0.566
Development Contribution – Paisley Town Centre	1.059	-	-	1.059	(0.003)	-	1.056
Early Years Change Fund	2.721	(0.670)	0.410	2.461	(1.410)	-	1.051
Pupil Equity Fund	-	-	1.613	1.613	(0.187)	-	1.426
Waste Management Strategy	4.245	(2.462)	-	1.783	(1.783)	-	-
Invest in Renfrewshire	2.850	(2.453)	0.082	0.479	(0.479)	-	-
Community Safety	0.121	(0.090)	-	0.031	-	-	0.031
Private Sector Housing Grant	2.135	-	0.264	2.399	-	0.288	2.687
Tackling Poverty - Credit Union Support	0.340	(0.340)	-	-	-	-	-
Paisley Town Centre Heritage Asset Strategy	5.612	(2.417)	-	3.195	(0.693)	0.130	2.632
Culture Bid Legacy	-	-	1.531	1.531	-	0.880	2.411
City Deal	1.561	(0.080)	-	1.481	(0.208)	-	1.273
Renfrewshire Health & Social Care Partnership	-	-	1.656	1.656	(0.424)	-	1.232
Town Centre Public WiFi	-	-	0.503	0.503	(0.159)	-	0.344
Response to Commission on Tackling Poverty	1.066	(0.363)	-	0.703	(0.703)	4.002	4.002
Youth Employment Strategy	0.082	(0.082)	-	-	-	-	-
Employability	-	-	-	-	-	4.500	4.500
Environment & Place	-	-	-	-	-	2.500	2.500
Digital Infrastructure	-	-	-	-	-	0.440	0.440
Community Empowerment Fund	-	-	-	-	-	0.472	0.472
Kilbarchan AAC	-	-	-	-	-	0.250	0.250
Welfare Reform	-	-	-	-	-	0.603	0.603
British Sign Language	-	-	-	-	-	0.099	0.099
Villages Improvement Fund	-	-	-	-	-	0.370	0.370
<i>Year end flexibility:</i>							
Childrens Services	1.213	(0.052)	-	1.161	(0.112)	-	1.049
Adult Services	0.009	(0.009)	0.010	0.010	(0.010)	-	-
Total ring-fenced element of the General Fund Balance	41.661	(10.748)	6.069	36.982	(7.541)	22.566	52.007
Additional Scottish Government Grant - related to 2018-19	-	-	1.132	1.132	(1.132)	-	-
Unallocated element of the General Fund Balance	7.065	(0.010)	0.039	7.094	-	0.043	7.137
General Fund Balance	48.726	(10.758)	7.240	45.208	(8.673)	22.609	59.144

The unallocated balance of £7.137m is 1.9% of the Council's net annual running costs.

Note 8 Unusable reserves

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

(i) Reserves that hold unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment and financial instruments, where amounts will only become available to provide services (or limit resources in the case of losses) once the gains or losses are realised as the assets are disposed of. This category of reserves comprises the Revaluation Reserve and the Financial Instruments Revaluation 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 2018		31 March 2019
£m	Note	£m
0.459 Available-for-sale Financial Instruments Reserve	(i)	-
471.731 Revaluation Reserve	(ii)	468.713
(160.466) Pension Reserve	(iii)	(262.215)
567.159 Capital Adjustment Account	(iv)	572.234
(13.415) Financial Instruments Adjustment Account	(v)	(12.918)
- Financial Instruments Revaluation Reserve	(vi)	0.598
(7.324) Employee Statutory Adjustment Account	(vii)	(6.622)
858.144 Total unusable reserves		759.790

(i) 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. Under IFRS9, implemented with effect from 1 April 2018, financial assets are no longer classified as 'Available for Sale' and consequently this reserve has been wound up by the transfer of its balance to the new Financial Instruments Revaluation Reserve.

2017-2018	2018-2019
£m	£m
0.506 Opening Balance	0.459
- Transfer to Financial Instruments Revaluation Reserve	(0.459)
0.506 Revised Opening Balance at 1 April	-
(0.047) Upward/(downward) revaluation of investments	-
0.459 Closing Balance at 31 March	-

(ii) 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.

2017-2018		2018-2019	
£m		£m	£m
395.818	Balance at 1 April		471.731
91.530	Upward/(downward) revaluation of non-current assets	16.415	
(13.825)	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	(17.496)	
(1.792)	Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account	(1.937)	
75.913	Amount posted to the Capital Adjustment Account		(3.018)
471.731	Balance at 31 March		468.713

(iii) 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.

2017-2018		2018-2019	
£m		£m	
(334.890)	Balance at 1 April	(160.466)	
200.788	Actuarial gains or (losses) on pension assets and liabilities	(79.998)	
(50.202)	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	(45.438)	
23.838	Employer's pension contributions payable in the year	23.687	
(160.466)	Balance at 31 March	(262.215)	

(iv) Movement in the year: Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the **comprehensive income and expenditure statement** (with reconciling postings from the

Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Capital Adjustment Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council, and also revaluation gains accumulated on property, plant and equipment before 1 April 2007. The Revaluation Reserve was created to hold such gains arising from 1 April 2007 onwards. Note 6 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2017-2018		2018-2019	
£m		£m	£m
556.829	Balance at 1 April		567.159
	<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</i>		
(71.555)	Charges for depreciation, impairment and revaluation losses of non-current assets	(75.915)	
(0.269)	Amortisation of intangible assets	(0.200)	
	Revenue expenditure funded from capital under statute		
(2.284)	Non-current assets sale proceeds	(2.932)	
(1.159)	Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement	(3.007)	
(75.267)			(82.054)
15.617	Adjusting amounts written out of the Revaluation Reserve		19.433
(59.650)	Net written out amount of the cost of non-current assets consumed in the year		(62.621)
	<i>Capital financing applied in the year:</i>		
2.298	Use of the Capital Receipts Reserve to finance new capital expenditure	2.532	
27.588	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	30.880	
32.989	Loans Fund and Finance Lease principal repayments	27.788	
7.105	Capital expenditure charged against the General Fund and Housing Revenue Account balances	6.496	
69.980			67.696
567.159	Balance at 31 March		572.234

(v) Movement in the year: Financial Instruments Adjustment Account

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

(i) Manage premiums incurred on the early repayment of borrowings. Generally accepted accounting practices require that premiums are debited to the **comprehensive income and expenditure statement** when they are incurred (except where the loan debt being repaid is exchanged for new loan debt on substantially similar terms). However, statutory arrangements or regulations allow any premiums that would normally require to be taken immediately to the surplus or deficit on the provision of services, to be amortised to the General Fund Balance over the various periods of time as specified in the regulations/statutory guidance. Furthermore, statutory arrangements [or regulations] require that any premiums that were on the Council's balance sheet at 31 March 2007 be amortised to the General Fund Balance over the unexpired term that was outstanding on the associated loans when they were redeemed. The Council had various premiums totalling £17.630m 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 £0.156m 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.

2017-2018		2018-2019	
£m		£m	£m
(13.904)	Balance at 1 April		(13.415)
0.472	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.472	
0.472			0.472
0.017	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		0.025
(13.415)	Balance at 31 March		(12.918)

(vi) Movement in the year: Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. 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.

2017-2018		2018-2019	
£m		£m	
	- Opening Balance		-
	- Transfer from Available for Sale Financial Instruments Reserve	0.459	
	- Revised Opening Balance at 1 April	0.459	
	- Upward revaluation of investments	0.139	
	- Balance at 31 March	0.598	

(vii) 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.

2017-2018		2018-2019	
£m		£m	£m
(7.112)	Balance at 1 April		(7.324)
7.112	Settlement or cancellation of accrual made at the end of the preceding year	7.324	
(7.324)	Amounts accrued at the end of the current year	(6.622)	
(0.212)	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		0.702
(7.324)	Balance at 31 March		(6.622)

Note 9 Property, Plant and Equipment

2018-2019	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 2018	522.946	287.210	517.446	298.126	37.450	28.463	1,691.641	101.265
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	(1.500)	(1.500)	-
Other asset reclassifications	0.048	1.712	23.356	-	(31.784)	1.161	(5.507)	-
Additions	6.105	13.047	12.306	9.095	26.273	-	66.826	0.992
Disposals	(0.495)	(1.670)	(8.551)	-	-	(1.148)	(11.864)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(23.924)	(0.888)	8.323	-	-	2.089	(14.400)	7.318
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(8.902)	(8.580)	-	-	(0.802)	(18.284)	1.873
Gross carrying amount at 31 March 2019	504.680	290.509	544.300	307.221	31.939	28.263	1,706.912	111.448
Accumulated depreciation and impairment losses at 1 April 2018	0.000	17.130	188.203	135.585	-	4.250	345.168	8.083
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	0.014	(0.617)	0.561	-	-	0.042	0.000	-
Depreciation charge for the year	17.432	6.812	34.799	6.215	-	0.119	65.377	3.637
Depreciation and impairment on disposals	(0.016)	(0.239)	(5.914)	-	-	(0.005)	(6.174)	-
Depreciation written out to the Revaluation Reserve	(17.430)	(3.440)	(10.503)	-	-	(0.081)	(31.454)	(6.534)
Depreciation written out to the surplus or deficit on the provision of services	-	(3.793)	(4.573)	-	-	(0.030)	(8.396)	(0.304)
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	0.639	0.639	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	-	-	-	0.278	0.387	0.665	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2019	-	15.853	202.573	141.800	0.278	5.321	365.825	4.882
Balance sheet net carrying amount at 31 March 2019	504.680	274.656	341.727	165.421	31.661	22.942	1,341.087	106.566
Balance sheet net carrying amount at 1 April 2018	522.946	270.080	329.243	162.541	37.450	24.213	1,346.473	93.182

2017-2018	Council dwellings (Note 14a)	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2017	487.605	308.205	464.325	289.013	44.504	35.968	1,629.620	100.183
Assets reclassified (to) or from the "held for sale" category	0.145	-	-	-	-	-	0.145	-
Other asset reclassifications	-	11.104	24.461	-	(38.381)	2.816	-	-
Additions	6.192	7.828	12.872	9.113	31.432	-	67.437	1.082
Disposals	(0.409)	(2.364)	(4.788)	-	(0.105)	(0.080)	(7.746)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	29.413	(17.727)	25.366	-	-	(8.704)	28.348	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(19.836)	(4.790)	-	-	(1.537)	(26.163)	-
Gross carrying amount at 31 March 2018	522.946	287.210	517.446	298.126	37.450	28.463	1,691.641	101.265
Accumulated depreciation and impairment losses at 1 April 2017	0.000	44.323	181.792	129.602	-	11.814	367.531	4.482
Assets reclassified (to) or from the "held for sale" category	0.005	-	-	-	-	-	0.005	-
Depreciation on other reclassifications	-	(0.229)	(0.882)	-	-	1.111	-	-
Depreciation charge for the year	16.254	6.668	33.061	5.983	-	0.107	62.073	3.601
Depreciation and impairment on disposals	(0.018)	(0.966)	(3.846)	-	-	(0.074)	(4.904)	-
Depreciation written out to the Revaluation Reserve	(16.241)	(21.029)	(17.762)	-	-	(7.824)	(62.856)	-
Depreciation written out to the surplus or deficit on the provision of services	-	(11.637)	(4.160)	-	-	(0.884)	(16.681)	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2018	0.000	17.130	188.203	135.585	-	4.250	345.168	8.083
Balance sheet net carrying amount at 31 March 2018	522.946	270.080	329.243	162.541	37.450	24.213	1,346.473	93.182
Balance sheet net carrying amount at 1 April 2017	487.605	263.882	282.533	159.411	44.504	24.154	1,262.089	95.701

Note 10 Investment properties

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

2017-2018		2018-2019
£m		£m
(0.168)	Rental income from investment property	(0.111)
(0.168)	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:

2017-2018		2018-2019
£m		£m
1.622	Opening balance at 1 April	1.587
(0.035)	Net gains or (losses) from fair value adjustments	0.014
1.587	Closing balance at 31 March	1.601

Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2019 are as follows:

	Quoted Prices in active markets for identical Assets (level 1)	Other significant observable inputs (level 2)	Other significant unobservable inputs (level 3)	Fair Value as at 31 March 2019
	£m	£m	£m	£m
Commercial Units	-	0.344	-	0.344
Office Units	-	0.060	-	0.060
Commercial Sites	-	1.027	-	1.027
Other	-	0.170	-	0.170
Total	-	1.601	-	1.601

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Sufficient title and lease information is available in the respect of Investment Properties. Coupled with knowledge of the rent being achieved, or likely to be achieved, has enabled the market approach to be used in respect of the fair value measurement of Investment Properties

Market knowledge, through sales evidence of surplus development sites within Renfrewshire has also been factored into the fair value measurement. Therefore, the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy.

Note 11 Heritage Assets

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

2017-2018		2018-2019	
£m		£m	
38.977	Opening balance at 1 April	39.303	
0.326	Revaluations	-	
39.303	Closing balance at 31 March	39.303	

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

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

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

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

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
	£m	£m	£m	£m	£m
Acquisitions	0.316	-	-	-	-
Donations	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations	-	-	-	0.326	-

Note 12 Assets held for sale

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

2017-2018		2018-2019	
£m		£m	
0.988	Opening balance at 1 April	0.251	
Assets classified to/from "held for sale":			
(0.140)	Council Dwellings	-	
-	Other Land and Buildings	1.500	
(0.597)	Assets sold	(0.251)	
0.251	Closing balance at 31 March	1.500	

Note 13 Intangible assets

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

2017-2018		2018-2019	
Purchased software licences		Purchased software licences	
£m		£m	
<i>Balances at start of year:</i>			
1.358	Gross carrying amount	1.033	
(0.707)	Accumulated amortisation	(0.628)	
0.651	Net carrying amount at start of year	0.405	
0.026	Additions: purchases	0.134	
0.000	Asset Reclassification	5.506	
(0.351)	Disposals	(0.252)	
0.348	Accumulated amortisation derecognised on disposal	0.252	
(0.269)	Amortisation for the year	(0.200)	
0.405	Net carrying amount at end of year	5.845	
<i>...comprising:</i>			
1.033	Gross carrying amount	6.421	
(0.628)	Accumulated amortisation	(0.576)	
0.405	Net carrying amount at end of year	5.845	

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

Note 14 Capital expenditure and capital financing

Capital Expenditure involves the creation of assets, the benefit of which will be available to future Council tax and non-domestic rate payers. It is financed from borrowing and capital income (sales receipts), and so the cost of the asset is effectively borne over a number of years. The Council's overall capital investment programme is sub-divided into two programmes – housing and non-housing. In 2018-2019 total spending on capital projects was £66.960m (£67.463m in 2017-2018) and was within the overall prudential limits approved by Council. £2.532m (£2.298m in 2017-2018) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £27.052m (£30.472m in 2017-2018) 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.

2017-2018	2018-2019
£m	£m
349.937 Opening Capital Financing Requirement	347.471
<i>Capital investment:</i>	
67.437 Property, plant and equipment	66.826
0.026 Intangible assets	0.134
<i>Sources of finance:</i>	
(1.469) Capital receipts – sale of council houses	(0.479)
(0.829) Capital receipts – sale of other council assets	(2.053)
(27.588) Government grants and other contributions	(30.880)
(7.105) Sums set aside from revenue – direct revenue contributions	(6.496)
(32.938) Loans Fund/Finance Lease principal repayments	(27.738)
347.471 Closing Capital Financing Requirement	346.785
<i>Explanation of movements during the year</i>	
0.239 Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	2.218
(2.705) Increase/(decrease) in PPP finance lease creditor	(2.904)
(2.466) Increase or (decrease) in Capital Financing Requirement during the year	(0.686)

At 31 March 2019 the Council had commitments on capital contracts for non-housing projects of £35.072m (£24.560m in 2017-2018) and for housing projects of £37.975m (£18.542m in 2017-2018). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 15 Public Private Partnerships

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

When the agreement ends in 2038, the buildings will be handed to the Council at nil consideration with a guarantee of no major maintenance requirements for a five-year period. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the course of the remainder of the contract. The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are shown in the movement on the Property, Plant and Equipment balance in Note 9.

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

Future Repayment Periods	Service Charges	Liability Repayment	Interest Repayment	Contingent Rentals	Total
	£m	£m	£m	£m	£m
Payable within 1 year	5.341	2.836	5.525	3.595	17.297
Payable within 2-5 years	24.541	11.202	20.065	16.310	72.118
Payable within 6-10 years	35.651	16.145	20.013	25.310	97.119
Payable within 11-15 years	34.964	23.873	12.780	33.869	105.486
Payable within 16-20 years	34.131	20.218	3.312	26.894	84.555
Total	134.628	74.274	61.695	105.978	376.575

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:

2017-2018	2018-2019
£m	£m
79.883 Balance outstanding at 1 April	77.178
2.705 Payments during the year	2.904
77.178 Balance outstanding at 31 March	74.274

Note 16 Leases

Renfrewshire Council as Lessee

Operating Leases

The Council has 16 properties classed as operating leases, with average lives of 18 years. The future minimum lease payments due under non-cancellable leases in future years are:

As at 31 March 2018	As at 31 March 2019
£m	£m
0.693 Not later than one year	0.611
1.990 Later than one year and not later than five years	1.806
3.763 Later than five years	3.586
6.446	6.003

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

2017-2018	2018-2019
£m	£m
0.801 Minimum lease payments	0.693
0.801	0.693

Renfrewshire Council as Lessor

Operating Leases

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

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

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

As at 31 March 2018		As at 31 March 2019
£m		£m
0.267	Not later than one year	0.252
0.782	Later than one year and not later than five years	0.700
6.941	Later than five years	6.781
7.990		7.733

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

Note 17 Inventories

2017-2018		2018-2019
Consumable Stores		Consumable Stores
£m		£m
0.563	Carrying amount at 1 April	0.757
6.497	Additions during the year	6.934
(6.305)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.562)
(0.008)	Recognised as an expense during the year: inventories written down	(0.072)
0.010	Reversals during the year of previous inventory write-downs	0.063
0.757	Carrying amount at 31 March	1.120

Note 18 Intangible assets (current assets)

The Council accounts for Carbon Reduction Commitment (CRC) allowances purchased prospectively as intangible assets. These allowances will be surrendered in accordance with the CRC scheme's requirements.

2017-2018		2018-2019
CRC		CRC
£m		£m
0.588	Net carrying amount at start of year	0.266
(0.322)	Disposals	(0.229)
0.266	Net carrying amount at end of year	0.037

Note 19 Debtors

31 March 2018		31 March 2019	
Short Term £m	Long Term £m	Short Term £m	Long Term £m
21.421	- Trade receivables	15.317	-
7.082	- Prepayments	4.870	-
29.232	2.492 Other receivables	33.427	1.182
57.735	2.492	53.614	1.182
Total debtors			

The format of this note has been changed to reflect amendments to the 2018/19 Code and prior year figures are restated for presentation only.

Note 20 Cash and cash equivalents

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

As at 31 March 2018	As at 31 March 2019
£m	£m
(1.116) Current account balances with the council's banker	(4.407)
2.426 Callable deposits with UK banks and building societies	18.855
11.593 Callable deposits in money market funds	31.846
0.050 Imprest accounts held at council establishments	0.048
12.953	46.342
Total cash and cash equivalents	

Note 21 Creditors

The analysis below details the main creditor balances.

31 March 2018		31 March 2019	
Short Term £m	Long Term £m	Short Term £m	Long Term £m
(17.936)	- Trade payables	(14.182)	-
(50.452)	(74.275) Other payables	(86.804)	(71.442)
(68.388)	(74.275)	(100.986)	(71.442)
Total creditors			

The format of this note has been changed to reflect amendments to the 2018/19 Code and prior year figures are restated for presentation only.

Note 22 Provisions

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

There are two classes of provision: short and long term. The accrual associated with short-term accumulating compensated absence is classed as a short-term provision and is matched by the Employee Statutory Adjustment Account (an unusable reserve – Note 8(vi)). The accrual associated with teacher's maternity pay is also a short-term provision. This provision has been made to reflect the changes in European legislation that allow teachers to accrue all holidays during parental leave.

The movement in these short-term provisions is detailed below:

2017-2018			2018-2019		
Short term accumulating compensated absence	Teachers' maternity pay	Total	Short term accumulating compensated absence	Teachers' maternity pay	Total
£m	£m	£m	£m	£m	£m
7.112	0.111	7.223	7.324	0.093	7.417
		Balance at 1 April			
7.324	0.093	7.417	6.622	0.096	6.718
		Additional provisions and increases to existing provisions			
(7.112)	(0.111)	(7.223)	(7.324)	(0.093)	(7.417)
		Reversal of existing provisions			
7.324	0.093	7.417	6.622	0.096	6.718
		Balance at 31 March			

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:

	2018-2019			Total
	Holiday pay compensation	Insurance claims	Other	
	£m	£m	£m	£m
Balance at 1 April 2018	0.591	3.615	1.220	5.426
Additional provisions and increases/ (decreases) to existing provisions made during the year	(0.030)	1.170	-	1.140
Amounts used during the year	-	(1.146)	-	(1.146)
Balance at 31 March 2019	0.561	3.639	1.220	5.420

Holiday pay compensation payments

The Council has received a number of claims arising from a European Court of Justice ruling in relation to holiday pay. A provision has been made to reflect the potential outcome of outstanding and potential claims.

Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The Council has increased its net assessment by £1.170m on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

Other

The Council has received a number of claims in relation to construction projects. Although the claims are disputed, a provision has been made at a prudent level to reflect potential settlements. All other provisions are individually insignificant.

Note 23 Financial Instruments

Categories of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer-term investments. The following categories of financial instrument are carried in the balance sheet.

31 March 2018			31 March 2019		
Long-term	Current	Financial Assets	Long-term	Current	
£m	£m		£m	£m	
7.000	91.000	<i>At amortised cost:</i>	-	103.000	
-	0.238	Principal	-	0.295	
-	-	Accrued interest	-	(0.003)	
7.000	91.238	Loss allowance	-	103.292	
3.531	-		3.785	-	
		<i>At fair value through other comprehensive income - designated equity instruments</i>			
10.531	91.238	Total Investments	3.785	103.292	
		<i>At amortised cost:</i>			
-	1.358	Principal	-	14.496	
-	0.002	Accrued interest	-	0.007	
-	(0.001)	Loss allowance	-	(0.007)	
-	1.359		-	14.496	
-	11.593	<i>At fair value through profit or loss</i>	-	31.846	
-	12.952	Total cash and cash equivalents	-	46.342	
		<i>At amortised cost:</i>			
4.010	62.673	Trade receivables	2.792	59.251	
5.141	0.924	Loans made for service purposes	4.998	0.123	
0.655	-	Accrued interest	0.725	-	
(7.314)	(11.636)	Loss allowance	(7.333)	(9.959)	
2.492	51.961	Included in debtors	1.182	49.415	

31 March 2018			31 March 2019		
Long-term £m	Current £m	Financial Liabilities	Long-term £m	Current £m	
		At amortised cost:			
		Public Works Loan Board borrowing			
(171.674)	(3.523)	Principal sum borrowed	(168.357)	(3.317)	
-	(2.792)	Accrued interest	-	(2.620)	
-	-	EIR adjustments	-	-	
(171.674)	(6.315)		(168.357)	(5.937)	
		Non-PWLB borrowing ("market debt")			
(20.000)	(32.916)	Principal sum borrowed	-	(52.916)	
-	(0.876)	Accrued interest	-	(0.883)	
(0.381)	(0.563)	EIR adjustments	-	(0.922)	
(20.381)	(34.355)		-	(54.721)	
-	(7.743)	Borrowing from group entities	-	(8.516)	
(192.055)	(48.413)	Total borrowing	(168.357)	(69.174)	
-	(44.244)	At amortised cost trade payables	-	(70.958)	
(74.274)	(2.904)	PFI/PPP and finance lease liabilities	(71.438)	(2.836)	
(0.001)	-	Financial guarantees	(0.004)	-	
(74.275)	(47.148)	Included in creditors	(71.442)	(73.794)	

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275m (2017-2018 £0.275m), home loans of £0.834m (2017-2018 £0.919m), soft loans to service users of £0.031 million (2017-2018 £0.029m) and soft loans to employees of £0.024m (2017-2018 £0.024m).

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the Insurance Fund at fair value through other comprehensive income because it is a long-term strategic holding and changes in its fair value is not considered to be part of the Council's annual financial performance. The Insurance Fund is invested in the Phoenix Fund, managed on behalf of the Council by Aberdeen Standard Capital. The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The fair value of the investment is £3.785m at 31 March 2019 (£3.531m as at 31 March 2018). Income from the Fund is reinvested.

Fair value of financial instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including money market funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019.

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, Aberdeen Standard Capital.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

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

Annual Accounts 2018-2019

Notes to the Core Financial Statement

31 March 2018				31 March 2019	
Balance sheet carrying amount	Fair value	Financial assets	Fair value level	Balance sheet carrying amount	Fair value
£m	£m	<i>Financial assets measured at fair value:</i>		£m	£m
11.593	11.593	Callable deposits in money market funds	1	31.846	31.846
3.531	3.531	Investments in pooled funds (insurance fund)	1	3.785	3.785
15.124	15.124			35.631	35.631
<i>Financial assets measured at amortised cost:</i>					
98.238	98.179	Fixed term deposits with UK local authorities	2	95.280	95.346
-	-	Fixed term deposits with UK building societies	1	8.013	8.013
1.309	1.309	Callable deposits with UK banks and building societies (including current account balances with the council's	2	14.448	14.440
0.050	0.050	Imprest accounts held at council establishments	2	0.048	0.048
2.587	2.703	Loans made for service purposes	3	1.644	1.696
102.184	102.241			119.433	119.543
117.308	117.365	Total financial assets for which fair value is disclosed		155.064	155.174
<i>Financial assets measured at amortised cost:</i>					
0.828		Trade receivables: long-term		0.470	
51.039		Trade receivables: short-term		48.483	
51.867		Total financial assets for which fair value is not disclosed		48.953	

31 March 2018				31 March 2019	
Balance sheet carrying amount	Fair value	Financial liabilities	Fair value level	Balance sheet carrying amount	Fair value
£m	£m			£m	£m
Financial liabilities measured at amortised cost:					
(177.989)	(258.418)	Public Works Loan Board borrowing	2	(174.294)	(250.972)
(54.737)	(82.788)	Non-PWLB borrowing("market debt")	2	(54.721)	(82.270)
Other liabilities:					
(77.178)	(77.178)	PFI/PPP liabilities	3	(74.270)	(74.270)
(0.001)	(0.001)	Financial guarantees	3	(0.004)	(0.004)
(309.905)	(418.385)	Total financial liabilities for which fair value is disclosed		(303.289)	(407.516)
Financial liabilities measured at amortised cost:					
(7.743)		Borrowing from group entities		(8.516)	
(44.243)		Trade payables: short-term		(70.958)	
(51.986)		Total financial liabilities for which fair value is not disclosed		(79.474)	

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**.

	Financial Assets			Financial liabilities at amortised cost	Total 2018-2019	Total 2017-2018
	Amortised cost	Elected to fair value through other comprehensive income	Fair value through profit or loss			
	£m	£m	£m	£m	£m	£m
Interest expense (including finance lease interest)	-	-	-	17.704	17.704	17.044
Impairment losses	0.245	-	-	-	0.245	0.076
Total expense in the (surplus) or deficit on the provision of services	0.245	-	-	17.704	17.949	17.120
Interest income	(0.661)	-	(0.128)	-	(0.789)	(0.795)
Dividend income	-	(0.114)	-	-	(0.114)	(0.098)
Other income	(0.002)	-	-	-	(0.002)	(0.001)
Total income in the (surplus) or deficit on the provision of services	(0.663)	(0.114)	(0.128)	-	(0.905)	(0.894)
Net (gain) or loss on revaluation	-	(0.140)	-	-	(0.140)	(0.052)
(Surplus) or deficit on the revaluation of financial assets (in other comprehensive income and expenditure)	-	(0.140)	-	-	(0.140)	(0.052)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	(0.418)	(0.254)	(0.128)	17.704	16.904	16.174

Note 24 Nature and extent of risks arising from Financial Instruments

The Council’s management of treasury risks actively works to minimise the Council’s exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council complies with 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.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with Scottish Government guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council’s Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

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 other local authorities and 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 Treasury Management Strategy outlines the limits placed on investments with any counterparty.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio (including accrued interest) by credit rating.

31 March 2018		31 March 2019
£m		£m
11.593	AAA (Money Market Funds)	31.846
-	AA-	8.005
-	A+	8.002
2.002	A	9.396
0.424	BBB+	1.475
98.238	Unrated local authorities	95.280
112.257	Total	154.004

The Council does not generally allow credit for customers, such that as at 31 March 2019 £6.498 million of £10.271 million (£6.864m of £11.084m in 2017-2018) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2018		31 March 2019
£m		£m
0.946	Less than three months and past due	0.746
0.553	Three to six months	0.145
0.761	Six months to one year	0.777
4.604	More than one year	4.830
6.864	Sundry income debtors past due	6.498

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default, adjusted for current and forecast economic conditions. Receivables are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due. Receivables are written off to the Surplus or Deficit on the Provision of Services when there is no reasonable prospect of payment, or when they become prescribed; but steps are still taken to collect sums owing when information becomes available which suggests the debtor can make payment.

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 2019 the outstanding value of loans advanced by the Council was £0.834 million (£0.919m as at 31 March 2018).

Liquidity risk

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

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

31 March 2018		31 March 2019	
£m	%	£m	%
<i>Principal maturing...</i>			
36.439	15.97% in less than one year*	56.233	25.04%
23.317	10.22% between one and two years	1.227	0.55%
3.930	1.72% between two and five years	3.538	1.57%
164.427	72.09% in more than five years	163.592	72.84%
228.113	100.00% Principal element of borrowing	224.590	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 2018-2019, with all other variables held constant.

	2018-2019
	£m
<i>Notional impact on the surplus or deficit on the provision of services:</i>	
Increase in interest receivable on deposits placed during the year	(1.534)
Notional impact on the surplus or deficit on the provision of services	(1.534)
Share of this impact which would be attributable to the Housing Revenue Account	(0.725)
<i>Accounting presentation changes, which would have no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.359
Decrease in the fair value of fixed rate borrowing	54.377

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 Aberdeen Standard Capital 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 2018-2019 the book cost of investments increased by £0.114m (£0.098m increase during 2017-2018).

The investment is classified as fair value through other comprehensive income, meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is an accounting 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 2019 would have resulted in a £0.057 million gain or loss being recognised in other comprehensive income and expenditure for 2018-2019.

Note 25 Financial instruments Transition to IFRS9

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets.

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement. The changes made on transition to the balance sheet are summarised below:

2018-2019	Balance sheet carrying amount brought forward at 1 April	New classifications at 1 April 2018		
		Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss
	£m	£m	£m	£m
Previous classifications				
Loans and receivables - fixed term deposits	98.238	98.238		
Loans and receivables - loans to other entities and individuals	2.043	2.043		
Loans and receivables - charging order debtors within trade receivables	0.566	0.566		
Available-for-sale financial assets - insurance fund investments	3.531		3.531	
Cash and cash equivalents - deposits in money market funds	11.593			11.593
Cash and cash equivalents - other than money market funds	1.359	1.359		
Reclassified amounts at 1 April 2018		102.206	3.531	11.593
 Remeasurements impacting on the General Fund Balance at 1 April 2018 (resulting from the adoption of an expected credit losses basis for impairment)		-0.025	0.000	0.000
Remeasured carrying amounts at 1 April 2018		102.181	3.531	11.593

Note 26 Cash flow statement notes

26a. Cash flow: operating activities – adjustments to the net provision of services for non-cash movements

2017-2018	2018-2019
£m	£m
(71.824) Depreciation, amortisation, impairment and revaluations	(76.115)
(0.984) (Increase)/decrease in impairment provision for bad debts	-
1.949 (increase)/decrease in creditors	(34.471)
10.588 Increase/(decrease) in debtors	(5.660)
0.194 Increase/(decrease) in inventories	0.363
(26.364) Pension (liability)/asset	(21.751)
(3.764) Carrying amount of non-current assets sold	(5.941)
9.514 Other non-cash items charged to the net surplus or deficit on the provision of services	0.564
(80.691) Adjustment to net (surplus)/deficit on the provision of services for non – cash movements	(143.011)

26b. Cash flow statement: investing activities

2017-2018	2018-2019
£m	£m
51.082 Purchase of property, plant and equipment, investment property and intangible assets	68.762
3.923 Purchase of short-term and long-term investments	5.308
(2.881) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2.932)
(21.282) Other receipts from investing activities	(30.880)
30.842 Net cash flows from investing activities	40.258

26c. Cash flow statement: financing activities

2017-2018		2018-2019
£m		£m
2.705	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	2.904
15.160	Repayment of short-term and long-term borrowing	2.937
17.865	Net cash flows from financing activities	5.841

26d. Cash flow statement: interest paid and received

The Net cash flow from operating activities in Note 26a includes the following elements of interest paid and received:

2017-2018		2018-2019
£m		£m
(1.730)	Interest received	(1.170)
12.492	Interest paid	11.122
5.948	Interest element of finance lease and PPP payments	5.741
16.710		15.693

Note 27 Agency services

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

2017-2018		2018-2019
£m		£m
98.908	Scottish Government - Contributions (to) or from the non-domestic rates pool	120.105
14.440	Non-domestic rates collected: East Renfrewshire	14.668
0.055	Service income from East Renfrewshire Council for collection of non-domestic rates	0.056
28.367	Domestic water and sewerage charges collected	29.836
28.367	Domestic water and sewerage charges paid over to Scottish Water	29.836
0.636	Service income from Scottish Water for collection of domestic water and sewerage charges	0.636
0.010	Service income Paisley First Business Improvement District for collection of BID levy.	0.010

Note 28 Related parties

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

Central and Scottish Government

Central and Scottish Government have the potential to influence the general operations of the Council, being responsible for providing the statutory framework within which the Council operates. The Scottish Government provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties such as Council tax billing. Grants received from the Scottish Government are set out in the analysis in Note 5.

Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests are available on the Council website, www.renfrewshire.gov.uk. Services totalling £10.277m (£0.350m outstanding balance at 31 March 2018) were commissioned from organisations in which five elected members have a financial interest. The relevant members played no role in the decision relating to services commissioned and contracts were entered into in full compliance with contract standing orders. Payments for services and grants totalling £0.996m were paid to organisations in which five elected members had a non-financial interest. The relevant members did not take part in discussions regarding grant awards or commissioning of services. One elected member was employed by Renfrewshire Leisure Ltd (RLL). This member has declared this interest and recused themselves from any Board or Committee meeting where items pertaining to RLL were under discussion. As the payments above were all made during the financial year, there are no outstanding balances to be disclosed.

Officers

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

Entities controlled or significantly influenced by the Council

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

Note 29 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2018-2019 were £0.342m (£0.335m in 2017-2018). There were no fees paid to Audit Scotland in respect of any other services.

Note 30 Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012 which set the contribution rates from 1 April 2015 to 31 March 2019. The next valuation will be based on scheme data as at 31 March 2016 and began in 2016-2017. This will set contribution rates from 1 April 2019. Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. The current employer contribution rate of 17.2% has applied from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay. At

the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

Based on the proportion of employer contributions paid in 2017-2018, Renfrewshire Council's level of participation in the scheme is 2.7%. The Council paid £11.260m (£10.834m in 2017-2018) for employer's contributions to the Scottish Public Pensions Agency. £0.436m of expenditure (£0.439m in 2017-2018) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.7% of teachers' pensionable pay (0.7% in 2017-2018).

Note 31 Defined benefit pension schemes

(i) Participation in pension schemes

The pension scheme for teachers – the Scottish Teachers' Superannuation Scheme – is explained in Note 30 whilst this note relates exclusively to the pension scheme for all other employees – the Local Government Pension Scheme.

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

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

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

(ii) Transactions relating to post-employment benefits

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

2017-2018	2018-2019
£m	£m
<i>Included within net cost of services:</i>	
44.127 Current service cost	43.492
1.516 Past service cost/(gain)	1.908
(4.373) Losses or (gains) on curtailments and settlements	(4.525)
<i>Included within financing and investment income and expenditure:</i>	
39.678 Interest cost	37.902
(30.746) Expected return on scheme assets	(33.339)
50.202 Total of LGPS post-employment benefits charged to the surplus or deficit on the provision of services	45.438
<i>Included within other comprehensive income and expenditure:</i>	
Remeasurement of the Net Defined Benefit Liability comprising:	
(23.512) Return on Assets excluding amounts included in net interest	(40.039)
(3.788) Actuarial gains and losses arising on changes in Demographic Assumptions	-
(78.104) Actuarial gains and losses arising on changes in Financial Assumptions	116.700
(95.384) Actuarial gains and losses arising on changes in Other Assumptions	3.337
(150.586) Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement	125.436
<i>Movement in reserves statement:</i>	
(200.788) Actuarial losses or (gains)	79.998
50.202 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	45.438
(23.838) Employer contributions and direct payments to pensioners payable in the year	(23.687)
(174.424) Movement in the year on the Pension Reserve	101.749

The cumulative amount of actuarial gains and losses recognised in the **comprehensive income and expenditure statement** as at 31 March 2019 is a loss of £192.535m (£112.537m as at 31 March 2018).

(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 2019, the defined benefit obligation exceeded scheme assets by £262.215m (£160.466m as at 31 March 2019). 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 2019 was 2.4% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2017.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2019, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension position of £262.215m represents an increase in liability of £101.749m between 31 March 2018 and 31 March 2019. The net pension liability has a substantial impact on the net worth of the Council as recorded in the **balance sheet**. However, statutory

arrangements for funding the deficit mean that the financial position of the Council remains assured. The deficit on the Strathclyde Pension Fund will be made good by contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

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

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

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

The following is a reconciliation of the 2018-2019 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).

2017-2018	2018-2019
£m	£m
1,518.330 Opening balance at 1 April	1,396.320
44.127 Current service cost	43.492
39.678 Interest cost	37.902
7.067 Member contributions	6.775
(177.276) Actuarial losses or (gains)	120.037
1.516 Past service cost (including curtailments)	1.908
<i>Losses or (gains) on curtailment</i>	
(4.373) Estimated benefits paid: unfunded	(4.525)
(32.749) Estimated benefits paid: other	(32.623)
1,396.320 Closing balance at 31 March	1,569.286

(v) Movement in scheme assets

The following is a reconciliation of the 2018-2019 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2017-2018	2018-2019
£m	£m
1,183.440 Opening balance at 1 April	1,235.854
30.746 Expected return on scheme assets	33.339
7.067 Member contributions	6.775
23.838 Employer contributions	23.687
4.373 Contributions in respect of unfunded benefits	4.525
23.512 Actuarial (losses) or gains	40.039
(4.373) Estimated benefits paid: unfunded	(4.525)
(32.749) Estimated benefits paid: other	(32.623)
1,235.854 Closing balance at 31 March	1,307.071

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 2018 to 31 March 2019 was 5.9%.

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

31 March 2018			31 March 2019		
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
285.085	0.747	285.832	301.513	0.791	302.304
38.777	0.001	38.778	41.011	0.001	41.012
-	147.679	147.679	-	156.189	156.189
-	111.895	111.895	-	118.343	118.343
405.664	121.046	526.710	429.040	128.022	557.062
0.025	-	0.025	0.027	-	0.027
63.621	61.314	124.935	67.287	64.847	132.134
793.172	442.682	1,235.854	838.878	468.193	1,307.071
Fair value of scheme assets					

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

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

31 March 2018 £m	31 March 2019 £m
Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities:	
(647.494) Current employee members	(789.579)
(88.792) Pre-local government reorganisation (1996) liabilities	(87.061)
(126.741) Deferred pensioners	(142.767)
(436.905) Pensioners	(448.619)
(1,299.932) Defined benefit obligation - funded liabilities	(1,468.026)
Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - unfunded liabilities:	
(83.113) Retirals from Renfrewshire Council	(88.379)
(13.275) Retirals pre-local government reorganisation (1996)	(12.881)
(96.388) Defined benefit obligation - unfunded liabilities	(101.260)
(1,396.320) Present value of defined benefit obligation	(1,569.286)
1,235.854 Fair value of scheme assets	1,307.071
(160.466) Net liability arising from defined benefit obligation	(262.215)

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 2018-2019, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2019:

31 March 2018		31 March 2019
2.7%	Discount rate for defined benefit obligation	2.4%
2.7%	Long-term expected rate of return on scheme assets*	2.4%
3.6%	Rate of increase in salaries	3.7%
2.4%	Rate of increase in pensions	2.5%
2.4%	Rate of inflation	2.5%
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
21.4 years	Men	21.4 years
23.7 years	Women	23.7 years
	Longevity at age 65 for future pensioners:	
23.4 years	Men	23.4 years
25.8 years	Women	25.8 years
	Assumed percentage of the maximum additional tax-free cash (per HM Revenue & Customs limits) converted from annual pension into retirement lump sum:	
50%	for pre-April 2009 service	50%
75%	for post-April 2009 service	75%

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

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

Impact on the Defined benefit Obligation in the Scheme

	Movement in Employer Liability	
	£m	%
Salary Increase Rate (increase or decrease by 0.5%)	34.489	2%
Pension Increase Rate (increase or decrease by 0.5%)	122.678	8%
Real Discount Rate (decrease or increase by 0.5%)	161.062	10%

Impact on the Authority's cash flows

An objective of the Fund is to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2018-2019 to 2020-2021.

The total contributions expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2020 is £21.802m. The weighted average duration of the defined benefit obligation is 20.1 years.

Note 32 Contingent assets and liabilities

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

The Council has been notified of a number of contractor claims for additional costs incurred on a construction contract. The Council disputes the claims, which may be referred for arbitration. The Council recognises a contingent liability for potential costs which may be incurred to resolve this dispute.

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

Note 33 Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2019 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.

A 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 2019 or relate to services associated with the prior financial year.

B 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.

C Carbon Reduction Commitment Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its second phase which ends on 31 March 2019. The UK government announced in 2016 that the CRC energy efficiency scheme will be abolished following the 2018-19 compliance year. The Council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. energy is used) a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of services and is apportioned on the basis of energy consumption.

D 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.

E Charges for the Use of Assets

Services are charged for the use of assets no matter how they are financed and this charge includes a provision for depreciation where appropriate.

F 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.

G Employee Benefits

Benefits payable during employment

All salaries and wages earned up to 31 March 2019 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy. The Council is only

demonstrably committed to a termination when it has a detailed formal plan for the termination and it is without realistic possibility of withdrawal.

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

Post-employment benefits

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

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

H 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.

I 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.

J 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.

Under IFRS9, implemented with effect from 1 April 2018, financial assets are no longer classified as 'Available for Sale' and consequently this reserve has been wound up by the transfer of its balance to the new Financial Instruments Revaluation Reserve. These accounts will be the last reporting of the Available for Sale Financial Instruments Reserve.

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 new Financial instruments Revaluation Reserve and the gain/loss is recognised in the Surplus/Deficit on Revaluation of Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

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

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

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

Financial Liabilities

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

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

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

Financial Guarantees

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

Loans Fund

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

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

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

Interest is calculated and allocated to the Comprehensive Income and Expenditure Statement in accordance with Local Authorities Scotland Accounts Advisory Committee's (LASAAC) Guidance Note 2: Statement on the Calculation and Allocation of Loans Fund Interest and Expenses.

Financial Instruments - Fair Value Measurement

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

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

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

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

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

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

K 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.

L Heritage Assets

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

The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Shawl and textile design	The museums hold a collection of approximately 1,000 Paisley-type shawls, and a considerable collection of original designs for shawl manufacture. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Natural History	The collection includes vertebrate and invertebrate zoology, botany, geology and microslide collections; in addition to a library of natural history books. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

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

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

M 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.

N Interests in Companies and Other Entities

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

Reflected in the Council's single-entity balance sheet is a 50% share in an Integration Joint Board and a 50% holding in a limited liability partnership, which is recorded as an investment.

O Inventories

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

P Investment Property

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

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

Q 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.

R Overheads and Central Support Costs

Where internal costs are allocated to user departments, the basis of allocation varies by originating department, for example the cost of Payroll Services may be allocated on the number of payslips per service. In many instances the allocation is time-based.

S 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*.

T 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-minimis level does not apply where certain categories of these assets are grouped together and form part of the approved capital programme. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

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

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

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

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

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured are categorised within the fair value hierarchy as follows:

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

Impairment

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

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

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

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

Disposals

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. 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 (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property of between 10 and 50 years as estimated by the Council Valuer
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer based on useful lives of between 3 and 30 years.
- infrastructure – straight-line allocation over 40 years.

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

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

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.

U 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.

V Reserves

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

The two accounting reserves arising from the restatement of financial instruments to "fair value" are the Financial Instruments Adjustment Account and the Financial Instruments Revaluation 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 Financial Instruments Revaluation 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.

W 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.

X VAT

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

Note 34 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards are adopted within the 2019/20 Code:

- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

The code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 accounts. There is no material impact anticipated in future years from the implementation of these standards.

Note 35 Judgements in Applying Accounting Policies

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

Leases	Following an examination of all property and other asset leases, the Council has concluded that all land leases are operating leases. Leases relating to buildings in a number of cases meet the criteria for a finance lease as opposed to an operating lease, and they have been accounted for on this basis.
PFI/PPP and similar arrangements	The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Note 15 provides further details.
Public Sector Funding	There is uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
Employee Benefits short-term provision	The Council has used a sampling approach to calculating the short-term provision for employee short-term compensated absences. A 5% random sample of employees has been used to calculate the short-term provision necessary for annual leave. Flexi-leave has been calculated based on the actual credit or debit position for all employees eligible as at 31 March 2019.

Note 36 Assumptions made about the future

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

The items in the Council's Balance Sheet as at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £161m. However, the assumptions interact in complex ways. During 2018-2019, the Council's actuaries advised that the net pensions liability had increased by £3.4m as a result of estimates being corrected as a result of experience and decreased by £116.7m as a result of updating of the assumptions.
Debt Impairment	At 31 March 2019, the Council had a balance for long- and short-term debtors (including council tax, rent arrears and trade debtors) of £54.8m. A review of significant balances suggested that an impairment of doubtful debts of £25.9 million was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision. However, based upon experience, the bad debt provision is considered adequate.

Note 37 Events after the balance sheet date

Events taking place after the authorised date for issue per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events.

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**.

2017-2018		2018-2019	
£m		£m	£m
<i>Expenditure:</i>			
12.116	Repairs and maintenance	13.374	
13.198	Supervision and management	12.365	
29.239	Depreciation and impairment of non-current assets	28.331	
0.091	Increase or (decrease) in the allowance for bad debts	0.074	
0.647	Other expenditure	0.732	
<u>55.291</u>			<u>54.876</u>
<i>Income:</i>			
(46.118)	Dwelling rents	(46.397)	
(1.479)	Non-dwelling rents	(1.468)	
(0.307)	Other income	(0.942)	
<u>(47.904)</u>			<u>(48.807)</u>
7.387	Net cost of HRA services as included in the comprehensive income and expenditure statement		6.069
<i>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</i>			
0.057	(Gain) or loss on sale of HRA non-current assets		(0.282)
5.425	Interest payable and similar charges		4.561
(0.130)	Interest and investment income		-
(0.281)	Income from trading operations		-
0.546	Pensions interest cost and expected return on pensions assets		0.204
(1.825)	Taxation and non specific grant income		(5.631)
<u>11.179</u>	(Surplus) or deficit for the year on HRA services		<u>4.921</u>

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.

2017-2018		2018-2019			
£m		£m	£m	£m	£m
(9.811)	Balance on the HRA at the end of the previous year				(6.807)
11.179	(Surplus) or deficit for the year on the HRA income and expenditure statement			4.921	
	<i>Adjustments between accounting basis and funding basis under regulations:</i>				
0.229	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		0.234		
(0.057)	Reverse out gain or (loss) on sale of HRA non-current assets		0.282		
	<i>HRA share of contributions to or (from) the Pension Reserve:</i>				
(3.334)	Reverse out net charges made for post-employment benefits in accordance with IAS19	(2.236)			
1.456	Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund	1.061			
(1.878)	HRA share of contributions to or (from) the Pension Reserve		(1.175)		
0.085	HRA share of contributions to or (from) the Employee Statutory Adjustment Account		(0.099)		
	<i>Transfer to or (from) the Capital Adjustment Account:</i>				
(29.239)	Reverse out depreciation and impairment losses on non-current assets	(28.331)			
1.825	Reverse out credits made for capital grants	5.631			
20.860	Loans fund principal contribution from the HRA	18.537			
(6.554)	Transfer to or (from) the Capital Adjustment Account		(4.163)		
(8.175)	Total of adjustments between accounting basis and funding basis under regulations			(4.921)	
3.004	Net (increase) or decrease before transfers to or from reserves			-	
3.004	(Increase) or decrease in the year on the HRA				-
(6.807)	Balance on the HRA at the end of the current year				(6.807)

Notes to the Housing Revenue Account income and expenditure statement

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

The Council was responsible for managing 12,002 dwellings during 2018-2019 (11,784 in 2017-2018). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2017-2018			2018-2019	
Number at 31 March 2018	Average weekly rent	Type of dwelling	Number at 31 March 2019	Average weekly rent
407	£60.07	One-apartment	417	£60.74
3,610	£68.18	Two-apartment	3,668	£68.88
5,674	£77.02	Three-apartment	5,727	£77.81
1,974	£86.06	Four-apartment	1,981	£86.97
209	£92.64	Five-apartment	209	£93.62
11,874		Total	12,002	

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£0.729m in 2018-2019 and £0.715m in 2017-2018), but excludes irrecoverable and bad debts. Average rents were £76.31 per week in 2018-2019 (£75.14 in 2017-2018). The total rent income for 2018-2019 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 2019 total rent arrears amounted to £2.305m (£2.265m at 31 March 2018). This is 4.82% of the total value of rents due at 31 March 2019.

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

In the financial year 2018-2019 the rental bad debt provision has been increased by £0.074m (£0.025m in 2017-2018). The provision to cover the potential loss of income stands at £1.572m at 31 March 2019. This is 3.28% of the total value of rents due at that date.

5. The share of corporate costs

In the financial year 2018-2019 the HRA share of corporate and democratic core costs amounted to £0.035m (£0.033m in 2017-18) and the HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to a specific service amounted to £0.084m (£0.083m in 2017-2018).

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 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.

2017-2018		2018-2019
£m		£m
99.699	Gross council tax levied	103.961
(14.079)	Other discounts and reductions	(14.838)
(12.187)	Council tax reduction scheme	(12.390)
(1.483)	Write-off of uncollectable debts and allowance for impairment	(1.595)
1.288	Adjustment to previous years’ community charge and council tax	0.261
73.238	Transfer to the comprehensive income and expenditure statement	75.399

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 2018-2019 was £1,199.63 (£1,164.69 in 2017-2018).

In 2018-2019 if only one person over 18 lived in a property a discount of 25% was applied. From 15 July 2016, unoccupied and unfurnished properties were exempt from Council Tax for the first six months. A discount of 10% was then available for the next six months. A 100% additional Council Tax levy was then payable for as long as the property remains empty. The 10% Council Tax discount may be extended by a further 12 months if the property is being actively marketed for sale or let. Certain persons are disregarded for Council Tax purposes, including people who are in detention, students and people who are severely mentally impaired. Reductions in council tax payable are also available for people with disabilities.

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

Annual council tax charges

2017-2018		2018-2019	
£ 776.46	Band A	£ 799.75	
£ 905.87	Band B	£ 933.05	
£ 1,035.28	Band C	£ 1,066.34	
£ 1,164.69	Band D	£ 1,199.63	
£ 1,530.27	Band E	£ 1,576.18	
£ 1,892.62	Band F	£ 1,949.40	
£ 2,280.85	Band G	£ 2,349.28	
£ 2,853.49	Band H	£ 2,939.09	

Calculation of the council tax base

	Number of dwellings	Number of exemptions	Disabled relief	Discounts of 25%	Discounts of 50%	Total equivalent dwellings	Ratio to Band D	2018-19 Band D equivalents	2017-18 Band D equivalents
Band A	13,554	2,008	8	7,920	138	9,586	6:9	6,391	6,537
Band B	25,713	1,529	97	13,060	242	20,761	7:9	16,147	16,128
Band C	14,726	534	60	6,026	102	12,625	8:9	11,222	11,155
Band D	12,394	295	50	4,243	90	11,013	1:1	11,013	10,777
Band E	11,037	189	70	2,577	58	10,156	473:360	13,344	12,170
Band F	6,290	70	51	1,049	27	5,914	585:360	9,610	8,340
Band G	3,783	95	21	487	24	3,533	705:360	6,919	5,707
Band H	223	16	0	30	1	199	882:360	487	388
Total	87,720	4,736	357	35,392	682	73,787		75,133	71,202
Band A dwellings subject to disabled relief								4	4
Class 17 and 24 dwellings								108	134
Sub-total								75,245	71,340
Provision for non-payment and future award of discounts and reliefs								(3,293)	(469)
Council tax base								71,952	70,871

Non-Domestic Rates Income Account

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

2017-2018	2018-2019
£m	£m
144.850 Gross rates levied	149.464
(19.601) Reliefs and other deductions	(20.847)
(2.195) Write-off of uncollectable debts and allowance for impairment	(2.039)
123.054 Net non-domestic rate income	126.578
(1.944) Adjustment to previous years' non-domestic rates	(8.845)
(22.202) Contribution (to) or from the national non-domestic rate pool	2.372
- Non-domestic rate income retained by authority (BRIS)	-
98.908 Transfer to comprehensive income and expenditure statement	120.105

The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the Scottish Government. For 2018-2019 the charge was 48.0 pence in the pound, with a 2.6 pence supplement for properties with a rateable value over £51,000. Under the Small Business Bonus Scheme (SBBS) properties with a rateable value up to and including £15,000 are entitled to a 100% reduction in their business rates and properties with a rateable value of between £15,001 and £18,000 receive a 25% reduction. A business with two or more properties with a combined rateable value of between £15,001 and £35,000 can be eligible for 25% relief for individual properties each with a rateable value up to and including £18,000.

Analysis of Renfrewshire Council's rateable values

		2018-2019	
		£m	£m
Rateable value at 1 April 2018:	Commercial	110.135	
	Industrial and freight transport	48.617	
	Education and public service	32.387	
	Communications	0.010	
	Others	110.996	
			302.145
Running roll (full-year rateable value)			(1.804)
Rateable value at 31 March 2019			300.341
Wholly exempt subjects			(1.433)
Net rateable value at 31 March 2019			298.908



Renfrewshire
Council

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RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY SCo19478

RENFREW SCo19479

JOHNSTONE SCo19480

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

2018-19



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Trustees' Annual Report

Introduction

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

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

The principal address of the Common Good Funds is:

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

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

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

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

Investment Managers: Aberdeen Standard Capital 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, Resources and Customer Services Policy Board (FRCSPB) 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 during the 2018/19 financial year:

William Brown	Lorraine Cameron
Lisa-Marie Hughes	Eileen McCartin
John Shaw	Kevin Montgomery
Jane Strang	Jacqueline Cameron
Edward Grady	John Hood
Catherine McEwan	Alistair MacKay
Jim Paterson	Andrew Steel
Jennifer Adam-McGregor	Derek Bibby
Neill Graham	William Binks
Jim Sharkey	Andrew Doig
Karen Kennedy	Emma Rodden
John McIntyre	Alison Dowling
Kenneth MacLaren	Scott Kerr
Margaret MacLaren	James Sheridan
Carolann Davidson	Natalie Don
John McNaughtan	Colin McCulloch
William Mylet	James MacLaren
Edward Devine	Tom Begg
Marie McGurk	Michelle Campbell
Paul Mack	Jim Harte
Stephen Burns	Iain Nicolson
Audrey Doig	

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

Structure, Governance and Management

The Common Good is a fund of money and assets which the Council has a statutory obligation (under Section 15(4) of the Local Government etc (Scotland) Act 1994) to administer “having regard to the interests of the inhabitants of the area to which the Common Good formerly related” (i.e. the former burghs of Paisley, Renfrew and Johnstone). Although the Common Good is administered separately from mainstream local authority funding, it is owned outright by the Council (s222 of the Local Government (Scotland) Act 1973) and does not have an identity separate from the Council, nor a constitutional form distinct from the Council.

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

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

The Common Good Funds are not “bodies” separate from the Council, and the Council’s purposes consist of much more than the charitable purposes listed in the Act.

History

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

Governance and Management

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

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

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

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

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

Risk

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

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

Objectives and Activities

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

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

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

Grantmaking

There are two elements to the grants awarded from Common Good Funds: recurring grants (i.e. those awarded for a period of some years) or large grant awards that are agreed by the FRCPB. In addition the FRCPB also agrees the budget available to Local Partnerships (successor bodies to local area committees) for subsequent award to community groups. Local Partnerships 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 Local Partnership now is allocated an annual budget, and they consider at relevant meetings (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 2018-19 grants totalling £169,952 were awarded by Local Area Committees to a wide variety of community organisations. Other grant expenditure totalling £139,540 was made throughout the year.

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 10.2% (2.2% in 2017-18). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.71% (0.46% in 2017-18).

Overall, the Common Good Funds reported a combined net increase in funds of £1.299 million which is added to the previous fund balance brought forward. The total funds held by Paisley Common Good increased by £0.237 million and the funds held by Renfrew Common Good increased by £1.062 million. The movement in funds this year is mainly related to the level of grant awards made in the year and to increased other income.

Income

Renfrew Common Good other income includes an amount of £0.592 million. This was received from a former tenant for dilapidation compensation in accordance with the lease conditions.

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 (67%) and property rental income (33%).

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

On 5 September 2018 the Finance, Resources & Customer Service Policy Board of Renfrewshire Council agreed that a formal application be submitted to the Office of the Scottish Charity Regulator (OSCR) requesting the de-registration of all three Common Good Funds.

The Council has contacted OSCR to start the process of de-registration, however due to the unique nature of Common Good Funds this is not a simple matter of a normal de-registration and OSCR are currently reviewing the situation and will provide an update of the timescales and procedures in due course.

Regardless of registration status, Common Good Funds will continue to make grants available to local organisations through the Local Partnership grant making process, and will also continue to fund recurring commitments such as Christmas Lights displays.

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

The Community Empowerment (Scotland) Act 2015 places new obligations on Councils with regards recording and the use of Common Good assets. The Council is required to prepare and publish a register of all Common Good properties and make it publicly available. The Act also requires local authorities to publish any proposals and consult with community bodies before disposing of or changing the use of Common Good assets.

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

Signed:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

Date:

On behalf of the Trustees:
Councillor John Shaw
Convener – Finance, Resources and Customer Services Policy Board
Renfrewshire Council

Date:

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

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

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

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

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

b) Statement of disclosure of information to auditors

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

Signed:

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

Date:

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

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Statement of Financial Activities for the Year Ended 31st March 2019

This Account summarises the resources that have been generated and consumed in providing services and managing the Common Good Funds during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed. This Account also includes the Statement of Total Recognised Gains and Losses which brings together all of the gains and losses of the Funds for the year and shows the aggregate movement in their net worth. All Common Good Funds have unrestricted funds only; there were no restricted or endowment funds during 2018-19 or in 2017-18.

	Notes	Year to 31 st March 2019				Year to 31 st March 2018			
		Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
		SC019478	SC019480	SC019479		SC019478	SC019480	SC019479	
		£m	£m	£m	£m	£m	£m	£m	£m
Income and Endowments from:									
Grants, Interest & Dividend Income	2(a)	0.144	0.000	0.499	0.643	0.161	0.000	0.553	0.714
Rental and Other Income	2(b)	0.049	0.000	0.859	0.908	0.048	0.000	0.272	0.320
Total Income and Endowments		0.193	0.000	1.358	1.551	0.209	0.000	0.825	1.034
Expenditure on:									
Raising Funds									
Fundraising Trading		0.000	0.000	0.042	0.042	0.000	0.000	0.003	0.003
Investment Management Costs		0.017	0.000	0.055	0.072	0.015	0.000	0.052	0.067
Total Raising Funds		0.017	0.000	0.097	0.114	0.015	0.000	0.055	0.070
Charitable Activities									
Charitable Activities	3(a)	0.111	0.000	0.198	0.309	0.372	0.000	1.197	1.569
Governance Costs	3(b)	0.015	0.000	0.049	0.064	0.015	0.000	0.049	0.064
Depreciation and Impairment		0.071	0.000	0.488	0.559	0.071	0.000	(0.131)	(0.060)
Total Charitable Activities		0.197	0.000	0.735	0.932	0.458	0.000	1.115	1.573
Total Expenditure		0.214	0.000	0.832	1.046	0.474	0.000	1.194	1.668
Net Income / (Expenditure) and net movement in funds before gains and losses on investments		(0.021)	0.000	0.526	0.505	(0.265)	0.000	(0.369)	(0.634)
Gains/(losses) on Investment Assets	5	0.258	0.000	0.871	1.129	(0.070)	0.000	(0.236)	(0.306)
Net Income/(Expenditure)		0.237	0.000	1.397	1.634	(0.335)	0.000	(0.605)	(0.940)

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

	Notes	Year to 31 st March 2019				Year to 31 st March 2018			
		Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
		SC019478	SC019480	SC019479		SC019478	SC019480	SC019479	
		£m	£m	£m	£m	£m	£m	£m	£m
Transfer between Funds		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total after funds transfer		0.237	0.000	1.397	1.634	(0.335)	0.000	(0.605)	(0.940)
Other Gains or Losses									
Gains/(Losses) on Revaluation of Fixed Assets	4	0.000	0.000	(0.335)	(0.335)	0.000	0.000	1.027	1.027
Total Other Recognised Gains or Losses		0.000	0.000	(0.335)	(0.335)	0.000	0.000	1.027	1.027
Net Movement in Funds		0.237	0.000	1.062	1.299	(0.335)	0.000	0.422	0.087
Total Funds Brought Forward		5.257	0.052	30.108	35.417	5.592	0.052	29.686	35.330
Total Funds Carried Forward		5.494	0.052	31.170	36.716	5.257	0.052	30.108	35.417

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

Balance Sheet as at 31st March 2019

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

		At 31 st March 2019				At 31 st March 2018			
	Notes	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
Fixed Assets									
Tangible Fixed Assets	4	0.773	0.000	13.047	13.820	0.844	0.000	13.869	14.713
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	4.163	0.000	14.073	18.236	3.915	0.000	13.233	17.148
		4.999	0.047	27.229	32.275	4.822	0.047	27.211	32.080
Current Assets									
Debtors	13	0.000	0.000	0.026	0.026	0.000	0.000	0.008	0.008
Short term deposits	15	0.535	0.005	3.960	4.500	0.481	0.005	2.955	3.441
		0.535	0.005	3.986	4.526	0.481	0.005	2.963	3.449
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	14	(0.040)	0.000	(0.045)	(0.085)	(0.046)	0.000	(0.066)	(0.112)
		(0.040)	0.000	(0.045)	(0.085)	(0.046)	0.000	(0.066)	(0.112)
Net Current Assets		0.495	0.005	3.941	4.441	0.435	0.005	2.897	3.337
Net Assets		5.494	0.052	31.170	36.716	5.257	0.052	30.108	35.417
Funds of the Charities									
<u>Unrestricted Funds</u>									
Income Funds		3.580	0.036	19.981	23.597	3.486	0.036	19.070	22.592
Revaluation reserve : Investments		0.937	0.000	3.104	4.041	0.794	0.000	2.618	3.412
Revaluation reserve : Other Fixed Assets		0.977	0.016	8.085	9.078	0.977	0.016	8.420	9.413
		5.494	0.052	31.170	36.716	5.257	0.052	30.108	35.417

Signed

Date

Alan Russell

Director of Finance and Resources

Renfrewshire Council

Signed

Date

Councillor John Shaw

Convener – Finance, Resources and Customer Services

Policy Board. Renfrewshire Council.

Cash Flow Statement for Year Ended 31st March 2019

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

	Notes	Year ended 31st March 2019				Year ended 31st March 2018			
		Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Net Cash Inflow from Operating Activities	7	0.044	0.000	0.975	1.019	(0.184)	0.000	(0.544)	(0.728)
Capital Expenditure and Financial Investment									
Cash paid for fixed asset investment		(0.789)	0.000	(2.824)	(3.613)	(0.415)	0.000	(1.388)	(1.803)
Receipts from sales of fixed asset: investments		0.769	0.000	2.778	3.547	0.352	0.000	1.181	1.533
Receipts from sales of fixed asset: property		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Payments to acquire tangible fixed assets		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net cash flow from capital expenditure and financial investments		(0.020)	0.000	(0.046)	(0.066)	(0.063)	0.000	(0.207)	(0.270)
(Increase)/decrease in cash held for investments		0.029	0.000	0.077	0.106	0.050	0.000	0.158	0.208
Increase/(decrease) in cash held in the year		0.053	0.000	1.006	1.059	(0.197)	0.000	(0.593)	(0.790)
Reconciliation of net cash flow to movement in net funds									
(Decrease)/increase in cash in year		0.053	0.000	1.006	1.059	(0.197)	0.000	(0.593)	(0.790)
net funds at 1 April		0.481	0.005	2.955	3.441	0.678	0.005	3.548	4.231
Net funds at 31 March		0.534	0.005	3.961	4.500	0.481	0.005	2.955	3.441

Notes to the Financial Statements

1: Accounting Policies

Introduction

The Financial Statements for the year ended 31 March 2019 have been compiled in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published on 16 July 2014. They are designed to give a true and fair view of the financial performance and position of the Common Good Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

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

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

Income and Endowments

Recognition of income and endowments

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

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

Grants and Donations

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

Gifts in Kind

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

Investment Income

This is included in the accounts when receivable.

Investment Gains and Losses

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

Expenditure

Liability Recognition

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

Charitable Activities

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

Governance Costs

Governance costs include the:

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

Grants Payable without Performance Conditions

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

Assets

Valuation

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

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

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

Investments are valued at market value.

Depreciation

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

Impairment

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

Departures from the Charities SORP

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

Events after the Balance Sheet date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 16 provides further information.

2: Income and Endowments

a) Investments

	2018-19				2017-18			
	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	0.140	0.000	0.476	0.616	0.158	0.000	0.536	0.694
Interest income	0.004	0.000	0.023	0.027	0.003	0.000	0.017	0.020
Total grant & investment income	0.144	0.000	0.499	0.643	0.161	0.000	0.553	0.714

b) Rental and Other Income

	2018-19				2017-18			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Rental income from properties	0.049	0.000	0.266	0.315	0.048	0.000	0.272	0.320
Other Income	0.000	0.000	0.593	0.593	0.000	0.000	0.000	0.000
Total rental and other income	0.049	0.000	0.859	0.908	0.048	0.000	0.272	0.320

3: Expenditure

a) Charitable Activities

	2018-19				2017-18			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Voluntary organisation grants	0.024	0.000	0.146	0.170	0.030	0.000	0.067	0.097
Civic related grants	0.087	0.000	0.052	0.139	0.342	0.000	1.130	1.472
Total charitable activities grants	0.111	0.000	0.198	0.309	0.372	0.000	1.197	1.569

b) Governance Costs

	2018-19				2017-18			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accountancy and Administrative Services	0.011	0.000	0.034	0.045	0.011	0.000	0.034	0.045
Property Services	0.004	0.000	0.015	0.019	0.004	0.000	0.015	0.019
Total Governance Costs	0.015	0.000	0.049	0.064	0.015	0.000	0.049	0.064

4: Tangible Fixed Assets

a) Paisley Common Good Fund

	Operational Land and Buildings	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m
Gross Book Value				
At 1 st April 2018	0.711	0.275	0.986	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.000	0.000	0.000	0.000
At 31st March 2019	0.711	0.275	0.986	0.063
Depreciation				
At 1 st April 2018	0.142	0.000	0.142	0.000
Depreciation for Year	0.071	0.000	0.071	0.000
Depreciation on Revaluation	0.000	0.000	0.000	0.000
At 31st March 2019	0.213	0.000	0.213	0.000
Net Book Value at 31st March 2019	0.498	0.275	0.773	0.063
Net Book Value at 31st March 2018	0.569	0.275	0.844	0.063

b) Renfrew Common Good Fund

	Operational Land and Buildings	Plant and Equipment	Non- operational assets – Investment Properties	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m	£m	£m
Gross Book Value						
At 1 st April 2018	10.035	3.300	0.689	0.015	14.039	0.109
Additions	0.000	0.000	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	0.000	0.000	0.000	0.000	0.000	0.000
Revaluations	(0.467)	(0.016)	(0.045)	0.000	(0.528)	0.000
At 31st March 2019	9.568	3.284	0.644	0.015	13.511	0.109
Depreciation						
At 1 st April 2018	0.156	0.000	0.014	0.000	0.170	0.000
Depreciation for year	0.192	0.243	0.007	0.000	0.442	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation writeback on revaluations	0.000	0.000	0.000	0.000	0.000	0.000
Impairment losses written out on revaluation	(0.029)	(0.114)	(0.005)	0.000	(0.148)	0.000
At 31st March 2019	0.319	0.129	0.016	0.000	0.464	0.000
Net Book Value at 31st March 2019	9.249	3.155	0.628	0.015	13.047	0.109
Net Book Value at 31st March 2018	9.784	3.395	0.675	0.015	13.869	0.109

c) Johnstone Common Good Fund

	Heritage Assets
	£m
Gross Book Value	
At 1 st April 2018	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
At 31st March 2019	0.047
Depreciation	
At 1 st April 2018	0.000
Depreciation for year	0.000
At 31st March 2019	0.000
Net Book Value at 31st March 2019	0.047
Net Book Value at 31st March 2018	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

	2018-19			2017-18		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Market Value						
At 1 st April 2018	3.915	13.233	17.148	3.972	13.420	17.392
Additions	0.789	2.824	3.613	0.415	1.388	1.803
Disposals	(0.769)	(2.778)	(3.547)	(0.352)	(1.181)	(1.533)
Net gain/(loss) on revaluation	0.257	0.871	1.128	(0.070)	(0.236)	(0.306)
Increase/(decrease) in cash in bank awaiting investment	(0.029)	(0.077)	(0.106)	(0.050)	(0.158)	(0.208)
At 31st March 2019	4.163	14.073	18.236	3.915	13.233	17.148

b) Asset Allocation Analysis

	2018-19			2017-18		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.228	0.825	1.053	0.212	0.740	0.952
Other UK Bonds	0.277	0.876	1.153	0.295	0.984	1.279
Overseas Bonds	0.132	0.445	0.577	0.122	0.386	0.508
Equities:						
UK Equities	1.835	6.197	8.032	1.650	5.569	7.219
Overseas Equities	1.463	4.947	6.410	1.375	4.678	6.053
Non-Region Specific	0.045	0.153	0.198	0.069	0.234	0.303
Property Investments	0.044	0.148	0.192	0.104	0.351	0.455
Cash	0.135	0.470	0.605	0.084	0.277	0.361
Accrued Interest	0.004	0.012	0.016	0.004	0.014	0.018
Total Investment Assets	4.163	14.073	18.236	3.915	13.233	17.148

All investments during 2018-19 and in 2017-18 were held in unrestricted funds.

6: Reserves Cover

	2018-19				2017-18			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Free Reserves								
Unrestricted Funds	3.580	0.036	19.981	23.597	3.751	0.036	19.439	23.226
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.021)	0.000	0.526	0.505	(0.265)	0.000	(0.369)	(0.634)
Total Unrestricted Funds	3.559	0.036	20.507	24.102	3.486	0.036	19.070	22.592
Less Funds tied up in fixed assets	(4.163)	0.000	(14.073)	(18.236)	(3.915)	0.000	(13.233)	(17.148)
Total Free Reserves	(0.604)	0.036	6.434	5.866	(0.429)	0.036	5.837	5.444
Annual Running Costs exclude impairment	0.214	0.000	0.832	1.046	0.474	0.000	1.194	1.668
Number of months held in reserve	0	0	93	n/a	0	0	59	n/a

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

7: Cash Flow Statement

a Reconciliation of net income/expenditure to net cash inflow/ (outflow) from operating activities

	Year to 31 st March 2019			Year to 31 st March 2018		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£m
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments	(0.021)	0.000	0.526	(0.265)	0.000	(0.369)
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.071	0.000	0.488	0.071	0.000	(0.130)
Decrease/(increase) in debtors	0.000	0.000	(0.018)	0.000	0.000	0.009
Increase/(decrease) in creditors	(0.006)	0.000	(0.021)	0.010	0.000	(0.054)
Net cash (inflow)/outflow from operating activities	0.044	0.000	0.975	(0.184)	0.000	(0.544)

b Analysis of changes in net funds

	At 1 April 2018	Cash- flow	At 31 March 2019	At 1 April 2017	Cash- flow	At 31 March 2018
	£m	£m	£m	£m	£m	£m
Short term deposits						
Paisley	0.481	0.053	0.534	0.678	(0.201)	0.477
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	2.955	1.006	3.961	3.548	(0.589)	2.959
	3.441	1.059	4.500	4.231	(0.790)	3.441

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 2018-19.

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 2019, 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 2018-19 (2017-18 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 (2017-18 nil).

12: Audit Costs

Costs of £4,550 were incurred in relation to the audit of the 2018-19 financial statements.

13: Debtors

	Year to 31 st March 2019				Year to 31 st March 2018			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accrued Income	0.000	0.000	0.007	0.007	0.000	0.000	0.008	0.008
Prepayment of Grant	0.000	0.000	0.019	0.019	0.000	0.000	0.000	0.000
Total Debtors	0.000	0.000	0.026	0.026	0.000	0.000	0.008	0.008

14: Creditors

	Year to 31st March 2019				Year to 31st March 2018			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Trade Creditors	0.040	0.000	0.041	0.081	0.046	0.000	0.062	0.108
Rents in Advance	0.000	0.000	0.004	0.004	0.000	0.000	0.004	0.004
Total Creditors	0.040	0.000	0.045	0.085	0.046	0.000	0.066	0.112

15: Short Term Deposits

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

16: Events after the Balance Sheet date

Events taking place after the authorised issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

RENFREWSHIRE COUNCIL

COATS OBSERVATORY TRUST FUND

SC019454

TRUSTEES' REPORT
AND FINANCIAL STATEMENTS
1 APRIL 2018 to 31 MARCH 2019



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Trustees' Report

1. INTRODUCTION

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

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

The principal address of the Trust Fund is:

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

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

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

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

In terms of the “Trustees” of the Trust, the guidance provided by OSCR is that those who have “general control and management” of the charity are the charity trustees. Decisions regarding the general control and management of the Trust Fund are made by the Finance, Resources and Customer Services Policy Board (FRCSPB), 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 Fund in their capacity as elected members of Renfrewshire Council during the 2018/19 financial year:

William Brown	Eileen McCartin
Lisa-Marie Hughes	Kevin Montgomery
John Shaw	Jacqueline Cameron
Jane Strang	John Hood
Edward Grady	Alistair MacKay
Catherine McEwan	Andrew Steel
Jim Paterson	Derek Bibby
Jennifer Adam-McGregor	William Binks
Neill Graham	Andrew Doig
Jim Sharkey	Emma Rodden
Karen Kennedy	Audrey Doig
John McIntyre	Alison Dowling
Kenneth MacLaren	Scott Kerr
Margaret MacLaren	James Sheridan
Carolann Davidson	Natalie Don
John McNaughtan	Colin McCulloch
William Mylet	James MacLaren
Edward Devine	Tom Begg
Marie McGurk	Michelle Campbell
Paul Mack	Jim Harte
Stephen Burns	Iain Nicolson
Lorraine Cameron	

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

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

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

HISTORY

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

GOVERNANCE AND MANAGEMENT

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

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014.

Decisions regarding the operation, assets, processes or policies of the Trust Fund are delegated by the Council to the Finance, Resources and Customer Services Policy Board (FRCSPB).

Risk

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

3. FINANCIAL REVIEW

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

4. FUTURE PLANS

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

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

Signed:

Date:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

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

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

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

Mark Ferris FCCA

Audit Scotland

4th Floor, 8 Nelson Mandela Place,

Glasgow.

G2 1BT

Date

Trust Accounts Financial Statements Overview

1. INTRODUCTION

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

2. STATEMENT OF RECEIPTS AND PAYMENTS

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

3. STATEMENT OF BALANCES

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

4. NOTES TO THE ACCOUNTS

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

Statement of Receipts and Payments for the year ended 31st March 2019

year ended 31st March 2019				
2018				2019
Total		Unrestricted	Restricted	Total
£		£	£	£
0	Total receipts	0	0	0
0	Total payments	0	0	0
0	Surplus / (deficit) for period	0	0	0

Statement of Balances as at 31st March 2019

As at 31 st March 2019				
2018				2019
Total		Unrestricted	Restricted	Total
£		£	£	£
	Cash funds			
	<i>Balances held with Renfrewshire Council:</i>			
0.00	Opening balance	0.00	0.00	0.00
0.00	Surplus / (deficit) for period	0.00	0.00	0.00
0.00		0.00	0.00	0.00
	Other assets (at current valuation)			
	<i>Land and buildings:</i>			
631,597.46	Coats Observatory, Paisley	0.00	610,850.73	610,850.73
0.00	Long Term Investments	0.00	0.00	0.00
631,597.46		0.00	610,850.73	610,850.73

Signed
Date:
Alan Russell
Director of Finance and Resources

Renfrewshire Council

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

Notes to the Financial Statements

1. ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2019 have been prepared in accordance with the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust Fund and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities’ operations, however it is anticipated that the Observatory Fund will not continue indefinitely. This has no impact on the financial statements as the assets of the Fund comprise solely of the Observatory buildings which are independently valued.

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

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

Fund Accounting

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

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

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

The 2017-18 comparative figures have been brought forward unchanged.

INCOMING/OUTGOING RESOURCES

Recognition of incoming resources

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

Recognition of expenditure

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

Charitable Activities

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

Costs of Generating Funds

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

Governance Costs

Governance costs, where applicable, include the:

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

ASSETS

The Fund includes the land and buildings of Coats Observatory, Paisley. The valuation is based on fair value, determined as the market value that would be paid for the asset in its current use. Valuations are provided by the Council Valuer who is MRICS qualified, and are updated as a minimum every five years. The Observatory building is being depreciated on a straight-line basis over 30 years.

2. ANALYSIS OF RECEIPTS/PAYMENTS

No income was received in the year.

3. TRUSTEES' REMUNERATION AND EXPENSES

Neither the trustees of the Trust Fund 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 (2017-18 nil).

4. RELATED PARTIES

During the period the Council also acted as the banker for the Trust Fund and all transactions, incoming and outgoing, are made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council nor were there any cash transactions during 2018-19.