

Notice of Meeting and Agenda Council

Date	Time	Venue
Thursday, 24 June 2021	09:30	Teams Meeting,

KENNETH GRAHAM
Head of Corporate Governance

Membership

Councillor Jennifer Marion Adam-McGregor: Councillor Tom Begg: Councillor Derek Bibby: Councillor Bill Binks: Councillor Bill Brown: Councillor Stephen Burns: Councillor Jacqueline Cameron: Councillor Michelle Campbell: Councillor Carolann Davidson: Councillor Eddie Devine: Councillor Andy Doig: Councillor Audrey Doig: Councillor Natalie Don: Councillor Alison Jean Dowling: Councillor Edward Grady: Councillor Neill Graham: Councillor Jim Harte: Councillor John Hood: Councillor Lisa-Marie Hughes: Councillor Karen Kennedy: Councillor Scott Kerr: Councillor Alistair Mackay: Councillor James MacLaren: Councillor Kenny MacLaren: Councillor Mags MacLaren: Councillor Eileen McCartin: Councillor Colin McCulloch: Councillor Marie McGurk: Councillor John McIntyre: Councillor John McNaughtan: Councillor Kevin Montgomery: Councillor Will Mylet: Councillor Emma Rodden: Councillor Jim Sharkey: Councillor John Shaw: Councillor James Sheridan: Councillor Andy Steel: Councillor Jane Strang:

Provost Lorraine Cameron (Convener): Councillor Cathy McEwan (Depute Convener):
Councillor Iain Nicolson (Leader): Councillor Jim Paterson (Depute Leader)

Recording of Meeting

This meeting will be recorded for subsequent broadcast via the Council's internet site. If you have any queries regarding this please contact Committee Services on 07534 058160. To find the recording please follow the link which will be attached to this agenda once the meeting has concluded. Please note that only meetings beginning with the Emergencies Board on 17 April 2020 onwards have been recorded for broadcast.

Recording: part 1 of 3 <https://www.youtube.com/watch?v=ED06b4fFTH8>

Recording: part 2 of 3 <https://www.youtube.com/watch?v=JHAcEQ6QBqs>

Recording: part 3 of 3 <https://www.youtube.com/watch?v=lr18CHLCqmE>

Items of business

Apologies

Apologies from members.

Declarations of Interest

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

1 Minutes of Meetings of Council, Boards and Panels

(attached separately)

Council, 13 May 2021, pages 536-549

Placing Requests & Exclusions Appeals Panel, 17 May 2021, pages 550-553

Communities, Housing & Planning Policy Board, 18 May 2021, pages 554-577

Placing Requests & Exclusions Appeals Panel, 19 May 2021, pages 578-581

Regulatory Functions Board, 19 May 2021, pages 582-589

Education & Children's Services Policy Board, 20 May 2021, pages 590-597

Audit, Risk & Scrutiny Board, 24 May 2021, pages 598-601

Infrastructure, Land & Environment Policy Board, 26 May 2021, pages 602-609

Finance, Resources & Customer Services Policy Board, 2 June 2021, pages 610-623

Regulatory Functions Board, 3 June 2021, pages 624-631

Petitions Board, 7 June 2021, pages 632-635

Leadership Board 16 June 2021, pages 636-646

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| 2 | Annual Accounts 2020/21 | 9 - 170 |
| | Report by Director of Finance and Resources | |
| 3 | Treasury Management Annual Report 2020/21 | 171 - 180 |
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| 4 | Governance Arrangements and Appointment of the Chair of the Villages Local Partnership | 181 - 188 |
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| 5 | Regulation of Bus Services | 189 - 196 |
| | Report by Director of Environment & Infrastructure | |

Investigation

Report by Head of Corporate Governance as Monitoring Officer

7 **Notice of Motion 1 by Councillors McCartin and Andy**

Doig

"Disabled Parking Bays

Renfrewshire Council agrees to increase checks by wardens on the use of Disabled Bays throughout Renfrewshire, and to assess the number of non-badge holders who are found to be using them.

Council also agrees to advertise more widely the FREE car parking which people can use in our car parks until this benefit is withdrawn."

8 **Notice of Motion 2 by Councillors Andy Doig and**

McCartin

"Review of Scottish Planning Policy

Renfrewshire Council reiterates its view that communities, via Community Councils, should have the same right of appeal to the Planning Minister, in relation to planning decisions, as applicants, and calls on the Scottish Government to review and amend existing planning legislation accordingly.

Council recognises the positive elements of the Planning Act (Scotland) 2019, such as the provisions for Local Place Plans envisaged as enabling communities to have a stronger say in deciding how their local areas are developed.

Council further believes this spirit of engagement and community empowerment should also inform the examination and formulation of Local Development Plans, to ensure statutory consultation between the Reporter, Community Councils, and local ward Councillors at all stages in their creation."

9 **Notice of Motion 3 by Councillors McCartin and Andy**

Doig

"Strathclyde Pension Fund

Renfrewshire Council welcomes the decision of the Strathclyde Pension Fund to cut its carbon emissions investments portfolio, including targeting net zero by 2050.

Council also welcomes the Pension Fund's decision to commit to reviewing the energy companies in its portfolio, and divesting from them if they do not meet minimum standards set by the scheme.

The Council is, however, disappointed that the Pension Fund did not agree to the substance of the motion agreed by Glasgow City Council on April 1st 2021 to “make a formal commitment to fossil fuel divestment prior to COP26, with the intention of divesting completely as quickly as possible, and no later than 2029”.

Renfrewshire Council will write to the Strathclyde Pensions Fund, and in particular its fund managers, to stress our disappointment in this decision, to ask them to look again at the speed of their decisions, and to bring their decisions more into line with the position that we as a council take, namely to be carbon neutral by 2030.”

10 Notice of Motion 4 by Councillors Bibby and Montgomery

"Libraries

Council recognises that libraries are at the heart of our culture and heritage, and will therefore work closely with Renfrewshire Leisure to ensure that as part of a COVID recovery plan libraries will fully reopen open as soon as possible, and that service provision will be restored to pre COVID levels.

In this regard council notes that Johnstone Town Hall is currently being used as a COVID 19 vaccination centre, and that this will impact on the reopening of Johnstone Library which is located in the Town Hall, and as such alternative options should be explored to reintroduce a full service as soon as possible which will include consideration of a mobile facility.

A progress report will be made available to elected members at the September 2021 Council meeting.”

11 Notice of Motion 5 by Councillors Davidson and Dowling

“Community Groups – Renfrewshire

Council recognises the vital role of community groups across Renfrewshire in promoting inclusion and the physical and mental well-being of local residents.

Council will therefore, subject to existing and possible future COVID -19 restrictions, immediately embark on work with its arms length partners to reopen all community halls by mid-August.”

12 Notice of Motion 6 by Councillors Audrey Doig and Nicolson

"Council welcomes the recent decision of the Board of Strathclyde Pension Fund to divest from fossil fuel industries that are driving the climate and ecological emergencies.

Council further welcomes the decision of the Investment Review Board to update the Investment Policy Statement relating to Renfrewshire’s

Common Good Funds to ensure no direct investment in fossil fuel stocks.

Council calls on all public bodies to review their investments and take action to ensure they no longer invest in these stocks."

13 Notice of Motion 7 by Councillors Bibby and Davidson

"Street Furniture

Council acknowledges the difficulties encountered by blind, visually impaired and disabled people resulting from the proliferation of street furniture in Renfrewshire towns and villages.

Council recognises that street furniture plays a large role in public life, which when well designed and appropriately placed can assist blind, visually impaired and disabled people to navigate pavements and pedestrian areas safely.

Accordingly, council will work with the Health and Social Care Partnership, the Visual impairment Unit, local business organisations, and other partners including local community groups who work with the blind, visually impaired and disabled people, to assess what works best and what improvements can be made to current practice, with a report being brought to the December 2021 council meeting."

14 Notice of Motion 8 by Councillors Dowling and Montgomery

"Chilling Effect on Free Speech

Council notes concerns around a growing cultural environment of chilling effects on freedom of speech. Despite assurances from the Scottish Government during the Hate Crime Bill debates that women would not be persecuted for views defending women's legal rights and gender critical views, a Scottish woman has been criminally charged with malicious communication with a hate crime aggravator on the basis of tweets opposing allowing males to self-declare themselves to be females. She could now face two years in jail.

Council notes that what constitutes hate speech remains a highly subjective matter and we have seen a steady expansion of prohibited terms and words and gestures. The latest HMICS report shows a lack of public confidence in reporting hate crimes.

Council calls on the Scottish Government and Police Scotland to issues statements that give clarity and assurances regarding freedom of speech rights in regards to political and ideological opinions."

15 Notice of Motion 9 by Councillors Harte and Kennedy

"Cleanliness in Schools

In light of press allegations and concerns raised by parents, council agrees to hold an inquiry regarding the causes of the lack of cleanliness

in our schools and the employment of labour without the proper PVG clearance”

16 Notice of Motion 10 by Councillors Andy Doig and McCartin

“Closure of Lochwinnoch Post Office

Renfrewshire Council deeply regrets the impending closure of Lochwinnoch Post Office in October, and resolves to continue to work with Lochwinnoch Community Council and local ward Councillors to identify options to help maintain a Post Office presence in the village.

Council deplores the wider problem of corporate financial interests, be it banks or the Post Office, abandoning communities across Renfrewshire, both rural and urban, which especially marginalises and excludes those without private transport, the elderly, those on low incomes, or the digitally disadvantaged.

Council calls on the Scottish Government to initiate discussions with the Scottish League of Credit Unions, to examine the viability of a Scottish Credit Bank, which can reconcile the demand for profit with the priority to serve communities”.

17 Notice of Motion 11 by Councillors K MacLaren and Mylet

"Council notes the plan by the UK Government to introduce photographic identification for UK Parliamentary elections. There are concerns that such an action will impact on voter turnout as well as increasing both the administration and costs of such elections. Council agrees to write to the Prime Minister highlighting this Council's opposition to the plan."

18 Notice of Motion 12 by Councillors Dowling and Bibby

“Care Home Charter of Rights

Council notes that the forthcoming public inquiry into the COVID -19 pandemic will examine its impact in care homes.

One of the most distressing aspects of the pandemic has been the inability of family members to have longed for contact with loved ones resident in care homes which is essential for their wellbeing.

Council believes that a charter of rights for residents and relatives should be introduced without delay which sets out the arrangements for contact and visiting and will write to the Scottish Government with this recommendation.

Council while recognising that such a charter will take into consideration the impact of any future public health concerns, is mindful of the current situation that pertains in regard to the lack of clarity on care home visits, and that all care homes require to be appropriately resourced to meet the extra costs that visitor covid control measures are incurring.

Council requests that the Health and Social Care Partnership sets out its current and short term intentions on resourcing, visits and contact arrangements which meets the needs of residents and families and will accordingly provide the council with a report by the end of July 2021.”



To: Council

On: 24 June 2021

Report by: Director of Finance & Resources

Heading: Annual Accounts 2020/21

1. Summary

- 1.1 The Council's Accounts and Group Accounts for 2020/21 will be submitted for audit by the statutory deadline of 30 June 2021 and a copy of the Council's annual accounts is attached for members' approval, along with the accounts of the charities the Council controls.
- 1.2 Once approved the unaudited accounts and associated working papers will be passed to the external auditor (Audit Scotland) for their review. Their report on the Accounts will be submitted to a future meeting of the Audit, Risk & Scrutiny Board for consideration prior to the audited accounts being presented to Council for approval.
- 1.3 Owing to the ongoing Coronavirus pandemic, flexibility in terms of the timescales for approval of the audited annual accounts has been provided under the Coronavirus (Scotland) Act 2020; however Scottish Ministers have indicated their expectation that audited annual accounts are approved by 31 October 2021.
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2. Recommendations

- 2.1 Consider, subject to audit, the Renfrewshire Council Annual Accounts for 2020/21; and delegate authority to the Director of Finance & Resources to submit the accounts to external audit within the relevant timescales.
- 2.2 Approve the annual governance statement for 2020/21.

- 2.3 Note that Audit Scotland will endeavour to complete the audit of the annual accounts in line with the timescales indicated by Scottish Ministers; and that an update on this position will be provided to the next meeting of Council.
- 2.4 Note the revenue outturn position for the Council and approve the sums earmarked within the General Fund reserves and HRA reserves as outlined in 3.3 below.
- 2.5 Note that the Council will develop a revised financial strategy for a future meeting which considers all balances available in the context of the Council's medium term financial position and continued Covid19 recovery, and that where appropriate balances are utilised to underpin the ongoing financial sustainability of the Council over the medium term.
- 2.6 Approve the transfer of resources outlined in Table 1 and Appendix 1.
- 2.7 Approve, subject to audit, the annual accounts attached for the Renfrew, Paisley and Johnstone Common Good Funds and the Coats Observatory Trust Fund which under accounting regulations require to be separately prepared and audited from the Council's accounts.

3. **Background**

- 3.1 The Council's Accounts and Group Accounts for 2020/21 will be submitted for audit by the statutory deadline of 30 June - a copy is attached for members' consideration. The accounts have been produced to comply with International Financial Reporting Standards (IFRS) and relevant government accounting regulations. In order to comply with charity accounting requirements, the Council's Accounts do not incorporate statements relating to the Common Good Funds and the Coats' Observatory Trust Fund which the Council controls. In both these instances, separate accounts have been prepared in accordance with registered charities accounting requirements and are also included for members' approval. The Annual Governance Statement has been incorporated into the annual accounts document and this also requires specific approval by Council.
- 3.2 Owing to the ongoing Coronavirus pandemic and the impact associated restrictions may have in terms of allowing the audit of the accounts to progress, additional flexibility in terms of the approval process for the audited accounts has been provided under the Coronavirus (Scotland) Act 2020. In essence, each council may set its own timetable for approval of the audited accounts; however Scottish Ministers have indicated that they consider audited accounts should be approved by Council no later than 31 October 2021 and published by 15 November 2021. The external auditor (Audit Scotland) will endeavour to complete the audit process in line with these timescales and an update will be provided to the next meeting of Council in this regard. It is possible however that in order to meet Scottish Minister's expectations that the Council may be required to consider options to support the approval of the audited accounts

outwith the normal Council meeting cycles. The external audit report on the Accounts will be made available to all members and will be submitted to a meeting of the Audit, Risk & Scrutiny Board for consideration prior to the Council meeting where the audited accounts are considered.

3.3 The Management Commentary prefacing the Accounts provides an overview of the Council's financial performance and the key features are:-

- (a) As reported to the Council over the course of the year, significant additional spend and income were recorded in relation to the COVID19 pandemic. Early in the financial year significant pressures were forecast which throughout the year were mitigated through additional government support to local authorities. General fund revenue spending has been contained within overall budget limits, and owing to the advanced distribution of COVID19 funding from the Scottish Government, a net underspend of £4.256 million (0.9% of turnover) was incurred after adjusting for planned carry forwards and committed resources. This position includes an under-recovery of budgeted council tax income of £0.751 million.
- (b) This outturn position is broadly in line with the forecast underspend position recently reported to members. Unallocated balances have increased to £10.887 million moving into 2021/22, consistent with the recommended level agreed by Council in September 2020. It is forecast that there will continue to be significant costs which the Council will incur over the course of 2021/22 and beyond in relation to both the response to the COVID19 outbreak and emerging recovery period which remain a risk to the Council's medium term financial position. In this context both COVID19 specific ringfenced reserves and unallocated reserves will require to be carefully utilised and monitored in order to best support the financial response to the pandemic. It is also recommended that the Council develops a revised financial strategy which ensures the totality of balances available are considered in the context of the Council's medium term financial position, and that where appropriate balances are utilised to underpin the ongoing financial sustainability of the Council over the medium term.
- (c) Of the overall General Fund reserves, the significant majority are earmarked as detailed at Appendix 1. This represents funding set aside by the Council to support a wide range of key priorities, investments and long term funding arrangements; some of which are directly related to ongoing costs of the COVID19 pandemic and for which funding was allocated in 2020/21. The Council will need to continue to assess the adequacy and use of ringfenced balances as it reviews its financial strategy; and to ensure that funding specifically allocated for the COVID19 response is utilised in accordance with grant conditions.
- (d) Unallocated HRA reserves as at 31 March 2021 have reduced by £0.310 million to £6.497 million as a result of additional costs incurred due to

COVID19. This balance is still viewed as prudent in terms of risks to the HRA revenue position over the medium term.

- (e) As detailed in Table 1 below, specific reserves now total £90.500 million, an increase in year of £1.950 million, which relates primarily to resources committed to the Council's capital investment programme and resources related to the provision of schools ICT.

Table 1

	Opening balance	Contributions to Reserves	Reserves Used / Transferred	Closing balance
	£m	£m	£m	£m
Insurance Fund	2.543	-	-	2.543
Reservoir Repair Fund	0.315	0.006	-	0.321
Education Capital Items	1.057	0.556	(0.213)	1.400
Investment Capital Fund	84.635	2.588	(0.987)	86.236
Total	88.550	3.150	(1.200)	90.500

- (f) Capital spending of £45.527 million on non-housing projects was managed within the overall expenditure control limits approved by Council. As reported over the course of the year planned spend was significantly impacted by the restrictions on movement and construction. The 2021/22 capital plan has been adjusted accordingly.
- (g) The Council's in year council tax collection performance for 2020/21 was 95%, a creditable result given the potential impact of the pandemic on households. It is however anticipated that as a result of the pandemic recovery commencing and the associated reducing levels of government support for businesses and households that council tax income yield and collection performance may continue to be impacted in 2021/22.

4. FINANCIAL PERFORMANCE 2019/20

- 4.1 An overview of the revenue budget performance in Policy Board format is appended to this report, including explanatory narrative in respect of the main budget variances. In summary, the position across operational departments is as follows:

Service	Year end outturn £000s Under/(over)spend
Chief Executives	316
Children's Services	220
Adult Services (HSCP)*	0
Environment & Infrastructure	(4,051)
Communities, Housing and Planning	(309)
Finance and Resources	(605)
Miscellaneous Services (including council tax)	8,684
Renfrewshire Council General Fund	4,256
Housing Revenue Account	(310)

* The HSCP outturn position reflects a breakeven position following the transfer of £1.837m to HSCP reserves. This position is consistent with the core underspend position reported throughout the course of the year.

4.2 **Council Tax Income - £751,000 under-recovery**

Council tax income has under recovered against budget however the in-year collection level of 95% is only 1% below the level secured in recent years and represents a creditable performance given the impact of COVID19 on households, however the risk of continued under-recovery is one which the Council will need to remain alert to.

4.3 **Housing Revenue Account (HRA) – £310,000 overspend**

The final year-end overspend position is in line with the projection previously reported and reflects the net effect of an underspends in employee costs and repairs costs.

An overspend in depreciation and impairment relates to the increased capital contributions made as part of the HRA Business Plan Strategy to utilise in year underspends to assist mitigate the impact of future capital borrowing costs arising from the delivery of investment in housing stock.

Unallocated HRA reserves have reduced to £6.497 million. This still represents a prudent level of unallocated reserves for the HRA which remain available to mitigate any continuing impact of COVID19 and any other unforeseen risks.

5. **BUDGET PERFORMANCE - CAPITAL**

5.1 **Non-Housing Capital Budget Performance**

Non-Housing capital expenditure totalled £45.527 million during 2020/21. Capital receipts of £0.261 million were generated from asset sales. These receipts along with £9.453 million available within the Useable Capital Receipts Reserve provided total receipts of £9.714 million. From this, £1.076 million was utilised to support current year investment leaving a balance of £8.638 million

which has been earmarked to support the ongoing investment programme in future years. The capital investment performance was delivered within the approved prudential expenditure and borrowing limits set by the Council.

5.2 Housing Capital Budget Performance

Housing capital expenditure totalled £8.926 million during 2020/21. Capital receipts of £0.197 million were realised from asset sales during the year. These receipts were fully utilised in 2020/21 to support the agreed investment programme.

6 PRUDENTIAL FRAMEWORK

- 6.1 The Prudential Framework approved by the Council is supported by a number of indicators and the Council's performance against these indicators is reported in the Management Commentary in the Accounts. A further report outlining the treasury management activity undertaken during 2020/21 is also on the agenda for this meeting.

7. GROUP ACCOUNTS

- 7.1 The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 – ("the Code"), requires local authorities to consider accounting for their interests in all types of entity e.g. Joint Boards & Committees, Leisure Trusts, companies etc. This includes other local authorities or similar bodies as defined in section 106 of the Local Government (Scotland) Act 1973 e.g. statutory bodies such as Valuation Joint Boards plus all Joint Committees. Under the Code authorities are required to prepare a full set of Group Accounts in addition to their own Council's Accounts where they have a material interest in such entities.

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

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

Joint Boards encompassing the Strathclyde Concessionary Travel Scheme Joint Committee, Strathclyde Partnership for Transport, the Renfrewshire Valuation Joint Board and the Renfrewshire Integration Joint Board,

Paisley, Renfrew & Johnstone Common Good Funds and the Observatory Trust administered by the Council,

Renfrewshire Leisure Limited,

Park Lane Developments (Renfrewshire) LLP,

Paisley Museum Reimagined Limited.

- 7.4 Both the Council's own Accounts and the Group Accounts will be submitted by 30 June to external audit in accordance with the statutory deadline.

8. Common Good Funds and Coats Observatory Trust Fund Accounts

- 8.1 Under accounting requirements introduced in 2010/11, the Council is required to present the annual accounts of both the Common Good Funds and the Observatory Trust separately from the Council's main accounts. In addition, the Council is also required to put in place audit arrangements which are separated from the audit of the Council and its own financial statements.
- 8.2 Enclosed therefore for members approval for submission for audit are the annual accounts for both the Common Good Funds and the Coats' Observatory Trust which have been prepared in line the Charities Statement of Recommended Accounting Practice (Charities SORP).

Implications of the Report

1. **Financial** – the report provides an overview of the Council's financial performance over the course of 2020/21 and as at 31 March 2021. The annual accounts will be presented for audit with the audit findings being reported to the Audit, Risk and Scrutiny Board. The report outlines continued sound budgetary control and management of council expenditure within available resources, but also indicates the likelihood of ongoing pressures on council finances driven by the Council response to and recovery from the Coronavirus pandemic.
2. **HR & Organisational Development** - none
3. **Community/Council Planning** – the report outlines continued sound financial management which supports the council to deliver on its key community and council plan objectives.
4. **Legal** – subject to approval by Council, the annual accounts will be released to external audit within the statutory timescales.
5. **Property/Assets** - none
6. **Information Technology** - none
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential

for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** - none
9. **Procurement** – none
10. **Risk** - none.
11. **Privacy Impact** - none
12. **Cosla Policy Position** – none
13. **Climate Risk** – none

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

	Balance at 1 April 2019	Transfers out	Transfers in	Balance at 31 March 2020	Transfers out	Transfers in	Balance at 31 March 2021
	£m	£m	£m	£m	£m	£m	£m
Alcohol and Drugs Commission	0.000	0.000	1.000	1.000	0.000	1.000	2.000
British Sign Language	0.099	(0.004)	0.000	0.095	(0.014)	0.000	0.081
City Deal	1.273	(0.658)	0.566	1.181	(0.522)	0.000	0.659
Climate Change Action Fund	0.000	0.000	0.000	0.000	0.000	0.742	0.742
Community Empowerment	0.472	(0.040)	0.000	0.432	(0.057)	0.000	0.375
Community Safety	0.031	0.000	0.000	0.031	(0.031)	0.000	0.000
COVID-19 Education Recovery Fund	0.000	0.000	0.000	0.000	0.000	6.149	6.149
COVID-19 General Recovery	0.000	0.000	0.000	0.000	0.000	11.147	11.147
Culture Bid Legacy	2.411	(0.228)	0.737	2.920	0.000	0.612	3.532
Development Contribution – Paisley Town Centre	1.056	0.000	0.001	1.057	0.000	0.000	1.057
Digital Infrastructure	0.440	(0.030)	0.000	0.410	(0.035)	0.000	0.375
Discretionary Business Grants	0.000	0.000	0.000	0.000	0.000	2.303	2.303
Early Years Change Fund	1.051	(1.051)	1.900	1.900	0.000	0.000	1.900
Employability	4.500	0.000	0.204	4.704	0.000	3.391	8.095
Environment & Infrastructure	2.500	(0.500)	0.000	2.000	(0.500)	0.000	1.500
Memorial Headstone Safety	0.000	0.000	0.000	0.000	0.000	0.987	0.987
PPP Schools Replacement Fund	12.670	0.000	0.000	12.670	0.000	0.000	12.670
Invest in Renfrewshire	0.000	0.000	1.829	1.829	(3.237)	1.984	0.576
Kilbarchan AAC	0.250	(0.250)	0.000	0.000	0.000	0.000	0.000
Leisure: Inclusive Play Facility	0.000	0.000	0.050	0.050	0.000	0.000	0.050
M74 Fund	0.566	(0.566)	0.000	0.000	0.000	0.000	0.000
Paisley Town Centre Heritage Asset Strategy	2.632	(0.737)	0.000	1.895	0.000	1.100	2.995
Private Sector Housing Grant	2.687	(0.114)	0.000	2.573	0.000	0.059	2.632
Pupil Equity Fund	1.426	0.000	0.044	1.470	(0.245)	0.000	1.225
Renfrewshire Health & Social Care Partnership	1.232	(1.232)	0.000	0.000	0.000	0.000	0.000
Response to Commission on Tackling Poverty	4.002	(0.998)	0.000	3.004	(0.773)	0.190	2.421
School Music Participation	0.000	0.000	0.375	0.375	0.000	0.000	0.375
Service Modernisation and Reform Fund	10.343	(3.518)	0.003	6.828	0.000	0.153	6.981
Social Renewal Plan	0.000	0.000	0.000	0.000	0.000	2.706	2.706
Town Centre Public WiFi	0.344	(0.142)	0.000	0.202	(0.109)	0.000	0.093
Villages Improvement Fund	0.370	0.000	0.000	0.370	(0.078)	0.000	0.292
Welfare Reform	0.603	(0.405)	0.000	0.198	(0.010)	0.424	0.612
Year end flexibility:							
Children's Services	1.049	(0.031)	0.000	1.018	0.000	1.780	2.798
General Fund Ring-fenced Total	52.007	(10.504)	6.709	48.212	(5.611)	34.727	77.328
Unallocated element of the General Fund Balance	7.137	(0.538)	0.000	6.599	0.000	4.288	10.887
Total General Fund Balance	59.144	(11.042)	6.709	54.811	(5.611)	39.015	88.215

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2020/21
1st April to 31st March 2021

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Policy Board	Revised Annual Budget at Period 12	New Budget Adjustments	Revised Annual Budget	Outturn Core Business	Outturn COVID-19	Total Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	£000	£000	%	£000	£000
Communities, Housing and Planning Services	13,202	210	13,412	12,989	695	13,684	-272	(2.0%)	-487	215
Education and Children's Services	215,587	-14,985	200,602	198,501	1,867	200,368	234	0.1%	94	140
Infrastructure, Land and Environment	30,986	657	31,643	30,850	3,103	33,953	-2,310	(7.3%)	-2,496	186
Finance, Resources and Customer Services	105,510	-10,919	94,591	81,191	6,356	87,547	7,044	7.4%	5,603	1,441
Adult Services	72,259	-8	72,251	63,209	9,042	72,251	0	0.0%	1,840	-1,840
Chief Executive's Service	21,583	-190	21,393	21,403	-320	21,083	310	1.4%	-146	456
GENERAL SERVICES NET EXPENDITURE	459,127	-25,236	433,892	408,143	20,743	428,886	5,007	1.2%	4,409	597
Council Tax			(83,788)	(83,037)	0	(83,037)	(751)	(0)	(750)	0
GENERAL SERVICES NET OUTTURN			350,104	325,106	20,743	345,849	4,256	0.3%	3,659	597

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2020/21
1st April to 31st March 2021

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Subjective Summary	Revised Annual Budget at Period 12	New Budget Adjustments	Revised Annual Budget	Outturn Core Business	Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	£000	£000	%	£000	£000
Employees	320,932	-19,688	301,245	288,297	4,996	293,293	7,952	2.6%	4,336	3,615
Premises Related	36,522	-15,916	20,606	19,160	1,119	20,279	327	1.6%	-3,158	3,485
Transport Related	12,340	-221	12,119	12,520	567	13,087	-968	(8.0%)	-225	-743
Supplies and Services	87,354	-23,895	63,459	60,136	5,805	65,941	-2,481	(3.9%)	8,468	-10,949
Third Party Payments	82,350	10,304	92,654	74,647	6,424	81,071	11,583	12.5%	-964	12,547
Transfer Payments	80,776	1,217	81,993	93,124	1,278	94,402	-12,409	(15.1%)	-3,986	-8,423
Support Services	6,699	-638	6,061	4,362	0	4,362	1,699	28.0%	623	1,076
Depreciation and Impairment Losses	35,288	-9,177	26,111	31,690	0	31,690	-5,579	(21.4%)	160	-5,739
GROSS EXPENDITURE	662,261	-58,014	604,248	583,936	20,190	604,126	123	0.0%	5,254	-5,132
Income	-203,134	32,778	(170,356)	(175,793)	553	-175,240	4,884	2.9%	-1,495	6,379
NET EXPENDITURE	459,127	-25,236	433,892	408,143	20,743	428,886	5,007	1.2%	3,759	1,247

Policy Board	Key Reasons for Significant Variances
Communities, Housing and Planning Services	The year end overspend is £0.272m. Planning and Housing Services year end overspend is £0.309m including an overspend in regulatory services. Additional costs due to COVID were £368k. These additional costs relate to staff overtime to keep critical services within Homeless functions in operation. Supplies and services also overspent re additional bed and breakfast/ short stay facilities required to house Homeless people and meet service demands and responsibilities. Public Protection incurred a year end overspend of £86k after incurring £271k of COVID related expenditure and income under-recoveries for services such as community learning and pest control. The overspend due to Covid is being partially offset by underspends in employee costs due to vacancies and underspends in property maintenance/cleaning costs.
Education and Children's Services	The year-end underspend is £0.234m; being the net result of an overspend in Primary staffing, due to retention of temporary teachers and provision of childcare hubs during lockdown period, additional property costs and PPE costs; and Secondary School overspend in staffing, partly due to retention of temporary teachers and additional property costs. A projected overspend in Residential Schools due to Covid19 related placement costs, Residential Staffing costs and PPE has been offset by additional Scottish Government funding. There is an underspend in 1140 expansion programme due to delayed opening of new facilities.
Infrastructure, Land and Environment	The year end outturn for services reporting to the ILE Board was an overspend of £2.310m. Parking charges were suspended from March to August 2020, with Off street parking also being suspended from December until May 2021, resulting in a significant loss of income compared to previous years. Within Refuse collection there were increased employee costs of shielding, absence due to the pandemic, PPE, and adherence to social distancing measures partially offset by management controls to reduce non essential overtime for core service delivery. In order to adhere to social distancing measures, additional vehicle support is required for each collection vehicle, resulting in additional transport costs of approximately £0.375m for the year. There was also an under recovery of income from special uplifts and commercial waste contracts. A significant increase in household waste for both residual and recycling tonnages, resulted in increased costs of disposal. In addition there was a loss of income from both scrap metal and textile contracts. This is partially offset by a one off reduction in the tonnages processed through the HWRC's due to the closure at the start of the year. Additional driver support is required to adhere to service social distancing measures mainly within refuse collection, resulting in increased income recovery within fleet services.
Finance, Resources and Customer Services	The year-end overspend is £0.601m within Finance and Resource Directorate and £1.781m within facilities management, offset by an over-recovery of income within Miscellaneous Services of £9.426m due to income received from the Scottish Government; resulting in a net outturn for services reporting to the FRCS Board of £7.015m. The pressure due to the pandemic includes a loss of income from school meals and Renfrewshire House café, which is partially offset by a reduction in food costs. The outturn also includes the total cost to the Council of the supply and delivery of the food insecurity packages delivered to residents across Renfrewshire. Within Finance & Resources, an overspend was incurred in relation to increased ICT kit and data requirements over the period of lockdown and housing benefit overpayments. There is a significant spend related to the service response to the pandemic, including additional cleaning in schools, and additional hours required to cover for absence related to staff shielding. Some of these costs for example within HSCP premises were funded, reducing the total cost. The COVID-19 projection also includes an under-recovery in savings of £0.850m due to the pause in R4R arising from the pandemic.
Adult Services	The year-end breakeven position is after a transfer to reserves of £1.837m which has been reflected as an underspend over the course of 2020/21. This underspend was predominantly due to underspends in employee costs due to vacancies and under-occupancy in care homes due to COVID-19., offset by Physical Disability and Learning Disability pressures on the Adult placement budget, reflecting the impact of increasing demand and SDS.
Chief Executives	The outturn position of a £0.310m underspend reflects the net position of Scottish Government funding received in financial year 2020-21 which has been committed to support employability programmes; the reduction in costs from the cancellation of the Renfrewshire Council events programme for 2020, together with a reduction in employee costs due to staff turnover and staff on parenting leave; offset by financial support to Renfrewshire Leisure of £0.609m as a result of the net impact of income loss and decreased costs incurred as a result of the closure of facilities during the lockdown period.
Housing Revenue Account (HRA)	The year end overspend was £0.310m and this is after incurring HRA related COVID costs/loss of income amounting to £874k. The HRA utilised in year underspends in employee costs due to vacancies and underspends in transport costs/staff mileage to partially mitigate the additional COVID costs including payments to Building Services and other contractors for maintenance works and an under-recovery on interest received due to prevailing low interest rates.

Renfrewshire Council

Unaudited Accounts

2020–2021



Renfrewshire
Council

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Management Commentary

The purpose of the Management Commentary is to present an overview of Renfrewshire Council's performance during the 2020/21 financial year and to help readers understand its financial position at 31 March 2021. In addition, it outlines the main issues and risks that may impact the performance of the Council in the future.

The Council also works closely with the Renfrewshire Health and Social Care Partnership, which delivers care services across the region; and with Renfrewshire Leisure, which delivers leisure and cultural services. Renfrewshire Council is organised into five directorate services, as follows:



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.



It provides services to around 179,000 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:

SNP	19	LD	1
LAB	13	IND	2
CON	8		

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



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' (<http://www.renfrewshire.gov.uk/communityplan>), 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, which can be found on the Council's website at: <http://www.renfrewshire.gov.uk>Your Council>Our key priorities>Council Plan>.

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

COVID-19

The COVID-19 pandemic has had a profound impact on the Council over the course of 2020/21, as it has on every individual, community and business across Renfrewshire. In terms of service delivery, governance, financial management and outlook, the pandemic fundamentally affected how the council operates and is likely to operate in the coming years.

The Annual Governance Statement outlines the key issues which were encountered from a governance perspective; and how the Council quickly adapted its decision-making processes including delegating additional decision-making power to the Chief Executive and initiating an Emergencies Board over the first half of 2020/21; through to the re-establishment albeit on a remote basis of the Council's substantive Policy and Regulatory Board structures from August 2020.

Prior to the initial lockdown at the end of March 2020, the Council had already taken significant measures to enable home-working for those staff who are office based; and to put additional protection in place for frontline staff such as additional PPE, social distancing measures at operational sites and revised operating processes for staff involved in community services such as waste collection, housing support and social care. No council staff were furloughed; however, some staff who could not carry out their substantive roles due to office closures volunteered to be redeployed to other areas of support to communities. Support was also provided to staff who tested positive or who were self-isolating.

The Council put substantial support in place for communities and vulnerable individuals such as food and home essentials deliveries, pharmacy deliveries; other support to those shielding and measures to support social distancing in the community eg footway widening. The impact of the pandemic has been felt particularly in schools and nurseries; where both remote learning and in-classroom learning was facilitated over the course of the year.

The Council budget agreed for 2020/21 was heavily impacted, with both additional costs and income losses becoming evident early in the year; although as the year progressed the initial estimates of these costs and losses were moderated both through sound financial management but also from additional financial support provided by the Scottish Government. Regular reporting of the financial position was provided to each Policy Board; including specific reporting of COVID-19 related pressures. In order to manage the financial risks as they unfolded the Council agreed a range of measures including the use of financial flexibilities agreed by the Scottish Government and COSLA, and to the use of reserve balances if required. In light of the heightened levels of financial risk both in year and in the medium term, the Council also agreed to replenish unallocated revenue balances to a minimum of £10 million.

Substantial additional funding has been provided by the Scottish Government to support councils and the communities they serve. The funding provided was largely one-off and in many cases was allocated for specific purposes. The ad-hoc nature of funding announcements and associated grant conditions increased the complexity of monitoring the in-year financial position. Additional funding in excess of £40 million was received from the Scottish Government to address service pressures and support communities over the course of 2020/21 and 2021/22. Where appropriate, funding has been carried forward to 2021/22 through the use of ringfenced reserves.

The council also supported the administration of a large number of business support grants on behalf of the Scottish Government, further adding to the complexity of financial monitoring and the associated cash management. While adding to the administrative burden for councils, the funding was vital in supporting local businesses to remain viable. The Council administered funding in excess of £47m to local businesses and this is detailed in Note 24.

Capital investment plans were also significantly affected, initially as the construction sector was shut down in early summer; and then owing to ongoing social distancing on construction sites over the

remainder of the financial year. Capital investment of £130 million was agreed across both housing and non-housing programmes for 2020/21; however, a total of only £54 million was spent. Future years capital programmes will continue to be adjusted to reflect the rephasing of projects as required.

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 that continues to ensure the stability of council services.

The medium-term Financial Outlook 2021-23 was reported to the Council on 24 September 2020, 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.

In light of the Coronavirus pandemic and the significant costs the Council has incurred and continues to incur in response, the financial strategy will require to be fundamentally reviewed over the course of 2021. The above principles, however, remain sound.

The financial strategy will require to incorporate a revised approach to service transformation given the lasting impact of the pandemic on service delivery, with both difficulties and opportunities arising from new ways of working.

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 16 June 2021. The report can be found on the Council Committee Management Information System at:
<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>

Overall, for the 55 actions within the Council Plan, 31 actions have already been completed and the remaining 24 are in progress, reflecting that this is a 5-year plan and some actions relate to long-term programmes.

Whilst, 53% of the Council Plan indicators improved in performance since last reported and of the indicators with a target 66% achieved target for 2021/21.

An extract of some areas of progress are highlighted for the 5 outcomes, including areas where planned activities did not proceed or were not undertaken in the same way due to COVID-19, performance information is also provided.



Outcome 1: RESHAPING OUR PLACE, OUR ECONOMY AND OUR FUTURE

- The Council coordinated, administered and delivered business grants and support to business impacted by the pandemic restrictions. This represents a significant ongoing resource pressure for the organisation but a vital activity to support Renfrewshire's businesses, with around £47m funding allocated to over 3,000 businesses over the last year.
- To improve infrastructure, a total of £8m was invested in roads, drainage and footpaths infrastructure during 2020/21 delivering improvements to both strategic and local roads. Work commenced in July following the COVID-19 lockdown. Despite the impact of the pandemic and the loss of the first three and a half months of the 7-month programme, 52 carriageways were resurfaced, with further dressing, patching and resurfacing on footpaths and carriageways completed.
- Tenants have moved into the new build housing at Johnstone Castle. While at Dargavel Village, Bishopton, 80 new Council homes across two sites are now complete and tenanted. Work has commenced at Ferguslie Park where 101 new homes will be built by spring 2023 and South West Johnstone where 39 new homes in Auchengreoch Road are anticipated to be complete by summer 2022.
- Due to COVID-19, the events programme for 2020/21 was cancelled and indicators relating to events have been revised for 2021/22. In addition, a number of the business support indicators were also significantly impacted over the last year, such as number of new business start-ups, as the Business Development Team concentrated on supporting existing businesses through the administration of the COVID-19 grants.

Outcome 2: BUILDING STRONG, SAFE AND RESILIENT COMMUNITIES

- In terms of community resilience, the Neighbourhood Hub model, which was put into place as part of the initial pandemic response, continues to develop with colleagues across the Council and partners. The hubs operate on a partnership basis with Renfrewshire Leisure, Renfrewshire Health and Social Care Partnership (HSCP), Engage Renfrewshire, local groups and community organisations and are supported by local volunteers. The hub teams have provided support services to over 1,000 households since the start of the lockdown period.
- Staff across the Council were redeployed to establish a Local Assistance Team to support shielding and vulnerable residents to access practical support and resources including access to food and medicines. At one stage over 2,600 residents were receiving practical support each week – mainly food provided by Catering and Building Services employees from Environment and Infrastructure. The Local Assistance Team conducted all welfare calls and ensured that vulnerable residents were matched with the services they needed. Over 6,500 people on the shielding list were contacted (over 99%) and each received personal advice and support as required.
- Another round of ‘Celebrating Renfrewshire’, the youth-led participatory budgeting exercise, was successfully completed in December 2020 in partnership with Youth Services and Renfrewshire Youth Voice. Over 1,700 young people voted on the 80 project ideas that were submitted and £124k was awarded to youth projects across Renfrewshire, with 68 projects receiving funding across the seven Local Partnership areas.

Outcome 3: TACKLING INEQUALITY, ENSURING OPPORTUNITIES FOR ALL

- Throughout the pandemic, the needs of those who were homeless or in housing need have continued to be met. There has been a total of 851 new statutorily homeless households from the initial lockdown to the end of March 2021. Staff from Homeless Services and the Housing Support team have continued to offer a wide range of support services throughout 2020/21 and have helped almost 300 homeless households move to settled accommodation, including assistance with Community Care Grant applications, provision of furniture items and assistance with benefit applications.
- The Tackling Poverty Programme has continued to operate throughout the year, adapting where appropriate to deliver vital projects throughout COVID-19 restrictions and by March 2021 approximately £759k income was maximised in Tackling Poverty projects. The Tackling Poverty Programme investment continues to form a significant part of Renfrewshire’s local response to tackling child poverty.
- Over 2,080 children and young people, who were vulnerable or whose parents are key workers, participated in the Childcare Hubs and Street Play Initiatives delivered by the Community Learning and Development team over the summer school holidays. Whilst 800 home learning and activity packs were delivered to targeted young people over the year, who then took part in campaigns, as well as the Renfrewshire Youth Voice survey on the pandemic, and accessed online digital and mental health and wellbeing activities.

Outcome 4: CREATING A SUSTAINABLE RENFREWSHIRE FOR ALL TO ENJOY

- A Climate Change Sub-Committee has now been established within the Council's governance structure to oversee this programme of work and immediate priorities, including the establishment of a Community Climate Panel to listen to the voices of citizens across Renfrewshire and further business and stakeholder engagement.
- Social landlords are reporting on the first milestone target for Energy Efficiency Standard for Social Housing (EESH) and after applying allowable exemptions, the Council is 93% compliant with the EESH 2020 target.
- In terms of active travel, Phase 2 of the £300k segregated shared cycle way project from Bishopton to Glasgow Airport was completed in March 2021. This is an important element in the Council's cycling strategy network and will connect to City Deal's proposals for around the airport.



Outcome 5: WORKING TOGETHER TO IMPROVE OUTCOMES

- The Health and Safety team have been an integral part of the Council's emergency management team, providing clear guidance in response to Government, NHS and Health Protection Scotland policies throughout the COVID-19 pandemic. The team has revised and developed new policies as part of the organisational response to suppressing COVID-19 and to support our workforce to work safely in new ways including homeworking guidance; schools' checklists; and COVID-19 age risk assessments.
- People Strategy: 'Our People Our Future 2021-2026', was launched in Spring 2021, the new strategy will integrate the Council's approach to organisational development and workforce planning into one strategy. It will support services and employees during the Council's recovery from

COVID-19 and during transformation programmes over the coming years.

- The importance of digital services and connectivity to our resilience as an organisation and as a place, has been emphasised by the experiences of the lockdown and Renfrewshire's new Digital Plan was approved by Leadership Board in September 2020, reflecting this. Registered MyAccount users increased to 74,223 as at March 2021, representing more than 4 out of every 5 households in Renfrewshire. This has been delivered primarily by the Digital First team who created a digital solution and process for all Business grants, free school meal payments, and licencing applications.
- All Council Services, the HSCP and Renfrewshire Leisure have worked together for our PCR testing programme for key workers, asymptomatic test centres and the roll out of the COVID-19 vaccination programme across Renfrewshire.

Key Performance Indicators

The Council Plan covers the period 2017 to 2022 and sets the direction of the organisation. Service Plans for each Council service sit under this framework and describe in more detail how these priorities will be achieved, supplemented by a detailed action plan and performance scorecard.

The COVID-19 pandemic and lockdown has meant that regular reporting on progress towards Council and service level priorities was interrupted during 2020. Due to their cancellation, service improvement plans for each service were not all approved by the relevant Policy Board at this time. During 2020/21 a series of service update reports were provided to the relevant Policy Boards on:

- the impact of the COVID-19 pandemic on services since March 2020;
- how services responded to the pandemic; and
- the identified key priorities and areas of risk for the service.

Due to the unprecedented nature of events in 2020/21, the three-year Service Improvement Plans were replaced by Service Delivery Plans that focus on a single year (2021/22) and outline what each service plans to do to mitigate the effects of the pandemic and associated restrictions, as well as actions to support recovery and renewal. Each Service's Service Delivery Plan was approved by Policy Boards from March 2021.

In the most recent service updates, from May to June 2021, an outturn position or overview on performance indicators and actions for 2020/21 was provided to Policy Boards. These reports provided detailed explanation on all relevant actions and performance indicators, including details of any actions delayed or cancelled as a result of COVID-19 restrictions and/or the need to refocus service priorities in order to manage the pandemic response.

Public Performance Reports

One of the Council's approaches to Public Performance Reporting is the 'It's all about you' story map, which provides an overview of performance for the LGBF indicators and the key priority areas for the Council. It includes case studies, infographics, and performance indicators.

The Performance section can be found on the Council's website at:

www.renfrewshire.gov.uk>Your Council> Information, performance and statistics> Council Performance>

Service Update Reports, Service Delivery Plans and Operational Performance Reports are reported to the relevant Policy Board and can be found on the Council Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

Local Government Benchmarking Framework

The annual performance report to Audit, Risk and Scrutiny Board was presented on 22 March 2021. This provided the Board and the public with a full assessment of all 97 indicators in the Local Government Benchmarking Framework (LGBF) for 2019/20, highlighting those indicators in the top and bottom quartile, trend data and ranked position over the two years, Scottish average and the family group range for all indicators.

Renfrewshire Council LGBF performance overview for 2019/20 was:

- 38 indicators have improved since last year
- 9 have remained the same
- 32 indicators have declined in performance
- 18 have no current data available
- 26 indicators are in the top quartile (ranked 1st to 8th)
- 12 indicators are in the bottom quartile (ranked 25th to 32nd)

These represent pre-pandemic data and will provide a benchmark for future years. The 2020/21 data will be published in 2022.

LGBF data can be found at:

<https://www.improvementservice.org.uk/benchmarking/explore-the-data>

Key Financial Ratios

The following tables provide information regarding the financial performance of the Council in 2020/21 and the affordability of its ongoing commitments:

Financial Indicator	2020/21		2019/20	Commentary
	Estimate	Actual	Actual	
Reserves				
Uncommitted General Fund reserves as a % of budgeted net expenditure	1.9%	2.5%	1.6%	Reflects the level of funding available to meet unplanned expenditure and manage financial risk.
Movement in uncommitted General Fund balance	n/a	65.0%	-7.5%	Reflects the commitment to increase uncommitted reserves to £10m per the Financial Strategy.
Council Tax				
In-year collection rate	96.0%	95.0%	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	19.2%	19.1%	20.1%	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)	£392.0m	£347.8m	£375.3m	The information in this section demonstrates that the level of external debt (driven by the capital programme) is affordable, owing to the low proportion of our budget spent on servicing debt. Further information, including descriptions of these terms and their significance, is available in the Treasury Management Annual Report presented to Council on 24 June 2021.
External debt	£330.3m	£329.1m	£292.7m	
Ratio of financing costs to net revenue stream (General Fund)	4.0%	4.7%	4.0%	

Financial Performance

Primary Financial Statements

The annual accounts summarise the Council's transactions for the year, its financial position at 31 March 2021 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 2020/21 along with the income available to fund those services.

The outturn explained in the following section differs from the accounting deficit of £16.8m 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.

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, the General Fund had a surplus of income over expenditure in 2020/21 of £33.4m. The revised budgeted position was a surplus of £29.1m, which results in an underspend of £4.3m against budget.

The main reasons for the variance against the approved budget were unsurprisingly related to the response and subsequent recovery actions for COVID-19. The most significant additional costs were incurred in household waste collection and disposal, additional cleaning across all council facilities,

additional teaching resource and support to Renfrewshire Leisure. The pandemic also had a significant impact on income streams with parking income, trade waste income and commercial income to Renfrewshire Leisure being particularly affected.

The Right for Renfrewshire transformation programme was temporarily suspended over the course of 2020/21, impacting on the delivery of planned savings however some efficiencies from reviews commenced in 2019/20 were delivered.

Over the course of the year significant additional revenue support totalling £41.5m was provided to the Council by the Scottish Government. This support was generally targeted to address specific cost pressures, particularly in schools, however this support was crucial in allowing the Council to deliver the financial outturn reported. Further detail on budget variances can be found in the Unaudited Annual Accounts 2020/21 report to Council on 24 June 2021.

The Council did not meet its target in-year council tax collection rate of 96% in 2020/21, instead returning a creditable 95% in light of the pandemic impact on household finances.

2020/21	Revised Budget £m	Actual £m	Variance £m
Chief Executive's Service	21.956	21.640	0.316
Children's Services	204.055	203.835	0.220
Communities, Housing & Planning	10.996	11.305	(0.309)
Environment & Infrastructure	48.002	52.053	(4.051)
Finance & Resources	38.593	39.198	(0.605)
Miscellaneous Services	38.034	28.598	9.436
Adult Services	72.251	72.251	0.000
Net Expenditure	433.887	428.880	5.007
Revenue Support Grant	(305.406)	(305.406)	0.000
Council Tax Income	(83.788)	(83.037)	(0.751)
Non-Domestic Rates Income*	(73.841)	(73.841)	0.000
Funding	(463.035)	(462.284)	(0.751)
Use of General Fund Balances	(29.148)	(33.404)	4.256

*The Council was originally due £112.3 of Non-Domestic Rate Income from the Scottish Government as its share of the national pool; however, this figure was reduced to £73.8m (with a corresponding uplift in

general revenue grant) as the impact of the COVID-19 pandemic on businesses unfolded.

The Council collected £66.7m directly from local businesses with a further £7.2m 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 £88.2m will be carried forward to 2021/22. Of this balance, £77.3m has been earmarked for a particular purpose, as outlined in Note 7: Usable Reserves.

As at 31 March 2020 £m	Usable Reserves	As at 31 March 2021 £m
54.811	General Fund Balance	88.215
6.807	Housing Revenue Account	6.497
9.453	Capital Receipts Reserve	8.638
88.550	Other Statutory Funds	90.500
159.621	Total	193.850

This leaves unallocated reserves of £10.9m (2.5% of the Council's net annual running costs), which is in line with levels agreed by the Council under its revised financial planning principles. It is viewed that this balance is appropriate to the financial risk environment the Council is facing both in light of the ongoing response and recovery from the pandemic, but also to mitigate adverse risks anticipated in public finances generally over the medium to longer term.

Housing Revenue Account

The balance on the Housing Revenue Account (HRA) as at 31 March 2021 has reduced to £6.5m. This remains a prudent level of unallocated reserves for the HRA to mitigate the impact of any unforeseen

risks and to provide an element of mitigation against forecast pressures related to Coronavirus.

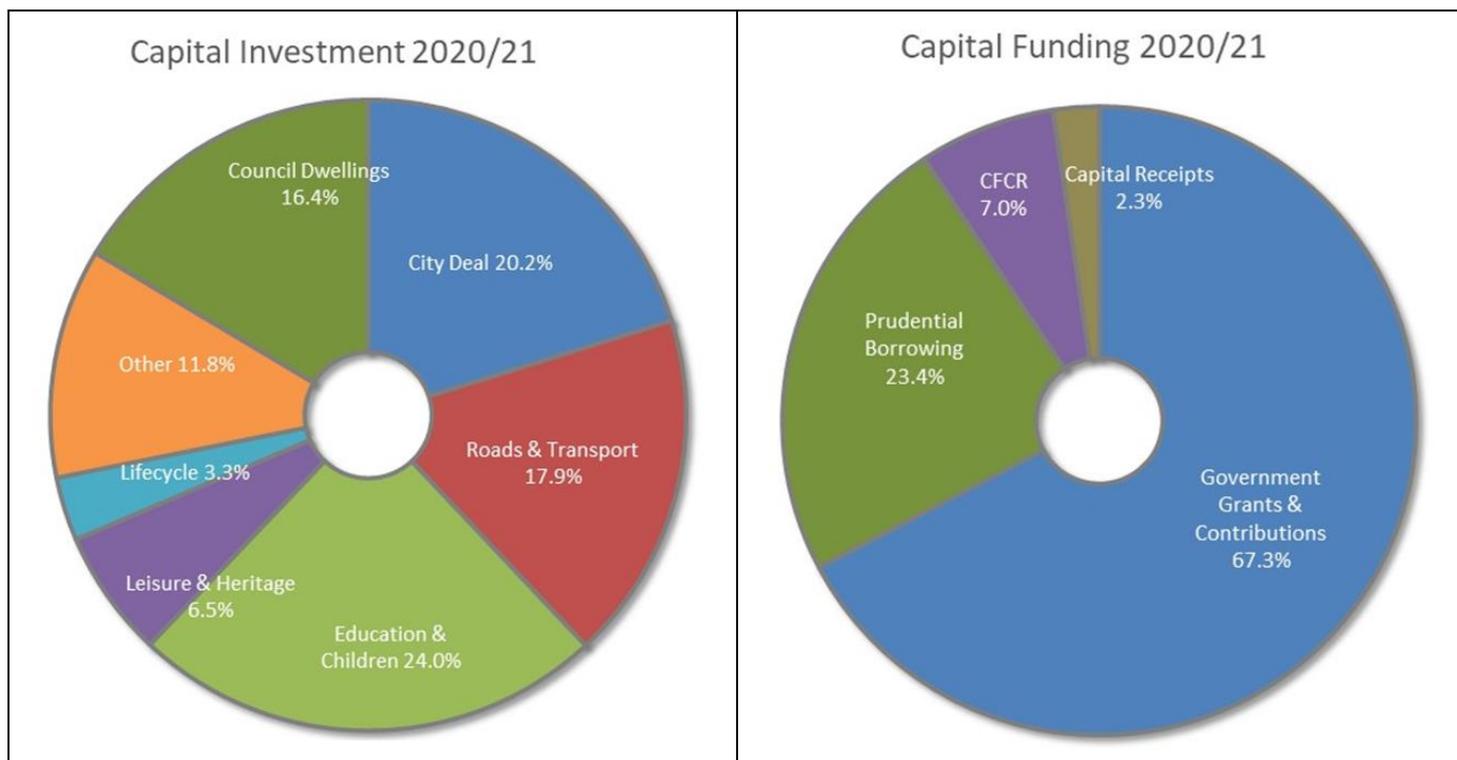
The year-end deficit position is in line with projections reported during 2020/21 and reflects the net effect of underspends in employee and transport costs that have been used to fund an overspend related to COVID-19 driven response and recovery costs and increased debt repayment as part of the overall 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 9 March 2020, the Council approved the housing capital investment programme for 2020/21 of £30.2m; and the General Fund capital investment programme of £102.0m.

The capital investment programmes were significantly affected by the pandemic, mainly related to lengthy construction lockdown periods and subsequent requirements to maintain social distancing on building sites. The programmes have therefore 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 £8.9m for housing capital investment and £45.5m for the General Fund. Further detail is provided in Note 14.

The following charts show the actual expenditure incurred and income received in relation to the 2020/21 capital programme.



During the course of 2020/21 there was new external borrowing (excluding Group transactions) from the Public Works Loans Board of £35m related to the Clyde Waterfront and Renfrew Riverside City Deal project. This borrowing was undertaken to fund project expenditure anticipated in 2021/22 and in line with the Council's approved treasury and borrowing strategies.

The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans. The increase in cash balances compared to 31 March 2020 is attributable to the external borrowing undertaken as outlined above and to COVID-19 specific funding received from the Scottish Government which will be utilised over the course of 2021/22.

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 22: Financial Instruments.

For a number of years an important element of the Council's medium-term financial planning has been the strategy of debt smoothing, which ensures 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. While it had been planned that this process would reach a natural conclusion, the Council will continue to explore options as to whether refocussing the strategy may help deliver short term financial capacity in order to support the costs being incurred in response to the Coronavirus pandemic, including employing the financial flexibilities permitted by the Scottish Government specifically in relation to COVID-19. The Council did not utilise these flexibilities in 2020/21 given the additional funding secured and the limited additional benefit these flexibilities would derive.

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 9 March 2020 and revised on 17 December 2020. The TMSS for 2020/21 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 2021 was £347.9m, which is within the approved limit of £392.0m.

The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £329.1m at 31 March 2021 compared to the operational boundary of £392m. 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 were 4.7% as a proportion of the Council's non-housing net revenue stream, including an element of additional debt repayment. Housing related financing costs as at 31 March 2021 were 51.4% of net housing revenues, higher than the forecast of 39.9% again due to additional debt repaid in the year. Excluding these repayments, the actual position was 40.5%.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 27 and 28. The appointed actuaries, have confirmed a decrease of £59.0m in their assessment of the Council's share of the actuarial deficit position of the local government pension fund as at 31 March 2021. This can be attributed to a combination of a lower discount rate assumptions and a significantly higher CPI assumption. Asset returns and values and Bond yields have followed the market movements prompted by the pandemic and lockdowns, among other factors, which affect the asset share value.

The assessment provides only a snapshot as at 31 March 2021 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 21.

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 £2.5m for uninsured claims. While the Council has financial monitoring arrangements in place with regards costs being incurred in response to and recovery from the Coronavirus pandemic, the Council cannot know with certainty the full costs and income loss which may arise over the medium term.

The Council has been made aware of an issue relating to Guaranteed Minimum Pension that could increase the future value of pension liability recognised in the balance sheet by around £4.1m. Further detail is provided in Note 22: Financial Instruments.

Financial Outlook and Key Risks

The Financial update reports to Council in September and December 2020 outlined continued and considerable uncertainty for local government finances. Council therefore agreed to replenish unallocated reserves to a threshold of £10 million in order to address the risks of significant and unplanned cost pressures which may emerge over the medium term.

Over one year on from the start of lockdown restrictions the impact to the Scottish and UK economies is still unfolding. Unprecedented levels of fiscal support to businesses, communities and individuals has resulted in government borrowing levels which have reached a peacetime high. The

impact of this level of debt on public finances will take many years to unwind. However, borrowing has been undertaken at historically low interest rates, mitigating some of the impact of the borrowing required. Economists debate as to the speed and trajectory of the economic recovery as the vaccine programme rolls out; however, what is clear is that there will be permanent scarring to the economic position. Encouragingly however, forecasts for economic recovery are generally increasingly optimistic based on the successful roll out of the vaccine programme, that pre-pandemic levels of GDP will be achieved by 2022.

As the economy reopens and emergency fiscal support is withdrawn, notably in respect of the furlough scheme winding down, levels of government borrowing are expected to reduce. Over the medium term however, as the government moves from rescue measures to recovery and then rebuilding, there are a number of factors which may influence the public finances and therefore the local government settlement.

Funding for the NHS and social care is likely to again be prioritised given their key role in responding to the pandemic and in order to rebuild resilience in these services. Inflation may increase as pent-up demand for goods and services begins to unfold, resulting in cost pressures for the Council. Pay inflation is also likely to become an increasing pressure given the pay settlement agreed for the NHS in Scotland and expectations of equity in public pay policy. Conversely, as government support to businesses unwinds and the furlough scheme ends, there may be a resulting increase in unemployment which could place additional demands on Council services. These pressures while not new, may become more acute over the medium term.

The impact of Brexit is one which again due to the pandemic has possibly not been fully felt and the Council remains alert to potential cost pressures in this regard.

In addition and as has been highlighted in previous commentaries, as the transition of powers moves the

Scottish budget towards almost 50% of spending being supported by devolved tax raising powers, the 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.

It is expected that growth in the Scottish economy will mirror, but lag slightly, that of the UK. Decisions by the Scottish Government to provide continuing support to some areas of the economy eg through business rates relief over the course of 2021/22 will continue to put pressure on Scottish Government finances. In addition, it is less certain from manifesto commitments made in the run up to the 2021 Scottish Parliamentary elections whether the growth in funding for local government services being on a par with that for the NHS as suggested in the Scottish Government's medium term financial strategy will come into being given the explicit funding commitments made to health and social care. The local government grant settlement for 2021/22 (again only a single year settlement being announced) reflects a 0.5% increase on a like-for-like basis in the general revenue grant received in 2021/22 compared to 2020/21. Funding to compensate councils who chose not to increase council tax was also included in the settlement.

This uncertain climate is likely to present continuing challenges over the medium-term for core local government grant levels in Scotland. While the medium-term financial plans for the Council will require substantial revision, they will remain based on an assumption that its grant settlement may be subject to further reduction in future years given Scottish Government policy commitments and funding pressures. For context, each 1% cut to the Council's revenue funding represents a £3m loss in resource.

A balanced budget position moving into 2021/22 was agreed by the Council on 4 March 2021, reflecting well on the previous budget decisions taken by the Council towards addressing the medium-term savings requirement it is facing. No new savings decisions were included in the agreed budget for 2021/22,

reflecting the temporary pause of the Council's Right for Renfrewshire programme. Temporary investment in measures to assist Renfrewshire's communities recover from the pandemic were agreed, including a freeze in council tax which formed part of the conditional grant offer from the Scottish Government.

Existing service and cost pressures arising from pay settlements, demographic and socio-economic factors will continue to play a major role in driving spending pressures for the Council, however the predominant focus of the Council in the short term will be fully understanding and assessing the financial impact of Coronavirus. This is expected to manifest itself in additional costs of services adapting to the pandemic and resulting permanent behavioural changes such as increased levels of homeworking for both staff and residents. While reduced levels of council tax income were anticipated, actual experience from 2020/21 provides evidence that this income stream has held up very well. This may however become more challenging to maintain as levels of government support to households reduce. In addition, there may be permanent reductions in parking income as a result of less travel to work or other behavioural changes. Further, the Council will require to continue to support the substantial levels of commercial income loss being experienced by its subsidiary, Renfrewshire Leisure.

In the face of these challenges, it remains critical that the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. The Council has agreed a capital programme including spend of £140m in 2021/22 across public infrastructure, schools, nurseries, public buildings and council housing. These will run alongside the Glasgow and Clyde Valley City Deal programme that is planned to be delivered during the course of this 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.

The Council's medium term financial strategy will require to incorporate the increased levels of uncertainty driven by the pandemic; however it is hoped that some clarity will emerge from the UK government comprehensive spending review due in November 2021 which may allow in turn some increased certainty for the Scottish Government with regards the block grant they may receive over 2022 – 2025. This certainty may allow the re-establishment of multi-year settlements for local government in Scotland; bringing some clarity to the Council's grant position.

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 five 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, Park Lane Developments (Renfrewshire) Limited Liability Partnership and Paisley Museum Reimagined Ltd. 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 (which was formally wound up on 31 March 2021), Scotland Excel, Glasgow and the Clyde Valley Strategic Development Planning Authority and Glasgow City Region – City Deal Cabinet.

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 £4.2m, with investments increasing by £3.6m. Both the market values of investments and income generated from dividends are likely to be subject to ongoing volatility as the economy recovers from the pandemic.

The unaudited annual accounts of the Common Good Funds and Observatory Trust are reported to the Council on 24 June 2021 and can be accessed on the Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

Conclusion and Acknowledgements

We would like to acknowledge the tremendous effort by the whole finance team in both producing the annual accounts and successfully managing the finances of the Council over an unprecedented year in difficult circumstances; 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), or by telephoning 0141 618 7363.

Cllr Iain Nicolson
Leader of the Council
24 June 2021

Sandra Black
Chief Executive
24 June 2021

Alan Russell CPFA
Director of Finance and Resources
24 June 2021

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 one of its officers has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Renfrewshire Council, that officer is the Director of Finance and Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- 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;
- approve the Annual Accounts for signature.

I can confirm that these annual accounts were approved for signature by the Council at its meeting on 24 June 2021.

Signed on behalf of Renfrewshire Council.

Cllr Iain Nicolson
Leader of the Council
24 June 2021

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 adequate accounting records that 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 2021.

Alan Russell CPFA
Director of Finance and Resources
24 June 2021

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 at: www.renfrewshire.gov.uk > [Your Council](#) > [Information, performance and statistics](#) > [Information Governance](#)

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 (which also acts as Renfrewshire's Local Outcome Improvement Plan as required by the Community Empowerment (Scotland) Act 2015) 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;

- 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;

- 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. The Managing Solicitor, Information Governance is the statutory Data Protection Officer;
- 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;
- There are adequate cyber security controls in place including a dedicated cyber security officer and conformance to industry cyber security standards such as Public Services Network (PSN), Payment Card Industry (PCI) and Cyber Essentials;
- Clear and independent governance arrangements are in place with Renfrewshire Leisure Ltd and the Renfrewshire Health and Social Care Partnership with oversight from the Council's Leadership Board.
- Seven 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.

This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2021, subject to the impact of the COVID-19 pandemic, as disclosed in the section on review of effectiveness and continuous improvement below.

Within the 2019/20 report, Audit Scotland concluded that: "the Council has appropriate governance arrangements in place. We recognise that in responding to the COVID-19 pandemic the Council revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability."

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 is:

- 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 recommendations 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 Council's Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control. The Council conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

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 include 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, which has 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 an annually updated self-assessment tool covering six key areas of governance

(this year including the impact on governance of the Coronavirus pandemic), as follows:

- Business Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity
- Conflicts of Interest, Whistleblowing and Gifts and Hospitality
- Impact of Coronavirus (COVID-19).

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 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, including aspects such as multi-agency file reading and practice and improvement groups in place. Staff from across services are also invited to participate in improvement sessions linked to the service improvement plans on an annual basis, or in relation to specific exercises such as the "Our Values" staff engagement process in 2019. The Council previously utilised the Public Services Improvement Framework and is now piloting a streamlined version of this model with Renfrewshire Community Planning Executive Group. The first stage of this has been completed, with the consensus session to agree improvement actions delayed due to the Coronavirus crisis.

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities and has robust financial control and financial planning processes in place. Plans to adopt the CIPFA Financial Management Code over the

course of 2020/21 were unfortunately impacted by demands related to the COVID-19 pandemic and a revised timescale for adoption by 30 June 2021 has been developed.

There have been unprecedented challenges facing the Council in responding to the ongoing COVID-19 pandemic, which has significantly altered the way in which the organisation operates, with new services being provided in response to the pandemic and significant changes to the delivery of existing services. Reduced capacity and competing priorities continue to be actively managed on a daily basis. The following should be specifically noted:

- The temporary emergency governance arrangements that were put in place in March 2020 remained in operation throughout 2020/21, with the exception that Board cycles recommenced in August 2020, which allowed the role of the Emergencies Board to be scaled back and the emergency delegations given to the Chief Executive came to an end. The Emergencies Board last met in September 2020. There continues to be weekly Emergency Management Team meetings and the Corporate Management Team also meet weekly with a specific focus on recovery. A cross party briefing meeting is scheduled fortnightly with group leaders to provide ongoing updates on the COVID-19 response.
- The Council has developed economic and social renewal and recovery plans in recent months, which set out how the Council will work with partners to respond to the COVID-19 pandemic over the short to medium term.
- Regular performance reports have been prepared for policy boards throughout the period of the pandemic in the form of service update reports. Each service has developed a Service Delivery Plan for 2021/22 in place of the usual service improvement plans, in order to focus on activities linked to recovery over the next 12 months in particular.
- The Right for Renfrewshire programme was placed on hold in April 2020 in order for the Council to focus resources on the Coronavirus

response and recovery. However, some elements within the programme of work have continued where necessary or where useful to expedite work planned under Right for Renfrewshire as a key element of the Council's COVID-19 response.

Other project activities are progressing only where there is employee capacity and a business need.

The Council's Financial Strategy will inform the scope, timelines, and savings targets for future stages of the programme. It is anticipated that the programme will formally restart later in 2021.

- Financial management across the Council has remained strong, with additional reporting put in place to clearly distinguish COVID-19 related costs and income losses from core operating costs. Over the course of the year significant amounts of additional non-recurring income has been secured from the Scottish Government in order to ensure local government continues to provide support to local communities and businesses. Funding has been provided both to support council expenditure, but also on an "agency" basis whereby the Council administers grant schemes designed by the Scottish Government. Ensuring compliance with the various grant conditions has entailed considerable work by council officers, and this will likely continue into 2021/22.
- All essential services have continued to be delivered throughout the pandemic and business continuity arrangements are in place and operating highly effectively. There have been no significant changes to internal controls although new and amended processes have been put in place to allow the Council to appropriately respond to the pandemic and support local communities and businesses.
- The Council commenced planning for Brexit during 2019/20 and has implemented a specific Brexit risk register which is monitored by the Corporate Management Team. The specific risks associated with Brexit have not all materialised so far and relevant mitigation measures have enabled services to continue following the exit from the European Union in January 2021 without significant immediate adverse impact. However, a

number of significant areas of risk remain for the organisation and for communities that have been deferred due to a combination of COVID-19 impacts, particularly in relation to employment constraints related to closure of hospitality and retail masking the impact of the end of freedom of movement and the deferral of the introduction of required import checks and restrictions which when introduced will lead to increased restrictions, delays and cost increases on products and services from the European Union and a significant and ongoing regulatory burden for Environmental Health Officers and Trading Standards Officers.

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 engages with the Council in relation to the improvement plan, regularly attending Council and board meetings and reviewing information provided. Each year Audit Scotland provides an assessment of the ongoing position in relation to best value, within the Annual Audit Report. The Annual Audit Report for 2019/20 was published in November 2020 noted that the Council continues to make positive progress in implementing the recommendations from the 2016/17 Best Value and Assurance Report.

Audit Scotland provided an unqualified but modified audit opinion on the 2019/20 annual accounts, noting an emphasis of matter drawing attention to disclosure in the financial statements relating to material uncertainties, caused by COVID-19, as declared in the valuation reports for property valuations. This emphasis of matter issue was common to many public bodies.

The programme of work undertaken by internal audit identified 2 occasions where a limited assurance level was given in relation to the internal control, risk management and governance objectives for the

specific areas of each audit review. The following areas are those identified as requiring improvement:

- The collection of catering income through the online payment system was reviewed and improvements were required in relation to recording and reconciling income collected. Although these areas require to be addressed there is no significant impact on the Council's overall system of internal control. Implementation of the recommendations will be monitored through the internal audit follow up process.
- A review of the Community Empowerment (Scotland) Act 2015, specifically the provisions relating to community asset transfers identified that the current processes do not fully comply with all aspects of the Act. Management agreed to implement the improvement actions required and this will be monitored through the internal audit follow up process.

Internal Audit undertakes an annual exercise to ensure that recommendations arising from internal audit engagements have been implemented by service management and the results are reported to the Audit, Risk and Scrutiny Board (ARSB). This work highlighted that 76% of recommendations were implemented by the due date. The remaining 24% had passed their original due date and revised implementation dates have now been set. Of the 14 recommendations followed up that were deemed to be critical, 11 have been fully implemented and three have been partially implemented. Revised implementation dates have been agreed for each of these recommendations.

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 Council's 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 refresh the Council Plan	Head of Policy and Commissioning	30 September 2022

The agreed actions will be subject to review to identify the progress being made in implementing them.

Update on the 2019/20 Action Plan

The 2019/20 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
Complete Actions				
Review of creditor and debtor balances, improved reconciliation process and production of audited annual	Accounts completed within statutory timescales. Reconciliation processes improved, but further efficiencies may be possible and	Head of Finance	30 November 2020	N/A

Agreed action	Progress Update	Responsible person	Date	Revised Date
accounts within statutory timescales.	will be incorporated into business as usual activities.			
Review the arrangements for revenue budget monitoring within Environment & Infrastructure to ensure that they are fit for purpose and there is clarity of roles and responsibilities.	Complete.	Head of Finance	30 September 2020	N/A
Ongoing Actions				
Review and update, where necessary, the policy for expressing concerns outwith line management (whistleblowing) for approval by Board.	The review has been delayed into the new audit year.	Chief Auditor	30 September 2020	30 September 2021

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2020/21 provides reasonable and objective assurance that any significant risks impacting on the achievement of 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
24 June 2021

Sandra Black
Chief Executive
24 June 2021

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 2020. The salary for the Leader of the Council in 2020/21 was £35,617 per annum (£34,848 in 2019/20) and the salary for the Provost was £26,713 per annum (£26,136 in 2019/20).

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 2020/21 being £312,471 per annum; and whose salaries individually must be on a specified scale, in 2020/21 £17,854 to £26,785. In May 2017 the Council approved that Renfrewshire would have twelve senior councillors: four Policy Board Conveners (salary of £26,405 per annum in 2020/21); four Regulatory Board Conveners (salary of £21,776 in 2020/21); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £21,776 in 2020/21).

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 3.0% pay award in 2020/21.

3. Remuneration of Senior Employees

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

- 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.
- 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 Renfrewshire Leisure.

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 2021, whether or not those amounts were actually paid to, or received by, those persons within that period.

2019/20	Senior employees		2020/21
Total Remuneration £	Name	Post held	Total Remuneration £
158,246	Sandra Black	Chief Executive	150,438
118,971	Mary Crearie	Director of Communities and Housing Services	122,540
116,246	Gordon McNeil	Director of Environment and Infrastructure Services	122,540
119,171	Steven Quinn	Director of Children's Services	122,540
123,865	Alan Russell	Director of Finance and Resources	122,540
636,499	Total		640,598

2019/20	Senior Employees of Subsidiary Bodies		2020/21
97,329	Victoria Hollows	Chief Executive, Renfrewshire Leisure	103,235
97,329	Total		103,235

In 2019/20, some Senior Employees received remuneration connected to election activities, this was nil in 2020/21. There were no non-consolidated bonuses or performance-related payments made to any senior officer in 2020/21.

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 each of the persons named for the year to 31 March 2021, whether or not those amounts were actually paid or received within that period and relate only to the Senior Councillor posts indicated.

2019/20	Senior Councillors		2020/21
Total Remuneration £	Name	Position held	Total Remuneration £
34,848	Iain Nicolson	Leader Of the Council	35,617
26,881	Lorraine Cameron	Provost	26,713
25,841	Cathy McEwan	Policy Board Convener	26,405
25,841	Marie McGurk	Policy Board Convener	26,405
25,841	Jim Paterson	Policy Board Convener	26,405
25,841	John Shaw	Policy Board Convener	26,405
21,311	John McNaughtan	Regulatory Board Convener	21,776
21,311	Bill Binks	Regulatory Board Convener	21,776
21,311	Jennifer Adam-McGregor	Regulatory Board Convener	21,776
21,311	Andy Steel	Regulatory Board Convener	21,776
25,841	Lisa-Marie Hughes	Chair Renfrewshire Leisure	26,405
25,841	Jacqueline Cameron	Chair/Vice Chair IJB	26,405
21,824	Audrey Doig	Convener Renfrewshire Valuation Joint Board	22,260
21,311	Eddie Devine	Leader of largest opposition group	21,776
0	Neill Graham	Leader of 2nd largest opposition group from 6 Oct	10,588
21,311	James MacLaren	Leader of 2nd largest opposition group until 5 Oct	11,188
366,465	Total		373,676

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

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:

Tiered contribution rates on whole time pay 2020/21		Equivalent bandings for 2019/20
Up to £22,200	5.5%	Up to £21,800
£22,201 to £27,100	7.25%	£21,801 to £26,700
£27,101 to £37,200	8.5%	£26,701 to £36,600
£37,201 to £49,600	9.5%	£36,601 to £48,800
Over £49,601	12%	Over £48,801

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 2021 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Any senior employees and councillors omitted from the following tables are not members of the Local Government Pension Scheme (LGPS).

Name	Post held	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2021		Change in accrued pension benefits since 31 March 2020	
		2020/21 £	2019/20 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Senior Employees							
Sandra Black	Chief Executive	28,955	28,223	83	148	2	5
Mary Crearie	Director of Communities and Housing Services	23,586	22,994	54	81	1	2
Gordon McNeil	Director of Environment and Infrastructure Services	23,586	22,427	35	32	4	2
Steven Quinn	Director of Children's Services	23,586	23,444	17	0	1	0
Alan Russell	Director of Finance and Resources	23,586	22,994	52	74	2	3
Total		123,299	120,082	241	335	10	12

Senior Employees of Subsidiary Bodies							
Victoria Hollows	Chief Executive, Renfrewshire Leisure	19,870	18,338	35	45	32	45
Total		19,870	18,338	35	45	32	45

Leader of the Council, Provost, Senior Councillors							
Iain Nicolson	Leader Of the Council	6,874	6,747	8	2	1	0
Cathy McEwan	Policy Board Convener	5,096	5,003	4	0	0	0
Marie McGurk	Policy Board Convener	5,096	5,003	3	0	1	0
Jim Paterson	Policy Board Convener	5,096	5,003	2	0	0	0
John Shaw	Policy Board Convener	5,096	5,003	2	0	0	0
Lisa-Marie Hughes	Chair Renfrewshire Leisure	5,096	5,003	2	0	0	0
Jacqueline Cameron	Chair/Vice Chair Integration Joint Board	5,096	5,003	2	0	0	0
John McNaughtan	Regulatory Board Convener	4,203	4,126	2	0	0	0
Jennifer Adam-McGregor	Regulatory Board Convener	4,203	4,126	2	0	0	0
Andy Steel	Regulatory Board Convener	4,203	4,126	2	0	0	0
Eddie Devine	Leader of largest opposition group	4,203	4,126	6	1	1	0
Neill Graham	Leader of 2nd largest opposition group from 6 Oct	3,809	3,362	2	0	n/a	n/a
James MacLaren	Leader of 2nd largest opposition group until 5 Oct	3,830	4,126	4	0	1	0
Total		61,901	60,757	41	3	4	0

6. Councillors' remuneration

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

2019/20 £		2020/21 £
836,165	Salaries	872,251
2,395	Travel costs – reimbursed	970
13,533	Travel costs – paid directly by the Council	0
689	Subsistence expenses - accommodation	174
42	Subsistence expenses - meals	0
1,741	Training and Conferences	0
60	Telephone and information technology expenses – reimbursed	167
9,029	Telephone and information technology expenses – paid directly by the Council	5,351
745	Other allowances and expenses	0
864,399	Total	878,913

The public record of members' salaries, allowances and expenses for 2020/21 is available for inspection on the Register of Councillors' Interests page of the Council's website and navigating to: [Your Council>Councillors> Record of allowances and expenses and training register](#).

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 2020/21, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2020/21. 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. Bands with nil employees for both years are not shown.

2019/20			Remuneration band	2020/21		
Teachers	Non-teachers	Total		Teachers	Non-teachers	Total
148	56	204	£50,000 to £54,999	151	64	215
85	57	142	£55,000 to £59,999	84	63	147
64	16	80	£60,000 to £64,999	58	20	78
6	27	33	£65,000 to £69,999	16	24	40
3	4	7	£70,000 to £74,999	3	15	18
5	5	10	£75,000 to £79,999	4	2	6
2	3	5	£80,000 to £84,999	4	6	10
3	2	5	£85,000 to £89,999	1	3	4
0	9	9	£90,000 to £94,999	2	11	13
0	3	3	£95,000 to £99,999	0	2	2
0	2	2	£100,000 to £104,999	0	3	3
1	0	1	£105,000 to £109,999	0	1	1
0	4	4	£115,000 to £119,999	0	0	0
0	0	0	£120,000 to £124,999	0	4	4
0	1	1	£145,000 to £149,999	0	0	0
0	0	0	£150,000 to £154,999	0	1	1
317	189	506		323	219	542

Of the staff noted above, eight are included because they left during the year and their termination payments pushed their remuneration over the £50k threshold (four in 2019/20).

8. Exit Packages

The Council has agreed a number of exit packages in 2020/21 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:

	2020/21	2019/20
Future Life expectancy at age 65 – males	21.2 years	22.2 years
Future Life expectancy at age 65 – females	24.7 years	24.6 years
Pension increase rate	2.9%	1.9%
Discount Rate	2.0%	2.3%

Exit Package Cost	2020/21		2019/20	
	Number of Employees	Value £m	Number of Employees	Value £m
£0 - £20,000	8	0.089	91	0.770
£20,001 - £40,000	2	0.050	27	0.778
£40,001 - £60,000	0	0.000	14	0.701
£60,001 - £80,000	0	0.000	17	1.207
£80,001 - £100,000	1	0.083	8	0.728
£100,001 - £150,000	5	0.578	12	1.517
£150,001 - £200,000	0	0.000	10	1.796
£200,001 - £250,000	0	0.000	3	0.666
£250,001 - £300,000	1	0.258	3	0.795
£300,001 - £350,000	0	0.000	1	0.318
Total	17	1.058	186	9.276

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	
Number of employees who were relevant union officials during the period	42
FTE employee number	41.7

Percentage of pay bill spent on facility time	
Total cost of facility time	£291,294
Total pay bill	£290,127,800
Percentage of the total pay bill spent on facility time	0.10%

Percentage of time spent on facility time		
Number of representatives	% time	
9.00	0%	
27.00	1% - 50%	
4.00	51% - 99%	
2.00	100%	

Paid Trade Union activities	
Time spent on paid TU activities as a percentage of total paid facility time hours	37.66%

Cllr Iain Nicolson
Leader of the Council
24 June 2021

Sandra Black
Chief Executive
24 June 2021

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.

2019/20			Note	2020/21		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
230.636	(27.504)	203.132	Children's Services	246.606	(38.531)	208.075
116.119	(106.472)	9.647	Communities and Housing Services	58.508	(54.748)	3.760
83.743	(13.650)	70.093	Environment and Infrastructure	88.022	(14.997)	73.025
58.774	(7.901)	50.873	Finance and Resources	107.771	(55.475)	52.296
32.457	(7.002)	25.455	Chief Executive's Service	35.221	(9.405)	25.816
6.812	(13.003)	(6.191)	Miscellaneous Services	16.172	(15.956)	0.216
206.913	(131.240)	75.673	Adult Services	215.298	(141.501)	73.797
735.454	(306.772)	428.682	Cost of Services	767.598	(330.613)	436.985
0.000	(0.651)	(0.651)	(Gain)/Loss on the disposal of non-current assets	0.136	0.000	0.136
26.590	(1.118)	25.472	Financing and investment income and expenditure	27.626	(0.565)	27.061
0.000	(427.986)	(427.986)	Taxation and non-specific grant income	0.000	(480.989)	(480.989)
762.044	(736.527)	25.517	Deficit/(Surplus) on the Provision of Services	795.360	(812.167)	(16.807)
		(102.530)	(Surplus)/Deficit on the revaluation of non-current assets		8	(33.227)
		0.111	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income		8	(0.452)
		(140.142)	Actuarial (gain)/loss on pension assets and liabilities		28	37.341
		(242.561)	Other comprehensive (income) and expenditure			3.662
		(217.044)	Total comprehensive (income) and expenditure			(13.145)

Figures shown in brackets represent income or gains and figures without brackets represent expenditure or losses.

In 2020/21 Housing Benefit payments and related subsidy income moved from Communities and Housing Services to Finance and Resources.

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 CIES. 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.

	General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Funds	Total Usable Reserves	Unusable Reserves	Total reserves
Note	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2020	54.811	6.807	2.858	95.145	159.621	959.228	1,118.849
Movement in reserves during the year							
Total Comprehensive Income and Expenditure	24.375	(7.568)	0.000	0.000	16.807	(3.662)	13.145
Transfers to or (from) other statutory reserves	7 (0.006)	0.000	0.006	(0.000)	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	6 9.035	7.258	0.000	1.129	17.422	(17.422)	0.000
Increase / (Decrease) in year	33.404	(0.310)	0.006	1.129	34.229	(21.084)	13.145
Balance at 31 March 2021	88.215	6.497	2.864	96.274	193.850	938.144	1,131.994

	General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Funds	Total usable reserves	Unusable reserves	Total reserves
Note	£m	£m	£m	£m	£m	£m	£m
Comparative movements in 2019/20							
Balance at 1 April 2019	59.144	6.807	2.858	85.797	154.606	747.199	901.805
Movement in reserves during the year							
Total Comprehensive Income and Expenditure	(17.242)	(8.275)	0.000	0.000	(25.517)	242.561	217.044
Transfers to or (from) other statutory reserves	7 (0.000)	0.000	0.000	0.000	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	6 12.909	8.275	0.000	9.348	30.532	(30.532)	0.000
Increase / (Decrease) in year	(4.333)	0.000	0.000	9.348	5.015	212.029	217.044
Balance at 31 March 2020	54.811	6.807	2.858	95.145	159.621	959.228	1,118.849

Balance Sheet

The balance sheet shows the value as at 31 March 2021 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 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 differences shown as 'adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement.

As at 31 March 2020			As at 31 March 2021
£m		Note	£m
1,471.547	Property, plant and equipment	9	1,482.466
39.303	Heritage assets	12	39.303
1.502	Investment property	10	1.467
5.037	Intangible assets	13	4.177
10.789	Long-term investments	22	4.344
2.172	Long-term debtors	18	2.682
1,530.350	Long-term assets		1,534.439
0.700	Assets held for sale	11	0.625
86.341	Short-term investments	22	135.881
0.989	Inventories	17	0.879
49.602	Short-term debtors	18	81.940
12.696	Cash and cash equivalents	19	46.271
150.328	Current assets		265.596
(53.227)	Short-term borrowing	22	(91.021)
(78.248)	Short-term creditors	20	(75.638)
(0.277)	Short-term provisions	21	(0.212)
(131.752)	Current liabilities		(166.871)
(75.313)	Long-term creditors	20	(73.261)
(4.745)	Long-term provisions	21	(5.078)
(187.497)	Long-term borrowing	22	(201.297)
(162.522)	Other long-term liabilities	28	(221.534)
(430.077)	Long-term liabilities		(501.170)
1,118.849	Net assets		1,131.994
(159.621)	Usable reserves	7	(193.850)
(959.228)	Unusable reserves	8	(938.144)
(1,118.849)	Total reserves		(1,131.994)

Alan Russell CPFA
Director of Finance
and Resources
24 June 2021

The unaudited accounts were authorised for issue on 24 June 2021.

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.

2019/20 £m		2020/21 £m
(25.517)	Net surplus/(deficit) on the provision of services	16.807
	Adjustment for non-cash movements:	
62.661	Depreciation, amortisation, impairment and revaluations	77.146
2.660	Increase/(decrease) in creditors	13.401
(5.086)	(Increase)/decrease in debtors	(32.848)
0.131	(Increase)/decrease in inventories	0.110
25.990	Pension (liability)/asset	21.670
1.487	Carrying amount of non-current assets sold	0.594
(0.525)	Other non-cash items charged to the net surplus or deficit on the provision of services	0.826
(38.435)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(46.299)
23.366	Net cash flows from operating activities	51.407
	Net cash flows from investing activities :	
(102.406)	Purchase of property, plant and equipment, investment property and intangible assets	(69.835)
2.140	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(0.458)
9.947	Proceeds from short-term and long-term investments	(43.095)
36.295	Other receipts from investing activities	46.757
	Net cash flows from financing activities	
(2.917)	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	(2.795)
(0.071)	Repayment of short-term and long-term borrowing	51.594
(33.646)	Net increase/(decrease) in cash and cash equivalents	33.575
46.342	Cash and cash equivalents at the beginning of the reporting period	12.696
12.696	Cash and cash equivalents at the end of the reporting period	46.271

The Net cash flow from operating activities above includes the following elements of interest paid and received:

2019/20 £m	Interest Paid and Received	2020/21 £m
(1.118)	Interest received	(0.565)
10.588	Interest paid	10.372
5.525	Interest element of finance lease and PPP payments	5.525
14.995		15.332

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 CIES.

2020/21	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Net Expenditure in the CIES £m
Children's Services	203.835	4.240	208.075
Communities and Housing Services	11.615	(7.855)	3.760
Environment & Infrastructure	52.053	20.972	73.025
Finance & Resources	39.198	13.098	52.296
Chief Executive's Service	21.640	4.176	25.816
Miscellaneous Services	28.598	(28.382)	0.216
Adult Services	72.251	1.546	73.797
Net cost of services	429.190	7.795	436.985
Other income and expenditure	(462.290)	8.498	(453.792)
(Surplus) / Deficit	(33.100)	16.293	(16.807)
Opening General Fund and HRA balance	(61.618)		
Less (Surplus) / Deficit in the year	(33.100)		
Add other items not charged to the Surplus / (Deficit)	0.006		
Closing General Fund and HRA at 31 March*	(94.712)		

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

2020/21	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	26.465	5.247	(27.472)	4.240
Communities and Housing Services	8.482	1.684	(18.021)	(7.855)
Environment & Infrastructure	11.469	3.550	5.953	20.972
Finance & Resources	3.984	3.491	5.623	13.098
Chief Executive's Service	3.340	1.069	(0.233)	4.176
Miscellaneous Services	(12.493)	(0.629)	(15.260)	(28.382)
Adult Services	0.000	2.985	(1.439)	1.546
Net cost of services	41.247	17.397	(50.849)	7.795
Other income and expenditure	(46.615)	4.273	50.840	8.498
Total adjustments between accounting basis and funding basis	(5.368)	21.670	(0.009)	16.293

- 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.

- 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 CIES.
- Other differences: any other differences between those amounts debited or credited to the CIES 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. Any other non-statutory adjustments would also be included here.

2019/20	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Net Expenditure in the CIES £m
Children's Services	193.278	9.854	203.132
Communities, Housing & Planning	12.702	(3.055)	9.647
Environment & Infrastructure	48.073	22.020	70.093
Finance & Resources	36.030	14.843	50.873
Chief Executive's Service	21.249	4.206	25.455
Miscellaneous Services	32.402	(38.593)	(6.191)
Adult Services	70.685	4.988	75.673
Net cost of services	414.419	14.263	428.682
Other income and expenditure	(410.086)	6.921	(403.165)
(Surplus) / Deficit	4.333	21.184	25.517
Opening General Fund and HRA balance	(65.951)		
Less (Surplus) / Deficit in the year	4.333		
Closing General Fund and HRA at 31 March*	(61.618)		

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

2019/20	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	18.896	8.908	(17.950)	9.854
Communities, Housing & Planning Services	10.443	2.584	(16.082)	(3.055)
Environment & Infrastructure	7.235	6.291	8.494	22.020
Finance & Resources	3.336	6.243	5.264	14.843
Chief Executive's Service	2.703	1.684	(0.181)	4.206
Miscellaneous Services	(10.941)	(12.012)	(15.640)	(38.593)
Adult Services	0.000	5.229	(0.241)	4.988
Net cost of services	31.672	18.927	(36.336)	14.263
Other income and expenditure	(36.946)	7.063	36.804	6.921
Total adjustments between accounting basis and funding basis	(5.274)	25.990	0.468	21.184

Note 2: Financing and investment income and expenditure

2019/20 £m		2020/21 £m
19.527	Interest payable and similar charges	23.353
7.063	Net interest on the net defined benefit liability	4.273
(1.078)	Interest receivable and similar income	(0.565)
(0.040)	Income and expenditure in relation to investment properties and changes in their fair values	0.000
25.472	Total	27.061

Note 3: Expenditure and income analysed by nature

This note presents the subjective analysis of expenditure and income shown by operational service area in the CIES.

2019/20 £m		Note	2020/21 £m
	Expenditure		
308.455	Employee benefits expenses		317.851
364.338	Other service expenses		372.601
62.661	Depreciation, amortisation, impairment		77.146
26.590	Interest Payments	2	27.626
0.000	Loss on the disposal of assets	8	0.136
762.044	Total expenditure		795.360
	Income		
(306.772)	Fees, charges and other service income		(330.613)
(1.118)	Interest and investment income	2	(0.565)
(0.651)	Gain on the disposal of assets	8	0.000
(183.102)	Income from council tax and non-domestic rates	4	(156.878)
(244.884)	Government grants and contributions	4	(324.111)
(736.527)	Total income		(812.167)
25.517	(Surplus) or deficit on the provision of services		(16.807)

Note 4: Taxation and non-specific grant income

2019/20 £m		2020/21 £m
(78.685)	Income from Council Tax and community charge	(83.037)
(104.417)	Distribution from the national non-domestic rate pool	(73.841)
(208.589)	General Revenue Grant from the Scottish Government	(277.354)
(36.295)	Capital grants and contributions	(46.757)
(427.986)	Total	(480.989)

Note 5: Grant income

The Council credited the following grants, contributions and donations direct to services in the CIES during 2020/21.

2019/20 £m		2020/21 £m
51.368	Housing benefit	48.162
0.347	Housing benefit and Council Tax administration	0.700
0.146	Discretionary Housing Payment	0.215
0.500	Private sector housing grant	0.500
0.600	Education Maintenance Allowance	0.685
0.017	Gaelic Education	0.017
0.021	School Milk	0.000
4.273	Pupil Equity Fund	4.360
11.537	Early Years Expansion	19.528
6.788	Other Education	8.681
2.568	Children's Services	3.078
12.771	Adult Services	12.254
4.426	Employability	3.173
1.154	Other grants	3.105
96.516	Total	104.458

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.

2020/21	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account Balance £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items charged to the CIES:					
Charges for depreciation and impairment of non-current assets	(49.290)	(26.950)	0.000	0.000	76.240
Amortisation of intangible assets	(0.906)	0.000	0.000	0.000	0.906
Capital grants and contributions applied	45.332	1.425	0.000	0.000	(46.757)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	(0.150)	0.014	0.000	0.000	0.136
Insertion of items not charged to the CIES:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	10.933	19.217	0.000	0.000	(30.150)
Capital expenditure charged against the General Fund and HRA Balances	5.743	0.000	(1.944)	0.000	(3.799)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	0.000	0.000	0.000	(0.458)	0.458
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	1.273	(1.273)
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.271	0.222	0.000	0.000	(0.493)
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(55.368)	(0.188)	0.000	0.000	55.556
Employer's pension contributions and direct payments to pensioners payable in the year	34.856	(0.970)	0.000	0.000	(33.886)
Adjustment primarily involving the Employee Statutory Adjustment Account:					
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	(0.456)	(0.028)	0.000	0.000	0.484
Total adjustments	(9.035)	(7.258)	(1.944)	0.815	17.422

2019/20	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items charged to the CIES:					
Charges for depreciation and impairment of non-current assets	(36.468)	(25.268)	0.000	0.000	61.736
Amortisation of intangible assets	(0.925)	0.000	0.000	0.000	0.925
Capital grants and contributions applied	32.558	3.737	0.000	0.000	(36.295)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	1.557	(0.906)	0.000	0.000	(0.651)
Insertion of items not charged to the CIES:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	4.105	15.670	0.000	0.000	(19.775)
Capital expenditure charged against the General Fund and HRA Balances	11.214	0.000	(7.912)	0.000	(3.302)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	0.000	0.000	0.000	(2.140)	2.140
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	0.704	(0.704)
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.304	0.192	0.000	0.000	(0.496)
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(53.114)	(2.912)	0.000	0.000	56.026
Employer's pension contributions and direct payments to pensioners payable in the year	28.879	1.157	0.000	0.000	(30.036)
Adjustment primarily involving the Employee Statutory Adjustment Account:					
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	(1.019)	0.055	0.000	0.000	0.964
Total adjustments	(12.909)	(8.275)	(7.912)	(1.436)	30.532

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.

More information about the Housing Revenue Account can be found on page 86.

2019/20 £m	Usable Reserves	2020/21 £m
(54.811)	General Fund Balance	(88.215)
(6.807)	Housing Revenue Account Balance	(6.497)
(9.453)	Capital Receipts Reserve	(8.638)
(88.550)	Other Statutory Funds	(90.500)
(159.621)	Total	(193.850)

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 2020/21.

	Balance at 1 April 2019 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2020 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2021 £m
Insurance Fund	2.543	0.000	0.000	2.543	0.000	0.000	2.543
Reservoir Repair Fund	0.315	0.000	0.000	0.315	0.000	0.006	0.321
Revenue statutory funds	2.858	0.000	0.000	2.858	0.000	0.006	2.864
Education Capital Items Fund	1.047	(0.429)	0.439	1.057	(0.213)	0.556	1.400
Investment Capital Fund	76.733	(0.849)	8.751	84.635	(0.987)	2.588	86.236
Capital statutory funds	77.780	(1.278)	9.190	85.692	(1.200)	3.144	87.636
Total	80.638	(1.278)	9.190	88.550	(1.200)	3.150	90.500

- 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 future years 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.
- In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. The Capital Receipts Reserve holds cash receipts from asset sales and is used to fund planned capital expenditure.

	Balance at 1 April 2019 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2020 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2021 £m
Capital Receipts Reserve	8.017	2.140	(0.704)	9.453	0.458	(1.273)	8.638

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. The unallocated balance of £10.887m represents 2.5% of the Council's net annual running costs.

	Balance at 1 April 2019 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2020 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2021 £m
Alcohol and Drugs Commission	0.000	0.000	1.000	1.000	0.000	1.000	2.000
British Sign Language	0.099	(0.004)	0.000	0.095	(0.014)	0.000	0.081
City Deal	1.273	(0.658)	0.566	1.181	(0.522)	0.000	0.659
Climate Change Action Fund	0.000	0.000	0.000	0.000	0.000	0.742	0.742
Community Empowerment Fund	0.472	(0.040)	0.000	0.432	(0.057)	0.000	0.375
Community Safety	0.031	0.000	0.000	0.031	(0.031)	0.000	0.000
COVID-19 Education Recovery Fund	0.000	0.000	0.000	0.000	0.000	6.149	6.149
COVID-19 General Recovery Fund	0.000	0.000	0.000	0.000	0.000	11.147	11.147
Culture Bid Legacy	2.411	(0.228)	0.737	2.920	0.000	0.612	3.532
Development Contribution – Paisley Town Centre	1.056	0.000	0.001	1.057	0.000	0.000	1.057
Digital Infrastructure	0.440	(0.030)	0.000	0.410	(0.035)	0.000	0.375
Discretionary Business Grants	0.000	0.000	0.000	0.000	0.000	2.303	2.303
Early Years Change Fund	1.051	(1.051)	1.900	1.900	0.000	0.000	1.900
Employability	4.500	0.000	0.204	4.704	0.000	3.391	8.095
Environment & Infrastructure	2.500	(0.500)	0.000	2.000	(0.500)	0.000	1.500
Memorial Headstone Safety	0.000	0.000	0.000	0.000	0.000	0.987	0.987
PPP Schools Replacement Fund	12.670	0.000	0.000	12.670	0.000	0.000	12.670
Invest in Renfrewshire	0.000	0.000	1.829	1.829	(3.237)	1.984	0.576
Kilbarchan AAC	0.250	(0.250)	0.000	0.000	0.000	0.000	0.000
Leisure: Inclusive Play Facility	0.000	0.000	0.050	0.050	0.000	0.000	0.050
M74 Fund	0.566	(0.566)	0.000	0.000	0.000	0.000	0.000
Paisley Town Centre Heritage Asset Strategy	2.632	(0.737)	0.000	1.895	0.000	1.100	2.995
Private Sector Housing Grant	2.687	(0.114)	0.000	2.573	0.000	0.059	2.632
Pupil Equity Fund	1.426	0.000	0.044	1.470	(0.245)	0.000	1.225
Renfrewshire Health & Social Care Partnership	1.232	(1.232)	0.000	0.000	0.000	0.000	0.000
Response to Commission on Tackling Poverty	4.002	(0.998)	0.000	3.004	(0.773)	0.190	2.421
School Music Participation	0.000	0.000	0.375	0.375	0.000	0.000	0.375
Service Modernisation and Reform Fund	10.343	(3.518)	0.003	6.828	0.000	0.153	6.981
Social Renewal Plan	0.000	0.000	0.000	0.000	0.000	2.706	2.706
Town Centre Public WiFi	0.344	(0.142)	0.000	0.202	(0.109)	0.000	0.093
Villages Improvement Fund	0.370	0.000	0.000	0.370	(0.078)	0.000	0.292
Welfare Reform	0.603	(0.405)	0.000	0.198	(0.010)	0.424	0.612
Year end flexibility:							
Children's Services	1.049	(0.031)	0.000	1.018	0.000	1.780	2.798
General Fund Ring-fenced Total	52.007	(10.504)	6.709	48.212	(5.611)	34.727	77.328
Unallocated element of the General Fund Balance	7.137	(0.538)	0.000	6.599	0.000	4.288	10.887
Total General Fund Balance	59.144	(11.042)	6.709	54.811	(5.611)	39.015	88.215

Note 8: Unusable reserves

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

- 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.
- 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.

As at 31 March 2020 £m	Unusable Reserves	As at 31 March 2021 £m
(552.652)	Revaluation Reserve	(563.070)
162.522	Pension Reserve	221.533
(588.619)	Capital Adjustment Account	(615.667)
12.422	Financial Instruments Adjustment Account	11.929
(0.487)	Financial Instruments Revaluation Reserve	(0.939)
7.586	Employee Statutory Adjustment Account	8.070
(959.228)	Total Unusable Reserves	(938.144)

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.

2019/20 £m	Revaluation Reserve	2020/21 £m
(468.331)	Balance at 1 April	(552.652)
(102.530)	Upward revaluation of non-current assets	(33.227)
17.597	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	22.709
0.612	Accumulated (gains) / losses on disposal of non-current assets transferred to the Capital Adjustment Account	0.100
(84.321)	Amount posted to the Capital Adjustment Account	(10.418)
(552.652)	Balance at 31 March	(563.070)

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 CIES 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.

2019/20 £m	Pension Reserve	2020/21 £m
276.674	Balance at 1 April	162.522
(140.142)	Actuarial (gains) / losses on pension assets and liabilities	37.341
56.026	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	55.556
(30.036)	Employer's pension contributions payable in the year	(33.886)
162.522	Balance at 31 March	221.533

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 CIES (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.

2019/20 £m	Capital Adjustment Account	2020/21 £m
(574.484)	Balance at 1 April	(588.619)
	Reversal of items relating to capital expenditure charged to the CIES:	
61.736	Charges for depreciation, impairment and revaluation losses of non-current assets	76.240
0.925	Amortisation of intangible assets	0.906
2.140	Non-current assets sale proceeds	0.458
(0.651)	(Gain)/Loss on disposal of non-current assets charged to the CIES	0.136
(18.209)	Adjusting amounts written out of the Revaluation Reserve	(22.809)
45.941	Net written out amount of non-current assets consumed in the year	54.931
	Capital financing applied in the year:	
(0.704)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1.273)
(36.295)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(46.757)
(19.775)	Loans Fund and Finance Lease principal repayments	(30.150)
(3.302)	Capital expenditure charged against the General Fund and Housing Revenue Account balances	(3.799)
(60.076)		(81.979)
(588.619)	Balance at 31 March	(615.667)

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:

- Manage premiums incurred on the early repayment of borrowings. Generally accepted accounting practices require that premiums are debited to the CIES 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.
- 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 CIES 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.

- 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 CIES 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.

Financial Instruments Adjustment Account	Refinancing premiums and discounts £m	Borrowing on stepped interest rate loans £m	Loans to third parties at less than market rate £m	Total £m
Balance at 1 April 2020	11.494	0.901	0.027	12.422
Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(0.472)	0.000	0.000	(0.472)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.000	(0.018)	(0.003)	(0.021)
Balance at 31 March 2021	11.022	0.883	0.024	11.929

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.

2019/20 £m	Financial Instruments Revaluation Reserve	2020/21 £m
(0.598)	Balance at 1 April	(0.487)
0.111	Downward/(Upward) revaluation of investments	(0.452)
(0.487)	Balance at 31 March	(0.939)

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.

2019/20 £m	Employee Statutory Adjustment Account	2020/21 £m
6.622	Balance at 1 April	7.586
(6.622)	Settlement or cancellation of accrual made at the end of the prior year	(7.586)
7.586	Amounts accrued at the end of the current year	8.070
7.586	Balance at 31 March	8.070

Note 9: Property, Plant and Equipment

2020/21	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PFI £m
Gross carrying amount at 1 April 2020	582.823	306.663	572.577	317.986	57.153	27.227	1,864.429	118.671
Assets reclassified (to)/ from the "held for sale" category	0.000	0.000	0.000	0.000	0.000	0.075	0.075	0.000
Other asset reclassifications	14.600	2.211	2.389	0.000	(19.488)	0.288	0.000	0.000
Additions	4.300	4.102	10.533	9.989	25.487	0.000	54.411	1.909
Disposals	(0.189)	(0.317)	(0.255)	0.000	0.000	(0.093)	(0.854)	0.000
Revaluation increases/(decreases) taken to the Revaluation Reserve	(24.413)	5.767	8.560	0.000	0.000	0.242	(9.844)	0.000
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	0.000	(3.030)	(4.129)	0.000	0.000	(0.993)	(8.152)	0.000
Gross carrying amount at 31 March 2021	577.121	315.396	589.675	327.975	63.152	26.746	1,900.065	120.580
Accumulated depreciation and impairment at 1 April 2020	0.000	17.993	221.199	148.243	0.278	5.169	392.882	9.020
Depreciation on other reclassifications	0.000	(0.141)	0.092	0.000	0.000	0.049	0.000	0.000
Depreciation charge for the year	19.427	7.753	37.291	6.720	0.000	0.087	71.278	4.508
Depreciation and impairment on disposals	(0.006)	0.000	(0.254)	0.000	0.000	0.000	(0.260)	0.000
Depreciation written out to the Revaluation Reserve	(19.421)	(6.469)	(17.060)	0.000	0.000	(0.121)	(43.071)	0.000
Depreciation written out to the surplus or deficit on the provision of services	0.000	(0.410)	(2.684)	0.000	0.000	(0.136)	(3.230)	0.000
Accumulated depreciation and impairment at 31 March 2021	0.000	18.726	238.584	154.963	0.278	5.048	417.599	13.528
Balance sheet net carrying amount at 31 March 2021	577.121	296.670	351.091	173.012	62.874	21.698	1,482.466	107.052
Balance sheet net carrying amount at 1 April 2020	582.823	288.670	351.378	169.743	56.875	22.058	1,471.547	109.651

2019/20	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PFI (restated) £m
Gross carrying amount at 1 April 2019	504.680	290.159	544.300	307.221	31.939	28.263	1,706.562	111.448
Assets reclassified (to)/from the "held for sale" category	0.000	0.000	0.000	0.000	0.000	0.700	0.700	0.000
Other asset reclassifications	6.953	4.313	4.749	0.000	(16.015)	(0.290)	(0.290)	0.000
Additions	9.099	9.179	20.321	10.765	41.229	0.010	90.603	7.223
Disposals	(0.398)	(0.020)	(2.940)	0.000	0.000	(1.100)	(4.458)	0.000
Revaluation increases/(decreases) taken to the Revaluation Reserve	62.489	2.864	7.340	0.000	0.000	(0.001)	72.692	0.000
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	0.000	0.168	(1.193)	0.000	0.000	(0.355)	(1.380)	0.000
Gross carrying amount at 31 March 2020	582.823	306.663	572.577	317.986	57.153	27.227	1,864.429	118.671
Accumulated depreciation and impairment at 1 April 2019	0.000	15.853	202.573	141.800	0.278	5.321	365.825	4.882
Depreciation on other reclassifications	0.000	(0.326)	0.326	0.000	0.000	0.000	0.000	0.000
Depreciation charge for the year	16.823	6.862	33.221	6.443	0.000	0.136	63.485	4.138
Depreciation and impairment on disposals	(0.013)	(0.001)	(2.867)	0.000	0.000	(0.190)	(3.071)	0.000
Depreciation written out to the Revaluation Reserve	(16.810)	(2.703)	(10.237)	0.000	0.000	(0.088)	(29.838)	0.000
Depreciation written out to the surplus or deficit on the provision of services	0.000	(1.692)	(1.817)	0.000	0.000	(0.010)	(3.519)	0.000
Accumulated depreciation and impairment at 31 March 2020	0.000	17.993	221.199	148.243	0.278	5.169	392.882	9.020
Balance sheet net carrying amount at 31 March 2020	582.823	288.670	351.378	169.743	56.875	22.058	1,471.547	109.651
Balance sheet net carrying amount at 1 April 2019	504.680	274.306	341.727	165.421	31.661	22.942	1,340.737	106.566

In the final column of this table, £5.372m has been added into additions for 2019/20. This was accurately reflected in Vehicles, plant, furniture and equipment last year, but not reflected in the 'Of which funded by PFI' column as the asset (Bargeddie Waste Facility) was not treated as a service concession arrangement in 2019/20.

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 CIES.

2019/20 £m	Investment Properties	2020/21 £m
(0.139)	Rental income from investment property	(0.141)
(0.139)	Net Loss / (Gain)	(0.141)

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:

2019/20 £m	Fair Value of Investment Properties	2020/21 £m
1.601	Opening balance at 1 April	1.502
(0.389)	Net gains or (losses) from fair value adjustments	(0.035)
0.290	Transfers from inventories and property, plant and equipment	0.000
1.502	Closing balance at 31 March	1.467

Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2021 are as follows:

	Quoted Prices in active markets for identical assets (level 1) £m	Other significant observable inputs (level 2) £m	Other significant unobservable inputs (level 3) £m	Fair Value as at 31 March 2021 £m
Commercial Units	0.000	0.320	0.000	0.320
Office Units	0.000	0.060	0.000	0.060
Commercial Sites	0.000	0.958	0.000	0.958
Other	0.000	0.129	0.000	0.129
Total	0.000	1.467	0.000	1.467

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. This, 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: Assets held for sale

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

2019/20 £m	Assets Held for Sale	2020/21 £m
1.500	Opening balance at 1 April	0.700
	Assets reclassified as held for sale:	
(0.700)	Other Land and Buildings	0.000
0.000	Surplus Assets	(0.075)
(0.100)	Assets sold	0.000
0.700	Closing balance at 31 March	0.625

Note 12: Heritage Assets

There were no movements in the fair value of the Council's Heritage Assets during 2020/21 or 2019/20. The value at 31 March 2021 was £39.303m (£39.303m at 31 March 2020).

Over the past five years, there have been no acquisitions, donations, or disposals of Heritage Assets. The only revaluations over this period (in 2017/18) amounted to £0.326m.

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.

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:

2019/20 £m	Purchased Software Licences	2020/21 £m
	Balance at 1 April	
6.421	Gross carrying amount	6.082
(0.576)	Accumulated amortisation	(1.045)
5.845	Net carrying amount at 1 April	5.037
0.117	Additions: purchases	0.048
0.000	Asset Reclassification	0.000
(0.456)	Disposals	(0.006)
0.456	Disposal amortisation	0.004
(0.925)	Amortisation for the year	(0.906)
5.037	Net carrying amount at 31 March	4.177
	Comprising:	
6.082	Gross carrying amount	6.124
(1.045)	Accumulated amortisation	(1.947)
5.037	Balance at 31 March	4.177

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 2020/21 total spending on capital projects was £54.459m (£90.720m in 2019/20) and was within the overall prudential limits approved by Council. Capital receipts of £1.273m (£0.704m in 2019/20) were used to fund spending on capital projects.

The net capital expenditure for the year of £12.730m (£50.419m in 2019/20) was financed from external borrowing, credit arrangements and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, including the value of assets acquired under finance leases and Service Concession Arrangements.

Also shown are the resources that have been used to finance this capital 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.

2019/20 £m		2020/21 £m
344.567	Opening Capital Financing Requirement	375.262
	Capital investment:	
84.676	Property, plant and equipment	54.404
5.927	Credit Arrangements (Finance Lease/PPP)	0.007
0.117	Intangible assets	0.048
	Sources of finance:	
(0.385)	Capital receipts – sale of council houses	(0.197)
(0.319)	Capital receipts – sale of other council assets	(1.076)
(36.295)	Government grants and other contributions	(46.757)
(3.302)	Sums set aside from revenue – direct revenue contributions	(3.799)
(19.724)	Loans Fund/Finance Lease principal repayments	(30.100)
375.262	Closing Capital Financing Requirement	347.792
	Explanation of movements in year:	
33.043	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(24.597)
0.000	Reduction in finance leases obligations	(0.108)
(2.348)	Increase/(decrease) in PPP finance lease creditor	(2.765)
30.695	Increase/(Decrease) in Capital Financing Requirement	(27.470)

At 31 March 2021 the Council had commitments on capital contracts for non-housing projects of £140.251m (£35.742m in 2019/20) and for housing projects of £35.263m (£39.072m in 2019/20).

This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 15: Service Concession Arrangements

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). The discount rate used in this calculation is the interest rate implicit in the PFI agreement, which was fixed at the outset at 7.6%.

Future Repayment Periods - Schools	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Contingent Rentals £m	Total £m
Payable within 1 year	6.263	2.598	5.125	3.858	17.844
Payable within 2-5 years	25.945	12.068	18.328	18.059	74.400
Payable within 6-10 years	35.860	18.578	17.475	28.277	100.190
Payable within 11-15 years	38.629	25.819	9.055	35.320	108.823
Payable within 16-20 years	16.291	9.832	0.868	12.792	39.783
Total	122.988	68.895	50.851	98.306	341.040

In 2019/20, the Council entered into a Service Concession Agreement for the use of a waste materials recovery facility at Bargeddie. Residual waste is then processed at a thermal treatment plant in Dunbar. North Lanarkshire Council is the lead authority and is contracted to Viridor.

Five councils, including Renfrewshire, have an inter-authority agreement with North Lanarkshire Council.

Renfrewshire Council's share of the contract is 20%, represented by an addition in 2019/20.

The discount rate used in this calculation is the interest rate implicit in the agreement, which was fixed at the outset at 5.68%.

Future Repayment Periods - Waste Facility	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Total £m
Payable within 1 year	3.636	0.141	0.293	4.070
Payable within 2-5 years	15.554	0.569	1.087	32.764
Payable within 6-10 years	21.738	0.937	1.154	45.567
Payable within 11-15 years	25.154	0.683	0.960	51.951
Payable within 16-20 years	28.168	1.443	0.649	58.428
Payable within 21-25 years	23.178	1.384	0.191	47.931
Total	117.429	5.157	4.334	240.711

Although the payments made to the contractors under these arrangements 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 for capital expenditure (the outstanding finance lease obligation) is as follows:

Outstanding Service Concession Arrangements	Schools £m	Waste Facility £m	Total £m
Balance at 1 April 2019	(74.274)	0.000	(74.274)
Additions during the year	0.000	(5.372)	(5.372)
Payments during the year	2.836	0.078	2.914
Balance at 31 March 2020	(71.438)	(5.294)	(76.732)
Additions during the year	0.000	(0.007)	(0.007)
Payments during the year	2.543	0.144	2.687
Balance at 31 March 2021	(68.895)	(5.157)	(74.052)

Note 16: Leases

Renfrewshire Council as Lessee

Operating Leases

The Council has 27 properties and 6 vehicles classed as operating leases, with average lives of 12 years. The future minimum lease payments due under non-cancellable leases in future years are:

As at 31 March 2020 £m		As at 31 March 2021 £m
0.932	Not later than one year	0.862
2.306	Between one and five years	2.341
3.909	Later than five years	3.620
7.147		6.823

During 2020/21, there was £1.023m expenditure charged to the CIES in relation to these leases (£1.021m in 2019/20).

Finance Leases

Finance leases, which have substantially transferred to the Council the benefits and risks of ownership of a non-current asset, are treated as if the asset had been purchased outright.

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under creditors. The lease rentals comprise capital and interest elements; the capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue over the terms of the lease.

The Council has 44 electric vehicles under a finance lease agreement over a period of 5 years beginning during 2019-20. As at 31 March 2021, outstanding obligations to make payments under finance leases are as follows:

As at 31 March 2020 £m		As at 31 March 2021 £m
0.107	Not later than one year	0.111
0.381	Between one and five years	0.270
0.488		0.381

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 2020 £m		As at 31 March 2021 £m
0.183	Not later than one year	0.178
0.675	Between one and five years	0.655
6.623	Later than five years	6.464
7.481		7.297

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

2019/20 £m	Inventories	2020/21 £m
1.120	Balance at 1 April	0.989
7.572	Additions during the year	6.341
(7.706)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.443)
0.000	Recognised as an expense during the year: inventories written down	(0.028)
0.003	Reversals during the year of previous inventory write-downs	0.020
0.989	Balance at 31 March	0.879

Note 18: Debtors

As at 31 March 2020			As at 31 March 2021	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
6.927	0.000	Trade receivables	22.493	0.000
4.932	1.260	Prepayments	4.480	1.170
37.743	0.912	Other receivables	54.967	1.512
49.602	2.172	Total Debtors	81.940	2.682

Note 19: 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.

2019/20 £m		2020/21 £m
(10.282)	Current account balances with the council's banker	(5.781)
0.603	Callable deposits with UK banks and building societies	12.998
22.205	Callable deposits in money market funds	39.000
0.170	Imprest accounts held at council establishments	0.054
12.696	Total cash and cash equivalents	46.271

Note 20: Creditors

As at 31 March 2020			As at 31 March 2021	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
(22.090)	0.000	Trade payables	(17.226)	0.000
(56.158)	(75.313)	Other payables	(58.412)	(73.261)
(78.248)	(75.313)	Total Creditors	(75.638)	(73.261)

Note 21: 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. Teacher's maternity pay is a short-term provision, 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:

Short-term Provisions	Teachers' maternity pay £m	Other £m	Total £m
Balance at 1 April 2020	(0.104)	(0.173)	(0.277)
Additional provisions made during the year	(0.112)	(0.100)	(0.212)
Reversal of existing provisions	0.104	0.173	0.277
As at 31 March 2021	(0.112)	(0.100)	(0.212)

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:

Long-term Provisions	Holiday pay compensation £m	Insurance claims £m	Total £m
Balance at 1 April 2020	(0.445)	(4.300)	(4.745)
Additional provisions made during the year	0.000	(1.529)	(1.529)
Amounts used during the year	0.000	1.196	1.196
As at 31 March 2021	(0.445)	(4.633)	(5.078)

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 known claims. A contingent liability is recognised in Note 29 for potential claims that have not yet materialised.

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 £1.529m on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

Note 22: 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.

As at 31 March 2020		Financial Assets	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
7.000	86.000	At amortised cost:		
0.000	0.341	Principal	0.000	135.720
3.789	0.000	Accrued interest	0.000	0.161
		At fair value through other comprehensive income - designated equity instruments	4.344	0.000
10.789	86.341	Total Investments	4.344	135.881
		At amortised cost:		
0.000	(9.512)	Principal	0.000	7.273
0.000	0.003	Accrued interest	0.000	0.001
0.000	0.000	Loss allowance	0.000	(0.003)
0.000	22.205	At fair value through profit or loss	0.000	39.000
0.000	12.696	Total Cash and cash equivalents	0.000	46.271
		At amortised cost:		
1.273	56.074	Trade receivables	1.184	92.825
4.927	0.114	Loans made for service purposes	4.996	0.087
0.794	0.000	Accrued interest	0.854	0.000
(4.822)	(19.332)	Loss allowance	(4.352)	(21.267)
2.172	36.856	Financial Assets included in Debtors	2.682	71.645

As at 31 March 2020		Financial Liabilities	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
(167.131)	(1.227)	Principal sum borrowed	(201.297)	(0.834)
0.000	(2.622)	Accrued interest	0.000	(2.708)
(167.131)	(3.849)	Total Public Works Loan Board (PWLB) borrowing	(201.297)	(3.542)
(20.000)	(32.916)	Principal sum borrowed	0.000	(52.916)
0.000	(0.890)	Accrued interest	0.000	(0.884)
(0.366)	(0.535)	EIR adjustments	0.000	(0.883)
(20.366)	(34.341)	Total non-PWLB borrowing ("market debt")	0.000	(54.683)
0.000	(15.037)	Borrowing from group entities	0.000	(32.796)
(187.497)	(53.227)	Total Borrowing	(201.297)	(91.021)
0.000	(44.910)	At amortised cost trade payables	0.000	(44.922)
(74.507)	(2.791)	Service Concession and Finance Lease liabilities	(71.581)	(2.851)
(0.002)	0.000	Financial guarantees	(0.008)	0.000
(74.509)	(47.701)	Financial Liabilities included in Creditors	(71.589)	(47.773)

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275m (2019/20 £0.275m), a loan to Kilbarchan Amateur Athletic Club of £0.077m (2019/20 £0.081),

home loans of £0.551m (2019/20 £0.670m), £0.030m soft loans to service users (2019/20 £0.030m) and soft loans to employees of £0.023m (2019/20 £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 £4.344m at 31 March 2021 (£3.789m as at 31 March 2020).

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 31 March 2021.

The Council's 'Fair value through other comprehensive income' assets comprise its 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 31 March 2021, 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.
- For 'Lender's Option Borrower's Option' (LOBO) loans, PWLB premature repayment rates have been applied to provide the fair value under PWLB

debt redemption procedures. The PWLB redemption rates provide a reasonable proxy for rates and a number of market participants have used this basis when considering early redemption costs for market loans. It is likely that lenders will only exercise their options when market rates have risen above the contractual loan rate. The interest rate risk associated with the Council's LOBOs is not deemed to be significant and the potential penalties charged may make the redemption of the loans an uneconomic option.

- 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 service concession (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.

As at 31 March 2020		Financial Assets	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value (restated) £m			Carrying Amount £m	Fair value £m
22.205	22.205	Callable deposits in money market funds	1	39.000	39.000
3.789	3.789	Investments in pooled funds (insurance fund)	1	4.344	4.344
25.994	25.994	Total Financial assets measured at fair value		43.344	43.344
93.341	93.443	Fixed term deposits with UK local authorities	2	135.881	135.989
(9.679)	(9.683)	Callable deposits with UK banks and building societies (including current account balances with the Council's banker)	2	7.217	7.217
0.170	0.170	Imprest accounts held at council establishments	2	0.054	0.054
1.542	1.659	Loans made for service purposes	3	1.583	1.687
85.374	85.589	Total Financial assets measured at amortised cost		144.735	144.947
111.368	111.583	Total financial assets for which fair value is disclosed		188.079	188.291
		Financial assets measured at amortised cost:			
0.740	n/a	Trade receivables: long-term		1.183	n/a
36.746	n/a	Receivables and prepayments: short-term		71.561	n/a
37.486		Total financial assets for which fair value is not disclosed		72.744	

As at 31 March 2020		Financial Liabilities	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value (restated) £m			Carrying Amount £m	Fair value £m
		Financial liabilities measured at amortised cost:			
(170.980)	(237.264)	Public Works Loan Board borrowing	2	(204.839)	(280.699)
(54.707)	(75.291)	Non-PWLB borrowing ("market debt")	2	(54.683)	(80.525)
		Other liabilities:			
(77.298)	(115.909)	Service Concession and Finance Lease liabilities	3	(74.432)	(113.877)
(0.002)	(0.002)	Financial guarantees	3	(0.008)	(0.008)
(302.987)	(428.466)	Total financial liabilities for which fair value is disclosed		(333.962)	(475.109)
		Financial liabilities measured at amortised cost:			
(15.037)	n/a	Borrowing from group entities		(32.796)	n/a
(44.910)	n/a	Trade payables: short-term		(44.922)	n/a
(59.947)		Total financial liabilities for which fair value is not disclosed		(77.718)	

Fair Values for 2019/20 have been restated for Loans made for service purposes and Service Concessions, as this information is only now available. This is a presentational change only and does not affect the carrying values in the Balance Sheet.

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)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income' in the CIES.

2019/20 £m		Financial Assets			Financial liabilities at amortised cost £m	2020/21 £m
		Amortised cost £m	Elected to Fair Value through Other Comprehensive Income £m	Fair Value through Profit or Loss £m		
16.113	Interest expense	0.000	0.000	0.000	15.897	15.897
2.295	Impairment losses	2.565	0.000	0.000	0.000	2.565
0.000	Fee expense	0.000	0.000	0.000	0.012	0.012
18.408	Total expense in the Surplus / Deficit on the Provision of Services	2.565	0.000	0.000	15.909	18.474
(1.486)	Interest income	(0.658)	0.000	(0.033)	0.000	(0.691)
(0.116)	Dividend income	0.000	(0.103)	0.000	0.000	(0.103)
(0.001)	Other income	(0.003)	0.000	0.000	0.000	(0.003)
(1.603)	Total income in the Surplus/Deficit on the Provision of Services	(0.661)	(0.103)	(0.033)	0.000	(0.797)
0.111	Net (gain) or loss on revaluation	0.000	(0.452)	0.000	0.000	(0.452)
0.111	(Surplus)/Deficit on the revaluation of financial assets	0.000	(0.452)	0.000	0.000	(0.452)
16.916	Net (Gain)/Loss for the year	1.904	(0.555)	(0.033)	15.909	17.225

Note 23: 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.

2019/20 £m	Total Investment Portfolio by Credit Rating	2020/21 £m
22.206	AAA (Money Market Funds)	39.000
0.003	A+	5.001
0.100	A	8.000
0.500	BBB+	0.000
93.341	UK local authorities	135.881
116.150	Total	187.882

The Council does not generally allow credit for customers, such that as at 31 March 2021, £21.249m of sundry income debt is past its due date for payment (£7.581m in 2019/20). The past due amount can be analysed by age as follows:

2019/20 £m	Sundry Income Debt Past Due	2020/21 £m
1.837	Less than three months	14.999
0.457	Three to six months	0.500
0.754	Six months to one year	0.660
4.533	More than one year	5.090
7.581	Total	21.249

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 2021 the outstanding value of loans advanced by the Council was £0.551m (£0.670m as at 31 March 2020).

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:

As at 31 March 2020		Principal Borrowing Maturity Analysis	As at 31 March 2021	
£m	%		£m	%
34.143	15.43%	Less than one year*	53.750	21.08%
20.834	9.42%	Between one and two years	1.869	0.73%
7.712	3.48%	Between two and five years	10.851	4.25%
158.585	71.67%	More than five years	188.577	73.94%
221.274	100.00%	Total	255.047	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 2020/21, with all other variables held constant.

Interest rate risk	As at 31 March 2021 £m
Increase in interest payable on new fixed rate borrowings taken during the year	0.103
Increase in interest receivable on deposits placed during the year	(2.796)
Notional impact on the Surplus/Deficit on the Provision of Services	(2.693)
Share of this impact which would be attributable to the Housing Revenue Account	
<i>Other changes that would have no impact on the Surplus/Deficit on the Provision of Services or Other Comprehensive Income and Expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.444
Decrease in the fair value of fixed rate borrowing	72.398

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 2020/21 the book cost of investments increased by £0.103m (£0.116m increase during 2019/20).

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 2021 would have resulted in a £0.067m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2020/21.

Note 24: 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.

In addition, the Council received a number of funding streams from the Scottish Government in 2020/21 to support financial hardship experienced by third parties (individuals and businesses) related to the COVID-19 pandemic. The Council had no discretion over the terms of the funding and could not use it for service delivery. This means the Council acted as agent only and the grant funding received and paid out are not included in the Council's reserves, CIES or Balance Sheet. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

2019/20 £m	Agency Services	2020/21 £m
104.417	Scottish Government - Contributions (to)/from the non-domestic rates pool	73.841
14.111	Non-domestic rates collected: East Renfrewshire	5.008
0.059	Service income from East Renfrewshire Council for collection of non-domestic rates	0.061
30.738	Domestic water and sewerage charges collected	30.472
(30.738)	Domestic water and sewerage charges paid over to Scottish Water	(30.472)
0.636	Service income from Scottish Water for collection of domestic water and sewerage	0.637
0.010	Service income Paisley First Business Improvement District for collection of BID levy	0.000
0.000	Financial Hardship and Self-Isolation grants paid out	1.069
0.000	Financial Hardship and Self-Isolation funding received from Scottish Government	(1.069)
0.000	Business Grant Scheme paid out	27.227
0.000	Business Grant Scheme funding received from Scottish Government	(27.227)
0.000	Strategic Framework grants paid out	14.861
0.000	Strategic Framework funding received from Scottish Government	(14.861)
0.000	Other support for businesses (including furlough support) paid out	3.646
0.000	Other support for businesses (including furlough support) funding received from Scottish Government	(3.646)

Note 25: External audit costs

Audit fees are restated for the prior year owing to an additional fee being charged after the balance sheet date for 2019/20.

2019/20 (restated) £m	Audit Fees	2020/21 £m
0.353	Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.357
0.008	Fees payable with regard to other services carried out by the appointed auditor	0.000
0.361	Total	0.357

Note 26: 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 can be accessed from each councillor's page on the Council website, at: www.renfrewshire.gov.uk/councillors. Services totalling £0.416m (£0.373m at 31 March 2020) were commissioned from organisations in which three elected members had 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 £2.435m (£0.446m at 31 March 2020) 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.

Officers

The Director of Finance and Resources also holds a position of director of Park Lane Developments (Renfrewshire) LLP. There is no remuneration associated with this post.

Details of the Council's interests in Park Lane Developments (Renfrewshire) LLP are outlined in the Notes to the Group Accounts from page 94.

For further details of Officers' interests, please check the register of interests on the Council website at:

www.renfrewshire.gov.uk > [Your Council](#) > [Information, performance and statistics](#) > [Council structure](#).

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 27: 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 2020, which set the contribution rate payable from 1 April 2020 to 31 March 2023.

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. While the employee rate applied is variable, it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3bn was identified in the notional fund, which will be repaid by

the increased rate of employers' pension contribution, effective from 1 September 2019, of 23%.

Based on the proportion of employer contributions paid in 2019/20, Renfrewshire Council's level of participation in the scheme is 3.1%. The Council paid £17.546m (£14.859m in 2019/20) for employer's contributions to the Scottish Public Pensions Agency. £0.404m of expenditure (£0.444m in 2019/20) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.5% of teachers' pensionable pay (0.6% in 2019/20). The estimated contribution for 2021/22 is £16.762m.

Note 28: Defined benefit pension schemes

28a: Participation in pension schemes

The pension scheme for teachers (the Scottish Teachers' Superannuation Scheme) is explained in Note 27, 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.

28b: Transactions relating to post-employment benefits

The Council accounts for post-employment benefits in the CIES 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 CIES and the General Fund Balance via the movement in reserves statement during the year:

2019/20 £m		2020/21 £m
	Included within net cost of services:	
56.782	Current service cost	47.102
(7.819)	Past service cost/(gain)	4.182
	Included within Financing and Investment income and expenditure:	
38.440	Interest cost	33.052
(31.377)	Expected return on scheme assets	(28.779)
56.026	Total of Post-employment benefits charged to the Surplus/Deficit on the Provision of Services	55.557
	Included within Other Comprehensive Income and Expenditure:	
87.121	Return on Assets excluding amounts included in net interest	(284.985)
(52.031)	Actuarial gains and losses arising on changes in Demographic Assumptions	(37.247)
(167.096)	Actuarial gains and losses arising on changes in Financial Assumptions	361.101
(8.136)	Actuarial gains and losses arising on changes in Other Assumptions	(1.528)
(84.116)	Total of LGPS post-employment benefits charged to the CIES	92.898
	Movement in reserves statement:	
(140.142)	Actuarial losses or (gains)	37.341
56.026	Reversal of items relating to post-employment benefits debited or credited to the Surplus/Deficit on the Provision of Services	55.557
(30.036)	Employer contributions and direct payments to pensioners payable in the year	(33.886)
(114.152)	Movement in the year on the Pension Reserve	59.012

The cumulative amount of actuarial gains and losses recognised in the CIES as at 31 March 2021 is a loss of £89.733m (£52.392m as at 31 March 2020).

28c: 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 2021, the defined benefit obligation exceeded scheme assets by £221.534m (£162.522m as at 31 March 2020). 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 2021 was 2.0% 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 2020.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2021, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension position of £221.534m represents an increase in liability of £59.012m between 31 March 2020 and 31 March 2021. 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.

28d: Movement in defined benefit obligation (scheme liabilities)

The following is a reconciliation of the 2020/21 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).

2019/20 £m		2020/21 £m
1,583.745	Balance at 1 April	1,414.424
56.782	Current service cost	47.102
(7.819)	Past service cost (including curtailments)	4.182
38.440	Interest cost	33.052
7.888	Member contributions	8.234
(227.263)	Actuarial losses or (gains)	303.739
	<i>Losses or (gains) on curtailment</i>	
(4.548)	Estimated benefits paid: unfunded	(4.627)
(32.801)	Estimated benefits paid: other	(38.770)
1,414.424	Balance at 31 March	1,767.336

28e: Movement in scheme assets

The following is a reconciliation of the 2020/21 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2019/20 £m		2020/21 £m
1,307.071	Balance at 1 April	1,251.902
31.377	Expected return on scheme assets	28.779
7.888	Member contributions	8.234
25.488	Employer contributions	29.259
4.548	Contributions in respect of unfunded benefits	4.627
(87.121)	Actuarial (losses) or gains	266.398
(4.548)	Estimated benefits paid: unfunded	(4.627)
(32.801)	Estimated benefits paid: other	(38.770)
1,251.902	Balance at 31 March	1,545.802

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 2020 to 31 March 2021 was 4.3%.

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

As at 31 March 2020				As at 31 March 2021		
Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m		Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m
288.786	0.758	289.544	Equity instruments	361.033	1.662	362.695
39.280	0.001	39.281	Debt instruments (bonds)	0.000	0.000	0.000
0.000	149.597	149.597	Private Equity	0.000	276.483	276.483
0.000	113.348	113.348	Real Estate	0.000	125.243	125.243
410.931	122.618	533.549	Investment Funds	14.548	740.603	755.151
0.026	0.000	0.026	Derivatives	0.279	0.000	0.279
64.447	62.110	126.557	Cash and cash equivalents	24.903	1.048	25.951
803.470	448.432	1,251.902	Fair value of scheme assets	400.763	1,145.039	1,545.802

28f: 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:

As at 31 March 2020 £m		As at 31 March 2021 £m
(727.663)	Current employee members	(884.966)
(78.905)	Pre-local government reorganisation (1996) liabilities	(75.644)
(121.643)	Deferred pensioners	(194.861)
(399.575)	Pensioners	(517.516)
(1,327.786)	Total Present Value of the Defined Benefit Obligation - Funded liabilities	(1,672.987)
(76.212)	Retirals from Renfrewshire Council	(84.227)
(10.426)	Retirals pre-local government reorganisation (1996)	(10.122)
(86.638)	Total Present Value of the Defined Benefit Obligation - Unfunded liabilities	(94.349)
(1,414.424)	Present value of defined benefit obligation	(1,767.336)
1,251.902	Fair value of scheme assets	1,545.802
(162.522)	Net liability arising from defined benefit obligation	(221.534)

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 2020/21, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2021:

2019/20		2020/21
2.3%	Discount rate for defined benefit obligation	2.0%
2.3%	Long-term expected rate of return on scheme assets*	2.0%
3.0%	Rate of increase in salaries	3.6%
1.9%	Rate of increase in pensions	2.9%
1.9%	Rate of inflation	2.9%
	Mortality assumptions (years):	
	<i>Longevity at age 65 for current pensioners:</i>	
20.7	Men	19.8
22.9	Women	22.6
	<i>Longevity at age 65 for future pensioners:</i>	
22.2	Men	21.2
24.6	Women	24.7
	Take up of option to convert 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 on the Scheme	%	£m
0.5% decrease in the Real Discount Rate	10%	174.386
0.5% increase in the Salary Increase Rate	1%	23.956
0.5% increase in the Pension Increase Rate	8%	146.195

In addition, a one-year increase in life expectancy is estimated to increase the Defined Benefit Obligation by 3-5%.

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 2020/21 to 2021/22. The total contributions expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2022 is £24.617m. The weighted average duration of the defined benefit obligation is 20.1 years.

Note 29: Contingent liabilities

The Coronavirus pandemic has had a global impact in health, economic and financial terms. The Council has incurred significant costs in relation to the initial response to the pandemic and is likely to incur considerable further costs as the full implications of the pandemic become clear. This is likely to take many months, and will be influenced by both the lockdown arrangements put in place by UK and Scottish Governments, the form and duration of social distancing and the economic impact of the pandemic locally and nationally. The Council recognises a contingent liability in terms of the costs of ongoing additional services which have been put in place to support individuals, communities and businesses; the reconfiguration of services to enable continued delivery recognising social distancing measures; the loss of income to both the Council and its subsidiaries; and the potential increased costs of capital projects.

The Council has been notified of a number of contractor claims for additional costs incurred on construction contracts. 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. It is not considered practicable at this stage to estimate the financial effect.

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.

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher

retirement age for men and GMP accruing at a faster rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension.

The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits.

Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £4.178m for Renfrewshire Council.

This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

Note 30: 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information

Note 31: 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 2021/22 Code:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;

- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7;
- Interest Rate Benchmark Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Code requires implementation from 1 April 2021 and there is therefore no impact on the 2020/21 accounts. There is no material impact anticipated in future years from the implementation of these standards.

Note 32: Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2021 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 performance obligation relating to the transaction has been satisfied, 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 2021 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 CIES 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 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.

D 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.

E 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.

F Employee Benefits

Benefits payable during employment

All salaries and wages earned up to 31 March 2021 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; along with any pay inflation agreed for the year and not yet paid.

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 CIES 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 CIES 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.

G 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.

H Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES 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.

I Financial Instruments

Financial Assets

Financial assets are classified into three categories of valuation:

- At amortised cost;

- At fair value through other comprehensive income – designated equity instruments; and
- At fair value through profit or loss.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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 CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans made by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES. The Council has assets such as investments and debtors which are classified as financial assets measured at amortised cost.

Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Investment income is credited to Financing and Investment Income and Expenditure in the CIES when it becomes receivable by the Council. Where an equity instrument is designated as FVOCI, changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve (an unusable reserve).

When the asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the

Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services. The Council has made an irrevocable election to designate these assets as FVOCI on the basis that they are held for non-contractual benefits, not for trading, but for strategic purposes.

Financial assets measured at fair value through profit and loss

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. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CIES when it becomes receivable by the Council.

Assets 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.

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

Expected Credit Loss Model

Where assets are identified as impaired as a result of an expected credit loss, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. 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).

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 CIES 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 CIES 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 CIES 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 CIES, 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 CIES 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 CIES 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).

J 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 CIES 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 CIES.

Where capital grants are credited to the CIES, 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.

K 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 The Secret Collection).

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. 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. 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. 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. 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 CIES.

L Intangible Assets

The Council accounts for purchased software licences 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 CIES. 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.

M Interests in Companies and Other Entities

The Council has material interests in two charitable companies, a limited liability partnership 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, which is recorded as an investment.

N Inventories

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

O 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 CIES. 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.

P 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 CIES).

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 CIES. 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 CIES).

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 CIES.

Q 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. Internal transactions are no longer present in the income and expenditure figures reported in the CIES.

R Service Concession Arrangements – School Buildings and Other Facilities

The Council carries the assets used under PFI or Service Concession 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 contractual arrangements are in accordance with IFRIC12 *Service Concession Arrangements*.

S 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 CIES. Where gains are credited to the CIES, 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 CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, 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 CIES. 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 CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the CIES 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 CIES 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.

T 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 CIES. 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.

U 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 CIES.

V 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

CIES 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.

W Value Added Tax

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 33: 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.

Item	Judgement
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.
Service Concession Arrangements	The Council is deemed to control the services provided under the agreement for the provision of schools. 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. Bargeddie Waste Facility is shared by a number of Scottish councils with North Lanarkshire Council taking the lead. The apportionment of costs and liabilities over the life of the facility, which was funded by a service concession agreement, has been agreed between the councils involved and the local external audit team. Note 15 provides further details.
Determination of Contingent Liabilities and Provisions	A Provision is defined by the Code as a liability of uncertain timing or amount. A Contingent Liability is a possible obligation whose timing or value cannot be reliably measured and the Council makes a judgement on which is appropriate based on information available at the Balance Sheet date.
Council acting as Agent, not Principal	'Agent' is where the Council is acting as an intermediary and 'Principal' is where the Council is acting on its own behalf. During 2020/21 the Council received funding from the Scottish Government relating to grants and subsidies in support of hardship experienced by third parties from the impact COVID-19. In many cases, the Council had no discretion over the terms of the grants awarded and any unspent grant was repaid to the Scottish Government; these have been treated as Agent transactions and excluded from the CIES, Balance Sheet and related Notes. Cashflows have, however, been included in the Cashflow Statement. The CIPFA LASAAC Local Authority Accounting Code Board issued guidance in relation to the funding streams administered by Scottish local authorities in terms of their treatment as Agent or Principal activities and this guidance has been followed. Further detail on the sums involved can be found in Note 24.

Item	Judgement
Impairment of financial assets	In line with IFRS9: Financial Instruments, the approach to impairment of financial assets depends on the type of asset being assessed, either using a 'historic loss rate' approach, or a 'probability of default' approach, whereby historical experience of default rates across a similar class of instrument and credit rating is used to estimate 12-month expected credit losses. Further detail can be found at Note 22: Financial Instruments.

Note 34: 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	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 carrying value of the pension liability was £221.5m as at 31 March 2021. Further detail can be found in Note 28: Defined Benefit Pension Schemes.	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 £174.4m. However, the assumptions interact in complex ways. At 31 March 2021, the Council's actuaries advised that the net pensions liability had increased by £1.5m as a result of estimates being corrected as a result of experience and £37.2m as a result of updating demographic assumptions and decreased by £361.1m as a result of updating financial assumptions.
Debt Impairment	At 31 March 2021, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £84.6m. A review of significant balances suggested that an impairment of doubtful debts of £36.0m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. Over 2020/21, the principal debt impairment increase has been related to Council Tax arrears, which increased by £1.6m.	Based on experience, the bad debt provision is considered adequate; however, if collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional £3.6m to be set aside as an allowance.

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.

2019/20 £m		2020/21 £m
15.703	Repairs and maintenance	13.743
15.825	Supervision and management	15.380
25.268	Depreciation and impairment of non-current assets	26.950
0.211	Increase/(Decrease) in the allowance for bad debts	(0.376)
0.628	Other expenditure	0.829
57.635	Total Expenditure	56.526
(47.091)	Dwelling rents	(47.945)
(1.484)	Non-dwelling rents	(1.448)
(2.118)	Other income	(2.666)
(50.693)	Total Income	(52.059)
6.942	Net Cost of HRA services as included in the CIES	4.467
	HRA share of the operating income and expenditure included in the CIES:	
0.906	(Gain)/Loss on sale of HRA non-current assets	(0.014)
3.986	Interest payable and similar charges	4.435
(0.143)	Interest and investment income	(0.083)
0.321	Pensions interest cost and expected return on pensions assets	0.188
(3.737)	Taxation and non specific grant income	(1.425)
8.275	Deficit for the year on HRA services	7.568

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. An analysis of these adjustments can be found in Note 6 on page 38.

2019/20 £m		2020/21 £m
(6.807)	Balance on the HRA at 1 April	(6.807)
8.275	Deficit for the year on the HRA income and expenditure statement	7.568
(8.275)	Adjustments between accounting basis and funding basis under statute	(7.258)
0.000	Net (Increase)/Decrease before transfers to or from reserves	0.310
0.000	Transfers to/(from) other reserves	0.000
(6.807)	Balance on the HRA at 31 March	(6.497)

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 12,212 dwellings during 2020/21 (12,066 in 2019/20). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

As at 31 March 2020		Type of dwelling	As at 31 March 2021	
Number	Average weekly rent		Number	Average weekly rent
416	£62.17	One-apartment	416	£63.46
3,675	£70.30	Two-apartment	3,684	£71.73
5,753	£79.49	Three-apartment	5,863	£81.12
2,015	£88.83	Four-apartment	2,038	£90.65
207	£95.54	Five-apartment	211	£97.50
12,066		Total	12,212	

Average rents for 2019/20 have been restated following a review.

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£0.895m in 2020/21 and £0.863m in 2019/20), but excludes irrecoverable and bad debts. Average rents were £79.72 per week in 2020/21 (£78.05 in 2019/20). The total rent income for 2020/21 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

3. Amount of rent arrears

At 31 March 2021 total rent arrears amounted to £3.604m (£2.743m at 31 March 2020). This is 7.45% of the total value of rents due at 31 March 2021.

4. Provision for uncollectable rent arrears

In the financial year 2020/21 the rental bad debt provision has been increased by £0.460m (£0.068 decrease in 2019/20). The provision to cover the potential loss of income stands at £1.964m at 31 March 2021 (£1.504m at 31 March 2020). This is 4.06% of the total value of annual rents due.

5. Share of corporate costs

In the financial year 2020/21 the HRA share of Corporate and Democratic Core costs amounted to £0.035m (£0.035m in 2019/20).

Council Tax Income Account

The Council Tax income account shows the gross income raised from Council Taxes levied and deductions made under statute. Councils raise taxes from residents through Council Tax, which is a tax linked to property values. 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 CIES.

2019/20 £m		2020/21 £m
110.290	Gross council tax levied	116.525
(15.663)	Other discounts and reductions	(16.382)
(12.749)	Council tax reduction scheme	(14.404)
(2.262)	Write-off of uncollectable debts and allowance for impairment	(2.783)
(0.932)	Adjustment to previous years' community charge and council tax	0.081
78.684	Transfer to the Comprehensive Income and Expenditure Statement	83.037

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 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 2020/21 was £1,315.42 (£1,257.09 in 2019/20).

2019/20 £	Council Tax Band	2020/21 £
838.06	A	876.95
977.74	B	1,023.11
1,117.42	C	1,169.27
1,257.09	D	1,315.42
1,651.68	E	1,728.32
2,042.77	F	2,137.55
2,461.81	G	2,576.04
3,079.88	H	3,222.79

If a property is occupied by only one person over 18, a discount of 25% is applied.

Since 15 July 2016, unoccupied and unfurnished properties have been exempted from Council Tax for the first six months. A discount of 10% is then available for the next six months and 100% additional Council Tax levy is then payable for as long as the property remains empty, although the 10% 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 students, people who are in detention and those who are severely mentally impaired. Reductions in Council Tax are 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.

Calculation of the Council Tax base

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.

Band	Number of dwellings	Number of exemptions	Disabled relief	Discounts	Council Tax Reduction	Total equivalent dwellings	Ratio to Band D	2020/21 Band D equivalent	2019/20 Band D equivalent
A	13,519	1,972	7	2,007	4,041	5,584	0.67	3,722	3,676
B	25,795	1,539	92	3,335	6,046	14,844	0.78	11,546	11,604
C	14,832	493	61	1,554	2,056	10,716	0.89	9,525	9,596
D	12,576	278	48	1,121	761	10,441	1.00	10,441	10,508
E	11,172	173	73	678	474	9,822	1.31	12,904	12,993
F	6,450	65	48	284	134	5,940	1.63	9,653	9,688
G	3,896	78	21	131	62	3,604	1.96	7,058	7,080
H	226	18	0	8	1	199	2.45	487	488
	88,466							Band A dwellings subject to disabled relief	5
								Class 17 and 24 dwellings	77
								Sub-total	65,418
								Less: Provision for non-payment and future award of discounts and reliefs	(2,101)
								Council Tax Base	63,317
									61,861

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 2012/13 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.

2019/20 £m		2020/21 £m
147.597	Gross rates levied	145.690
(20.946)	Reliefs and other deductions	(65.753)
(2.553)	Write-off of uncollectable debts and allowance for impairment	(5.226)
124.098	Net Non-Domestic Rates income	74.711
(10.817)	Adjustment to previous years' non-domestic rates	(8.029)
(8.864)	Contribution (to)/from the National Non-Domestic Rate pool	7.159
0.000	Non-domestic rate income retained by authority (BRIS)	0.000
104.417	Transfer to the Comprehensive Income and Expenditure Statement	73.841

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 2020/21 the charge was 49.8 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) relief is available to businesses where the combined rateable value of all business premises is £35,000 or less and the rateable value of individual premises is £18,000 or less. Properties with a total rateable value up to and including £15,000 are entitled to a 100% reduction in their business rates on each individual property and properties with a rateable value of between £15,001 to £35,000 receive a 25% reduction on each individual property with a rateable value of £18,000 or less.

Analysis of Renfrewshire Council's rateable values

Analysis of Rateable Values	2020/21 £m
Commercial	106.045
Industrial and freight transport	47.710
Education and public service	31.935
Communications	0.010
Others	103.812
Rateable Value at 1 April	289.512
Adjustments (Full Year Rateable Value)	12.447
Rateable Value at 31 March	301.959
Less: Wholly Exempt Subjects	(1.435)
Net Rateable Value at 31 March	300.524

Group Accounts

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing operations during the year. It includes, on an accruals basis, all day-to-day expenses and related income. 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 group movement in reserves statement.

2019/20			Note	2020/21		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
230.636	(27.504)	203.132	Children's Services	246.606	(38.531)	208.075
116.119	(106.472)	9.647	Communities and Housing Services	58.508	(54.748)	3.760
83.743	(13.650)	70.093	Environment and Infrastructure	88.022	(14.997)	73.025
58.774	(7.901)	50.873	Finance and Resources	107.771	(55.475)	52.296
40.402	(12.923)	27.479	Chief Executive's Service	39.391	(12.115)	27.276
8.320	(13.212)	(4.892)	Miscellaneous Services	17.018	(15.685)	1.333
206.913	(131.240)	75.673	Adult Services	215.298	(141.501)	73.797
744.907	(312.902)	432.005	Cost of Services	772.614	(333.052)	439.562
0.000	(0.651)	(0.651)	(Gain)/Loss on the disposal of non-current assets	0.136	0.000	0.136
26.563	(2.127)	24.436	Financing and investment income and expenditure	27.626	(1.908)	25.718
0.000	(427.986)	(427.986)	Taxation and non-specific grant income	0.000	(480.989)	(480.989)
771.470	(743.666)	27.804	Deficit/(Surplus) on the Provision of Services	800.376	(815.949)	(15.573)
		(7.096)	Share of the (surplus) / deficit on the provision of services by associates and joint ventures		G3	(9.667)
		20.708	Group Deficit/(Surplus)			(25.240)
		(102.425)	(Surplus)/Deficit on the revaluation of non-current assets			(34.079)
		1.139	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income		G15	(3.584)
		(146.035)	Actuarial (gain)/loss on pension assets and liabilities			44.983
		(3.101)	Share of other comprehensive (income) and expenditure of associates and joint ventures		G4	(0.393)
		(250.422)	Other comprehensive (income) and expenditure			6.927
		(229.714)	Total comprehensive (income) and expenditure			(18.313)

Group Movement in Reserves Statement

The group movement in reserves statement shows the movement in the year on the different reserves held by the Council's group, analysed into the Council's usable reserves, the Council's unusable reserves and the Council's share of the reserves of the subsidiaries, associates and joint ventures within the group.

	Note	Council's Usable Reserves £m	Council's Unusable Reserves £m	Council's Total Reserves £m	Council's share of Reserves of Subsidiaries, Associates and Joint Ventures £m	Total Reserves £m
Balance at 1 April 2020		159.621	959.228	1,118.849	68.881	1,187.730
Movement in reserves during the year						
Total Comprehensive Income and Expenditure		30.464	(3.662)	26.802	(8.489)	18.313
Adjustments between Group accounts and Council accounts	G5	(13.657)	0.000	(13.657)	13.657	0.000
Adjustments between accounting basis and funding basis under regulations	6	17.422	(17.422)	0.000	0.000	0.000
Increase / (Decrease) in year		34.229	(21.084)	13.145	5.168	18.313
Balance at 31 March 2021		193.850	938.144	1,131.994	74.049	1,206.043

Comparative movements in 2019/20						
	Note	Council's Usable Reserves £m	Council's Unusable Reserves £m	Council's Total Reserves £m	Council's share of Reserves of Subsidiaries, Associates and Joint Ventures £m	Total Reserves £m
Balance at 1 April 2019		154.606	747.199	901.805	56.211	958.016
Movement in reserves during the year						
Total Comprehensive Income and Expenditure		(13.407)	242.561	229.154	0.560	229.714
Adjustments between Group accounts and Council accounts	G5	(12.110)	0.000	(12.110)	12.110	0.000
Adjustments between accounting basis and funding basis under regulations	6	30.532	(30.532)	0.000	0.000	0.000
Increase / (Decrease) in year		5.015	212.029	217.044	12.670	229.714
Balance at 31 March 2020		159.621	959.228	1,118.849	68.881	1,187.730

Group Balance Sheet

The group balance sheet shows the value as at 31 March 2021 of the assets and liabilities recognised by the Council. The net assets of the Council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets 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 group movement in reserves statement.

As at 31 March 2020		Note	As at 31 March 2021
£m			£m
1,485.775	Property, plant and equipment	G11	1,496.805
39.522	Heritage assets	G10	39.522
2.020	Investment property	G9	1.993
5.037	Intangible assets	13	4.177
28.057	Long-term investments	G15	25.180
38.772	Investments in associates and joint ventures	G3	49.034
2.172	Long-term debtors	18	2.682
1,601.355	Long-term assets		1,619.393
0.700	Assets held for sale	11	0.625
86.341	Short-term investments	G15	135.881
1.071	Inventories		0.953
54.623	Short-term debtors	G12	81.707
13.141	Cash and cash equivalents	G15	47.163
155.876	Current assets		266.329
(50.273)	Short-term borrowing	G15	(87.793)
(81.814)	Short-term creditors	G13	(74.558)
(0.277)	Short-term provisions	21	(0.212)
(132.364)	Current liabilities		(162.563)
(79.492)	Long-term creditors		(77.043)
(4.745)	Long-term provisions	21	(5.078)
(187.497)	Long-term borrowing	G15	(201.297)
(0.722)	Liabilities in associates and joint ventures	G3	(0.924)
(164.681)	Other long-term liabilities		(232.774)
(437.137)	Long-term liabilities		(517.116)
1,187.730	Net assets		1,206.043
(184.366)	Usable reserves	G7	(220.976)
(1,003.364)	Unusable reserves	G8	(985.067)
(1,187.730)	Total reserves		(1,206.043)

Alan Russell CPFA
Director of Finance
and Resources
24 June 2021

The unaudited accounts were authorised for issue on 24 June 2021.

Group Cashflow Statement

The group cash flow statement shows the changes in cash and cash equivalents of the Council's group 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. The Council's share of the cash flows of its associates and joint ventures is disregarded for the purpose of this statement because the Council's share of the associates' and joint ventures' reserves is unusable and cannot be used to fund services.

2019/20 £m		2020/21 £m
(20.708)	Group surplus/(deficit)	25.240
81.873	Adjustment for non-cash movements	72.913
(38.435)	Adjustments for items included in the group surplus/deficit that are investing and financing activities	(46.299)
22.730	Net cash flows from operating activities	51.854
(54.024)	Net cash flows from investing activities	(66.631)
(2.988)	Net cash flows from financing activities	48.799
(34.282)	Net increase/(decrease) in cash and cash equivalents	34.022
47.423	Cash and cash equivalents at the beginning of the reporting period	13.141
13.141	Cash and cash equivalents at the end of the reporting period	47.163

Notes to the Group Accounts

Note G1: Details of the group's combining entities

Renfrewshire Council is represented on the board of a number of organisations. The extent of the Council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the group accounts. Those organisations, which have a significant impact on the Council's operations, are listed below. The accounting period for all of these bodies is the year to 31 March 2021. In addition to the information included in the group accounts on the preceding pages the accounting regulations require specific disclosures about the combining entities and the nature of their business.

Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds, Paisley Museum Reimagined Ltd, Park Lane Developments (Renfrewshire) LLP and the Coats' Observatory Trust administered by Renfrewshire Council (as sole trustee) are treated as subsidiaries in the Council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Renfrewshire Leisure Limited is a company limited by guarantee formed in 2014 and registered as a charity in Scotland. Its principal place of business is the Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB. The charity provides leisure and culture facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within Renfrewshire plus a range of cultural service buildings, libraries and community halls. The objectives of the charity are to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of

the community in Renfrewshire. Any surplus generated by the charity is applied solely to its continuation and development. The accounts of the charity are published separately and may be obtained from the Chief Executive, Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB.

Paisley Museum Reimagined Limited was formed in 2019 by Renfrewshire Council, with the objective of managing the development and delivery of the fundraising strategy for Paisley Museum and to drive the capital appeal for the redevelopment of Paisley Museum and furthering Paisley's cultural regeneration. The company is treated as a subsidiary within the Group Accounts. Copies of the financial statements may be obtained from its registered office at 5a High Street, Paisley PA1 2AE.

Park Lane Developments (Renfrewshire) Limited Liability Partnership (LLP) was formed in 2010 by Renfrewshire Council and Park Lane Real Estate LLP in order to facilitate the regeneration of Paisley town centre through the transformation of the town's former Arnotts store into a mixed-use retail, office and residential development. The Partnership is treated as a subsidiary within the Group Accounts. Copies of the financial statements for the partnership may be obtained from its registered office at 87 Port Dundas Road, Cowcaddens, Glasgow G4 0HF.

The **group comprehensive income and expenditure statement (CIES)** includes total net comprehensive expenditure for the year of £9.081m (2019/20 net comprehensive income of £3.890m) for Renfrewshire Leisure Limited, total net comprehensive income for the year of £4.158m (2019/20 net comprehensive expenditure of £1.094m) for the Paisley, Renfrew and Johnstone Common Good Funds, total net comprehensive expenditure for the year of nil (2019/20 net comprehensive expenditure of £0.030m) for Park Lane Developments (Renfrewshire) LLP, total net comprehensive expenditure for the year of £0.149m (2019/20 £0.272m) for Paisley Museum Reimagined Limited and total net comprehensive income for the year of £0.180m (2019/20 net comprehensive expenditure of £0.021m) for the Coats' Observatory Trust.

The **group balance sheet** includes net liabilities of £10.872m (2019/20 £1.791m) for Renfrewshire Leisure Limited, net assets of £39.780m (2019/20 £35.622m) for the Common Good Funds, net liabilities of £3.318m (2019/20 £3.318m) for Park Lane Developments (Renfrewshire) LLP, net liabilities of £0.421m (2019/20 £0.272m) for Paisley Museum Reimagined Limited and net assets of £0.770m (2019/20 £0.590m) for the Coats' Observatory Trust.

Strathclyde Concessionary Travel Scheme Joint Committee comprises the twelve councils in the west of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the twelve constituent councils and by direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the scheme on behalf of the committee. In 2020/21, Renfrewshire Council contributed £0.322m or 7.96% of the committee's estimated running costs (2019/20 £0.320m or 7.93%) and its share of the year-end net asset was £0.276m (2019/20 £0.058m) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.828m (7.97%) to the committee's estimated running costs in 2020/21 (2019/20 £2.820m or 7.95%) and its share of the year-end net asset was £35.255m (2019/20 £33.955m) and is included in the group balance sheet. Copies of its accounts may be obtained from the

Treasurer to Strathclyde Partnership for Transport,
131 St. Vincent Street, Glasgow G2 5JF.

Renfrewshire Valuation Joint Board was formed in 1996 at local government re-organisation by Act of Parliament. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. The board's running costs are met by the three member councils. Surpluses or deficits on the board's operations are shared between the councils. In

2020/21, Renfrewshire Council contributed £1.551m or 56.4% of the board's estimated running costs (2019/20 £1.408m or 56.3%) and its share of the year-end net liability was £0.924m (2019/20 £0.722m) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire Council, Renfrewshire House, Paisley PA1 1JB. The following additional disclosures are required under accounting regulations for Renfrewshire Valuation Joint Board because it is a related party to the Council.

Renfrewshire Valuation Joint Board £m	Renfrewshire Council's Share £m		Renfrewshire Valuation Joint Board £m	Renfrewshire Council's Share £m
As at 31 March 2020		Balance Sheet Summary	As at 31 March 2021	
0.081	0.045	Long-term assets	0.165	0.093
0.539	0.303	Current assets	0.885	0.500
(0.168)	(0.094)	Current liabilities	(0.340)	(0.192)
(1.733)	(0.976)	Long-term liabilities	(2.349)	(1.325)
(1.281)	(0.722)	Net liabilities	(1.639)	(0.924)
2019/20		Income and Expenditure Summary	2020/21	
2.695	1.517	Income	2.972	1.677
2.650	1.492	Expenditure	2.948	1.664
0.045	0.025	Surplus for the year	0.024	0.013

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. On 27 June 2015, Scottish Ministers legally established the **Renfrewshire Health and Social Care Integration Joint Board (IJB)** as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde.

The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements. Copies of the financial statements for the IJB may be obtained from Chief Officer, Renfrewshire Health and Social Care Integration Joint Board, Renfrewshire House, Cotton Street, Paisley, PA1 1WB.

Renfrewshire Integration Joint Board £m	Renfrewshire Council's Share £m		Renfrewshire Integration Joint Board £m	Renfrewshire Council's Share £m
As at 31 March 2020		Balance Sheet Summary	As at 31 March 2021	
9.517	4.759	Current assets	27.006	13.503
9.517	4.759	Net assets	27.006	13.503
2019/20		Income and Expenditure Summary	2020/21	
311.824	155.912	Income	349.632	174.816
307.780	153.890	Expenditure	332.143	166.072
4.044	2.022	Surplus for the year	17.489	8.744

Note G2: Non-material interest in other entities

In addition to the combining entities detailed in note G1, the Council has a “significant interest” in a number of joint committees. The Council’s share of the net assets or liabilities of these joint committees is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the group accounts do not include these organisations. In the interest of transparency, the following disclosures are made concerning the business nature of each organisation.

Clyde Muirshiel Park Authority is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Renfrewshire Council contributed £0.311m (71.4%) to the authority’s estimated running costs in 2020/21 (£0.360m in 2019/20).

Scotland Excel is formed by agreement among local authorities throughout Scotland and is maintained through a joint committee comprising representatives from all of the member councils. Launched on 1 April 2008 as a centre of procurement expertise for the local government sector, it is the largest non-profit making purchasing agency in Scotland. Its aim is to help improve the efficiency and effectiveness of public sector procurement. Renfrewshire Council

contributed £0.118m (3.2%) to the committee’s estimated running costs in 2020/21 (£0.115m in 2019/20).

Glasgow and the Clyde Valley Strategic Development Planning Authority. The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.072m (12.5%) to the committee’s estimated running costs in 2020/21 (£0.052m in 2019/20).

Glasgow City Region – City Deal Cabinet is a Joint Committee, the purpose of which is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The City Deal programme aims to deliver a £1.13 billion investment programme through 20 infrastructure projects and will drive innovation and growth through the support of the key sectors, including delivery of labour market and innovation programmes. The committee operates in an administrative / project management capacity and does not hold any assets or liabilities developed from the City Deal programme.

Note G3: Associates and joint ventures

The aggregate value of the assets, liabilities, income and expenditure of the Council's associates and joint ventures are shown in the two tables which follow.

The net asset figure from these two tables combined (£34.607m + £13.503m = £48.110m) equates to the net of two figures disclosed in the group balance sheet as 'Investments in associates and joint ventures' (£49.034m) and 'Liabilities in associates and joint ventures' (£0.924m).

Aggregate of Associate results £m	Renfrewshire Council's Share £m	Associates	Aggregate of Associate results £m	Renfrewshire Council's Share £m
As at 31 March 2020		Balance Sheet Summary	As at 31 March 2021	
276.847	22.052	Long-term assets	283.988	22.726
175.601	14.223	Current assets	185.257	15.202
(20.962)	(1.747)	Current liabilities	(22.959)	(1.996)
(5.016)	(1.237)	Long-term liabilities	(2.349)	(1.325)
426.470	33.291	Net assets	443.937	34.607
2019/20		Income and Expenditure Summary	2020/21	
145.358	12.861	Income	81.031	7.902
81.821	7.787	Expenditure	69.590	6.979
63.537	5.074	Surplus for the year	11.441	0.923

Aggregate of Joint Venture results £m	Renfrewshire Council's Share £m	Joint ventures	Aggregate of Joint Venture results £m	Renfrewshire Council's Share £m
As at 31 March 2020		Balance Sheet Summary	As at 31 March 2021	
9.517	4.759	Current assets	27.006	13.503
9.517	4.759	Net assets	27.006	13.503
2019/20		Income and Expenditure Summary	2020/21	
311.824	155.912	Income	349.632	174.816
307.780	153.890	Expenditure	332.143	166.072
4.044	2.022	Surplus for the year	17.489	8.744

Note on contingent assets, contingent liabilities and capital commitments

The Council is unaware of any material contingent asset or contingent liability as at 31 March 2021 in relation to any of its associates or joint ventures. The Council is unaware that any capital commitments have been entered into by any of its associates or joint ventures as at 31 March 2021, either with the Council itself or with other parties.

Note G4: Material items of group income and expenditure

In order to assist the reader in a better understanding of the impact of the inclusion of the results of the associates and joint ventures, the following tables provide an analysis of the Council's share of the material amounts of income and expenditure disclosed in the group CIES.

2019/20 £m	Material items of group income and expenditure	2020/21 £m
	Share of (surplus) or deficit:	
	Subsidiaries:	
(0.039)	Paisley, Renfrew and Johnstone Common Good Funds	(0.375)
0.021	Coats' Observatory Trust	0.021
2.003	Renfrewshire Leisure Limited	1.439
0.030	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.000
0.272	Paisley Museum Reimagined Limited	0.149
	Associates:	
(5.092)	Strathclyde Partnership for Transport	(0.692)
0.043	Strathclyde Concessionary Travel Scheme Joint Committee	(0.218)
(0.025)	Renfrewshire Valuation Joint Board	(0.013)
	Joint Ventures:	
(2.022)	Renfrewshire Health and Social Care Integration Joint Board	(8.744)
(4.809)	Aggregate share of (surplus) or deficit	(8.433)
	Share of other comprehensive (income) and expenditure:	
(4.760)	Subsidiaries:	3.658
1.133	Paisley, Renfrew and Johnstone Common Good Funds	(3.783)
0.000	Coats' Observatory Trust	(0.201)
(5.893)	Renfrewshire Leisure Limited	7.642
(3.101)	Associates:	(0.393)
(2.330)	Strathclyde Partnership for Transport	(0.608)
(0.002)	Strathclyde Concessionary Travel Scheme Joint Committee	0.000
(0.769)	Renfrewshire Valuation Joint Board	0.215
(7.861)	Aggregate share of other comprehensive (income) and expenditure	3.265
(12.670)	Aggregate share of total comprehensive (income) and expenditure	(5.168)

Note G5: Adjustments between group accounts and council accounts

In the group movement in reserves statement, adjustments between group accounts and council accounts are required to bring the Council's reserve balances back to the amount presented in the Council-only figures (before adjustments between accounting basis and funding basis under regulations). This is because intra-group transactions are eliminated when total comprehensive income and expenditure is calculated for the group.

The adjustments between group accounts and council accounts can be analysed as follows:

2019/20 £m	Adjustments between Group accounts and Council accounts	2020/21 £m
0.155	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.120
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059
(0.027)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.020)
(13.091)	Service charge and other expenditure payable by Renfrewshire Council to Renfrewshire Leisure Limited	(14.279)
0.522	Expenditure payable by Renfrewshire Leisure Limited to Renfrewshire Council	0.292
0.272	Expenditure payable by Paisley Museum Reimagined Limited to Renfrewshire Council	0.171
(12.110)	Total adjustments between Group accounts and Council accounts	(13.657)

Note G6: Group financing and investment income and expenditure

2019/20 £m	Group financing and investment income and expenditure	2020/21 £m
19.500	Interest payable and similar charges	23.333
7.063	Net interest on the net defined benefit liability	4.273
(1.078)	Interest receivable and similar income	(0.565)
(0.355)	Income and expenditure in relation to investment properties and changes in their fair values	(0.329)
(0.694)	Other investment income	(0.994)
24.436	Total financing and investment income and expenditure	25.718

Note G7: Group Usable reserves

2019/20 £m	Group Usable Reserves	2020/21 £m
(159.621)	Council Usable Reserves - Note 7	(193.850)
	Group Usable Reserves:	
(23.635)	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds	(23.996)
(0.313)	Coats' Observatory Trust: usable balances	(0.292)
(0.368)	Renfrewshire Leisure Limited	(0.368)
0.272	Paisley Museum Reimagined Limited	0.421
(0.701)	Renfrewshire Health and Social Care Integration Joint Board	(2.891)
(184.366)	Total Group Usable Reserves	(220.976)

Note G8: Group Unusable reserves

Unusable reserves are those reserves that the Council is not able to utilise to provide services. Included within the total Group Unusable Reserves are the unusable reserves of the Council's subsidiaries; also included is the Council's share of the reserves of the associates and joint ventures within the group.

2019/20 £m	Group Unusable Reserves	2020/21 £m
(959.228)	Council Unusable Reserves - Note 8	(938.144)
	Group Unusable Reserves:	
(3.014)	Paisley, Renfrew and Johnstone Common Good Funds: financial instruments revaluation reserve	(6.146)
(8.973)	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve	(9.638)
(0.277)	Coats' Observatory Trust: revaluation reserve	(0.478)
2.159	Renfrewshire Leisure Limited: pension reserve	11.240
3.318	Park Lane Developments (Renfrewshire) Limited Liability Partnership	3.318
	Council share of the Reserves of associates and joint ventures:	
(33.955)	Strathclyde Partnership for Transport	(35.255)
(0.058)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.276)
0.722	Renfrewshire Valuation Joint Board	0.924
(4.058)	Renfrewshire Health and Social Care Integration Joint Board	(10.612)
(1,003.364)	Total Group Unusable Reserves	(985.067)

Note G9: Group investment properties

The following items of income and expense have been accounted for in the 'Financing and investment income and expenditure' line in the group CIES:

2019/20 £m	Group Investment Properties	2020/21 £m
(0.454)	Rental income from investment property	(0.456)
(0.454)	Net (gain) or loss	(0.456)

There are no restrictions on the Council's ability to realise the value inherent in investment property, nor on the right to the remittance of income and the proceeds of disposal. With regards Common Good properties, the Council is obliged to observe the provisions of the Community Empowerment (Scotland) Act 2015 in terms of public consultation on disposal proposals; however, the right to the remittance of income and proceeds of disposal remains with the Common Good Funds.

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

2019/20 £m	Group Investment Properties	2020/21 £m
2.229	Balance at 1 April	2.020
(0.494)	Net losses from fair value adjustments	(0.021)
0.290	Transfers from inventories and property, plant and equipment	0.000
(0.005)	Other changes	(0.006)
2.020	Balance at 31 March	1.993

Note G10: Group heritage assets

There were no movements in the fair value of the Group's Heritage Assets during 2020/21 or 2019/20. The value at 31 March 2021 was £39.522m. Included in this value are the civic regalia and equipment of the Paisley, Renfrew and Johnstone Common Good Funds, which have been externally valued on a present value insurance basis at £0.219m as at 31 March 2021 (£0.219 at 31 March 2020).

Note G11: Group Property, plant and equipment

2020/21	Council PPE (Note 9) £m	Council share of Group PPE £m	Total Group PPE £m
Gross carrying amount at 1 April 2020	1,864.429	18.512	1,882.941
Assets reclassified (to) or from the "held for sale" category	0.075	0.000	0.075
Additions	54.411	0.000	54.411
Disposals	(0.854)	0.000	(0.854)
Revaluation increases/(decreases) taken to the Revaluation Reserve	(9.844)	0.301	(9.543)
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(8.152)	0.000	(8.152)
Gross carrying amount at 31 March 2021	1,900.065	18.813	1,918.878
Accumulated depreciation and impairment at 1 April 2020	392.882	4.284	397.166
Depreciation charge for the year	71.278	0.741	72.019
Depreciation and impairment on disposals	(0.260)	0.000	(0.260)
Depreciation written out to the Revaluation Reserve	(43.071)	(0.551)	(43.622)
Depreciation written out to the surplus or deficit on the provision of services	(3.230)	0.000	(3.230)
Accumulated depreciation and impairment at 31 March 2021	417.599	4.474	422.073
Balance sheet net carrying amount at 31 March 2021	1,482.466	14.339	1,496.805
Balance sheet net carrying amount at 1 April 2020	1,471.547	14.228	1,485.775

2019/20	Council PPE (Note 9) £m	Council share of Group PPE £m	Total Group PPE £m
Gross carrying amount at 1 April 2019	1,706.562	18.486	1,725.048
Assets reclassified (to) or from the "held for sale" category	0.700	0.000	0.700
Other asset reclassifications	(0.290)	0.000	(0.290)
Additions	90.603	0.026	90.629
Disposals	(4.458)	0.000	(4.458)
Revaluation increases/(decreases) taken to the Revaluation Reserve	72.692	0.000	72.692
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(1.380)	0.000	(1.380)
Gross carrying amount at 31 March 2020	1,864.429	18.512	1,882.941
Accumulated depreciation and impairment at 1 April 2019	365.825	3.532	369.357
Depreciation charge for the year	63.485	0.752	64.237
Depreciation and impairment on disposals	(3.071)	0.000	(3.071)
Depreciation written out to the Revaluation Reserve	(29.838)	0.000	(29.838)
Depreciation written out to the surplus or deficit on the provision of services	(3.519)	0.000	(3.519)
Accumulated depreciation and impairment at 31 March 2020	392.882	4.284	397.166
Balance sheet net carrying amount at 31 March 2020	1,471.547	14.228	1,485.775
Balance sheet net carrying amount at 1 April 2019	1,340.737	21.756	1,362.493

Note G12: Group short-term debtors

The balances detailed below are composed mostly of the debtors of the Council, to which the debtors of Renfrewshire Leisure Limited, Park Lane Developments (Renfrewshire) LLP and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

As at 31 March 2020 £m	Group Short-term Debtors	As at 31 March 2021 £m
11.786	Trade receivables	22.220
4.932	Prepayments	4.480
37.905	Other receivables	55.007
54.623	Total	81.707

Note G13: Group short-term creditors

The balances detailed below are composed mostly of the creditors of the Council, to which the creditors of Renfrewshire Leisure Limited, Park Lane Developments (Renfrewshire) LLP and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

As at 31 March 2020 £m	Group Short-term Creditors	As at 31 March 2021 £m
(25.652)	Trade payables	(15.952)
(56.162)	Other payables	(58.606)
(81.814)	Total	(74.558)

Note G14: Amounts due between Renfrewshire Council and its associates and joint ventures

An analysis of the amounts owing and owed between the Council and its associates and joint ventures, analysed into amounts relating to loans and amounts relating to other balances, is shown in the table below.

As at 31 March 2020 £m		As at 31 March 2021 £m
	Amounts owing to Renfrewshire Council:	
0.928	Other balances	0.737
0.928	Total	0.737
	Amounts owed by Renfrewshire Council:	
(9.543)	Liability for Renfrewshire Integration Joint Board's retained underspend	(27.032)
(0.507)	Other balances	(0.841)
(10.050)	Total	(27.873)

Note G15: Group financial instruments

Balance sheet carrying amounts of group financial instruments

The following categories of financial instrument are carried in the group balance sheet. Additional qualitative information on the various categories of financial instruments can be found in Note 22: Financial Instruments.

As at 31 March 2020		Financial Assets	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
7.000	86.000	At amortised cost: Principal	0.000	135.720
0.000	0.341	At amortised cost: Accrued interest	0.000	0.161
21.057	0.000	At fair value through other comprehensive income - designated equity instruments	25.180	0.000
28.057	86.341	Total Investments	25.180	135.881
0.000	(9.067)	At amortised cost: Principal	0.000	8.165
0.000	0.003	At amortised cost: Accrued interest	0.000	0.001
0.000	0.000	At amortised cost: Loss allowance	0.000	(0.003)
0.000	22.205	At fair value through profit or loss	0.000	39.000
0.000	13.141	Total Cash and cash equivalents	0.000	47.163
1.273	61.095	At amortised cost: Trade receivables	1.184	92.592
4.927	0.114	At amortised cost: Loans made for service purposes	4.996	0.087
0.794	0.000	At amortised cost: Accrued interest	0.854	0.000
(4.822)	(19.332)	At amortised cost: Loss allowance	(4.352)	(21.267)
2.172	41.877	Financial Assets included in Debtors	2.682	71.412

As at 31 March 2020		Financial Liabilities	As at 31 March 2021	
Long-term £m	Current £m		Long-term £m	Current £m
(167.131)	(1.227)	Principal sum borrowed	(201.297)	(0.834)
0.000	(2.622)	Accrued interest	0.000	(2.708)
(167.131)	(3.849)	Total Public Works Loan Board (PWLB) borrowing	(201.297)	(3.542)
(20.000)	(32.916)	Principal sum borrowed	0.000	(52.916)
0.000	(0.890)	Accrued interest	0.000	(0.884)
(0.366)	(0.535)	EIR adjustments	0.000	(0.883)
(20.366)	(34.341)	Total non-PWLB borrowing ("market debt")	0.000	(54.683)
0.000	(12.083)	Borrowing from group entities	0.000	(29.568)
(187.497)	(50.273)	Total Borrowing	(201.297)	(87.793)
(4.179)	(48.299)	At amortised cost: Trade payables	(3.782)	(43.764)
(74.507)	(2.791)	Service concession and finance lease liabilities	(71.581)	(2.851)
(0.002)	0.000	Financial guarantees	(0.008)	0.000
(78.688)	(51.090)	Financial Liabilities included in Creditors	(75.371)	(46.615)

Note: the figures in this table include accrued interest where this is applicable

Fair value of group financial instruments

The fair value through other comprehensive income financial assets carried on the group balance sheet comprise the Council's insurance fund investments and the investments of the Paisley and Renfrew Common Good Funds. The fair value of these investments equates to the market value of the investments as provided by the Council's investment manager, Aberdeen Standard Capital.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date, Level 2 being inputs other than quoted prices that can be accessed at the measurement date, or Level 3 being unobservable inputs eg cashflow forecasts or estimated creditworthiness (see table below).

As at 31 March 2020		Financial Liabilities	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value (restated) £m			Carrying Amount £m	Fair value £m
(170.980)	(237.264)	Financial liabilities measured at amortised cost:			
(54.707)	(75.291)	Public Works Loan Board borrowing	2	(204.839)	(280.699)
		Non-PWLB borrowing ("market debt")	2	(54.683)	(80.525)
		Other liabilities:			
(77.298)	(115.909)	Service concession and finance lease liabilities		(74.432)	(113.877)
(0.002)	(0.002)	Financial guarantees	3	(0.008)	(0.008)
(302.987)	(428.466)	Total financial liabilities for which fair value is disclosed		(333.962)	(475.109)
		Financial liabilities measured at amortised cost:			
(12.083)	n/a	Borrowing from group entities		(29.568)	n/a
(4.179)	n/a	Trade payables: long-term		(3.782)	n/a
(48.299)	n/a	Trade payables: short-term		(43.764)	n/a
(64.561)		Total financial liabilities for which fair value is not disclosed		(77.114)	

As at 31 March 2020		Financial Assets	Fair value level	As at 31 March 2021	
Carrying Amount £m	Fair value (restated) £m			Carrying Amount £m	Fair value £m
22.205	22.205	Callable deposits in money market funds	1	39.000	39.000
21.057	21.057	Investments in pooled funds	1	25.180	25.180
43.262	43.262	Total Financial assets measured at fair value		64.180	64.180
93.341	93.443	Fixed term deposits with UK local authorities	2	135.881	135.989
(9.234)	(9.238)	Callable deposits with UK banks and building societies (including current account balances with the Council's banker)	2	8.109	8.109
0.170	0.170	Imprest accounts held at council establishments	2	0.054	0.054
1.542	1.659	Loans made for service purposes	3	1.583	1.687
85.819	86.034	Total Financial assets measured at amortised cost		145.627	145.839
129.081	129.296	Total financial assets for which fair value is disclosed		209.807	210.019
		Financial assets measured at amortised cost:			
0.740	n/a	Trade receivables: long-term		1.183	n/a
41.767	n/a	Receivables and prepayments: short-term		71.328	n/a
42.507		Total financial assets for which fair value is not disclosed		72.511	

The short-term nature of cash and cash equivalents means that their fair value equates to their balance sheet carrying amount. Further qualitative information on the fair value of financial instruments can be found in Note 22.

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

The following items of income, expense, gain and loss relating to group financial instruments are included within the lines 'Financing and Investment income and expenditure' and '(Surplus) or deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income' in the group CIES.

2019/20 £m		Financial Assets			Financial liabilities at amortised cost £m	2020/21 £m
		Amortised cost £m	Elected to Fair Value through Other Comprehensive Income £m	Fair Value through Profit or Loss £m		
16.113	Interest expense	0.000	0.000	0.000	15.877	15.877
2.295	Impairment losses	2.565	0.000	0.000	0.000	2.565
0.000	Fee expense	0.000	0.000	0.000	0.012	0.012
18.408	Total expense in the Surplus / Deficit on the Provision of Services	2.565	0.000	0.000	15.889	18.454
(1.486)	Interest income	(0.658)	0.000	(0.033)	0.000	(0.691)
(0.752)	Dividend income	0.000	(0.655)	0.000	0.000	(0.655)
(0.058)	Other income	(0.003)	(0.443)	0.000	0.000	(0.446)
(2.296)	Total income in the Surplus/Deficit on the Provision of Services	(0.661)	(1.098)	(0.033)	0.000	(1.792)
1.139	Net (gain) or loss on revaluation	0.000	(3.584)	0.000	0.000	(3.584)
1.139	(Surplus)/Deficit on the revaluation of financial assets	0.000	(3.584)	0.000	0.000	(3.584)
17.251	Net (Gain)/Loss for the year	1.904	(4.682)	(0.033)	15.889	13.078

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (“the Code”) requires local authorities to consider their interests in all types of entity.

This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, for example statutory bodies such as valuation boards.

Authorities are required to prepare a full set of group accounts in addition to their own Council’s accounts where they have a material interest in such entities.

Combining entities

Renfrewshire Council’s group accounts consolidate the results of the Council with the results of the Paisley, Renfrew and Johnstone Common Good Funds; the Coats’ Observatory Trust administered by Renfrewshire Council; and seven other entities:

1. Renfrewshire Leisure Limited
2. Paisley Museum Reimagined Limited
3. Park Lane Developments (Renfrewshire) Limited Liability Partnership (LLP).
4. Strathclyde Partnership for Transport
5. Strathclyde Concessionary Travel Scheme Joint Committee
6. Renfrewshire Valuation Joint Board
7. Renfrewshire Health and Social Care Integration Joint Board

The Council has effective control over Renfrewshire Leisure Limited, Paisley Museum Reimagined Limited, the Paisley, Renfrew and Johnstone Common Good Funds and the Coats’ Observatory Trust administered by Renfrewshire Council (as sole trustee) and, as such, these are treated as subsidiaries in the Council’s group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line. The Council

also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) LLP. Under the terms of the Partnership Agreement, the Council has enhanced voting rights and Park Lane Developments (Renfrewshire) LLP has no claim on the remaining assets should the partnership be wound up; therefore, the entity is treated as a subsidiary.

Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee are included within the group accounts under the definition of associate, even though the Council holds less than 20% or more of the voting (or potential voting) power (which is the criterion normally used to confer significant influence). However, the view has been taken that the nature of the funding arrangements between the constituent Councils and these entities is sufficient to confer significant influence.

Renfrewshire Valuation Joint Board is included within the group accounts as an associate because the Council does not have a controlling interest in the body in terms of the voting rights.

Renfrewshire Council’s share of each associate’s net assets or liabilities is calculated based on the Council’s proportionate contribution to each associate’s annual revenue costs. The Council has no shares in, or ownership of, any of these three organisations, which are entirely independent of the Council under law and for taxation.

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. Scottish Ministers legally established the Renfrewshire Health and Social Care Integration Joint Board on 27 June 2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. This entity is included as a joint venture in the Council’s group accounts. Renfrewshire Council’s share of the joint venture’s net liabilities is calculated based on the Council’s proportionate ordinary shareholding in the joint venture.

Basis of preparation of group statements and going concern

For the associates and joint ventures detailed above, the combination has been accounted for under the accounting conventions of the acquisition basis using the equity method, with the Council's share of the net assets or liabilities of each entity incorporated and adjusted each year by the Council's share of that entity's results and the Council's share of other gains and losses (recognised in the group CIES).

For four of the combining entities the Council has a share in a net liability. The net liability position of both the Renfrewshire Valuation Joint Board and Renfrewshire Leisure Limited arises from the inclusion of liabilities related to the defined benefit pension schemes as required by IAS19 (which requires that pension liabilities reflect the long-term cost of paying post-employment benefits). For Park Lane Developments (Renfrewshire) LLP the net liability arises from long-term borrowing to fund regeneration work within and around the site of the former Arnott's store in Paisley. For Paisley Museum Reimagined Limited the net liability relates to sums due by the company to Renfrewshire Council for the provision of ongoing administrative support.

All of the organisations noted above prepare their annual accounts on a going concern basis. Arrangements with the Council and other funders for the longer-term funding of Park Lane Developments (Renfrewshire) LLP are considered sufficient to meet future funding requirements. The Council will continue to support Paisley Museum Reimagined Limited until their anticipated revenue generation materialises.

Consideration for acquisition of associates' net assets or liabilities

The Council has acquired its share of the net assets of its associates for a nil consideration. There is no deferred or contingent purchase consideration. A fair value for its share of the net assets or liabilities of the

three joint boards and committees at the point of acquisition and the post-acquisition results are unable to be accurately determined in view of the length of time since the transfer of these responsibilities at local government re-organisation in 1996 and the change in accounting for pensions under FRS17 in 2003/04. It is not possible to provide the fair value of the investment in the other combining entities of the Council as there are no published price quotations for these entities. No goodwill has been included in the group balance sheet in view of the length of time since acquisition, that no consideration was involved and that a fair value at the date of acquisition cannot now be properly assessed.

Group boundary: non-material interests in other entities

The Council has a significant interest in three joint committees that have not been included in the group accounts. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. In the interest of transparency, details of the business nature of each organisation are shown in notes G1 and G2.

Inventories

Inventories (generally consumable stock) are included in the group balance sheet at weighted average cost and the lower of cost or net realisable value: weighted average cost – Council's stock; lower of cost or net realisable value – Renfrewshire Leisure Limited's stock. The difference in valuation methods does not have a material effect on the results of the group given the levels of stockholdings in these entities.

Post-employment benefits

In common with Renfrewshire Council, all combining entities, except Park Lane Developments (Renfrewshire) LLP, participate in the Local Government Pension Scheme, which is administered locally by Glasgow City Council through the

Strathclyde Pension Fund. The associates have accounting policies for pensions accounting that are consistent with those of the Council.

Property, plant and equipment

The basis of valuation across the combining entities is in accordance with the Code. Operational property, plant and equipment assets are shown at the lower of net replacement cost or net realisable value in existing use with the following exceptions:

- i) The Concessionary Travel Scheme Joint Committee has no fixed assets.
- ii) Strathclyde Partnership for Transport holds exceptional types of fixed assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also “third-party” assets that are rolling stock and other public assets used by other transport operators but which the partnership has the power to direct to the benefit of the travelling public within the partnership’s operating area – these are held at historic cost.
- iii) Renfrewshire Leisure Limited uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use on a replacement cost basis. Renfrewshire Leisure Limited also uses depreciated historic cost for its computers, plant, furniture and fittings rather than the Council’s depreciated replacement cost basis, however this is not considered to be material given the small values involved.

Restrictions on the transfer of funds

The Council’s share of the reserves of its associates is unusable in that it cannot be used to fund the Council’s services nor to reduce taxation. All associates are entirely independent of the Council under law and for taxation. The Council is unable to access their reserves, whether classified as usable or otherwise in the associate’s own financial statements.

Value Added Tax

Value Added Tax paid by Renfrewshire Leisure Limited is accounted for within income and expenditure to the extent that it is irrecoverable from HM Revenue and Customs.



Renfrewshire
Council

Finance and Resources, Renfrewshire House, Cotton Street, Paisley PA1 1JB
Telephone: 0141 618 7364 www.renfrewshire.gov.uk

RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY	SC019478
RENFREW	SC019479
JOHNSTONE	SC019480

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

2020-21



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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 2020/21 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 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. It is acknowledged that this particular risk has been heightened because of the ongoing coronavirus pandemic, however the potential impact on income levels is closely monitored in discussion with the investment manager and adviser and tactical changes in investment holdings will be actioned as required. 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. The Statement was updated to an Investment Policy Statement at the meeting of the Investment Review Board on 9 June 2021, incorporating strengthened restrictions with regards climate change risks.

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 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 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 2020-21 grants totalling £185,655 (£169,736 in 2019-20) were awarded by Local Partnerships to a wide variety of community organisations. Other grant expenditure totalling £119,435 (£154,540 in 2019-20) was made throughout the year. Despite the restrictions in place due to the COVID19 pandemic, the operation of the charities continued with minimal impact. Funds continued to be disbursed and investment performance was monitored through regular reporting and remote meetings as required.

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 total return on investments was 23.9% (-1.8% in 2019-20). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.37% (0.86% in 2019-20).

Overall, the Common Good Funds reported a combined net increase in funds of £4.158million (£1.094million decrease in 2019-20) which will increase the previous fund balance brought forward. The total funds held by Paisley Common Good increased by £1.226 million and the funds held by Renfrew Common Good increased by £2.932 million. The movement in funds this year mainly reflects the increased investments valuation due to stock market movements in light of the post-vaccine equity market rally in the last half of the financial year.

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 (64.5%) [67.8% in 2019-20] and property rental income (35.5%) [32.2% in 2019-20].

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. As required by the Act the Council has published a register of all Common Good properties and will assess any responses received. 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

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

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

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

The Trustees are responsible for preparing the annual report and financial statements for each financial year, in accordance with the 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

Independent Auditor's Report to the Trustees of Renfrewshire Council Common Good Funds and the Accounts Commission

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

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

Statement of Financial Activities for the Year Ended 31st March 2021

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 2020-21 or in 2019-20.

	Notes	Year to 31 st March 2021				Year to 31 st March 2020			
		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)	0.128	0.000	0.443	0.571	0.149	0.000	0.514	0.663
Rental and Other Income	2(b)	0.049	0.000	0.266	0.315	0.049	0.000	0.266	0.315
Total Income and Endowments		0.177	0.000	0.709	0.886	0.198	0.000	0.780	0.978
Expenditure on:									
Raising Funds									
Fundraising Trading		0.000	0.000	0.014	0.014	0.000	0.000	0.031	0.031
Investment Management Costs		0.019	0.000	0.062	0.081	0.017	0.000	0.058	0.075
Total Raising Funds		0.019	0.000	0.076	0.095	0.017	0.000	0.089	0.106
Charitable Activities									
Charitable Activities	3(a)	0.121	0.000	0.184	0.305	0.121	0.000	0.203	0.324
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	0.433	0.504	0.071	0.000	0.432	0.503
Total Charitable Activities		0.207	0.000	0.666	0.873	0.207	0.000	0.684	0.891
Total Expenditure		0.226	0.000	0.742	0.968	0.224	0.000	0.773	0.997
Net Income / (Expenditure) and net movement in funds before gains and losses on investments		(0.049)	0.000	(0.033)	(0.082)	(0.026)	0.000	0.007	(0.019)
Gains/(losses) on Investment Assets	5	0.816	0.000	2.759	3.575	(0.221)	0.000	(0.749)	(0.970)
Net Income/(Expenditure)		0.767	0.000	2.726	3.493	(0.247)	0.000	(0.742)	(0.989)

Statement of Financial Activities for the Year Ended 31st March 2020 (Continued)

	Notes	Year to 31 st March 2021				Year to 31 st March 2020			
		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		0.767	0.000	2.726	3.493	(0.247)	0.000	(0.742)	(0.989)
Other Gains or Losses									
Gains/(Losses) on Revaluation of Fixed Assets	4	0.459	0.000	0.206	0.665	0.000	0.000	(0.105)	(0.105)
Total Other Recognised Gains or Losses		0.459	0.000	0.206	0.665	0.000	0.000	(0.105)	(0.105)
Net Movement in Funds		1.226	0.000	2.932	4.158	(0.247)	0.000	(0.847)	(1.094)
Total Funds Brought Forward		5.247	0.052	30.323	35.622	5.494	0.052	31.170	36.716
Total Funds Carried Forward		6.473	0.052	33.255	39.780	5.247	0.052	30.323	35.622

The notes on pages 13 to 22 form part of these financial statements.

Balance Sheet as at 31st March 2021

The Balance Sheet summarises in its top half all 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.

	Notes	At 31 st March 2021				At 31 st March 2020			
		Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
		£m	£m	£m	£m	£m	£m	£m	£m
Fixed Assets									
Tangible Fixed Assets	4	1.090	0.000	12.283	13.373	0.702	0.000	12.510	13.212
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	4.757	0.000	16.079	20.836	3.943	0.000	13.325	17.268
		5.910	0.047	28.471	34.428	4.708	0.047	25.944	30.699
Current Assets									
Debtors	13	0.000	0.000	0.040	0.040	0.000	0.000	0.008	0.008
Short term deposits	15	0.568	0.005	4.852	5.425	0.573	0.005	4.447	5.025
		0.568	0.005	4.892	5.465	0.573	0.005	4.455	5.033
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	14	(0.005)	0.000	(0.108)	(0.113)	(0.034)	0.000	(0.076)	(0.110)
		(0.005)	0.000	(0.108)	(0.113)	(0.034)	0.000	(0.076)	(0.110)
Net Current Assets		0.563	0.005	4.784	5.352	0.539	0.005	4.379	4.923
Net Assets		6.473	0.052	33.255	39.780	5.247	0.052	30.323	35.622
Funds of the Charities									
<u>Unrestricted Funds</u>									
Income Funds		3.622	0.036	20.338	23.996	3.572	0.036	20.027	23.635
Revaluation reserve :		1.415	0.000	4.731	6.146	0.698	0.000	2.316	3.014
Investments Revaluation reserve : Other Fixed Assets		1.436	0.016	8.186	9.638	0.977	0.016	7.980	8.973
		6.473	0.052	33.255	39.780	5.247	0.052	30.323	35.622

Signed

Alan Russell
Director of Finance and Resources
Renfrewshire Council

Signed

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

Cash Flow Statement for Year Ended 31st March 2021

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 2021				Year ended 31st March 2020				
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m	
Net Cash Inflow from Operating Activities	7	(0.007)	0.000	0.400	0.393	0.039	0.000	0.486	0.525
Capital Expenditure and Financial Investment									
Cash paid for fixed asset investment	(0.641)	0.000	(2.168)	(2.809)	(0.651)	0.000	(2.169)	(2.820)	
Receipts from sales of fixed asset: investments	0.606	0.000	2.073	2.679	0.709	0.000	2.355	3.064	
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	(0.035)	0.000	(0.095)	(0.130)	0.058	0.000	0.186	0.244	
(Increase)/decrease in cash held for investments	0.037		0.100	0.137	(0.058)		(0.188)	(0.246)	
Increase/(decrease) in cash held in the year	(0.005)	0.000	0.405	0.400	0.039	0.000	0.486	0.525	
Reconciliation of net cash flow to movement in net funds									
(Decrease)/increase in cash in year	(0.005)	0.000	0.405	0.400	0.039	0.000	0.486	0.525	
net funds at 1 April	0.573	0.005	4.447	5.025	0.534	0.005	3.961	4.500	
Net funds at 31 March	0.568	0.005	4.852	5.425	0.573	0.005	4.447	5.025	

Notes to the Financial Statements

1: Accounting Policies

Introduction

The Financial Statements for the year ended 31 March 2021 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

	2020-21				2019-20			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m							
Grant income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dividend income	0.126	0.000	0.426	0.552	0.145	0.000	0.491	0.636
Interest income	0.002	0.000	0.017	0.019	0.004	0.000	0.023	0.027
Total grant & investment income	0.128	0.000	0.443	0.571	0.149	0.000	0.514	0.663

b) Rental and Other Income

	2020-21				2019-20			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Rental income from properties	0.049	0.000	0.266	0.315	0.049	0.000	0.266	0.315
Other Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total rental and other income	0.049	0.000	0.266	0.315	0.049	0.000	0.266	0.315

3: Expenditure

a) Charitable Activities

	2020-21				2019-20			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Voluntary organisation grants	0.050	0.000	0.136	0.186	0.024	0.000	0.146	0.170
Civic related grants	0.071	0.000	0.048	0.119	0.097	0.000	0.057	0.154
Total charitable activities grants	0.121	0.000	0.184	0.305	0.121	0.000	0.203	0.324

b) Governance Costs

	2020-21				2019-20			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £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 2020	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	0.105	0.000	0.105	0.000
At 31st March 2021	0.816	0.275	1.091	0.063
Depreciation				
At 1 st April 2020	0.284	0.000	0.284	0.000
Depreciation for Year	0.071	0.000	0.071	0.000
Depreciation writeback on Revaluation	(0.354)	0.000	(0.354)	0.000
At 31st March 2021	0.001	0.000	0.001	0.000
Net Book Value at 31st March 2021	0.815	0.275	1.090	0.063
Net Book Value at 31st March 2020	0.427	0.275	0.702	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 2020	9.568	3.284	0.539	0.015	13.406	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	0.074	0.000	0.001	0.000	0.075	0.000
At 31st March 2021	9.642	3.284	0.540	0.015	13.481	0.109
Depreciation						
At 1 st April 2020	0.511	0.364	0.021	0.000	0.896	0.000
Depreciation for year	0.193	0.234	0.006	0.000	0.433	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation writeback on revaluations	(0.118)	0.000	(0.013)	0.000	(0.131)	0.000
Impairment losses written out on revaluation	0.000	0.000	0.000	0.000	0.000	0.000
At 31st March 2021	0.586	0.598	0.014	0.000	1.198	0.000
Net Book Value at 31st March 2021	9.056	2.686	0.526	0.015	12.283	0.109
Net Book Value at 31st March 2020	9.056	2.921	0.518	0.015	12.510	0.109

c) Johnstone Common Good Fund

	Heritage Assets
	£m
Gross Book Value	
At 1 st April 2020	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
At 31st March 2021	0.047
Depreciation	
At 1 st April 2020	0.000
Depreciation for year	0.000
At 31st March 2021	0.000
Net Book Value at 31st March 2021	0.047
Net Book Value at 31st March 2020	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

	2020-21			2019-20		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1 st April 2020	3.943	13.326	17.269	4.163	14.073	18.236
Additions	0.642	2.168	2.810	0.651	2.169	2.820
Disposals	(0.606)	(2.073)	(2.679)	(0.709)	(2.355)	(3.064)
Net gain/(loss) on revaluation	0.815	2.759	3.574	(0.220)	(0.749)	(0.969)
Increase/(decrease) in cash in bank awaiting investment	(0.037)	(0.101)	(0.138)	0.058	0.188	0.246
At 31st March 2021	4.757	16.079	20.836	3.943	13.326	17.269

b) Asset Allocation Analysis

	2020-21			2019-20		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.247	0.833	1.080	0.244	0.824	1.068
Other UK Bonds	0.342	1.098	1.440	0.282	0.900	1.182
Overseas Bonds	0.134	0.510	0.644	0.119	0.455	0.574
Equities:						
UK Equities	1.633	5.505	7.138	1.456	4.905	6.361
Overseas Equities	2.261	7.628	9.889	1.646	5.576	7.222
Non-Region Specific	0.000	0.000	0.000	0.036	0.121	0.157
Property Investments	0.061	0.206	0.267	0.043	0.145	0.188
Cash	0.075	0.287	0.362	0.113	0.388	0.501
Accrued Interest	0.004	0.012	0.016	0.004	0.012	0.016
Total Investment Assets	4.757	16.079	20.836	3.943	13.326	17.269

All investments during 2020-21 and in 2019-20 were held in unrestricted funds.

6: Reserves Cover

	2020-21				2019-20			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Free Reserves								
Unrestricted Funds	3.622	0.036	20.340	23.998	3.572	0.036	20.027	23.635
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.049)	0.000	(0.032)	(0.081)	(0.026)	0.000	0.007	(0.019)
Total Unrestricted Funds	3.573	0.036	20.308	23.917	3.546	0.036	20.034	23.616
Less Funds tied up in fixed assets	(4.757)	0.000	(16.079)	(20.836)	(3.943)	0.000	(13.325)	(17.268)
Total Free Reserves	(1.184)	0.036	4.229	3.081	(0.397)	0.036	6.709	6.348
Annual Running Costs exclude impairment	0.226	0.000	0.756	0.982	0.224	0.000	0.773	0.997
Number of months held in reserve	0	0	67		0	0	104	

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 2021			Year to 31 st March 2020		
	Paisley £m	Johnstone £m	Renfrew £m	Paisley £m	Johnstone £m	Renfrew £m
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments	(0.049)	0.000	(0.033)	(0.026)	0.000	0.007
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	0.433	0.071	0.000	0.430
Decrease/(increase) in debtors	0.000	0.000	(0.032)	0.000	0.000	0.018
Increase/(decrease) in creditors	(0.029)	0.000	0.032	(0.006)	0.000	0.031
Net cash (inflow)/outflow from operating activities	(0.007)	0.000	0.400	0.039	0.000	0.486

b Analysis of changes in net funds

	At 1 April 2020	movement in net funds	At 31 March 2021	At 1 April 2019	movement in net funds	At 31 March 2020
	£m	£m	£m	£m	£m	£m
Short term deposits						
Paisley	0.573	(0.005)	0.568	0.534	0.039	0.573
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	4.447	0.405	4.852	3.961	0.486	4.447
	5.025	0.400	5.425	4.500	0.525	5.025

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 2020-21 (nil 2019-20).

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 31 March 2021, 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 2020-21 (2019-20 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 (2019-20 nil).

12: Audit Costs

Costs of £4,660 (£4,550 for 2019-20) were incurred in relation to the audit of the 2020-21 financial statements.

13: Debtors

	Year to 31 st March 2021				Year to 31 st March 2020			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accrued Income	0.000	0.000	0.040	0.040	0.000	0.000	0.008	0.008
Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Debtors	0.000	0.000	0.040	0.040	0.000	0.000	0.008	0.008

14: Creditors

	Year to 31 st March 2021				Year to 31 st March 2020			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Trade Creditors	0.005	0.000	0.104	0.109	0.034	0.000	0.072	0.106
Rents in Advance	0.000	0.000	0.004	0.004	0.000	0.000	0.004	0.004
Total Creditors	0.005	0.000	0.108	0.113	0.034	0.000	0.076	0.110

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 2021, 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 2020 to 31 MARCH 2021



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

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 2019/20 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

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

Trust Accounts Financial Statements Overview

1. INTRODUCTION

The following pages detail the Statement of Receipts and Payments, the Statement of Balances and relevant Notes to the Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as 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 2021

2020 Total £	Unrestricted £	Restricted £	2021 Total £
0	0	0	0
0	0	0	0
0	0	0	0

Statement of Balances as at 31st March 2021

2020 Total £	Unrestricted £	Restricted £	2021 Total £
0	0	0	0
0	0	0	0
0	0	0	0
590,104	0	770,227	770,227
0	0	0	0
590,104	0	770,227	770,227

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 2021 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 2019-20 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 latest valuation was carried out this year and 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 (2019-20 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 2020-21.



To: Council

On: 24 June 2021

Report by: Director of Finance and Resources

Heading: Treasury Management Annual Report for 2020-21

1. Summary

- 1.1 An annual report to Council outlining the treasury management activity undertaken during the year is a requirement of the Local Government Investments (Scotland) Regulations 2010.
 - 1.2 This report meets the requirements of these regulations, and both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
 - 1.3 All aspects of the Treasury Policy Statement were complied with in 2020-21.
-

2. Recommendations

- 2.1 It is recommended Council approves the Treasury Management Annual Report for 2020-21.
-

3. Review of 2020-21 Treasury Activities

3.1 Treasury Portfolio Position at 31.03.21

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

	Borrowing Position as at 31 March 20		Borrowing Position as at 31 March 21		Change
	£ m (b)	Average Interest Rate	£ m (b)	Average Interest Rate	(b) - (a)
Long Term Borrowings					
Public Work Loans Board - (PWLB) Fixed Interest	168.36	4.58%	202.13	3.99%	33.77
Market Loans	52.92	4.69%	52.92	4.69%	-
Total Long Term	221.28	4.61%	255.05	4.13%	33.77
Short Term Borrowings					
Common Good Funds	5.03	0.86%	5.43	0.38%	0.40
Agencies, Joint Boards	10.01	0.86%	27.27	0.38%	17.26
Total Short Term	15.04	0.86%	32.70	0.38%	17.66
Total Borrowings	236.32	4.78%	287.75	4.78%	51.43
Temporary Investments	115.80	0.88%	187.72	0.18%	71.92

4. Review of Borrowing and Investment Outturn for 2020-21

4.1 Overall, the Council's total external borrowings increased by £51.43 million. This was due to the decision taken to borrow £35 million from the Public Works Loans Board predominantly to finance the planned capital expenditure on the Clyde Waterfront and Renfrew Riverside City Deal project when rates were at a historic low. Borrowing also increased as a result of a higher inter-company balance between the Council and Renfrewshire HSCP which reflects their approved medium term financial plan and reserves strategy.

4.2 Temporary investments held by the Council increased by £71.92 million. The increase in investments is attributable to a number of issues including: the decision to borrow £35 million as outlined above; significant in year funding from the Scottish Government in relation to support for the Council and communities relating to COVID19 (a proportion of which was funding related to 2021/22 but which the Scottish Government elected to issue in 2020/21); the re-profiling of substantial elements of the capital programme (where capital expenditure was delayed due to COVID19 lockdowns and social distancing

measures); and a number of cash-backed provisions and reserves that the Council has made for specific purposes in closing the 2020/21 accounts.

5. Review of Borrowing Strategy and New Borrowing during 2020-21

5.1 The agreed strategy for 2020-21 was approved by Council on 9 March 2020. Based on the Council's planned programme of investments and interest rate forecasts for the year, the Council's borrowing strategy was to use internal cash balances in the first instance to finance the Capital Investment Programme. However, in view of the overall forecast for long-term borrowing rates to increase gradually over the coming years and in order to achieve certainty on future borrowing costs and reduce exposure to future interest rate risk, the decision was taken to borrow from the PWLB. Rates were at historically low levels and three loans were taken out:

- £11,000,000 at 1.33% maturing 14 December 2069
- £12,000,000 at 1.32% maturing 14 June 2070
- £12,000,000 at 1.32% maturing 14 December 2070.

6. Review of Investment Strategy and Investment Outturn for 2020-21

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

The Council's investment priorities are the :

- security of capital and
- liquidity of its investments

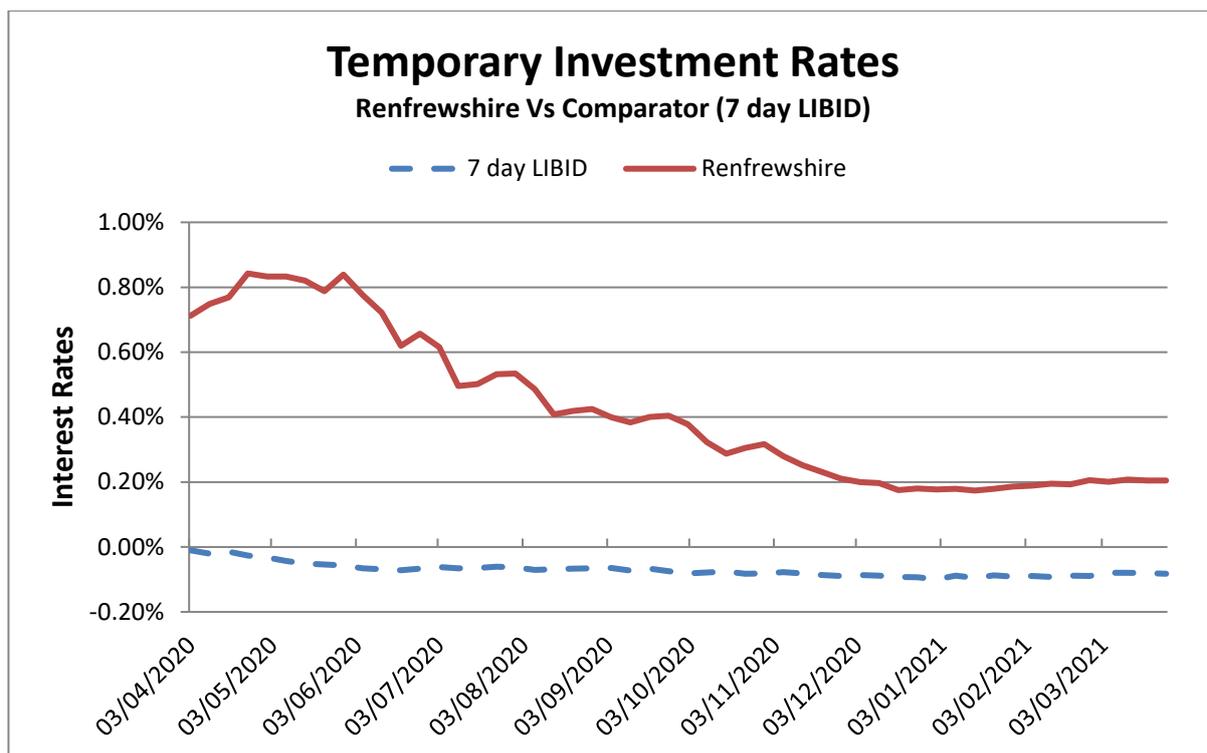
The Council's investment policy was outlined in the Council's Annual Investment Strategy Report 2020-21 which was approved by Council on 9 March 2020. This policy set out the Council's approach for choosing investment categories and counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

6.2 In the Investment Strategy for 2020-21 the expectation was that the Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the arrival of the Covid-19 pandemic in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large parts of the economy.

- 6.3 The Bank of England and the Government also introduced new programmes to supply the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The UK and Scottish Governments also supplied significant amounts of funding to local authorities to pass on to businesses through a number of business support grant and loan schemes. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
- 6.4 During 2020-21, the Council only invested with institutions listed in the Council's approved Counterparty list and in the permitted investment categories. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 6.5 The table below shows interest rates achieved by the Council on its temporary investments during the year and for comparison the benchmark comparator, the average 7 day LIBID rate (uncompounded).

Temporary investments - internally managed	2019/20	2020/21
Average Investment	£159.33m	£160.39m
Actual rate of return	0.86%	0.38%
Benchmark return	0.53%	-0.07%

- 6.6 The graph below shows the trend of interest rates on our investments over the course of the year. The Council out-performed the average benchmark for the year. Throughout the year the Council made use of opportunities where appropriate to invest for longer periods with appropriate counterparties up to one year when better rates were available. These rates offered some value over the year however, deposit rates remained depressed during the year due to the reasons outlined in 6.3.
- 6.7 The current treasury strategy remains appropriate to the Council's ongoing financial, investment and treasury requirements, but is continually reviewed to ensure it remains supportive to the Council's overall financial position, investment priorities and medium-term financial forecasts. While the strategy was recently approved in March 2021, it is continually being reviewed to ensure as the economic and political landscape changes, and as the Council's financial strategy develops, that borrowing and investments are managed to accommodate both short to medium term treasury requirements and also to ensure that best value is secured from longer term investment in instruments appropriate for this purpose and consistent with the Council's risk profile.



7. Debt Rescheduling

7.1 No rescheduling was undertaken during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling uneconomic.

8. Compliance with Treasury Limits

8.1 The Prudential Code for Capital Finance in Local Authorities came into force on 1 April 2004 and replaced the previous system of “Section 94” Government controls over capital investment and borrowing. The Prudential Code allows greater local flexibility for investment decisions that are informed and supported by a “basket” of performance indicators. The 2020/21 indicators were approved by Council on 9 March 2020, and subsequently revised on 17 December 2020.

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

8.3 The key performance indicators for Treasury are:

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

2. A ratio of financing costs to net revenue stream (an affordability measure for debt repayments).
3. An upper limit for fixed rate borrowing maturing within the short, medium and long term (to ensure that the Council is not exposed to a significant re-financing requirement in the short to medium term).

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

8.4 The main source of the Council's borrowing is from the Public Works Loan Board (PWLB). The borrowing rates are based on, and are determined by, the yield on UK Government bonds (gilts). HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019/20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates. The standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had the purchase of assets for yield in its three year capital programme.

8.5 Following the changes on 25 November 2020 in margins over gilt yields, the current situation for borrowing is as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

8.6 There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate is not forecast to rise from 0.10% by March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%.

8.7 External Borrowing at the Year-end

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

2019/20 Outturn £m		2020/21 Borrowing Limits £m	2020/21 Outturn £m
292.71	Aggregate external debt of the Council at 31 March		323.94
377	Operational Boundary	393	
392	Authorised Limit	409	

8.8 Ratio of Financing Costs to Net Revenue Stream

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

2019/20 Outturn %		2020/21 Estimated Ratio %	2020/21 Outturn %
46.51	Housing	39.85	51.4
3.97	Non-Housing	3.99	4.7

The higher than forecast outturn on the housing revenue account and the non-housing positions reflects adjustments made to planned debt repayments linked to the housing investment plan and associated debt management arrangements.

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

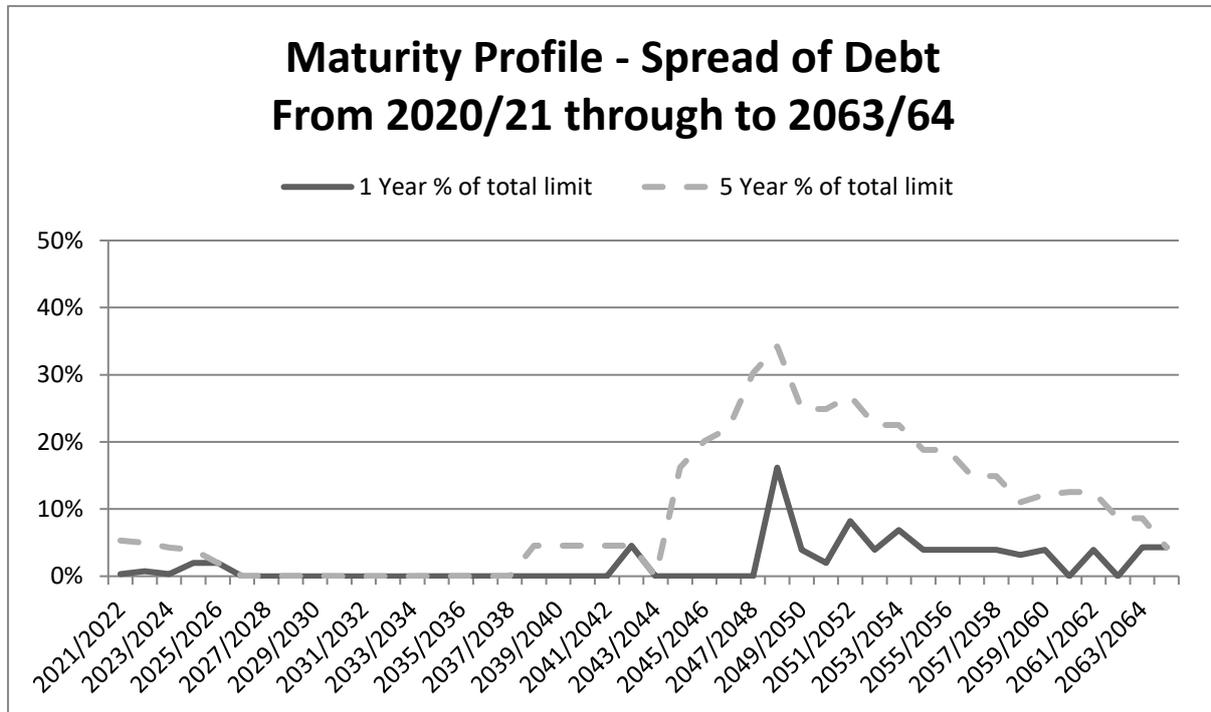
This indicator is expressed as a proportion of the total debt of the Council. The maturity profile of the Council's external debt is well within the approved limits. The outturn compared to the estimate is as follows:

2019/20 Outturn %		2020/21 Approved Upper Limits %	2020/21 Outturn %
	Short term		
1.48	Under 12 months	15	0.33
	Medium term		
0.55	12 months and within 24 months	15	0.73
1.57	24 months and within 5 years	15	4.26
4.47	5 years and within 10 years	50	0.01
	Long term		
91.93	10 years and above	100	94.67

Long Term Borrowing Maturity Profile

During the financial year, the Council operated within the treasury limits set out in the Council’s Treasury Policy Statement and Treasury Strategy Statement. The Council’s debt maturity profile at 31 March 2021 was within these limits with the exception of the debt maturing in the year 2048/49. The debt maturing in the year 2048/49 is 16.18% of the portfolio as compared to a target of 15%. This marginal breach on the 15% target emerged as a consequence of a change implemented in 2007/08, in the way Lender Option/Borrower Option (LOBO) loans are treated in calculating the Council’s maturity profile. Previously the next option date was used as a “potential” maturity date for each loan and this has been changed to the actual maturity end date for each loan. This better reflects the maturity risk in relation to these loans and although it does marginally breach our 15% target in 2048/49, it is expected that the debt will be subject to re-profiling well in advance of the 2048/49 maturity date.

The table below shows the “maturity profile” of the Council’s long-term borrowing. The heavy black line shows the debt maturing - and therefore requiring to be replaced - during each year up to 2064. The lighter broken line shows the debt maturing in the five-year period for each year up to 2064. All years are below 40% and well within our policy limit of 50%.



Implications of the Report

1. **Financial** - As described in this report
2. **HR & Organisational Development** - None
3. **Community Planning** – None
4. **Legal** - None
5. **Property/Assets** None
6. **Information Technology** – None
7. **Equality & Human Rights** – The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals’ human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council’s website.
8. **Health & Safety** None
9. **Procurement** – None
10. **Risk** – the report outlines a range of measures taken during the course of 2020/21 to manage treasury risks and the risk issues associated with the investment regulations in respect to borrowing and investment activity of the Council and the proposals for managing these risks.
11. **Privacy Impact** – None
12. **COSLA implications** - None
13. **Climate risk** - None

List of Background Papers

Author: Alastair MacArthur, Head of Finance, Ext 7363



To: Council

On: 24 June 2021

Report by: Director of Finance and Resources

Heading: Governance Arrangements and Appointment of the Chair of the Villages Local Partnership

1. Summary

- 1.1 The main purpose of this report is to set out arrangements for the next cycle of Board meetings starting in mid-August 2021 up to and including the full Council meeting on 30 September 2021.
- 1.2 The report outlines arrangements for meetings going forward taking into account a number of key issues, including:
- the announcement by the First Minister on 15 June 2021 which means that it is likely that Renfrewshire will remain at Level 2 of the Scottish Government's Strategic Framework and that the next announcement on easing of existing restrictions will not be until 13 July 2021 at the earliest;
 - the current social distancing measures for meetings indoors; and
 - the availability of the Public-i system which enables hybrid meetings to take place.
- 1.3 The arrangements set out in the report aim to allow maximum flexibility to enable meetings to take place in the most appropriate and safe way depending on the guidance that is in force at the time the meetings are due to take place.
- 1.4 The report also covers the appointment of the Chair of the Villages Local Partnership to replace Cllr Don, who has resigned from that role.
-

2. Recommendations

2.1 Council is asked to:

- a) note that the installation of the Public-i system has been completed;
 - b) approve the arrangements for the next cycle of Council and Board meetings set out in section 4 of this report which include the option to use hybrid meetings involving the return of elected members to attending meetings in Renfrewshire House should Scottish Government Guidance allow it;
 - c) Authorise the Head of Corporate Governance to put in place protocols for the proper conduct of hybrid meetings in consultation with the Group and Party leaders.
 - d) agree the application of Procedural Standing Orders to hybrid meetings as set out in paragraph 4.7.
 - e) note that a further report on the arrangements for future meetings of Council and Boards will be brought to the next Council meeting on 30 September 2021;
 - f) elect an elected member from the membership of the Villages Local Partnership to replace Cllr Don as the Chair of that Local Partnership.
-

3. Background

- 3.1 Since the start of the Covid-19 pandemic in March 2020, the Council has had in place emergency governance arrangements to enable oversight of its functions and services in circumstances where it has not been possible for meetings of the Council's Boards to take place safely in Renfrewshire House.
- 3.2 These arrangements initially involved weekly meetings of the Emergencies Board, held remotely, extended emergency delegations to the chief executive and the cancellation of all Council and Board meetings up to the Council meeting on 25 June 2020.
- 3.3 Board meetings recommenced in August 2020 and several full cycles of Board meetings have now taken place with remote access for members. These arrangements had to be continued due to resurgence of the Coronavirus over the Winter and the imposition of further lockdown restrictions.

- 3.4 The Council purchased a system from Public-i to enable the Council to take advantage of the eventual easing of Covid-19 related restrictions that would allow hybrid Board meetings to take place with some elected members and officers being present in the Council Chamber with others joining the meeting remotely. The system also has the benefit of allowing meetings to be broadcast live.
- 3.5 On 13 April 2021 the First Minister announced plans to accelerate the easing of lockdown and provided an indicative timetable for this to happen. That timetable provided for the whole of Scotland to be in level 3 from 26 April 2021 with a move to Level 2 on 17 May 2021, to Level 1 in early June and to Level 0 by the end of June 2021. That timetable provided sufficient optimism to plan for the re-introduction of meetings in the Council Chamber for the August/September 2021 cycle of meetings either fully in person or by hybrid meeting using the Public-i system
- 3.6 Renfrewshire has remained in Level 2 of the Scottish Government's Framework since 17 May 2021 and the First Minister's announcement on 15 June 2021 indicated that although the outcome of the current three weekly review would be announced on 22 June 2021, that position was unlikely to change. The outcome of the next review of Levels will not be known until 13 July 2021.
- 3.7 The current guidance which applies to office-based working where Level 2 protection levels are in place is that you should only travel to work if you cannot do your job from home. We have demonstrated that it is possible to successfully hold meetings remotely on the Teams platform. The first level where a limited and phased return to offices is possible is Level 0. At the time of preparation of this report there is no timetable for Renfrewshire to move to Level 0 and the earliest this will be announced will be 13 July 2021.
- 3.8 The main obstacle to a full return to Board meetings where everyone is present in the Chamber is the guidance in relation to social distancing in the workplace. That guidance requires that the participants in any meetings in Renfrewshire House would have to remain 2 metres apart at all times. In the Council Chamber there are 18 seats with microphones that could be occupied taking into account the rule on 2 metres social distancing. In addition there are 5 seats in the public seating area that could be used during meetings although arrangements would have to be made to give them access to a microphone if they are asked to speak. The review of social distancing is to be published by the Scottish Government during week beginning 21 June 2021.
- 3.9 All of the Policy Boards have 15 members except the Education and Children's Services Policy Board which has 20 members including 3 religious representatives. The Leadership Board also has 15 members and the Audit, Risk and Scrutiny Board has 9 members.

The Regulatory Functions Board has 10 members but a further consideration for the re-introduction of physical meetings of that Board is that arrangements would also have to be made to allow access for those applicants appearing in front of the Board.

- 3.10 The Scottish Government's review of social distancing is to be published during week beginning 21 June 2021.

4. Arrangements for Future Cycles of Meetings

- 4.1 The dates for the next cycle of meetings are shown on the attached appendix.
- 4.2 The installation of the Public-i system creates the possibility of holding hybrid Board meetings in Renfrewshire House with at least some elected members and officers being present with others accessing the meeting remotely and in recent weeks, officers have been making plans for the return of meetings in the Council Chamber in Renfrewshire House. However, those plans have always been subject to meetings being held in accordance with government guidance in force at the relevant time.
- 4.3 Committee Services staff have been trained on the use of the system. Elected members and senior officers will be given the opportunity to receive training at a suitable time over the summer. This means that the system will be available for use at formal Board meetings beginning in August 2021, should holding meetings this way be possible in terms of the Scottish Government's Strategic Framework and relevant guidance.
- 4.4 Although there will be an announcement by the Scottish Government during week beginning 21 June 2021 on whether there will be any changes to existing social distancing rules, it appears unlikely that the position will change so significantly ahead of August 2021 to allow consideration to be given to allowing a return to meetings where all those participating in the meeting are able to be physically present.
- 4.5 It is also still not certain whether the Council will be able to hold hybrid meetings as intended. Therefore, it is proposed that until the position is clarified the option remains for the next cycle of meetings to take place using the Teams platform and that the arrangements as previously approved by Council for the last few cycles of meetings by remote access remain in place. Should there be sufficient clarification either on 13 July 2021 or on a later date ahead of the commencement of Board meetings in August 2021, hybrid meetings can take place using the Public-i system.
- 4.6 The Head of Corporate Governance should be asked to identify whether any formal protocols require to be developed to ensure the efficient management and conduct of hybrid meetings. Any protocols that are drafted should be prepared in consultation with all the Group and Party Leaders.

- 4.7 For the purposes of the Council's Procedural Standing Orders, where a hybrid meeting is being held, any elected member accessing the meeting remotely while other elected members are physically present at the meeting, will be regarded as being present at the meeting and they will have the same rights and obligations as the members physically present at the meeting in terms of the Procedural Standing Orders, including the right to speak to any item on the agenda and to take part in any vote.
- 4.8 Where the Public-i system is used, the meetings will be webcast live. This will enable the Council to meet its commitment prior to the pandemic for all Council and Board meetings to be broadcast live.
- 4.9 The arrangements for future Council and Board meetings will continue to be reviewed in light of Scottish Government guidance and will be the subject of a further report to Council on 30 September 2021.
-

5 Election of Chair of the Villages Local Partnership

- 5.1 Cllr Don has submitted her resignation as Chair of the Villages Local Partnership.
- 5.2 Standing Order 3.4 of the Standing Orders for Local Partnerships provides that where a vacancy arises in the office of Chair, an election to fill the vacancy shall be held as soon as practicable at a meeting of Renfrewshire Council.
- 5.3 Therefore, the Council is invited to elect an elected member from those who are members of the Villages Local Partnership to the office of Chair of the Local Partnership.
-

Implications of the Report

1. **Financial** – None
2. **HR & Organisational Development** - None.
3. **Community/Council Planning** – None
4. **Legal** – As detailed in the report.
5. **Property/Assets** – None
6. **Information Technology** – The report includes proposals to begin using a new system from Public-i which enables meetings to be undertaken with some members being present in the Chamber with others accessing remotely and also for those meetings to be broadcast live.

7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – The proposals in the report recognise that formal Council and Board meetings will only take place in Renfrewshire House when it is safe to do so. The report also acknowledges that where meetings can take place in Renfrewshire house, the number of attendees will be limited by the social distancing restrictions that are in place at the relevant time.
9. **Risk** - None
10. **Privacy Impact** – The report refers to the introduction of live broadcasting of Council and Board meetings.
11. **Cosla Policy Position** - None
12. **Climate Risk** - None

List of Background Papers –

- 1) Minute of the Council meeting on 25 June 2020.
-

Author: Ken Graham, Head of Corporate Governance.

July 2021 recess						
August 2021						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 public holiday	3 recess	4 recess	5 recess	6 recess	7
8	9 recess	10 recess	11 recess	12 recess	13 recess	14
15 - 1/1	16	17 – 1pm: Communities, Housing, & Planning 3pm – Police, Fire & Rescue Scrutiny	18 – 10am: Regulatory Functions	19 – 1pm: Education & Children’s Services	20	21
22 - 2/1	23 – 10am: Audit, Risk & Scrutiny	24	25 – 1pm: Infrastructure, Land & Environment	26 – 9.30am: Appeals	27	28
29 – 3/1	30 – 2pm: Petitions	31 – 2pm: Joint Negotiating Committee for Teaching Staff				
September 2021						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 – 2pm: Finance, Resources & Customer Services	2 – 10am: Regulatory Functions	3	4
5 – 4/1	6	7 – 2pm: Local Review Body	8	9	10	11
12 – 5/1	13	14	15 – 1pm: Leadership	16	17	18
19 – 6/1	20	21	22	23	24 Public Holiday	25
26 – 7/1	27 Public Holiday	28	29	30 – 9.30am: Council		



To: COUNCIL
On: 24 JUNE 2021

Report by: DIRECTOR OF ENVIRONMENT & INFRASTRUCTURE

Heading: Regulation of Bus Services

1. Summary

- 1.1 At the Council meeting of 13th May the Council agreed a motion on bus regulation to bring back to the next Council meeting a report on *“the current Transport Bill includes the option for local authorities to regulate bus services, which is the existing policy of Renfrewshire Council, and calls on the Administration to provide a comprehensive report to the next full council on the progression of this policy, including any comment made by McGill’s.”*
- 1.2 The issue of bus regulation/ deregulation is currently subject to a Lead Officer review reporting to the Audit, Risk and Scrutiny Board. On the 28 May 2019 this board agreed the purpose and scope of a Lead Officer review on bus deregulation and the effect on transport services within Renfrewshire. This review commenced and was making good progress with engagement of a number of key stakeholders including SPT, McGills, Trade Unions and Council Officers. The report has been paused as a result of the COVID-19 pandemic and will look to conclude in late 2021 early 2022.
- 1.3 The new Transport (Scotland) Act 2019 sets out a number of key areas in relation to the operation of buses in Scotland, both from a regulatory perspective and also from a passenger experience perspective. The implementation of the specific provisions of the Act, not just in relation to public transport, have been delayed significantly due to the impact of the COVID-19 pandemic. It is anticipated that the provisions of the Act will be published nearer the end of 2021. This report sets out an overview of the bus provisions of the Transport Act available at this time. When the specific provisions of the Act are published, along with associated Regulations and Guidance, the Council along with Strathclyde Passenger for Transport (SPT) as the Regional Transportation Authority will be able to consider the opportunities, risks and implications to report to Council.

1.4 The main aspects of the Act relating to public transport, and specifically buses are covered in detail at section 3 of this report, including;

- Provision of bus services by local transport authorities,
- Creation of bus service improvement partnerships,
- Local services franchising,
- Bus service information, and
- Ticketing arrangements and schemes.

1.5 In the development of the Transport Act consultation and engagement has been undertaken by Scottish Government and Transport Scotland with relevant bodies, including Local Authorities, bus operators and the Confederation of Passenger Transport Scotland. It is through the bus operator's engagement that McGills have had the opportunity to respond and input to consultations and engagement on the creation of the Transport Act.

2. **Recommendations**

It is recommended that Council:

2.1 Notes the contents of this report.

2.2 Notes that there are delays to the implementation of the provisions of the Transport (Scotland) Act 2019, and that subsequent reports will be brought to the Infrastructure, Land & Environment Policy Board to update on progress with implementation over the course of 2021/ 2022.

3. **Transport (Scotland) Act 2019 – Public Transport**

3.1 The Transport (Scotland) Act 2019 contains a number of key provisions aimed at improving public transport in Scotland, both from a passenger perspective, but also in terms of creating a regulatory framework for bus operators, which was largely removed as part of the deregulation of the market from the Transport Act 1985.

3.2 Council Officers were involved in the process through from the earliest consultations on the Act through to the Act being finalised and although it is recognised that the Act

alone will not resolve all issues within the public transport area, it will go some way to improving the experiences for passengers using these key services.

3.3 The main provisions outlined in relation to public transport are outlined at 3.3.1 to 3.3.5 below.

3.3.1 Provision of Bus Services by Local Transport Authorities

The arrangements within this provision is to allow a Council or SPT to provide local bus services directly or indirectly (through a private operator). This aspect could be utilised in the circumstance where there is a gap in the market due to a service being removed or in a circumstance where an operator of a route was to cease trading.

There are numerous legal, financial, and operational issues which would need to be determined prior to further consideration being given to this.

3.3.2 Creation of Bus Service Improvement Partnerships (BSIP's)

BSIPs are designed to be collaborative partnerships which will have analysed the existing service provision in the area and the policies to be implemented, in order to make substantive improvements and achieve those policies.

The local transport authority will work with local operators to develop proposals as part of a BSIP and would then work to create a Plan to implement the priorities identified by the partnership

The plan should cover the following:

- Specify the geography covered and time period to which it relates
- Provide an analysis of local services
- Set out objectives on quality and effectiveness of local services
- Set out how the scheme will meet these objectives
- Describe the intended effect of any partnership scheme on adjacent areas
- Specify how the views of users are to be obtained on the plan and scheme
- Specify how to review the partnership plan.

At the same time as making a BSIP Plan, the Regional Transport Authority (SPT) must make one or more schemes relevant to the area covered by the Plan. The idea being that the scheme will deliver in practice, the aims and aspirations identified by the Plan created by the BSIP. A scheme or number of schemes:

- Will specify the area covered by the scheme and period of time

- Will impose one or more service standards for services having one or more stopping places in the area
- Will specify how the scheme will be reviewed and when
- Will prepare and publish a report on the effectiveness of the scheme annually for each year the scheme is in effect.
- May provide for exemption of services and conditions in which such exemptions are to apply
- May specify actions to facilitate the operation of the scheme
- The following list gives an indication of what service standards may include, but is by no means exhaustive:
 - Route service standards: requirements on the frequency or timing of a local service, by reference only to that service or by reference to that service and other local services, taken together
 - Operational service standards: any other matter relating to standard of service, including (but not limited to):
 - o Vehicle quality specifications
 - o Minimum and maximum frequency of services
 - o Maximum frequency of services
 - o Maximum fares
 - o Ticketing requirements
 - o Multi-operator travel card pricing

Once a BSIP is in operation, a Traffic Commissioner must refuse an application for registration from a bus operator if it is unlikely to be able to comply with the service standards in that BSIP. Additionally, the Traffic Commissioner may cancel a registration where that service is not being provided in accordance with the service standard in an existing BSIP. Accordingly, if a bus operator wishes to continue running services in an area covered by a BSIP, they run the risk of losing this ability if they do not meet the service standards in the BSIP.

3.3.3 Local Services Franchising

The franchising aspect is one which creates the facility for a franchise of local bus services or particular routes, which still allows for competition within the marketplace. Examples of potential areas of franchising could be where there is a new housing

development with no existing bus provision and a competitive tender process could be run to deliver a new bus route to service this area. As yet there is little guidance on how this aspect of the Transport Act would work in practice, what the likely cost implications would be in both the short and longer term and is something that will require close consideration when accompanying regulations and guidance are issued by Transport Scotland.

3.3.4 Bus Service Information

The aim of this aspect of the Act is to place obligations on bus operators and other bodies to provide comprehensive information to passengers on the services they provide. There is also a mechanism within the Act where transport authorities can request specific information from a bus operator when the bus operator notifies the authority of a proposed change to service. This information could include but not limited to; the number of passengers using that service and the fares paid by them and also the revenue generated by a particular route.

This is generally viewed as a positive, particularly for bus passengers when it comes to accessing information about the services they use, however further detail will emerge when the relevant regulations and guidance are published by Transport Scotland.

3.3.5 Ticketing Arrangements and Schemes

The provisions of the Act allow for the creation of a National Smart Ticketing Advisory Board. The role of the board will be to be responsible for the strategic development of smart ticketing in Scotland and to give advice and make recommendations in relation to smart ticketing arrangements and a national technological standard for smart ticketing.

This is viewed as a positive development and hopefully will go some way to avoiding passenger confusion over ticketing arrangements and hopefully lead to consistency of arrangements between operators.

4. Summary & Next Steps

- 4.1 As outlined throughout the report there are a number of uncertainties in the public transport arena with the new Transport (Scotland) Act 2019, the impact of the COVID-19 pandemic and investment funds such as the Bus Partnership fund.
- 4.2 The focus for Transport Scotland, Regional Transport Authorities (SPT) and Local Authorities has been to support the industry in recovering from the impacts of the pandemic and to look forward at the opportunities that exist to improve services for passengers in Renfrewshire and beyond.
- 4.3 At this stage, prior to publication of the regulations and guidance to accompany the Transport (Scotland) Act 2019, it is too early to assess the likely implications for public transport services in Renfrewshire as a result of the new provisions of the Transport (Scotland) Act 2019.

- 4.4 Future progress reports on the implementation of the provisions of the Act will be brought to the Infrastructure, Land & Environment Policy Board to ensure members are kept updated with this key piece of legislation and the accompanying regulations and guidance.

Implications of the Report

1. **Financial** – At this stage it is too early to assess the likely financial implications for the Council resulting from the provisions within the Transport (Scotland) Act 2019.
2. **HR & Organisational Development** - None
3. **Community Planning –
Reshaping our place, our economy and our future
Tackling inequality, ensuring opportunities for all
Creating a sustainable Renfrewshire for all to enjoy
Working together to improve outcomes**
The provision of effective and efficient public transport services will make a significant contribution to these key community planning themes. Access to bus services will help employment levels and provide opportunities where otherwise they may not exist. Working in partnership with SPT and bus operators will ensure the delivery of new green infrastructure providing a sustainable Renfrewshire.
4. **Legal** – None at this stage, however there may be significant implications when further regulations and guidance is issued by Transport Scotland.
5. **Property/Assets** – None
6. **Information Technology** – None
7. **Equality & Human Rights** -
The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report as the proposals recognise individual arrangements that would have to be accommodated due to particular circumstances. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None

9. **Procurement** – None
10. **Risk** - None.
11. **Privacy Impact** - None
12. **Cosla Policy Position** – Cosla is keen to support the joint working arrangements between local authorities, transport authorities and public transport operators to deliver important outcomes for communities.
13. **Climate** – The Transport Act sets out to support actions that contribute to meeting national climate change ambitions and targets.

List of Background Papers – Reference Audit Risk and Scrutiny reports on Bus deregulation

Author: Gordon McNeil, Director of Environment & Infrastructure



To: Council

On: 24 June 2021

Report by: Head of Corporate Governance as Monitoring Officer

Heading: Standards Commission for Scotland: Decision of the Hearing Panel of the Commission

1. Summary

- 1.1 Reports to Council on 17 December 2020 and 4 March 2021 advised of the outcome of a hearing held by the Standards Commission for Scotland into complaints against Cllr Paul Mack and the subsequent appeal to the Sheriff Principal against the findings of the Commission and the sanction imposed on him.
- 1.2 The appeal was determined in Cllr Mack's favour and the decision of the Sheriff Principal was that the original decision of the Standards Commission to proceed with the hearing in Cllr Mack's absence was quashed and the matter was remitted back to the Standards Commission to hold a new hearing.
- 1.3 The new hearing was held on Monday 3 May 2021 and the written decision of the Standards Commission was received on 10 May 2021. The decision of that Hearing Panel was to disqualify Councillor Mack for a period of 16 months, from being, or from being nominated for election as, or from being elected, a councillor, with effect from 10 May 2021.

- 1.4 This sanction is made under the terms of the Ethical Standards in Public Life etc. (Scotland) Act 2000 section 19(1)(d). The written decision of the Hearing Panel has been received and a copy is appended to this report. This sets out the reasons for the decision that a breach of the code had been proven and the factors taken into account in deciding on the sanction imposed.
- 1.5 In terms of the Ethical Standards in Public Life (Scotland) Act 2000 a council receiving a copy of findings from the Standards Commission requires to consider those findings within three months of receiving them (or within such longer period as the Commission may specify).
- 1.6 Councillor Mack has submitted an appeal to the Sheriff Principal challenging the sanction imposed. The appeal will be heard in Court although a date has still to be fixed for the hearing. Despite an appeal being lodged, the sanction imposed by the Standards Commission remains in place while the appeal has still to be determined.
- 1.7 Following consideration of the appeal the Court may:
- a) In respect of the sanction imposed by the Commission:
 - i) Confirm the sanction
 - ii) Quash the sanction and either substitute a lesser sanction or remit the matter back to the Commission
- 1.8 Members are reminded that training on governance (which includes the Councillors' code of conduct) has been and will continue to be provided to members as part of their training and development programme. Individual members can seek advice from the Head of Corporate Governance on any issues arising from the Code.
-

2. Recommendation

- 2.1 That the Council:
- a) in accordance with the terms of the Ethical Standards in Public Life etc. (Scotland) Act 2000, note the findings of the Standards Commission on the complaints against Councillor Mack; and
 - b) note that Councillor Mack has submitted an appeal against the sanction imposed on him by the Commission and that the appeal has still to be determined.

Implications of the Report

1. **Financial** - none
2. **HR & Organisational Development** - none
3. **Community Planning** – none
4. **Legal** – in terms of the Ethical Standards in Public Life etc. (Scotland) Act 2000 a council requires to consider the findings of the Standards Commission within 3 months of receipt (or within such longer period as the Commission may specify).
5. **Property/Assets** - none
6. **Information Technology** – none
7. **Equality & Human Rights** - The recommendation contained within this report has been assessed in relation to its impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none.
11. **Privacy Impact** – none
12. **CoSLA Policy Position**– not applicable
13. **Climate Risk** – n/a

List of Background Papers – none – report on Standards Commission's findings is appended.

Author: **Lilian Belshaw, Democratic Services Manager**
E:mail – lilian.belshaw@renfrewshire.gov.uk
Tel: 0141 618 7112

Decision of the Hearing Panel of the Standards Commission for Scotland following the Hearing held online, on Monday, 3 May 2021.

Panel Members: Mr Paul Walker, Chair of the Hearing Panel
Professor Kevin Dunion
Mr Michael McCormick

The Hearing arose in respect of two reports referred by Ms Caroline Anderson, the Commissioner for Ethical Standards in Public Life in Scotland (the ESC), further to complaint references LA/R/2257 and LA/R/3262, which concerned alleged contraventions of the Councillors' Code of Conduct (the Code) by Councillor Paul Mack (the Respondent).

The ESC was represented at the Hearing by Dr Kirsty Hood, QC.

Referral

Following an investigation into two complaints received about the conduct of the Respondent, the ESC referred reports to the Standards Commission for Scotland on 27 April 2020 and on 16 July 2020, in accordance with section 14(2) of the Ethical Standards in Public Life etc. (Scotland) Act 2000 (the 2000 Act), as amended.

The substance of the referral on the first complaint, made by Councillor Devine, was that the Respondent had failed to comply with the provisions of the Code and, in particular, that he had contravened paragraphs 3.2, 3.3, 3.5, 3.6, 3.7, and paragraphs 2 and 20 of Annex C. The second referral concerned a complaint by Councillor Mackay and alleged that the Respondent had contravened paragraphs 3.2 and 3.6 of the Code.

The relevant provisions of the Code are:

Relationship with other councillors and members of the public

3.2 *You must respect your colleagues and members of the public and treat them with courtesy at all times when acting as a councillor.*

Relationship with Council Employees (including those employed by contractors providing services to the Council)

3.3 *You must respect all Council employees and the role they play, and treat them with courtesy at all times. It is expected that employees will show the same consideration in return.*

3.5 *You must follow the Protocol for Relations between Councillors and Employees attached at Annex C. A breach of the Protocol will be considered as a breach of this Code.*

Bullying and Harassment

3.6 *Bullying or harassment is completely unacceptable and will be considered to be a breach of this Code.*

Conduct at Meetings

3.7 *You must respect the Chair, your colleagues, Council employees and any members of the public present during meetings of the Council, its Committees or Sub-Committees or of any Public Bodies where you have been appointed by, and represent the Council. You must comply with rulings from the chair in the conduct of the business of these meetings.*

ANNEX C

PROTOCOL FOR RELATIONS BETWEEN COUNCILLORS AND EMPLOYEES IN SCOTTISH COUNCILS

Principles

2. Councillors and employees should work in an atmosphere of mutual trust and respect, with neither party seeking to take unfair advantage of their position.

Public comment

20. Councillors should not raise matters relating to the conduct or capability of employees in public. Employees must accord to councillors the respect and courtesy due to them in their various roles. There are provisions in the Code of Conduct for Employees about speaking in public and employees should observe them.

Preliminary Matters

Appeal

The Panel noted that at an Appeal Hearing on 4 February 2021, a Sheriff Principal considered an appeal lodged by the Respondent against a decision made earlier by a Panel of the Standards Commission, at a Hearing on 10 September 2020 on the same two complaints (complaint references LA/R/2257 and LA/R/3262), to find the Respondent in breach of the Councillors' Code of Conduct and to disqualify him. The Sheriff Principal did not consider, or make any finding, on the Panel's decisions on breach and sanction, but determined that the Hearing on 10 September 2020 should not have proceeded in the absence of the Respondent, who had informed the Standards Commission that he was self-isolating from 9 September 2020 (having been in close contact with an individual who had tested positive for Covid-19). As such, the Sheriff Principal remitted the matter back to the Standards Commission for a new Hearing Panel to consider afresh the two reported complaints.

The Panel on 3 May 2021 noted that while the Respondent, the ESC's representative and the witnesses had been asked to join the new Hearing, held online on 3 May 2021, at 0900 so that the Standards Commission could check connectivity before the Hearing commenced at 0930, the Respondent had not appeared. The Panel noted that the Respondent had already indicated to the Standards Commission's Executive Director, by text message on 28 April 2021, that he did not intend to attend the Hearing. After waiting until 0935 to see whether or not the Respondent would appear, the Panel adjourned to determine whether or not to proceed with the new Hearing in his absence.

Proceeding in the absence of the Respondent

The Panel noted that Councillor Mack had been apprised of the new Hearing date by email on 7 April 2021. The Respondent was asked to acknowledge receipt of this email. The Panel noted that no such acknowledgement had been received. However, due to the nature of further correspondence submitted to the Standards Commission's Executive Director by the Respondent (as outlined in detail below), the Panel was satisfied that the Respondent was, first, well aware of the date of the Hearing and, second, that the intended Hearing was to be held online. As such, the Panel was wholly satisfied that notice of the new Hearing date had been provided, as required by Section 20 of the 2000 Act, and understood by the Respondent.

The Panel noted that the new Hearing had itself been scheduled, adjourned and rescheduled for a number of previous dates. The Standard Commission's Hearing Rules state, at paragraph 3.11, that:

The Hearing Panel may, at its own discretion or on the application of any of the parties, postpone or adjourn a Hearing. Before any postponement or adjournment is granted, the Hearing Panel will consider: (a) the public interest in the expeditious disposal of the case; and (b) any inconvenience or prejudice to the parties and to witnesses.

The Panel noted that, in this case, the Respondent made a number of adjournment requests (both explicit and implied) in relation to both the previous Hearing eventually held on 10 September 2020 and this new Hearing. The date, reason for, and Panel's decision on, each request are outlined below:

1. The Respondent requested at the pre-Hearing meeting on 22 July 2020 for the original Hearing scheduled for 19 August 2020 to be adjourned as he was starting a new job. This request was granted.
2. The Respondent advised on 9 September 2020, at 15:10, that he could not attend the Hearing then scheduled for 10 September 2020 as he was self-isolating (having been in close contact with an individual who had tested positive for Covid-19). As noted above, the decision to proceed that day was quashed upon appeal.
3. The Respondent then requested, in an email of 22 February 2021, that a new Hearing then scheduled for 8 March 2021, be adjourned so that he could have more time to prepare. This request was declined. This refusal was because the Sheriff Principal had quashed the decision of the previous Panel to proceed while the Respondent was self-isolating and required a fresh Hearing to be arranged, with a reconstituted Panel. In its effect, the Sheriff Principal's decision had simply put everyone back in the position of the day before the previous Hearing (held on 10 September 2020), when the Respondent had informed the Standards Commission that he was required to self-isolate. The Panel noted that the Respondent had not indicated at any time earlier that he required more time to prepare a response before the previous Hearing and, indeed, it had previously been adjourned at the Respondent's request. As the Respondent had intended to appear at the previous Hearing, the Panel considered it was therefore reasonable to conclude that the Respondent was, or should have been ready for it and, as such, should not reasonably require more time to prepare for a new Hearing about the same complaints. In support of this, the Panel considered that the detailed submissions on whether there had been a breach of the Code in respect of the complaints, presented in the summary application and the note of argument for the appeal, presented clear evidence that significant case preparation had been undertaken either by the Respondent or on his behalf. The Panel noted that the preparation would have required the involvement of the Respondent and that he would have been aware of the submissions made.
4. The Respondent next requested, on 2 March 2021, that the Hearing scheduled for 8 March 2021 be adjourned as he was due to have medical treatment that day. As this request was supported by appropriate evidence, in the form of a hospital admission letter, it was granted.
5. The Respondent further requested, on 31 March 2021, that the Hearing then re-scheduled for 7 April 2021 be adjourned on health grounds. The Respondent supplied a Statement of Fitness to Work covering the period 2 March to 13 April 2021 ("First Fit Note"). Having particular regard to the First Fit Note, the Panel noted the following:
 - Despite the First Fit Note being dated 2 March 2021, the Standards Commission was not informed of its existence until 31 March 2021.
 - Despite the First Fit Note covering the period from 2 March 2021 until 13 April 2021:
 - a) the Respondent engaged in regular email correspondence with the Standards Commission's Executive Director and with other councillors throughout this period;
 - b) the Respondent attended an online meeting of Renfrewshire Council on 4 March 2021; and
 - c) the Respondent attended Renfrewshire House (being his place of work) on 25 March 2021.

The Panel noted that this appeared to demonstrate to a satisfactory extent that, despite the First Fit Note, the Respondent was not prevented, by any health or other reasons, from participating in pre-Hearing correspondence and carrying out some forms of “work”.

The Panel noted that in further email correspondence the Respondent was asked to clarify why he considered he was unable to attend the Hearing scheduled for 7 April 2021 when he was able to attend online council meetings and to engage in his work as a councillor during the period covered by the First Fit Note; and, additionally, why the Respondent did not send the First Fit Note until 31 March, despite it having been issued to him on 2 March 2021 according to the information it contained. The Panel noted that no such clarification had been provided.

The Panel nevertheless decided not to proceed on 7 April 2021, in light of the timing and volume of the further information received by the Standards Commission in the form of a lengthy email from the Respondent. In particular, the decision to adjourn was taken:

- to allow the Panel due time to consider the further information provided;
- to allow the Panel, once such consideration has taken place, to set a new Hearing date that takes information into account;
- to ensure fairness to all parties involved in the Hearing Process; and
- to ensure the integrity of the Hearing process itself was protected and upheld.

The Panel noted that the Respondent was then advised by email on 7 April 2021 that the Hearing would be held on 3 May 2021.

6. The Panel noted that, on 12 April 2021, the Respondent sent, as an attachment to an email to the Executive Director, a Statement of Fitness to Work covering the period from 9 April until 11 May 2021 (“Second Fit Note”). The Panel noted that no text was included in this email, other than the Respondent’s name. The Executive Director acknowledged receipt of the Second Fit Note by email the following day and asked for clarification on whether the Respondent was seeking an adjournment of the Hearing scheduled for 3 May 2021. The Panel noted that no response was received, and no clarification whatsoever was offered.

After allowing the Respondent one week from the date of the Executive Director’s email to reply, and having received no such response, the Panel concluded that it was reasonable to infer that the Respondent’s email of 12 April 2021 and enclosing the Second Fit Note was intended as a request to adjourn the Hearing scheduled for 3 May 2021. The Panel noted that the adjournment request was in identical terms to the request centred around the First Fit Note of 31 March 2021, namely the provision of a Statement of Fitness to Work. The nature of the First Fit Note and the Second Fit Note were the same; they both stated that the Respondent was not fit for work for health reasons. On the basis that the Second Fit Note merely stated that the Respondent was not fit for work and was not in any material way different from the First Fit Note, the Panel rejected the Second Fit Note as the basis for the Respondent’s latest adjournment request for the same reasons (as outlined under point 5 above), having also had regard to the case law referred to below.

The Panel had regard to case law surrounding the reliance on such medical evidence as a reason for adjournment. In particular, the case of **Levy v Ellis-Carr [2012] EWHC 63**, was considered. In that case, the need for medical evidence to “*identify with particularity what the patient’s medical condition is and the features of that condition which (in the medical attendant’s opinion) prevent participation in the trial process*” was highlighted.

The Panel referred also to the case of **Forrester Ketley & Co v Brent [2012] EWCA Civ 324**, where it was stated: “*An adjournment is not simply there for the asking. While the Court must recognise*

that litigants in person are not as used to the stresses of appearing in Court as professional advocates, nevertheless something more than stress occasioned by the litigation will be needed to support an application for an adjournment. In cases where the applicant complains of stress-related illness, an adjournment is unlikely to serve any useful purposes because the stress will simply recur on an adjourned hearing”.

Applying the discretion afforded to it, and having had regard, among other things, to the aforementioned case law, the Panel was not persuaded that the Second Fit Note was sufficient, in itself, to justify an adjournment and to become the basis of further delay.

The Panel considered that any medical certificate which purported to explain a failure to attend a Hearing should, at a minimum, comply with the following criteria:

- Identify the medical attendant and give details of familiarity with the party's medical condition detailing all recent consultations;
- Specify the health condition assessed, detailing the nature and extent of any medical condition from which he was suffering;
- Specify how long the condition has been suffered and for how long it might continue;
- Provide a reasoned prognosis; and
- Identify with particularity the features of that condition that in the opinion of the doctor prevent attendance at, or participation in, the process. It should specify why the health condition renders the party unfit to attend.

The Panel noted that it had not been provided with any evidence that complied with the listed criteria. The Panel noted, however, that even the production of a certificate satisfying said criteria would not in itself result in an automatic adjournment, because any proposed adjournment would still have to be weighed against other factors.

The Panel noted that the Respondent was advised on 20 April 2021 of the Panel's decision and reasoning (including the case law on which it had relied). The Respondent was advised of the minimum criteria a Panel expect a medical certificate to comply with and was further advised that while submission of a certificate that met the criteria outlined above would be considered, it would not necessarily result in an adjournment of the Hearing and, instead, would be weighed up against other factors.

7. In addition to these implied and explicit requests, the Respondent also indicated, at various stages, that he was unable to attend various iterations of this Hearing as he was suffering from a different medical condition to that outlined in both the fit notes and also as a result of not having a suitable WiFi connection. The Respondent further indicated that he was not willing to attend a Hearing unless it was held in person. The Standards Commission advised the Respondent that he would need to submit medical evidence confirming he was unable to attend the Hearing as a result of the different medical condition. To date, no such evidence has been produced. Turning to the Respondent's stated WiFi issues, the Respondent was advised that the Standards Commission would make arrangements for him to have access to a laptop and WiFi in the Council's offices, if required. The Panel noted that the Respondent had managed to both attend and to participate in the online pre-Hearing meeting on 22 July 2020, and an online Council meeting on 4 March 2021. As such the Panel was content that there were no technical barriers to the Respondent's participation in any future online Hearing. Last, with regard to the Respondent's desire for an in-person Hearing, the Standards Commission confirmed that it was unable to hold the Hearing in person, due to the travel restrictions in place as a result of the Covid-19 pandemic (and uncertainty as to whether / when travel restrictions would be lifted and the possibility of participants having to self-isolate).

In making this decision, the Standards Commission had regard to the Government's Guidance on working from home where possible as well as its duty to protect the health and safety of its staff and members whose exposure to the coronavirus could be reduced by having the Hearing online. The Standards Commission noted that, over the past year, it had successfully conducted 12 Hearings online. The Standards Commission noted that this was the current practice adopted by most other regulatory bodies. The Respondent was additionally advised that the Panel would be willing to consider any requests to make adjustments to the normal procedure (such as allowing extra breaks or holding part of the Hearing in private) if a request to that effect was received. No such request was made. The Respondent was also advised that he could make submissions in writing or ask someone to represent him at the Hearing if he was unwilling or felt unable to attend. In this regard, the Panel noted that the Respondent had been represented in respect of the appeal.

In weighing up its decision to reject the Respondent's last adjournment request, and the decision as to whether or not to proceed with the Hearing in his absence, the Panel had to consider not only fairness to the Respondent, but also fairness to the process itself, the public and the other parties involved in the Hearing (including the Standards Commission).

The Panel noted that the last incident of alleged misconduct by the Respondent that was the subject of the complaints took place a year ago. It agreed that the public interest, or the interests of constituents, was not best served by a protracted Hearings process. The Panel noted that, following investigation, the ESC had concluded that the Respondent's alleged behaviour could amount to bullying and harassment. The Panel considered that a failure by a councillor to meet the expectations and provisions of the Councillors' Code of Conduct in respect of bullying and harassment can be an especially serious matter and, therefore, there is a significant public interest in a decision being made at a Hearing, as to whether there had been a breach of the Code. The Panel further noted that unless a sanction was imposed, provided a breach of the Code was found to have occurred, there was nothing to prevent anyone from engaging in similar conduct as that alleged in the complaints.

The Panel was of the view that councillors acting in breach of the Code should face scrutiny and sanction. Public confidence in local government is a significant concern and a key part of the Standards Commission's wider statutory function and role. As such, the Panel was of the view that there was a very strong public interest element in avoiding any further delay to an already drawn-out case. The Panel was also concerned that the Respondent had not indicated a time frame within which he would be able to attend a Hearing and consequently was concerned that the case could continue to be subjected to further repeated delays.

The Panel noted that adjourning the Hearing again would also cause inconvenience to the ESC, the witnesses (who had taken time to prepare and make themselves available to participate) and the Standards Commission itself. While the Panel accepted that proceeding in the Respondent's absence could create a risk of prejudice to the Respondent, given he would not be able to present his case or put questions relevant to the subject of the Hearing to the witnesses, it noted that this could be mitigated by Panel Members ensuring that witness evidence and ESC submissions were questioned and scrutinised, where appropriate taking account of the matters raised in the Respondent's appeal submissions. The Panel also noted that adjournments had already been granted at the Respondent's request and, further, that the Respondent had not taken the opportunity to refute the allegations by submitting a statement of case, despite being required by the Hearing Rules, and several requests, to do so.

The Panel noted that in ***Alexis Maitland-Hudson v Solicitors Regulation Authority [2019] EWHC 67 (Admin)***, a case relating to regulatory proceedings, the Court held that "even when a defendant faces

very serious charges, an inability to defend himself, because of unfitness, does not automatically mean that the important public interest in the pursuit of the proceedings is set aside."

The Panel noted that the public interest point was further examined in ***General Medical Council v Adeogba [2016] EWCA Civ 162***, where the Court stated that: *"the fair, economical, expeditious and efficient disposal of allegations made against medical practitioners is of very real importance"*. The importance of having *"regard to all the circumstances of which the Panel is aware, with fairness to the practitioner being a prime consideration"*, but fairness to the regulator and the interests of the public was also highlighted. The Court concluded that: *"it would run entirely counter to the protection, promotion and maintenance of the health and safety of the public if a practitioner could effectively frustrate the process and challenge a refusal to adjourn when that practitioner had deliberately failed to engage in the process. The consequential cost and delay to other cases is real. Where there is good reason not to proceed, the case should be adjourned; where there is not, however, it is only right that it should proceed"*.

The Panel noted that, by virtue of being elected as a councillor and in having signed his declaration of office, the Respondent had accepted that he was required to adhere to the Code and the enforcement regime related to it. The Panel noted, however, that the Respondent had failed in his burden of responsibility to engage with the process in any substantive way (since his participation in a pre-Hearing meeting in July 2020), in that he had failed repeatedly to submit a statement of case and to provide other information as required and requested. The Panel noted that prior to an earlier scheduled Hearing, the Respondent had requested that the Standards Commission cite witnesses (in one case a Police Officer whose identity the Respondent did not know). It was unclear whether the Respondent had, as required of a Respondent, asked these prospective witnesses to attend prior to asking the Standards Commission to cite them. The Respondent failed to clarify this, despite being asked to do so. Further, it was noted that the Respondent had failed, again despite being required and requested to do so, to set out the nature of the evidence such prospective witnesses might be able to provide. The Panel noted that the conduct of the Respondent could be seen as an attempt to frustrate the process itself. The Panel was obliged to take this into account in its assessment. The Panel noted that it could not reasonably accept indefinite adjournment or frustration of the process as a way to avoid a potential decision and sanction that could be adverse to the Respondent's interests. The Panel further noted that, by its very nature, the Hearing process could be stressful for any parties involved. This could not be avoided by protracting the process as any stress would simply recur on an adjourned Hearing. The Panel noted that the conclusion of the adjudication process could in fact help relieve any such stress and, as such, it may be in the Respondent's best interests for it to proceed and conclude the adjudicatory process.

Having considered carefully all these matters, the Panel reached the view that, on balance and in the particular circumstances of the case:

- the public interest in the expeditious disposal of the matter;
- the need to maintain the integrity of the ethical standards framework; and
- the overall interests of all the parties (including the Respondent),

outweighed the risk of prejudice or unfairness to the Respondent.

As such, the Panel decided it should proceed with the Hearing in the Respondent's absence.

Evidence Presented at the Hearing

Witness evidence on behalf of the ESC

The ESC's representative led evidence from two witnesses, being the complainers Councillor Alistair Mackay and Councillor Eddie Devine.

Councillor Mackay advised that he had volunteered to be a member of the Council's Emergency Board. When the Board met for the first time in response to the Covid-19 pandemic, on 20 March 2020, he had noted that the Respondent, who was not a member of the Board, had attended and had sat in the public gallery. Councillor Mackay advised that, the following day, the Respondent sent an email to the Council's Chief Executive, all elected members of the Council and the press criticising decisions taken by the Board and implying that he was unhappy to have been excluded from the meeting. Councillor Mackay advised that, as he considered the tenor of the Respondent's email to be inappropriate and unfair, he responded to it by email on 22 March 2020, noting that all elected members had been given the opportunity to volunteer to be on the Emergency Board, and asking the Respondent to apologise. Councillor Mackay stated that his complaint concerned an email the Respondent had sent to him on 24 April 2020, apparently in response.

Councillor Mackay noted that the Respondent's email of 24 April 2020 was sent from his Council email address and had been copied to all other elected members, council officers (including the Chief Executive), and two media outlets. Councillor Mackay noted that, in his email, the Respondent had:

- referred to Councillor Mackay, in his email of 22 March 2020, as having talked to him as if the Respondent was his "fu#£ing butler";
- ridiculed Councillor Mackay's clothes;
- questioned whether Councillor Mackay was "self-intoxicating";
- referred to Councillor Mackay having his "cocktail hour in the piano nobile at The Savoy, quaffing a burra peg and slapping orphans, thinking you're defying Hitler"; and
- referred to Councillor Mackay and his "chums" as "using other peoples [sic] money".

Councillor Mackay further noted that the Respondent had stated in his email that, "in any decent society someone would simply have come round to your hoose, amputated your right arm with a blunt spoon and hit you over the heid with the soggy end, you smug, self-satisfied, precious, pious, puffed-up pompous little prick."

Councillor Mackay advised that he had found most of the contents of the email and, in particular, the assertions about his character and lifestyle, as well as the suggestion that he might misappropriate funds, to be unprofessional, offensive and insulting. This was especially the case as the Respondent knew nothing about him and his assertions bore no resemblance to Councillor Mackay's lifestyle and circumstances. Councillor Mackay further advised that while he had initially considered the email to simply be another of the Respondent's "rants", he had become concerned, on reflection, about the reference to someone going to his house to inflict violence on him. Councillor Mackay advised that he had found this to be intimidating as he had never had any conversations or dealings with the Respondent, outwith the exchange of everyday salutations. In addition, Councillor Mackay explained that as he did not know who would see the email and did not know who might follow the Respondent, he was concerned that it could be taken as an invitation to fulfil the suggestion that he deserved to be the target of violence. Councillor Mackay advised that he had been sufficiently concerned, on receipt of the email, to contact the police.

In response to questions from the Panel, Councillor Mackay noted he had not had any interaction with the Respondent between his email of 22 March 2020 and the Respondent's reply of 24 April 2020. Councillor Mackay accepted that, however ill-judged, there was a possibility that the Respondent was attempting to be humorous or to engage in banter when making references to Councillor Mackay being the subject of violence, but advised that he had never heard the phrases used before and had not taken it that way and perceived the content of the email to be a possible threat.

The ESC's second witness, Councillor Devine, explained that the background to his complaint was that the Respondent had taken exception to the fact that Councillor Devine's daughter had been allocated a specific council house. Councillor Devine stated that his complaint in this regard concerned a series of emails on the subject that were sent by the Respondent over a period of seven months (in March, May, June, August and September 2019) to various other councillors (including Councillor Devine), senior officers and others; and, also, to comments the Respondent made at a full Council meeting on 27 June 2019. Councillor Devine advised that, in his emails, the Respondent had repeatedly accused him of seeking preferential treatment for his daughter and of inappropriately influencing the housing allocation decision. Councillor Devine advised that the accusations had escalated over time, with the Respondent then accusing senior officers of lying and bullying junior staff in order to cover up Councillor Devine's alleged involvement.

Councillor Devine drew the Panel's attention to an email from the Respondent of 11 March 2019, which was sent to him and all other elected members and copied to the Council's Director of Communities, Housing and Planning. Councillor Devine noted that, in this, the Respondent purported to be acting on behalf of a constituent Ms A. The Respondent stated that Councillor Devine had "managed to obtain" one of the Council's "most sought after and palatial properties" for his extended family, and daughter in particular, at the expense of Ms A. Councillor Devine noted that, in the email, the Respondent accused him of abusing his position of authority and of "cronyism".

Councillor Devine explained that he had no involvement at all in the allocation of the property in question. Councillor Devine advised that, in light of the Respondent's allegations, the allocation was the subject of two internal reviews; one undertaken by the Director of Communities, Housing and Planning and, the other, by the Head of Audit. After a motion proposed by the Respondent seeking an independent inquiry was agreed, Audit Scotland had then conducted an external, independent review. Councillor Devine advised that he had welcomed the review as he knew that he had done nothing wrong and wanted this to be established beyond all doubt. Councillor Devine confirmed that the investigations undertaken, including the one conducted by Audit Scotland, had found no impropriety or wrongdoing whatsoever.

Councillor Devine advised that he had been a councillor for some 15 years and was leader of the Labour group. Councillor Devine indicated that while the Respondent had been expelled from the Labour Party before he became the group leader, he nevertheless seemed to bear some sort of grudge, which involved him engaging, over a lengthy period of time, in verbal and written attacks on Councillor Devine and other Labour councillors. Councillor Devine advised that he had made a complaint to the ESC about the Respondent's email of 11 March 2019 as he had become "sick and tired of putting up with it", and was also upset that the Respondent had also involved his daughter.

Councillor Devine noted that after he had submitted his complaint to the ESC, the Respondent sent a further email, on 22 March 2019, to the Director of Communities, Housing and Planning that was again copied to all elected members, in which he had accused Councillor Devine of nepotism and of putting a more deserving family "out on the street to ensure the Devine dynasty continues its privileged, luxurious lifestyle". In this email, the Respondent indicated that the allocation of the property was a "disgraceful, venal, and a *prima facie* case of fraudulent misrepresentation which simply won't withstand independent examination". The Respondent stated that it was "an unconscionable act perpetrated by a nest of vipers, rife with greed, serial offenders not averse to putting their thumb on the scales if it can be advantageous to their brood."

Councillor Devine drew the Panel's attention to an email from the Respondent of 28 March 2019, which was sent to him and all other elected members and the Council's Chief Executive. Councillor Devine noted that, in this, the Respondent referred to him and another councillor as being "guilty of

lying by omission as to opposed to their daily routine of lying by commission”, and of being “bullies who have abused their positions of power”.

Councillor Devine referred the Panel to an email of 29 March 2019 from the Respondent, entitled ‘Final Exorcist II’, which he purportedly sent to a journalist and which was copied to the Council’s Chief Executive. In this, the Respondent stated he had a “huge unrequited crush” on his boss and referred to an image of Councillor Devine’s daughter springing up from a grave and “squealing like a banshee, her head rotating 360 degrees, spewing green projectile vomit”. Councillor Devine advised that he had found the contents of the email to be particularly bizarre and scary, as he considered the words suggested that the Respondent was not in control of himself.

Councillor Devine advised that the Respondent kept falsely accusing him of interfering in the allocation of the property and also began to accuse council officers of covering up his alleged involvement. In this regard, Councillor Devine drew the Panel’s attention to an email of 26 May 2019 the Respondent sent the Chief Executive, which was copied to all elected members, in which he stated she should “suspend the Director of Communities, Housing and Planning; Head of Planning and Chief Auditor pending an investigation into a cover-up of a cover-up or a white-wash on a white-wash, which ever you prefer.” The Respondent had also suggested that the Chief Executive should consider her own position. The Respondent stated that he had “incontrovertible evidence to prove” that Councillor Devine was involved in the allocation of the property, that he had been “bullying and intimidating staff”, and that he had “never done an honest days [sic] work in his life”.

Councillor Devine noted that the Respondent had also accused officers of corruption and advised that he found this to be particularly frustrating as the officers had no means of defending themselves or any public right of reply. Councillor Devine also found the reference to him not having worked for a living to be disrespectful, as the Respondent knew this to be untrue. Councillor Devine stated that he was really angry that the Respondent had repeatedly called him a liar and a bully, when he was neither of those things.

Councillor Devine advised that at a full Council meeting on 27 June 2019, the Respondent proposed a motion calling for an independent inquiry into the allocation of the property, which was agreed unanimously. Councillor Devine confirmed that he had left the room while the motion was being discussed and voted upon, but advised that he had been happy with the outcome and decision to seek an independent inquiry, as he knew he had done nothing wrong. Councillor Devine advised that the meeting was recorded, with the recording thereafter published on the Council’s website. Councillor Devine advised that he had later become aware that the Respondent had continued with his public accusations that Councillor Devine was guilty of corruption, cronyism and abuse of power at the meeting on 27 June 2019.

Councillor Devine advised that he had been particularly upset, angered and disgusted by an email the Respondent sent to the ESC on 16 August 2019, which was copied to the Council’s Chief Executive and all elected members in which he had falsely accused Councillor Devine of being a “White Supremacist”. In this email, the Respondent referred to his allegations that there had been a cover-up by senior council officials and stated that this resulted in a “broth of malfeasance, incompetence and inertia bordering on criminality”.

Councillor Devine referred the Panel to an email of 6 September 2019, which had been copied to him, from the Respondent to the Council’s Chief Executive, in which the Respondent accused the Chief Executive of a cover-up in respect of the housing allocation. The Respondent stated that he had “lifted a stone and uncovered a nest of vipers” and accused senior Council officers of “destroying and

doctoring documentation” and of “bullying, intimidating and coaching staff” involved in the allocation of the property to Councillor Devine’s daughter.

Councillor Devine advised that the second part of his complaint concerned a motion he had lodged before a Council meeting, that took place on 27 February 2020, calling for the former Cabinet Secretary for Finance, Mr Derek Mackay, to resign from his role as a local Member of the Scottish Parliament in light of him having sent sending inappropriate texts to a 16-year old. Councillor Devine advised that, after his motion was lodged, the Respondent had sent him an email, copied to all other elected members, on 1 February 2020, in which he falsely accused Councillor Devine of having been “paid handsomely to assist in the cover-up” of similar, historic (but unrelated) conduct. Councillor Devine advised that not only was this was categorically untrue, but the Respondent knew it to be entirely false. Councillor Devine stated that, as such, the Respondent’s accusation had left him feeling upset and angry.

Councillor Devine advised that while he was accustomed to having political disagreements with other councillors, it never went beyond that and became personal. Councillor Devine stated, however, that the Respondent’s accusations amounted to personal attacks as well as to bullying and harassment. Councillor Devine advised that he felt the Respondent’s behaviour had become increasingly bizarre over time and threatening in nature to the extent that he had become concerned about his family’s safety. Councillor Devine advised that he had therefore contacted the police, who had offered to provide panic alarms to him and his daughter, which following family discussions involving Councillor Devine, his wife and daughter, they decided not to introduce into their homes due to concern regarding the impact the explanation of the arrival of the alarms might have on Councillor Devine’s (at the time school aged) grandchildren. Councillor Devine stated that he was unsure whether his daughter, who had also been elected to the Council, would seek re-election due to the impact of the Respondent’s behaviour.

In response to questions from the Panel, Councillor Devine stated categorically, on oath, that he had not at any time contacted any council officer regarding the allocation of the property ultimately allocated to his daughter. Councillor Devine accepted that the Respondent was entitled to make representations on behalf of his constituent, Ms A, about the housing allocation but that it was his insistence on making serious and false accusations about both Councillor Devine and senior council officers, with the associated distress caused to his family that was the issue. Councillor Devine further accepted that ‘rough and tumble’ was part and parcel of political life but that he considered the Respondent’s behaviour went far beyond that.

Submissions made by the ESC’s Representative

The ESC’s representative noted that there had been a number of opportunities at the investigation stage for the Respondent to have denied being the author of the emails in question, which appeared to have been sent from his Council email address. The ESC’s representative argued that as the Respondent had not taken any such opportunity, the Panel was entitled to conclude the emails had been sent by him. Similarly, having viewed the video recording of the Council meeting on 27 June 2019, and in the absence of any evidence or assertions to the contrary, the Panel was entitled to accept the remarks attributed to the Respondent at the meeting as having been made by him.

The ESC’s representative advised that the Respondent’s constituent, Ms A had sent a letter of complaint to the Council, dated 26 April 2018, alleging that there had been corruption involved in relation to the allocation of the council property to Councillor Devine’s daughter. The Council’s Head of Planning and Housing Services had responded advising that, following investigation, he was satisfied that the process and procedures had been followed correctly. The ESC’s representative noted that the

Respondent had then become involved in the matter and, as a result of his intervention, the Council's Director of Communities, Housing & Planning had undertaken a further review. The Director of Communities, Housing & Planning had concluded that the property allocation was made entirely in accordance with policy and that there was no influence, or opportunity for influence, over the selection process, by any elected member. The Respondent had been informed accordingly in an email of 12 March 2019.

The ESC's representative advised that when the Respondent indicated he was unwilling to accept the findings of this review, the Director of Communities, Housing & Planning had asked the Council's Chief Auditor to investigate his concerns. Following investigation, the Council's Chief Auditor informed the Respondent, in correspondence dated 17 May 2019, that her independent review had concluded that the Council property was appropriately let to Councillor Devine's daughter and that there was no influence, or opportunity for influence, over the selection process, by any elected member.

The ESC's representative noted that after the Respondent's motion calling for an independent inquiry into the allocation of the property was agreed at the full Council Meeting on 27 June 2019, the matter was referred to Audit Scotland. Audit Scotland undertook an investigation and reported, in November 2019, that it had concluded that there was no evidence to suggest that: (a) Ms A was wrongly deprived of the allocation of the property; (b) there was deliberate manipulation of the waiting list or the property allocation process; and/or (c) there was any attempt to manipulate the allocations process by, or at the request of, elected members of the Council.

The ESC's representative noted that despite the Respondent having alleged that he had "incontrovertible evidence" to support his accusations that Councillor Devine had been involved or had influenced the property allocation decision, and despite being asked to do so, the Respondent had never produced or provided any.

The ESC's representative argued that, in continuing over a long period of time, to make unfounded accusations of wrongdoing about Councillor Devine and senior officers in emails and at the council meeting, without providing any proof whatsoever, the Respondent's conduct had been entirely disrespectful and amounted to a breach of paragraphs 3.2, 3.3, 3.5, 3.7, and paragraphs 2 and 20 of Annex C of the Code.

The ESC's representative contended that the accusations were of a serious nature and had been combined with offensive and abusive comments about Councillor Devine and his daughter. This had included the entirely false and gratuitous accusation that Councillor Devine was a "White Supremacist" and was not hard-working, and an equally gratuitous and disturbing reference to his daughter emerging from a grave. The ESC's representative argued that the distressing impact of the comments and accusations had been compounded by the fact that the Respondent had copied multiple individuals into his emails. The ESC's representative argued that, in doing so, it was evident the Respondent was attempting to publicly undermine and demean Councillor Devine and the officers in question.

The ESC's representative noted that, rather than being reassured by the reviews of the housing allocation that had been undertaken at his behest and even after all the investigations had entirely cleared Councillor Devine of having any involvement in the housing allocation matter, the Respondent had continued with his unrelenting attacks on him and, indeed, had targeted others. The ESC's representative noted that the Respondent had proceeded to accuse senior officers of impropriety, of covering-up the matter and of bullying other staff and had even suggested certain individuals be suspended. The ESC's representative noted that the Respondent had done so at the Council meeting

on 27 June 2019, despite the video footage of the meeting demonstrating that the Chair had reminded those present that the Code prohibited elected members from criticising officers in public.

Turning to Councillor Mackay's complaint, the ESC's representative noted that while the Respondent's email of 24 April 2020 appeared to have been sent in response to Councillor Mackay's email about the Emergency Board's work or decisions, the Respondent had made no attempt to outline any concerns he may have had about these. The ESC's representative contended that, instead, the Respondent's email amounted simply to personal attack on Councillor Mackay and appeared to be designed to be offensive and disrespectful. The ESC's representative noted that the email had been sent to a media outlet (albeit it appeared to be incorrectly addressed), and had been copied to multiple individuals. The ESC's representative contended that it was evident, therefore, that the Respondent's intent was to publicly demean, disparage and ridicule Councillor Mackay.

The ESC's representative drew the Panel's attention to the Standards Commission's Advice Note on Bullying and Harassment, which notes that:

- harassment is any unwelcome behaviour or conduct that has no legitimate workplace purpose and which makes someone feel offended, humiliated, intimidated, frightened and / or uncomfortable;
- bullying is inappropriate and unwelcome behaviour that is offensive and intimidating, and which makes an individual or group feel undermined, humiliated or insulted;
- even if behaviour is unintentional, it can still be classed as a form of bullying or harassment as it is essentially about what the recipient deems to be offensive, not about what was intended;
- harassment can occur as an isolated incident or as a course of persistent behaviour; and
- while bullying tends to be a pattern of behaviour or course of conduct, it can also be a one-off serious incident that becomes objectionable or intimidating.

The ESC's representative argued that the relentless and offensive nature of the Respondent's attacks on Councillor Devine, over a lengthy period of time, amounted to bullying and harassment. The ESC's representative further contended that the intimidatory nature and tone of the Respondent's email to Councillor Mackay and the clear intent to demean, humiliate and insult him also amounted to bullying and harassment. As such, the ESC's representative contended that the Respondent had also breached paragraph 3.6 of the Code in respect of both complaints.

The ESC's representative noted that the enhanced protection of freedom of expression, afforded by Article 10 of the European Convention on Human Rights (ECHR), to politicians when they are engaging in matters of public debate or concern, can apply to value judgements made in a political context. Such comments are tolerated even if untrue, so long as they have some or any factual basis. In this case, the ESC's representative argued that it could not be said that there was any factual basis for the Respondent's accusations about Councillor Devine being inappropriately involved in the property allocation. This was because the Respondent had never provided any evidence to support his claims, despite stating he had such evidence in his possession and being given the opportunity to do so; and further, because he had not awaited the outcome of any of the reviews to determine if there was any merit in his claims, before he proceeded to repeat and escalate them. The ESC's representative noted that the Respondent had also not provided any evidence or any basis to support the entirely false claim he made in his email of 1 February 2020 to the effect that Councillor Devine had been involved in the cover-up of inappropriate behaviour.

The ESC's representative contended, in any event, that the protection afforded by Article 10 did not extend to the making of gratuitous, abusive and offensive personal comments that caused other individuals to feel intimidated. The ESC representative noted that the Standards Commission's Advice Note on Article 10 recognises that while councillors should be able to undertake a scrutiny role,

represent the public and any constituents, and make political points, it notes that there is no reason why they cannot do so in a respectful, courteous and appropriate manner without resorting to personal attacks, being offensive, abusive and / or unduly disruptive. As such, the ESC's representative concluded that the interference to the Respondent's right to freedom of expression resulting from any finding of a breach of the Code and the application of a sanction would be proportionate and justified.

In response to questions from the Panel, the ESC's representative accepted that the Respondent was entitled to pursue the housing allocation matter on behalf of his constituent, Ms A. The ESC's representative argued, however, that it was the manner in which the Respondent had done so and the tone, words and imagery he had used, that was the issue. The ESC's representative contended that the Respondent had accused officers of serious misconduct, without having the courtesy of waiting for the outcome of the independent review, and had then rejected its findings despite without producing any evidence or reasonable argument as to why. The ESC's representative further accepted that, as a politician, the Respondent was entitled to engage in political debate and to use language that was colourful and emotive. The ESC's representative contended, nevertheless, that the Respondent had gone well beyond that and, instead, had indulged in hostile and offensive abuse, that contained references to violence.

DECISION

The Hearing Panel considered the submissions made both in writing and orally at the Hearing. It concluded that:

1. The Councillors' Code of Conduct applied to the Respondent, Councillor Mack.
2. In respect of the complaint by Councillor Devine, the Respondent had breached paragraphs 3.2, 3.3, 3.5, 3.6, 3.7, and paragraphs 2 and 20 of Annex C of the Code.
3. In respect of the complaint by Councillor Mackay, the Respondent had breached paragraphs 3.2 and 3.6 of the Code.

Reasons for Decision

The Panel noted that paragraph 3.1 of the Code makes it clear that section 3 of the Code applies in situations where the Respondent is acting as a councillor or could be perceived to be acting as such. The Panel noted that the Respondent's alleged conduct in respect of the complaints occurred in emails, which had all been sent from his Council email address, and at a council meeting. In addition, the conduct related to the Respondent's response to the allocation of a council property, a council motion raised in respect of a local MSP, and an email about the work of the Council's Emergency Board. As such, the Panel was satisfied that the Respondent was acting, or could reasonably be perceived to be acting, in the capacity of a councillor at the time he participated in the Council meeting and sent the emails in question. The Panel concluded, therefore, that the Code applied to all aspects of the two complaints before it.

The Panel noted that both witnesses had given evidence in a measured way. The Panel was satisfied that both had been careful to be as objective and factual as possible and, as such, considered them to be credible and reliable. The Panel was further satisfied, on the balance of probabilities, from the material before it (and in the absence of any evidence or submissions to the contrary), that the Respondent had sent the emails and made the remarks that were the subject of the complaints.

Turning first to Councillor Devine's complaint, the Panel accepted that the Respondent was entitled to raise concerns about the allocation of council housing, particularly if he was doing so on behalf of a constituent. The Panel noted, however, that it was the manner in which the Respondent pursued the matter that had given rise to Councillor Devine's concerns. The Panel agreed with the ESC's representative that councillors should be able to undertake their scrutiny role, represent the public and any constituents, and make political points in a respectful, courteous and appropriate manner, without resorting to personal attacks or being offensive and abusive. The Panel noted that it was evident from the Respondent's correspondence that he was an articulate individual and considered, therefore, that there was no reason why he could not have represented Ms A and raised any concerns she may have had at the outset, in respect of the housing allocation matter, in an appropriate manner.

The Panel noted that two senior Council officers had conducted separate reviews of the Respondent's concerns about the housing allocation and that it was then the subject of an independent inquiry by Audit Scotland. The Panel was satisfied, therefore, that there was evidence that officers dealt with the Respondent's concerns and ensured they were investigated. The Panel noted that the Respondent had failed to provide evidence to support his allegations, despite stating he had such evidence and despite having had numerous opportunities to do so. The Panel found that the Respondent refused to await and / or accept the outcome of both the internal and external reviews before making serious accusations about the conduct of Councillor Devine and senior Council officers.

The Panel noted that Councillor Devine had confirmed, on oath, that he had not, at any time, interfered or become involved in the allocation of the property ultimately allocated to his daughter. The Panel noted that the investigations undertaken had found no impropriety whatsoever.

The Panel was satisfied that, instead of accepting the outcome of the reviews or providing evidence to dispute them, the Respondent had embarked upon an unrelenting course of conduct in which he accused Councillor Devine of lying, corruption and cronyism, and of being a White Supremacist and a bully.

The Respondent had further accused senior officers of covering up the housing allocation matter, of bullying and intimidating staff and of engaging in conduct that was bordering on the criminal. The Panel was satisfied that the Respondent's accusations, made in numerous emails over an extended period of time, as well as at the Council meeting on 27 June 2019, amounted to personal attacks and were offensive and abusive. The Panel also considered that, in copying in all elected members to some of the emails, in purportedly sending one to a newspaper and in making comments at a full Council meeting, the Respondent had made his accusations public. The Panel was of the view that, in doing so, it was evident that the Respondent either actively wished to inflict reputational harm, or had failed to give any consideration to the fact that he might do so.

Having reviewed all the evidence, both in the productions (including the video recording of the Council meeting on 27 June 2019), and given verbally at the Hearing, The Panel was particularly concerned that the Respondent:

- Accused Councillor Devine of having given his daughter the property, in an email to the Director of Communities, Housing & Planning of 22 March 2019 that was copied to all elected members. In the email, the Respondent accused everyone involved in the housing allocation of fraud.
- Made comments in an email to the Chief Executive, on 28 March 2019, that was copied to all other elected members, to the effect that Councillor Devine and another councillor had abused their positions of power and had lied.
- Accused the Chief Executive, in an email of 29 March 2019 purportedly sent to a columnist for the Observer newspaper (which was copied to the Chief Executive and Councillor Devine), of having prevented a more deserving family from getting the council house that had been allocated

to Councillor Devine's daughter. In the email the Respondent accused Councillor Devine of intimidating and bullying Council officers.

- Called for the Director of Communities, Housing and Planning, the Head of Planning and the Chief Auditor to be suspended, in an email of 26 May 2019 to the Chief Executive and all other elected members, and stated that the Chief Executive should consider her own position. The Respondent alleged that their complete absence of any attempt to recognise the plight of the individual who had missed out on the allocation of the council property in question was "bordering on the criminal".
- Made comments at the Council meeting on 27 June 2019, to the effect or insinuated that Councillor Devine had inappropriately intervened or "meddled" in the council property allocation process to benefit himself or his family; and that the Council and its officers had covered this up. The Panel noted the Respondent had also stated that there were councillors who had "rigged" the Council property allocation system to ensure their family gained an advantage and that it was "patently obvious" the system was "rotten".
- Referred, to Councillor Devine as a "White Supremacist" in an email of 16 August 2019, sent to the ESC, which was copied to the Council's Chief Executive and all other elected members.
- Accused senior officers of the Council, in an email to the Chief Executive of 6 September 2019, of "coaching witnesses and destroying and doctoring documentation" to suit their "whitewash of a cover-up", and of "bullying, intimidating and coaching staff" involved in the allocation of the Council property.

In respect of Respondent's conduct arising from the motion Councillor Devine lodged before a Council meeting on 27 February 2020 calling for the former Cabinet Secretary for Finance to resign from his role as a local MSP, the Panel was satisfied that the Respondent sent an email to Councillor Devine, on 11 February 2020, with all other elected members copied in, in which he stated that there was "something creepy" about Councillor Devine "leading the charge" on the former Cabinet Secretary for Finance's resignation. The Respondent stated that he considered that Councillor Devine had been "paid handsomely to assist in a cover-up" of crimes or conduct "of a similar nature".

The Panel noted that Councillor Devine had confirmed categorically, under oath, that the Respondent's accusations, as outlined in the email, were untrue. The Panel further noted that the Respondent had, again, failed to provide any evidence to support such serious accusations. The Panel concluded that the Respondent's conduct, in accusing Councillor Devine of misconduct that bordered on criminality, without any basis or foundation, again amounted to a personal attack and was gratuitous, unwarranted and abusive. The Panel was of the view that the pattern of making gratuitously offensive and damaging comments was also apparent in the email.

The Panel considered that in persisting with unrelenting personal attacks of an offensive and abusive nature towards Councillor Devine, over a lengthy period of time, the Respondent had engaged in conduct that was, or would have been, intimidating. The Panel noted that Councillor Devine had felt sufficiently threatened by the Respondent's behaviour to contact the police. The Panel was of the view that this was a reasonable course of action to take, given the disturbing nature of some of the imagery the Respondent had employed and given the public manner in which he had made his accusations and remarks. The Panel concluded, therefore, that the Respondent's conduct was not only disrespectful, but also amounted to bullying and harassment. The Panel further considered that in making serious and unwarranted public accusations about the conduct of officers, the Respondent's conduct was offensive and fell well below the standard to be expected of a councillor, as required by the Code.

In respect of Councillor Devine's complaint, therefore, Panel concluded that the Respondent had, on the face of it, failed to comply with paragraph 3.2, 3.3, 3.5, 3.6, 3.7 and paragraphs 2 and 20 of Annex C of the Councillors' Code of Conduct of the Code, which obliges councillors to:

- treat officers and their colleague with respect at all time, including at Council meetings;
- avoid any conduct that amounts to bullying and harassment; and
- refrain from raising matters relating to the conduct or capability of officers in public.

Turning to the second complaint, the Panel was satisfied that the Respondent had made a number of gratuitous personal comments and offensive, demeaning remarks about Councillor Mackay in his email of 24 April 2020. These included insinuating that Councillor Mackay had treated him like a servant and been under the influence of alcohol or drugs when sending an email. In addition, the Panel noted that the Respondent had made lurid remarks about someone going to Councillor Mackay's house and inflicting personal harm on him. The Panel noted that Councillor Mackay had found the remarks to be intimidating in nature; sufficiently so for him to contact the police about the matter. The Panel considered that the contents of the email were intimidating, disrespectful and demeaning. The Panel further considered that as the email was widely circulated, thus inviting public ridicule, the Respondent's conduct in sending it amounted to harassment towards Councillor Mackay. The Panel determined, therefore, that the Respondent had also, on the face of it, breached paragraphs 3.2 and 3.6 of the Code in respect of Councillor Mackay's complaint.

The Panel noted, however, that before coming to a final finding on the complaints, it was obliged to consider the provisions of Article 10 of the ECHR and the Respondent's the right to freedom of expression.

The Panel accepted that some of the Respondent's comments and statements concerned matters of public interest, namely the allocation of council housing and the resignation of the Cabinet Secretary for Finance. As such, the Panel noted that the Respondent could attract the enhanced protection of freedom of expression afforded under Article 10. The Panel noted that the Courts have interpreted Article 10 widely and have found that the enhanced protection for politicians can even extend to comments which some may consider to be inappropriate, offensive and emotive. In addition, comments made in the political context which amount to value judgments are tolerated even if untrue, so long as they have some or any factual basis.

In this case, however, the Panel was satisfied that as:

- the accusations about the housing allocation matter had progressed after the two internal reviews found no wrong-doing;
- no evidence of wrong-doing was produced, despite the Respondent saying he had "incontrovertible evidence", and despite him having been given opportunities to provide this;
- the Respondent persisted, during the Audit Scotland review, with wholly unfounded accusations of a cover up and malfeasance by officers; and
- there was no evidence of wrongdoing or manipulation of the process,

it was not possible to conclude that the allegations had any basis in fact or that the Respondent had any reasonable basis for continuing to believe or contend they had any factual basis.

In any event, the Panel noted, however, that gratuitous personal accusations and / or comments that amount to simple offensive abuse do not attract the enhanced protection afforded to politicians. The Panel was of the view that, when viewed individually, and as whole, the comments and accusations as made by the Respondent, as quoted, were of that nature. As such, the Panel concluded that the Respondent was not entitled to the enhanced protection for political expression afforded under Article 10.

The Panel concluded that the Respondent's conduct was unacceptable and that, as such, it was satisfied that a finding of breach, and subsequent application of a sanction, was justified in the circumstances and would not amount to a contravention of Article 10.

The Panel determined, therefore, that the Respondent had contravened paragraphs 3.2, 3.3, 3.5, 3.6, 3.7 and paragraphs 2 and 20 of Annex C of the Councillors' Code of Conduct.

MITIGATION

The Respondent was advised that he could send written submissions in respect of mitigation or the sanction to be applied in advance of the Hearing, to be considered by the Panel in the event that a breach of the Code was found. The Respondent had not taken advantage of this opportunity.

SANCTION

The decision of the Hearing Panel is to disqualify the Respondent, Councillor Mack, for a period of 16 months, from being, or from being nominated for election as, or from being elected, a councillor; with effect from the date of this written decision.

The decision is made in terms section 19(1)(d) of the Ethical Standards in Public Life etc. (Scotland) Act 2000.

Reason for Sanction

In considering sanction, the Panel noted that, despite being provided with an opportunity to do so and repeatedly reminded of this opportunity on a number of occasions, the Respondent failed to offer any submissions in mitigation.

In making its decision on sanction, the Panel has had regard to the Standards Commission's Policy on the Application of Sanctions, a copy of which was sent to the Respondent with the notification of Hearing. A copy of the policy can be found on the Standards Commission's website.

The Panel began by assessing the nature and seriousness of the breaches of the Code. The Panel noted that disrespect, bullying and harassment towards officers and other councillors is serious in that it has the potential to disrupt effective working relations and can be a threat to reputation of the council and the role of an elected member. The Panel was of the view that officers, in particular, should be able to work in an environment where they are not subjected to unwarranted and serious public criticisms and accusations. The Panel was especially concerned that the Respondent had continued to subject senior officers to repeated and unmerited abuse, despite them having agreed to review the housing allocation matter.

The Panel was concerned about the scale and seriousness of the allegations made, particularly in the context of the Respondent having not provided any evidence to support his accusations and the officers having no right of public reply. The Panel was keen to emphasise that councillors have a right to challenge officers and have a key role in scrutinising the service provided by their local authority. The Panel reiterated, however, that this did not entitle councillors to ignore any response received and evidence provided or to make (and continue to make) unfounded accusations.

The Panel was also concerned about the nature of the Respondent's correspondence with the complainers. The Panel was concerned that he had made extremely serious and wholly unfounded allegations against Councillor Devine and had subjected both complainers to offensive and demeaning personal attacks that went well beyond what might be considered normal or even acceptable in a party-political context and, instead, amounted to harassment. The Panel was of the view that, as

politicians, councillors may be expected to tolerate a degree of inappropriate, emotive or even offensive criticism. They should not, however, have to put up with being harassed or being made to feel unsafe. The Panel considered that the Respondent's conduct in this regard was completely unacceptable.

Having considered the nature and seriousness of the breach, the Panel considered the aggravating and mitigating factors as set out in the Policy on the Application of Sanctions, beginning with those in mitigation. The Panel noted that mitigating factors are those which may lessen the severity or culpability of the breach.

The Panel noted that the following mitigating factors applied and, as such, took them into account:

- that the Respondent had attended two training sessions offered by the Standard Commission, one in December 2017 and the other in February 2020.
- that the Respondent has been a councillor, and had, therefore been in public service, for some 13 years in total; and
- that the breaches of the Code conferred no apparent personal gain or benefit to the Respondent (other than to potentially promote a misguided perception that he was somehow acting in the best interests of his constituents).

The Panel then proceeded to consider the aggravating factors; being ones that may increase the severity or culpability of the breach. The Panel noted that the following aggravating factors applied and, as such, took them into account:

- the duration and frequency of the Respondent's actions. The Panel noted that the breaches of the Code arose from a course of conduct, of a repeated nature, that took place over a lengthy period of time;
- the breach having occurred as part of deliberate conduct. The Panel was satisfied, on the balance of probabilities, that the nature of the emails and in-person attacks were such that the conduct was intended to be disrespectful, to cause offence and to harass;
- that there had been two previous contraventions of the Code by the Respondent. The Respondent had been suspended for three months in October 2016 and then for seven months in October 2017, both for breaches of the respect provisions in the Code;
- that there was no evidence of any understanding, reflection, insight and/or acceptance by the Respondent in relation to his actions. The Panel considered this this failure was exacerbated particularly when the earlier contraventions were taken into account and led it to the conclusion that the Respondent had failed to learn from the previous two suspensions. There was no evidence that the Respondent had made any attempt to moderate his behaviour or indeed to consider how it could impact others. Rather, the Respondent had previously expressed his disdain and disregard for the statutory framework in place to promote and uphold the Code, despite having signed his Declaration of Office on 5 May 2017 confirming that he would abide by its provisions;
- at no point had the Respondent indicated any remorse over his behaviour, nor had he offered an apology to any individuals affected by his behaviour;
- the Respondent had failed to co-operate in any meaningful way with either the investigative or adjudication process and the Standards Commission;
- the Respondent had not taken any opportunity to rectify his actions;
- the Respondent had continued with his course of conduct/behaviour even after it was brought to his attention. The Panel noted that the first complaint was received by the ESC in March 2019, who made the Respondent aware of the complaint shortly thereafter. Despite this, the second complaint relates to an email that was sent in April 2020; and

- the Respondent appears to have ignored the training on the Code provided by the Standards Commission at the training events held in Glasgow on 15 December 2017 and in Ayr on 4 February 2020, which he attended.

Though not specifically listed as a potentially aggravating factor in the Policy on the Application of Sanctions, the Panel again considered the Respondent's length of service as a councillor and noted that, in addition to being a mitigating factor, it should also be considered as an aggravating one. This was because the Respondent has had some nine years as an elected member to familiarise himself with the initial version of the Councillors' Code of Conduct, which came into force in May 2003 and the subsequent versions, which came into effect in December 2010 and July 2018. Indeed, the Code itself specifies at section 1.5 that it is a councillor's personal responsibility to comply with the Code and any guidance from the Standards Commission. The Panel considered that there was little evidence that the Respondent had taken any heed of this obligation.

The Panel regarded one of the principal aims of the use of sanctions to be the preservation of the ethical standards framework. The public must have confidence in the framework and the statutory instruments that underpin it, such as the Councillor's Code of Conduct, the ESC and the Standards Commission. On this particular point, the Panel noted that, throughout, the Respondent had acted with blatant disregard for the adjudication process. The Respondent had almost entirely failed to cooperate with the Hearing Rules and had not provided the information requested to allow the process to proceed promptly.

The Panel considered that the public cannot be satisfied that Councillors will comply with their Code if the Standards Commission cannot enforce it. The actions of the Panel and the sanctions given must act as a credible deterrence.

Having weighed up all mitigating and aggravating factors, and particularly in light of lack of remorse, insight and the fact that the conduct occurred despite the two previous suspensions, the Panel determined that it had no confidence that the Respondent would change his behaviour and adhere to the requirements of the Code. Indeed, the Panel noted that the Respondent had indicated, both at previous Hearings and in recent correspondence to the Standards Commission that was "theologically opposed" to the ethical standards framework and argued that his "right to absolute privilege as a politician" trumped any need to comply with the Code. The Panel did not, therefore, consider censure or suspension to be appropriate or potentially effective disposals in this case. As such, the Panel noted that disqualification was then the only remaining option.

The Panel noted that disqualification would result in Respondent losing the allowance to which he is entitled to as a councillor. The Respondent had previously advised the Standards Commission this was his only source of income. The Panel nevertheless considered disqualification to be the only disposal that would prevent the Respondent's conduct from recurring, thus protecting those who have been, and others that potentially could be, affected by his behaviour. This was because a suspension only affects a councillor's entitlement to attend future Council meetings and would not prevent the Respondent from engaging in disrespectful conduct or from bullying and harassing others, either in correspondence or in person, outwith a meeting setting. Indeed, the Panel noted that the Respondent's previous suspensions had had no discernible effect on his behaviour.

The Panel also noted that there was a significant public interest in this case in maintaining effective working relationships and public confidence both in local government and the role of a councillor, and that this aim could only be achieved through a lengthy disqualification, which the Panel determines is necessary, proportionate and appropriate in the circumstances.

In considering the appropriate duration for the disqualification period, the Panel noted that the maximum period of disqualification was for a period of five years. The Panel was of the view that a disqualification for a period that extended towards that maximum duration would be appropriate, for example, for cases involving criminal behaviour that did not result in automatic disqualification as a councillor, under Section 31 of the Local Government (Scotland) Act 1973 (for convictions that result in a custodial sentence of more than three months) or other egregious conduct. In this case, the Panel considered that as the Respondent's conduct did not reach this threshold, a maximum period of disqualification would be disproportionate. Equally, however, the Panel noted that the sustained and serious nature of the Respondent's conduct was such that a brief disqualification would not be proportionate.

Following careful consideration, the Panel determined that a disqualification period of a third of the maximum duration would reflect the nature and seriousness of the breach and the considerations noted above, and therefore a period of 20 months was appropriate. The Panel agreed, however, that it was fair for it to discount four months from this, to represent the period between the start of October 2020 (when the disqualification imposed at the previous Hearing took effect) until 4 February 2021 (this being the date of the Interlocutor from the Sheriff Principal in the appeal quashing the previous Hearing decision). This was because the appeal decision essentially meant the Respondent had already served four months of disqualification for reasons that were not his fault.ⁱ Having undertaken this exercise, the Panel determined to disqualify the Respondent for 16 months. The Panel noted that Renfrewshire Council had confirmed that the Respondent had been paid the allowance to which he was entitled, as a councillor, for the period covered by the previous suspension.

The Panel noted that, given the set nature of the electoral cycle, there inevitably may be occasions when the timing of an adjudication decision and date on which a disqualification might expire might result in the sanction having a disproportionate effect upon a Respondent due to the date of an election. In this case, the Panel noted that the period of disqualification imposed means that the Respondent will be unable to stand for election in the Local Government elections due to take place in May 2022. The Panel was of the view, however, that any effect arising from the timing of the election should, in all the circumstances of this case, not impede what the Panel considered to be the fair, just and reasonable period of disqualification and it was neither disproportionate nor did it outweigh an overriding public interest in the imposition of a sanction that would:

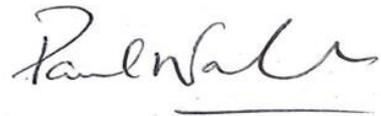
- act as a credible deterrent;
- protect others from intimidating and offensive behaviour;
- maintain public confidence in the ethical standards framework, local government and the role of a councillor;
- ensure effective working relationships were maintained, to enable a Council to function effectively; and
- reflect its view that, as someone who was not prepared to abide by the Code, the Respondent was not fit to hold office as a councillor.

The disqualification is effective from the date of this written decision.

RIGHT OF APPEAL

The Respondent has a right of appeal in respect of this decision, as outlined in Section 22 of the Ethical Standards in Public Life etc. (Scotland) Act 2000, as amended.

Date: 10 May 2021



**Mr Paul Walker
Chair of the Hearing Panel**

ⁱIt should be noted that the period to be discounted was incorrectly noted, in the decision read verbally at the Hearing, as being between the start of October 2020 and 7 April 2021 (being the date on which the new Hearing was due to take place, after an adjournment had been granted at the Respondent's request). The Panel subsequently recognised that, in fact, the Respondent was a councillor from the date the previous Hearing decision was quashed (4 February 2021) and, therefore, had served a four-month suspension, and not six, as described. The Panel adjusted the overall disqualification time accordingly.

