Renfrewshire Council

Item 3

To: **Council**

On: **24 September 2015**

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

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

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1. SUMMARY

1.1 The 2014-15 Annual Accounts were submitted to Council for approval on 25 June 2015 and then submitted for audit to Audit Scotland.

1.2 The audit process is now complete and the signed audit certificate was received on 4 September 2015.

1.3 The Assistant Director of Audit (Local Government) has provided an audit opinion which is free from qualification.

1.4 Under the Local Authority Accounts (Scotland) Regulations 2014, which came into force from 10 October 2014, the Council must meet to consider the Annual Accounts and aim to approve those accounts for signature no later that 30th September. In order to comply with these requirements the 2014-15 Annual Accounts are now attached for approval.

1.5 The Assistant Director of Audit (Local Government) has also provided a report to the Audit, Scrutiny and Petitions Board detailing all matters arising over the course of the audit which was considered by the Board on 21 September 2015.

1.6 The accounts for the charities controlled by the Council have also been audited by Audit Scotland and they have provided separate audit opinions on the accounts of these charities (including the three Common Good Funds and the four charitable trust funds) in accordance with the charities regulations and best practice promoted by the Office of the Scottish Charities Regulator (OSCR). These accounts are also attached for Council approval.

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2. RECOMMENDATIONS

Council is asked to:-

2.1 Approve the Annual Accounts for 2014/15 for signature in accordance with the Local Authority Accounts (Scotland) Regulations 2014;

2.2 Approve the accounts of the Renfrew, Paisley and Johnstone Common Good Funds and Renfrewshire Council Trust Funds.

Implications of this Report

Financial – The 2014/15 Annual Accounts have been certified as providing a true and fair view of the financial position of the Council as at 31 March 2015. The Council's unallocated reserves as reported in the accounts are £7.767m.

HR & Organisational Development - none

Community Planning – none

Legal – An audit opinion free from qualification demonstrates the Council's compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Property/Assets – none

Information Technology - none

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

Health & Safety - none

Procurement – none

Risk - none

Privacy Impact - none

List of Background Papers

(a) Background Papers - none

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Renfrewshire Council

Proposed Annual Audit Report to Members and the Controller of Audit

September 2015

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. (www.audit-scotland.gov.uk/about/ac)

Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. (www.audit-scotland.gov.uk)

The Accounts Commission has appointed Brian Howarth as the external auditor of Renfrewshire Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of Renfrewshire Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by Renfrewshire Council. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Contents

Key messages 4
Introduction 5
2014/15 Financial statements 6
Audit of the 2014/15 financial statements 7
Financial management and sustainability 13
Governance and transparency 21
Best Value 28
Appendix I – Significant audit risks 33
Appendix II - Summary of local audit reports 2014/15 38
Appendix III - Summary national reports 2014/15 39
Appendix IV - Action plan 40

Key messages

Audit of financial statements	• Unqualified auditor's report on the 2014/15 financial statements. • Unqualified auditor's reports on the charities administered by Renfrewshire Council.
Financial management and sustainability	• Renfrewshire Council has demonstrated effective financial management. • We conclude that Renfrewshire Council's financial position is sustainable.
Governance and transparency	• Governance arrangements operate effectively. • We recommend further consideration is given to the arrangements for the convener of the Audit, Scrutiny and Petitions board, in line with best practice identified by the Accounts Commission. • Further improvements could be made in the transparency of chief officer interests.
Best Value	• A year of significant change within Renfrewshire Council with staffing changes, a corporate resource review, expansion of the leisure trust, development of the Integrated Joint Board and implementation of the council plan. • Clear commitment to continuous improvement. • Performance reporting could be enhanced by including a summary position against all council plan actions.

Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of Renfrewshire Council (the council).

2. The management of the council is responsible for:
   - preparing financial statements which give a true and fair view
   - implementing appropriate internal control systems
   - putting in place proper arrangements for the conduct of its affairs
   - ensuring that the financial position is soundly based.

3. Our responsibility, as the external auditor of the council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.

4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.

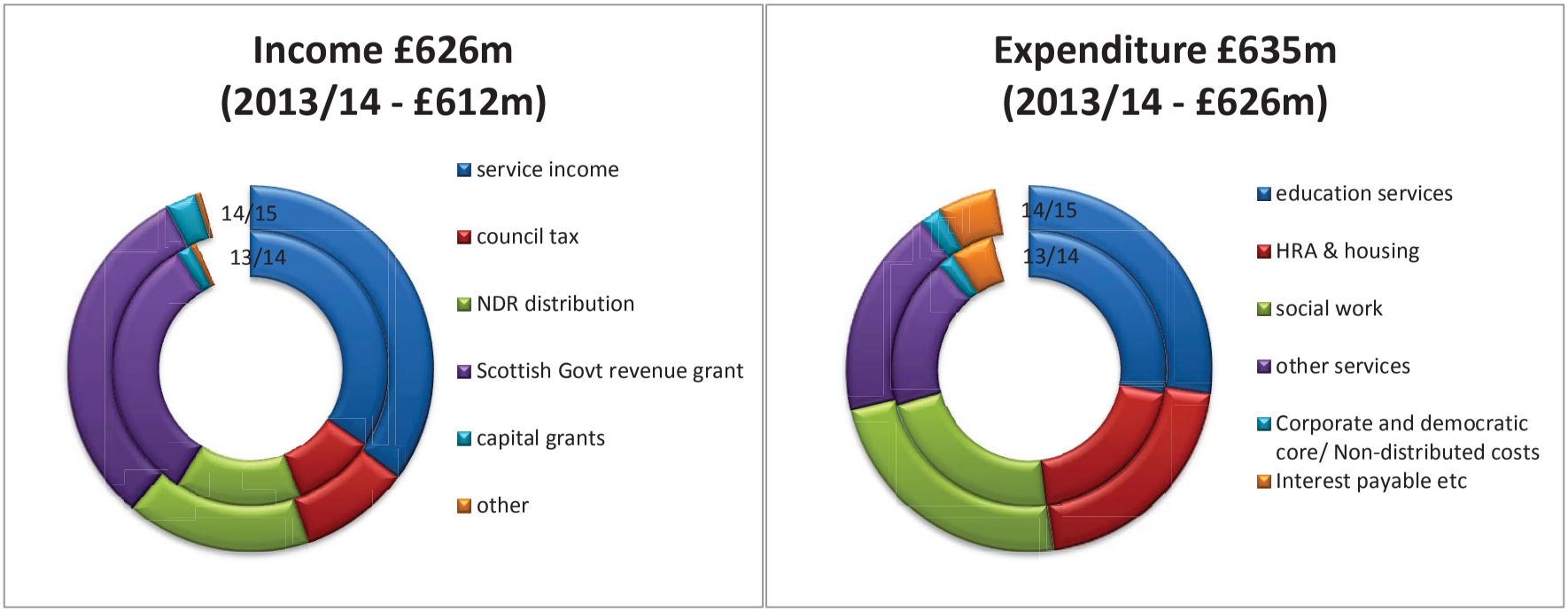
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.

6. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the council understands its risks and has arrangements in place to manage these risks. The council and its Corporate Management Team (CMT) should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.

7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

2014/15 Financial statements



The council reported an accounting deficit of £9 million. The financial statements show that income of £626 million this year is £13.6 million (2%) more than last year. Service income has grown by £5 million (2%), with increases too in NDR (+£8.6 million, +9%) and capital grants (+£6.1 million), offset by a reduction in Scottish Government Grant (-£5.2 million, -2%).

Expenditure increased overall by £9 million (1.4%) to £635 million, with increases of 3-4% in HRA/ Housing, social work and other services (totalling +£13 million). Education services expenditure reduced by £5 million (-2%) which was due to a reduction in the land and buildings impairment charge to the service compared to 2013/14.

Audit of the 2014/15 financial statements

Audit opinion	• We have completed our audit and have issued an unqualified independent auditor's report.
Going concern	• The financial statements have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council and its charities' ability to continue as a going concern.
Other information	• We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
Common Good Funds and Trust Funds	• We have completed our audit of the 2014/15 financial statements of the charities administered by the council (common good funds and trust funds) and issued an unqualified independent auditor's report for each of these accounts.
Group accounts	• The council has accounted for the financial results of three subsidiaries and three associates in its group accounts for 2014/15. The overall effect on the group balance sheet is to increase net assets by £39 million.
Whole of government accounts	• The council submitted a consolidation pack for audit after the deadline. We expect to issue the certified return to the Scottish Government in September 2015.

Submission of financial statements for audit

9. We received the unaudited financial statements on 25 June 2015, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.

Overview of the scope of the audit of the financial statements

10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit, Scrutiny and Petitions Board on 30 March 2015.

11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

12. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I** set out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

13. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

14. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

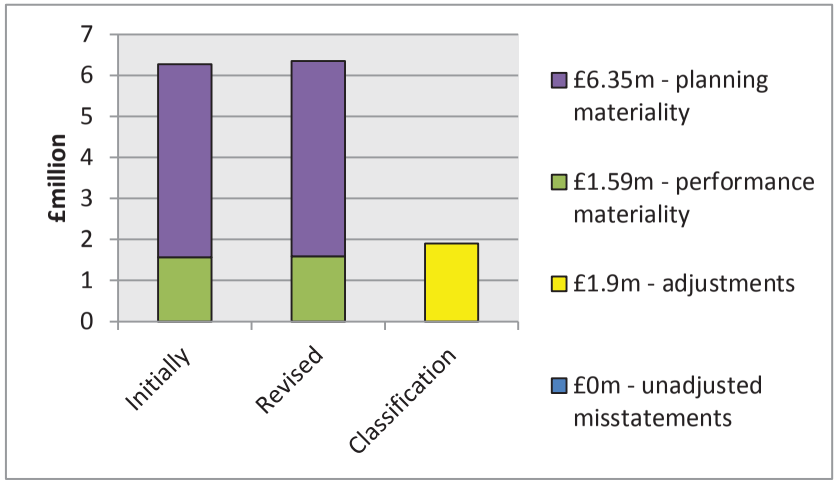
15. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

16. We summarised our approach to materiality in our Annual Audit Plan. We revised our planning materiality for 2014/15 on receipt of the unaudited accounts to £6.35 million (1% of gross expenditure).

17. We also set a lower level, known as performance materiality defining our audit procedures and evaluating errors. This is determined to ensure that uncorrected and undetected audit

differences do not exceed our materiality level. Performance materiality was set at £1.59 million (25% of planning materiality).

18. We report all misstatements greater than £100,000.



Materiality in the charitable trusts

19. We also set separate materiality in the audit of the charities' financial statements. Planning materiality for the Renfrewshire Council Trust Funds is £6,813, with performance materiality of £6,131. The Renfrewshire Council Common Good Funds have a planning materiality of £321,000 and performance materiality of £289,000, based on net assets. In the Common Good Fund we also set a separate performance materiality for incoming/ outgoing resources of £94,000.

Evaluation of misstatements

20. We identified classification adjustments in the unaudited financial statements totalling £1.7 million (Paragraph 26) and together with a further review undertaken by council officers, the full extent of adjustments totalled £1.9 million. Although this altered the analysis of balances in the audited balance sheet, these issues did not affect net expenditure.

21. The total value of adjustments exceeded our overall performance materiality level of £1.59 million. Based on the restricted nature of these re-classifications, the further review undertaken by council officers and the absence of any impact on net expenditure, we conclude that these do not indicate further systematic errors within the accounts and did not further amend our audit approach. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.

Significant findings from the audit

22. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:

- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Significant difficulties encountered during the audit.
- Significant matters arising from the audit that were discussed, or subject to correspondence with management.

- Written representations requested by the auditor.
- Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

23. During the course of the audit we identified the following significant issues that, in our view, require to be communicated to you.

Significant findings from the audit

Issue
24. **Council house valuation** – In previous years, as part of the calculation of the valuation of council house dwellings the council has used local housing allowances information. This information is set at the start of each financial year and provides the basis for the adjustment to social housing valuations that is applied to year end valuation amounts. As the local housing allowance information is one year adrift from the year end valuation basis, officers changed this approach in 2014/15 to use the allowances for the next financial year (1/4/2015) as they are more consistent with a year end valuation date. We agreed with the approach taken by officers.
25. **Leisure Trust and group accounts** – This year group accounting standards have been revised and officers reviewed the status of Renfrewshire Leisure Limited against the revised standards. This review resulted in a change in its treatment in the financial statements: from an associate to a subsidiary. Our audit confirmed the appropriateness of this change. A review of the boundary assessment agreed with this conclusion however we noted that there was no narrative included in the group accounts confirming the change in treatment. Officers agreed to include narrative noting the change in treatment.
26. **Reclassifications of debtors/ creditors** - Our audit work identified misclassifications of £1.7 million within the balance sheet of grants received in advance. These were included within short term creditors in error. Officers then completed a wider review and identified further classification errors totalling £0.2 million. These classification issues have been corrected in the audited financial statements.
Findings from the audit of the common good and trust funds
27. **Common Good –** We identified that a gain on the sale of fixed assets of £0.1 million had been incorrectly included within the gain on revaluation of fixed assets, when it should have been classified under Incoming Resources. This error has been adjusted by officers within the Common Good accounts and within the council's group accounts.

Future accounting and auditing developments

Revisions to the Code of Practice

28. The financial statements of the council are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which interprets and adapts International Financial Reporting Standards (IFRS) to the local authority context. The following paragraphs set out the most significant changes to accounting requirements introduced by the 2015/16 Code.

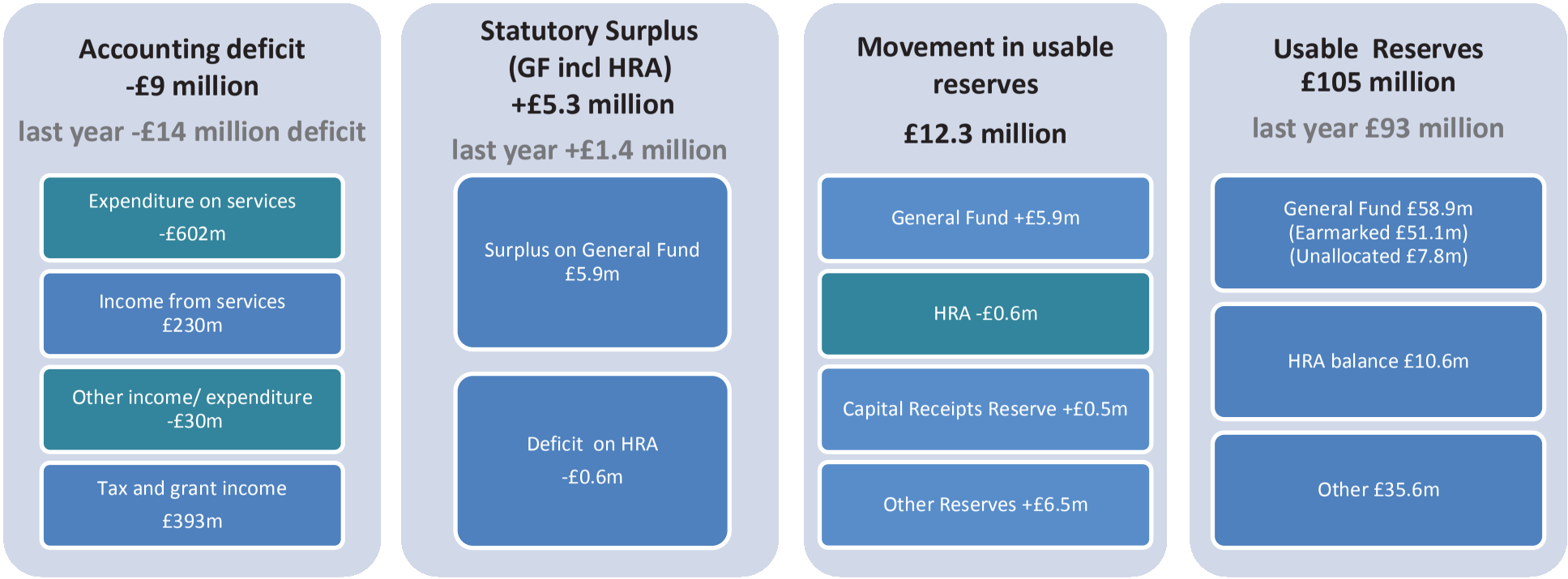
29. **(IFRS) 13 Fair value measurement:** Although the measurement requirements for operational property, plant and equipment will not change, enhanced valuation disclosures will be required. However, the 2015/16 Code requires surplus assets to be measured at fair value in accordance with IFRS 13. The council will need to make the necessary preparations to ensure that the new requirements are addressed for the 2015/16 financial statements.

30. **Transport infrastructure assets:** The council's highway assets are currently carried within infrastructure assets in the balance sheet at depreciated historic cost. The 2016/17 Code will require highways to be measured, for the first time, on a depreciated replacement cost basis. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets.

Health and Social Care Integration

31. From 1 April 2016 Integrated Joint Boards (IJBs) will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code and the Accounts Commission will appoint auditors to audit the financial statements.

Financial management and sustainability



Financial management

32. In this section we comment on the council's financial outcomes and assess the financial management arrangements.

33. The council sets an annual budget to meet its service and other commitments for the forthcoming financial year. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

34. Overall the council reported an underspend against departmental budgets of £0.8 million. This includes underspends on warden services and other Housing of £0.5 million and an overspend in social work services of £0.4million; both due to high levels of demand for children and family services and older people services, combined with the costs of exit packages for staff.

35. The council is required by legislation to maintain a separate housing revenue account (HRA) and to ensure that rents are set to at least cover the costs of its social housing provision. The HRA budget was set in February 2014 and members approved a rent increase of 4.5%. The HRA achieved a statutory surplus of £1.0 million, before transfers to capital reserves of £1.6 million, took the net position for the year to an overspend of £0.6 million.

Financial management arrangements

36. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the proper officer has sufficient status within the council to be able to deliver good financial management
- financial regulations are comprehensive, current and promoted within the council
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- members provide a good level of challenge and question budget holders on significant variances.

37. Financial monitoring reports (both revenue and capital for the council-wide position) are submitted to the Finance and Resources Policy Board at each meeting and results for services reported to the individual policy boards. Reports are comprehensive and well laid out and explanations for variances are provided.

Conclusion on financial management

38. We are satisfied that the council has demonstrated effective financial management in the current year, and has taken

appropriate steps to ensure that services are funded in future years.

Financial sustainability

39. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.

40. In assessing financial sustainability we are concerned with whether:

- the short term position on cash / liabilities/ assets
- spending is being balanced with income in the short term
- there is an adequate level of reserves
- long term financial pressures are understood and planned for
- investment in services and assets is effective.

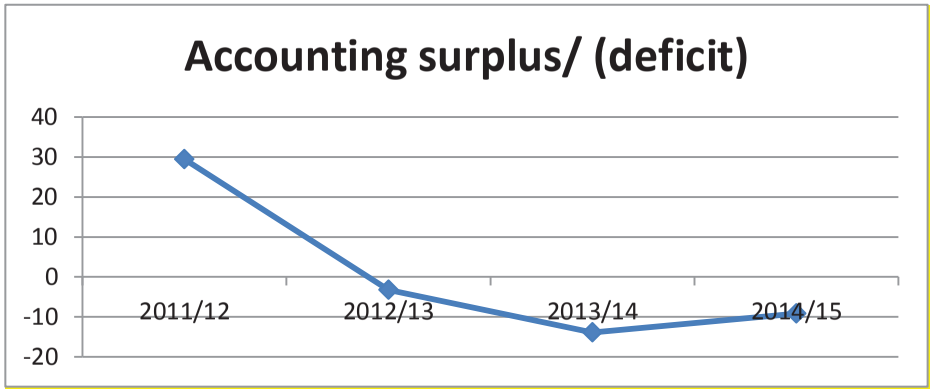
Cashflow

41. In 2014/15 the council achieved a positive cash inflow from operating activities of £52 million. This was applied to the purchase of assets (£35 million, with asset sales generating a further £31 million) and to the repayment of borrowing (£17 million). The cash position over the year was relatively unchanged at £29 million.

Accounting deficit

42. The council has incurred an accounting deficit in the last three financial years. In some instances, this can be due to large pension and depreciation adjustments. This may indicate potential long term issues with financial sustainability, but the council has a relatively strong reserves position and a low level of borrowing (Paragraph 9) and has achieved statutory surpluses over the same period.

Exhibit 1: Historic surpluses/ (deficits) on provision of services



Source: 2014/15, 2013/14, 2012/13 audited financial statements

Financial planning

43. In February 2015 the council set its revenue 2015/16 budget at £378 million. This includes £9.5 million for tackling poverty and regeneration initiatives and payroll inflationary increases of £3.1 million. A number of efficiency measures have been agreed and

are being implemented across the council. Some of the more significant measures include debt smoothing savings of £2.7 million and the corporate support model, anticipated to realise recurring savings of £4.6m.

44. Although the council has not formally published its long term financial plans due to the scale and uncertainty over the short term period we note that there is sufficient evidence of scenario planning through to 2017/18 which includes indications of grant levels and pay awards. The council anticipates that recurring savings of around £30 million will be required over the medium term.

Reserves

45. The overall level of usable reserves held by the council increased by £12.3 million from the previous year (Exhibit 2). The General Fund balance includes £7.8 million of unallocated general fund reserves.

Exhibit 2: Usable reserves

Description	31 March 2014 £ million	31 March 2015 £ million
General fund	52.9	58.9
Housing revenue reserve	11.2	10.6
Capital statutory funds	22.6	29.0
Capital receipts reserve	3.2	3.8
Insurance fund	2.6	2.5
Reservoir Repair Fund	0.3	0.3
Total usable reserves	**92.8**	**105.1**

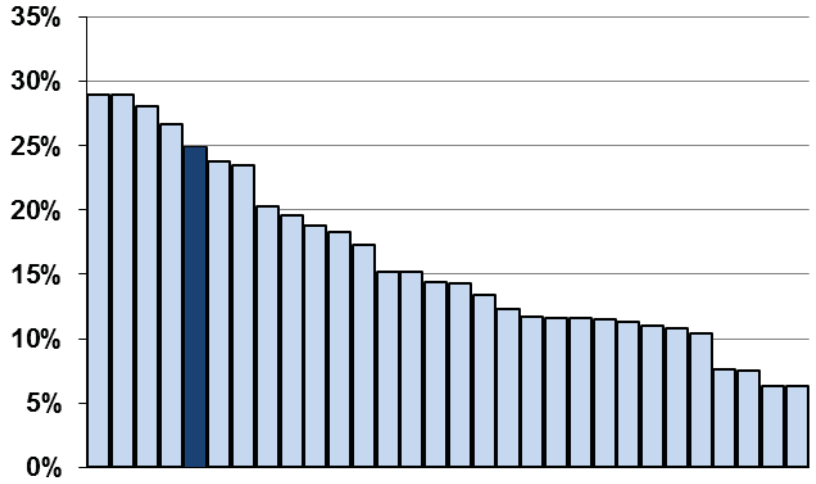
Source: Renfrewshire Council 2014/15 financial statements

46. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows. Usable reserves are a key part of a council's strategic financial management and are used for medium and longer term planning.

47. The general fund balance increased by £6 million during the year. The closing balance at 31 March 2015 is made up of earmarked commitments of £51.1 million (including the modernisation fund and PFI/PPP equalisation fund) and an unallocated balance of £7.8 million, or 2.1% of the net cost of services (2013/14: 2.5%). This position satisfies the council's policy to maintain uncommitted

reserves at a minimum of £7m or 1.9% of annual budgeted net revenue expenditure.

Exhibit 3: Usable reserves as a % of net revenue including rents (Renfrewshire highlighted)



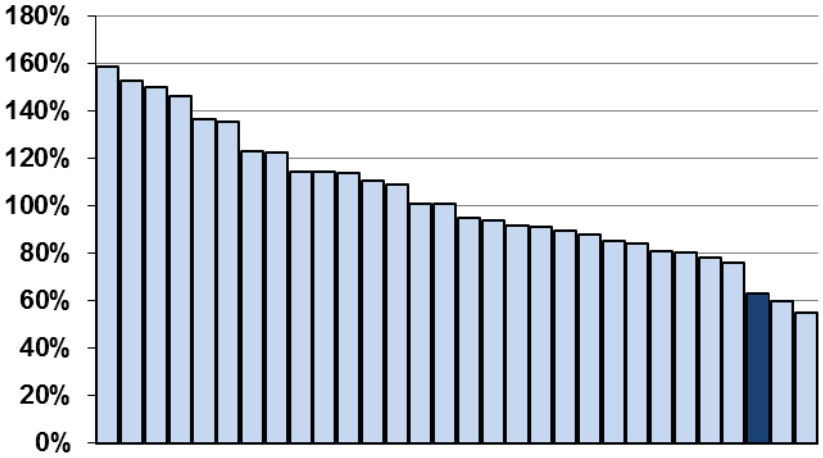
Source: 2014/15 unaudited financial statements

48. Exhibit 3 shows that the council continues to have a relatively high level of total usable reserves, compared to other councils, based on the size of the council (net revenue). This year the increase of £12.8 million was the 4th highest in Scotland.

Treasury Management

49. The council has continued to reduce long-term debt and in 2014/15 this decreased by £15 million to £226 million. As shown below the council has relatively low levels of borrowing and external debt (Exhibit 4).

Exhibit 4: Net external debt as a % of net revenue including rents (Renfrewshire highlighted)



Source: 2014/15 unaudited financial statements

Capital programme 2014/15

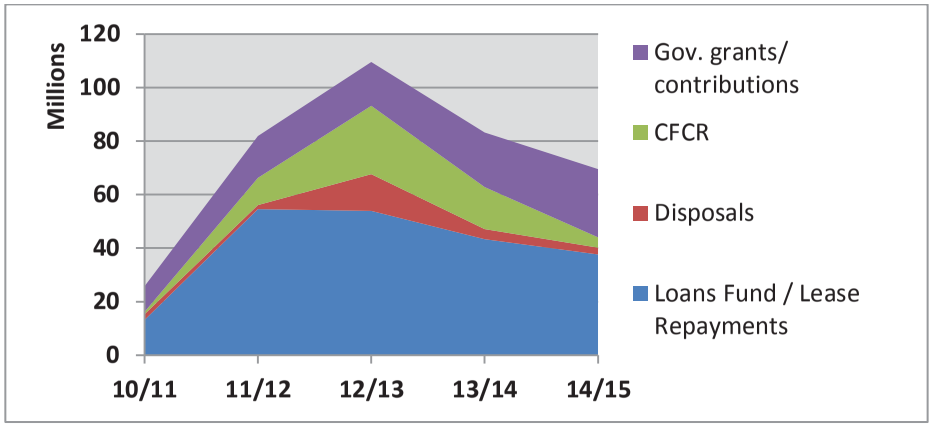
50. The council approved its general services capital programme for 2014/15 in February 2014. Actual spend on the general services capital programme amounted to £36.5 million.

51. The general services programme included the building, refurbishment and repair of schools; the roads and footways upgrade programme and the completion of Johnstone town hall. The housing programme focused mainly on "major component replacement" across the estate. The total spend on the housing capital programme for the year was £31.4m.

52. There was an underspend of £1.4 million (2%) against the planned level of expenditure. However, this underspend excludes re-profiled capital works of £9.7 million (expenditure is reprofiled between financial years, with no overall delay to the delivery date) and identified slippage of £6.2 million, where overall completion dates have moved (including £1.5m for North Renfrew Flood Prevention scheme and £2.7m for new build council housing).

53. The capital programme was funded as shown at Exhibit 5.

Exhibit 5: Sources of finance for capital expenditure



Source: Renfrewshire Council Annual Accounts 10/11 to 14/15

54. The extent of funding from government grants increased this year, as the council received two one-off grants from the Scottish Futures Trust totalling £4.8m for St James Primary School and the new additional support needs school. Total capital funding has been reducing over the last two years from a peak in 2012/13.

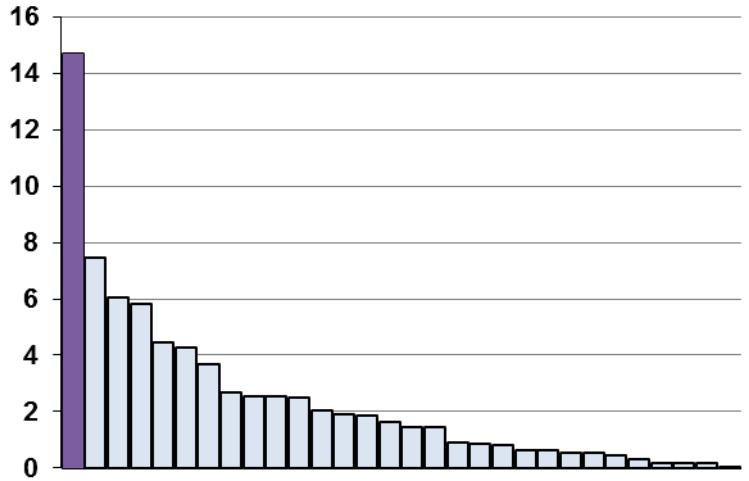
Workforce Management

55. As part of the Better Council Strategic Change Programme the Council identified a number of potential savings from a review of the corporate support model. This was managed through the council's voluntary severance process. The impact of the loss of staff resource is to be managed by the more efficient use of ICT provision and streamlined business process arrangements.

56. The new Chief Executive also reviewed the number and responsibilities of the chief officer posts, with a planned reduction of 1.5 FTE.

57. The council's total cost of staff exit packages was £14.7 million for 2014/15; the highest amount across Scottish councils. The total upfront costs are £3 million for amounts paid to individuals and £6 million to the pension fund (for strain-on-the-fund costs). The remaining £5 million is for the estimated capitalised cost of added years (the cumulative effect of the council paying an additional pension amount until someone dies). The costs reflect the scale of change being delivered across the council as part of the medium term financial plan and that many of those leaving are in their 50s with high costs for strain-on-the fund and added years. This voluntary severance process is expected to yield savings in the medium term, with average pay back period of two years.

Exhibit 6: Total cost of exit packages (Renfrewshire identified)



Source; 2014/15 unaudited financial statements

58. We have reviewed these exit packages and concluded that the authorisation and best value assessments were completed appropriately and accounts disclosures accurately recorded.

Pension liability

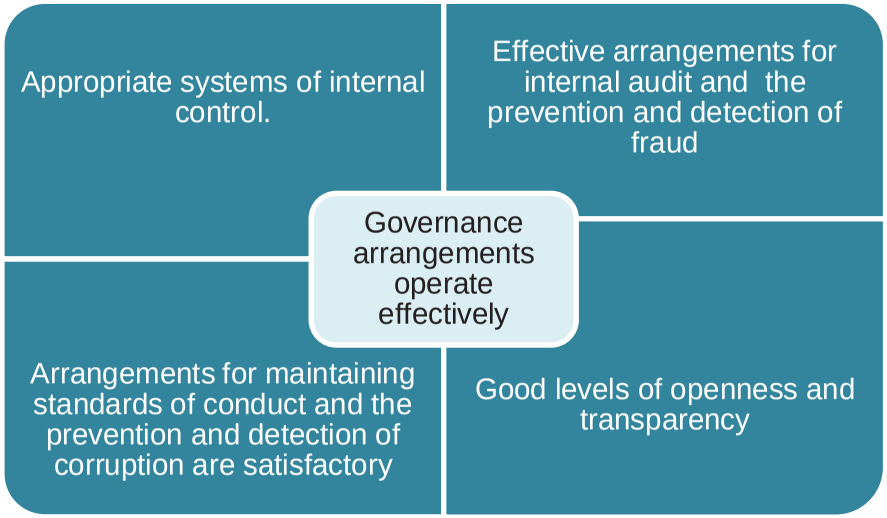
59. The net pension liability has increased from £243 million to £317 million. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost, based on an actuarial valuation.

Conclusion on financial sustainability

60. We conclude that the council's financial position is sustainable, currently and in the foreseeable future, based on the short term cashflow position, record of statutory surpluses, strong reserves' position and low level of external borrowing.

61. The council also has medium term financial plans in place taking into account the principal financial risks and uncertainties that it faces. This includes uncertainty over the Scottish Government's draft budget for 2016/17, which is to be delayed by several months. The plans, which are normally published in September, will not be produced until after the UK Government's spending review in late November.

Governance and transparency



62. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the council has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

63. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources.

Corporate governance

64. The Convener of the Audit, Scrutiny and Petitions Board is currently a member of the administration of the council, while the Deputy Convener is an opposition member. This arrangement has been in place for some time, including the previous administration. This practice is unusual within Scotland, with most conveners of audit committees being drawn from the opposition.

65. In March 2015 Audit Scotland published its annual *Local Government Overview Report*. It reported that the Accounts Commission stated that "*the public rightly expects scrutiny to be both effective and transparent and the Commission remains of the view that this will be best achieved where the convener of the scrutiny or audit committee is not a member of the political administration*".

66. Following this report by the Accounts Commission, we again recommend that arrangements should be reviewed over the medium-term at Renfrewshire Council and specifically as the council plans for the outcome of local government elections in 2017.

Appendix IV action plan point 1

Local code of corporate governance

67. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The local code is subject to annual review by officers and presented to the Audit, Scrutiny and Petitions Board in March.

68. The report reviews the council's Local Code of Corporate Governance and how the council complies with the code. Internal audit review the report and confirmed that the local code had been updated in line with best practice developments. They also check, on a sample basis, evidence used to demonstrate compliance with the Code and concluded the council complies with the requirements of the Code.

Internal control

69. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.

70. Overall, no material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. We identified a small number of examples where invoices were authorised in excess of the required authorised signatory limits. We therefore extended our substantive testing and the results were satisfactory.

Internal audit

71. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.

72. Our review of internal audit concluded that internal audit operates in accordance with Public Sector Internal Audit Standards and has sound documentation and reporting procedures in place.

73. The 2014-15 Internal Audit Plan was met with 95% of the plan completed by the 31 March with the remaining finalised after the year end.

74. Formal reliance on the work undertaken by internal audit in 2014/15 was placed for the following financial systems:

- Non Domestic Rates
- Payroll
- Treasury Management.

75. The annual internal audit report was issued in June 2015 and we note that reasonable assurance was provided over the adequacy and effectiveness of the council's internal control, risk

management and governance arrangements. The appendix to the annual report also includes details of a number of audits where the scope of the audit was limited, including the SEEMIS review and laptop encryption. The scope was limited for these audits due to a lack of available information from an external supplier and to the absence of an appropriate risk assessment, respectively.

Arrangements for the prevention and detection of fraud

76. The arrangements for preventing and detecting fraud are appropriate, based on the existence of appropriate policies, results of NFI matches and the local follow up arrangements.

National Fraud Initiative in Scotland

77. The National Fraud Initiative (NFI) in Scotland brings together data from the systems of participating bodies. This allows auditors and bodies to identify potentially fraudulent claims

78. The NFI process identified a total of 5,985 matches for the Council of which 1,471 were recommended matches. A total of 1,370 matches were investigated by council officers. This work identified eight frauds (seven in housing benefit) and three errors resulting in savings of £24,000.

79. The council has satisfactory arrangements in place for investigating and reporting matches. Progress is reported to members during the exercise, however the last update to members was in February 2015. Regular updates are provided to senior management at CMT meetings and the audit panel (which meets twice yearly).

80. The Counter Fraud team began a corporate fraud pilot in 2014/15. The focus of this pilot was tenancy fraud, Scottish Welfare Fund fraud and an assessment of the potential use of data matching. As a result of the pilot a corporate counter fraud action plan was developed with actions identified to ensure the council is well placed to manage the transition to the counter fraud team.

81. Our Housing Benefit risk assessment confirmed that three of the four risks identified have been addressed in year but further work was required in relation to publicising successful outcomes of prosecutions on the council website or local press and media.

82. The chief internal auditor is preparing a business case for 30 September 2015 for the Director of Finance and Resources, which will show the future direction of the council's fraud arrangements prior to the transfer date for the team to the Single Fraud Investigation Service of March 2016.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

83. The arrangements for the prevention and detection of corruption in the council are satisfactory and we are not aware of any specific issues that we need to record in this report.

84. During the year a councillor was reported to the Commissioner for Ethical Standards in Public Life in Scotland (the Commissioner) for an alleged breach of the councillors' code of conduct relating to conduct at meetings.

85. The Commissioner concluded that the councillor had breached paragraph 3.2 of the councillors' code of conduct and as a result the councillor was censured.

Transparency

86. When assessing transparency we consider questions such as:

- Are meetings are held in public?
- Are papers and corporate documents available online and there is only limited use of taking papers in private?
- Are financial statements clearly presented and budget monitoring papers concise and clear?
- Is a register of interests available on the website?

87. At Renfrewshire Council meetings of the full Council and boards are held in public with papers available on the website. Following a trial period, members agreed in June 2015 for the full Council meetings to be filmed for live or subsequent broadcast via the council's internet site.

88. There are some papers that are taken privately but these include either personal or commercially sensitive information and we do not see excessive exclusion of press and public.

89. The management commentary in the accounts now includes information to allow final budget figures to be agreed to Revenue Estimates approved by members in February 2014.

90. Members' registers of interest are available on the website. Chief officers have registers but these are not available on the website.

Appendix IV action plan point 2

Welfare Reform

91. The impact of the changes on residents due to welfare reform has been one of the council's top risks. The financial and resource pressures from welfare reform have been managed successfully through the work of the Welfare Reform Steering Group, increased project management and customer services resources.

92. The Finance and Resources Policy Board is updated at each meeting with a Welfare Reform and Performance Statement including reports on speed of processing of housing/council tax benefit, updates on discretionary housing payments and the Scottish Welfare Fund.

93. The level of DHP awarded increased significantly from last year from £0.9 million to £1.8 million and the volume of application increased by 27%. Payments from the Scottish Welfare Fund increased slightly by £0.05 million to £1.3 million but the council had to process 20% more applications.

94. A potential risk of welfare reform was increasing rent arrears. Net rent arrears actually decreased to £2.6 million from £2.7 million in

2013/14, but this is after an additional £0.5 million of bad debt provision to cover short term accommodation debt.

Housing and council tax benefits performance audit

95. In June 2015 we reported that the council had made commendable progress in addressing risks raised in our 2012 audit of housing and council tax benefits with 23 risks actioned and only 1 outstanding. Our report recognised the following performance highlights:

- A clear and comprehensive performance management regime and regularly reporting of benefit performance to staff, senior management and members
- Continuous improvement in new-claimant processing performance from an average of 30 days in 2012/13 to 25 days in 2014/15
- Improvement in the time taken to process changes of circumstances from an average of 13 days (2013/14) to 8 days in 2014/15.

96. The report noted that the council make good use of all recovery options to reclaim housing benefits overpayments. However, as at 31 March the debt was £5.8 million, with a bad debt provision at 85%. This is due to the Department of Work and Pensions providing improved real-time information, resulting in the council identifying overpayments more quickly. The council is testing software reporting tools to design a reconciliation process for overpayments which will further help explain the overpayment position and help with recovery.

Delivering through partnership

Following the public pound

97. In January 2015 the Accounts Commission sent a letter to councils encouraging them to apply good practice more consistently across ALEOs highlighting the importance of strong governance for ALEOs particularly around minimising potential conflicts of interests, ensuring regular and proportionate monitoring, including clauses for review and termination in funding agreements. This should apply to the many arrangements the council enters into to provide funding to third parties.

98. In our annual report for 2013/14 we stated there could be clearer roles on council monitoring of performance, particularly if the remit of Renfrewshire Leisure Limited (RLL) is expanded. The council agreed to expand the remit of RLL during 2014/15 and this was fully established in July 2015.

Appendix IV – action plan point 3

99. Increasingly, councils deliver services through partnerships and arms' length external organisations. For the council, the main recent developments are the integration of health and social care, expanding the remit of Renfrewshire Leisure Limited and being part of the Glasgow and Clyde Valley City Deal.

Integration of health and social care

100. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.

101. The Integrated Joint Board (IJB) covering Renfrewshire Council was legally constituted in June 2015. The partnership is on track to deliver the integration scheme which must be in place by 1 April 2016. A programme of work consisting of ten work streams is in place and a timeline for delivery has been agreed.

102. A Chief Officer and Chief Finance Officer have been recruited and their appointments will be presented for ratification at the first meeting of the IJB in September 2015. To support communication with the council, the Chief Officer is a member of the council CMT.

103. A strategic plan is in development and it is anticipated that a draft proposal on the content for the strategic plan will be developed by September 2015.

104. Officers recognise that further supporting work to develop the partnerships visions, aims and objectives is required to ensure successful delivery of the partnership.

Appendix IV – action plan point 4

Renfrewshire Leisure Limited (RLL)

105. In December 2014 members approved the proposal to extend the remit of RLL to include the management and delivery of cultural and leisure services. The transfer of the management of services and employees was planned to take place over two phases; with the first phase on 1 July 2015 and the second phase on 1 December 2015. The business case estimates that annual savings of £0.6 million could be achieved, primarily through non domestic rates relief. High level risks were also set out in the business case with an outline of how these would be managed.

106. The process was managed by a separate steering group convened by the Chief Executive. In June 2015 members were advised that the planned transfer for 1 July was still on target and savings of £0.6 million were still due to be achieved Risk areas like VAT have been reviewed with external expect advice.

Glasgow and the Clyde Valley City Deal

107. The council is progressing its participation in the £1.13 billion Glasgow and Clyde Valley City Deal initiative (with £274 million investment for the Renfrewshire area) which will be used to fund major infrastructure projects, drive innovation and address challenges in the labour market across eight participating local authorities.

108. The three main infrastructure projects for the Renfrewshire area are:

- Clyde Waterfront and Renfrew Riverside - £78.3 million, with £10.7 million funded by the council
- Glasgow Airport Investment area - £51.4 million, with £7 million funded by the council

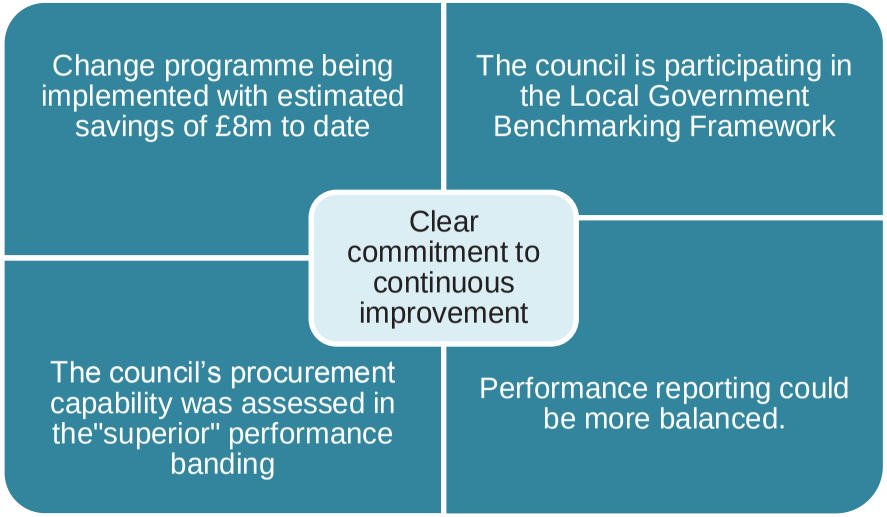
- Glasgow Airport Access Project Link - £144.3 million.

109. The council estimates it will receive £112 million of government grants towards the cost of the first two projects and the airport project will be fully funded by grant, split 50:50 between the UK Treasury and Scottish Government budgets.

110. Approval and reporting is through the Leadership Board. The Board approved the first two projects in June 2015. The Glasgow and Clyde Valley Cabinet have since approved the allocation of grant funding for the preliminary costs required to develop the outline business cases.

111. The council has implemented project management arrangements to oversee the projects including a governance structure and project risk management procedures.

Best Value



112. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Local scrutiny plan

113. The Local Area Network (LAN) of scrutiny partners published the 2015/16 Local Scrutiny Plan in April 2015. This was presented to the Audit, Scrutiny and Petitions Board on 1 June 2015. No scrutiny risks were identified that required specific additional scrutiny by the LAN in 2015/16. The council continues to demonstrate a commitment to continuous improvement and is aware of, and monitoring, the key risks to meeting outcomes and service delivery.

114. Since the LSP was published, the HMICS and the Care Inspectorate carried out a joint thematic review to assess efficiency and effectiveness of multi agency protection arrangements (MAPPA) in Scotland. The fieldwork for Renfrewshire Council is now complete and a report is being prepared that will be published later in the year.

Better Council Strategic Change Programme

115. In February 2014 members agreed to establish the Better Council Strategic Change Programme (2014-2017) which was established to improve efficiency, modernise ways of working and deliver savings to address the council's forecast medium term budget deficit of £30 million and deliver the community and council plans.

116. Key projects include the corporate support model review which reviewed how the council organises and delivers corporate support functions and covered administrative, professional and business support functions, resulting in the workforce review with 227 staff leaving under 2014/15 VR/VER scheme. The transfer of services to Renfrewshire Leisure Limited also forms part of phase one.

117. In June 2015 members approved an £11m street lighting project. The net recurring revenue saving, after addressing the ongoing annual revenue cost arising from the prudential borrowing, is estimated at approximately £0.750 million.

118. Phase two will focus on the ICT systems that support finance and HR systems. The council consider that current systems are not sufficiently integrated, with too many manual interfaces and high support costs. Following an options appraisal officers are looking to purchase an integrated finance/HR and procurement system at an investment of £3-4 million with estimated efficiencies of over £2 million per annum.

Self assessment

119. The council uses the Public Service Improvement Framework as a model for self assessment and in 2014 completed their second cycle, with an evolution discussed by the CMT in January 2015. The council scored well on services processes; partnership working and other resources. Areas including communication and people development achieved lower scores and actions plans are in place to address this. A third cycle is being rolled out in February 2015.

Procurement

120. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice. The council was originally evaluated as 'non-conformant' and a series of improvements were planned. Over the following years performance improved and in December 2012, the council was the first to achieve superior performance with a score of 75%.

121. The December 2014 assessment scored the council again at superior performance and the score had increased to 83%, which is the highest in Scotland; the average is 62%. This shows the council continue is committed to improving procurement practice and their focus of work for 2015/16 is contract and supplier management.

Performance management

122. The council has a well established performance management framework in place. Service improvement plans (SIPs) are based on the council plan and incorporate performance outcomes, and SIP scorecards continue to be reported to the relevant policy board every six months. The council uses a performance management system to monitor progress against actions.

123. Following the publication of the community plan in 2013, a new council plan was approved by the Council in December 2013 (2014-2017 *A Better Council, A Better Council)*. Last year we reported that the plan describes what the council will do to deliver community plan objectives but a suite of performance measures was still to be developed.

124. 2015 has been a year of transition with a new Chief Executive in place from November 2014 and officers have been working with the new Chief Executive and CMT on reviewing the best format for updates to the CMT and to the Leadership Board.

125. The Chief Executive has established quarterly performance meetings with the CMT where performance on a themed basis will be discussed, covering the key priorities for the council e.g. regeneration, city deal, city of culture bid and tackling poverty.

126. The council plan contains over 170 actions. In February 2015 a year one-monitoring report outlined key achievements for the previous year and the focus for the coming year. The monitoring report focuses on key positive messages. This makes it difficult to identify those actions where progress has been limited. A second update is going to the December 2015 meeting of the Leadership Board. Our view is that overall balance could be improved if the reporting could convey the overall achievement against 170 actions and indicate examples where progress is less than expected or where further improvement is required.

Appendix IV – action plan point 5

Local Government Benchmarking Framework (LGBF)

127. The council participate in the LGBF and the indicators are included in service improvement plans. The 2014/15 data is currently being collected. The validated 2013/14 data was published by the Improvement Service on 31 March 2015 and all of the 2013/14 LGBF details are on the council website. Key messages on Renfrewshire's performance were taken to the Audit, Scrutiny and Petitions Board in June 2015.

128. Key messages from that report included both improved positions and declining positions across a range of indicators.

- Of the 55 national indicators, 45% have improved in ranking, 16% stayed the same and 31% declined, with no trend information available for the remaining indicators.
- The council ranks in the top quartile (first eight) of Scottish councils for 12 indicators e.g. 6th for percentage of pupils from deprived areas gaining 5+ awards at level 6 and 6th for percentage of children looked after in the community.
- The council is in the bottom quartile for 10 of the indicators. This includes street cleanliness which has dropped from 24th to 31st place. The report to members explains the focus has been to target town centres and known litter spots with other areas having to reduce accordingly.

Overview of performance targets in 2014/15

129. Service Improvement Plan outturn reports are provided to the policy boards bi-annually and are available through the council website. Some of the reporting deadlines for indicators under the Local Government Benchmarking Framework for 2014/15 are not due until November and so a summary position for 2014/15 is not yet available.

130. Examples from the unaudited 2014/15 key indicators are below:

- Percentage of council tax due in the year collected by the end of the year (cumulative position) has increased to 96% from 94.69% (2013/14) and 95.94% (2012/13). The cost of collecting council tax per chargeable dwelling has decreased over two years from £13.40 for 2012/13 to £11.26 in 2014/15.
- Indoor facilities attendances/1000 population – 8,801, which is back to 2012/13 levels after an increase to 11,410 in 2013/14. Budget gym operators are impacting on council memberships and visits.
- 31 March 2015 was the deadline to meet the Scottish Housing Quality Standards. The council had only 62% percentage completion rates as at 31 March 2014. By 2015 this increased to 84% with the remaining properties in abeyance (where the current tenant refused internal work, or the council has been unable to secure owner participation to allow external works to be carried out).

Statutory performance indicators (SPIs)

131. The approach to Public Performance Reporting (PPR) was evaluated across all of Scotland's councils by Audit Scotland during 2014/15. This was reported to the Accounts Commission in June 2015 and an individual assessment for Renfrewshire Council issued to the Chief Executive in July 2015.

132. Renfrewshire Council was rated as fully meeting the requirements in 17 (65%) of the 26 PPR categories, with the remaining nine categories assessed as being areas for improvement. This is better than the previous year's results (58% fully, 37% partially and 5% not meeting the criteria).

National performance audit reports

133. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2014/15, a number of reports were issued which are of direct interest to the council. These are outlined in appendix III. The council has established processes in place to ensure that all national reports, and the council's position on the recommendations, are considered by members.

Equalities

134. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set. The council met this requirement; on 1 April 2015 the Leadership Board reviewed the Equality Outcomes and Mainstreaming Progress Report, which updated members on progress against its 12 equality outcomes, employee information and gender pay gap information.

135. From 2012 - 2014 the council worked with Fife Council on piloting 'good practice' approaches to carrying out equality and human

rights impact assessments that had been prepared by Scottish Human Rights Commission and Equality and Human Rights Commission.

136. Overall we conclude that the council has a clear commitment to best value through continuous improvement.

Appendix I – Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Planned assurance procedure	Results and conclusions
Risk of material misstatement		
Requirements of the new accounting regulations: The Local Authority Accounts (Scotland) Regulations 2014 require the local authority to meet by 30 September to consider whether to approve the audited annual accounts for signature. These new regulations include a requirement for a management commentary in the financial statements.	• Review the revised scheme of delegation to ensure changes due to the 2014 Regulations are included. • Continue to liaise with officers to deliver the audit to the revised timetable	• The scheme of delegation was revised. • The audit was completed to the revised timetable.
Income Renfrewshire Council receives a significant amount of income in addition to SG funding. The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.	• We will substantively test revenue streams to ensure that income has been completely and accurately recorded.	• We tested income across a variety of income streams and service departments and results were satisfactory and we did not identify any evidence of fraud.

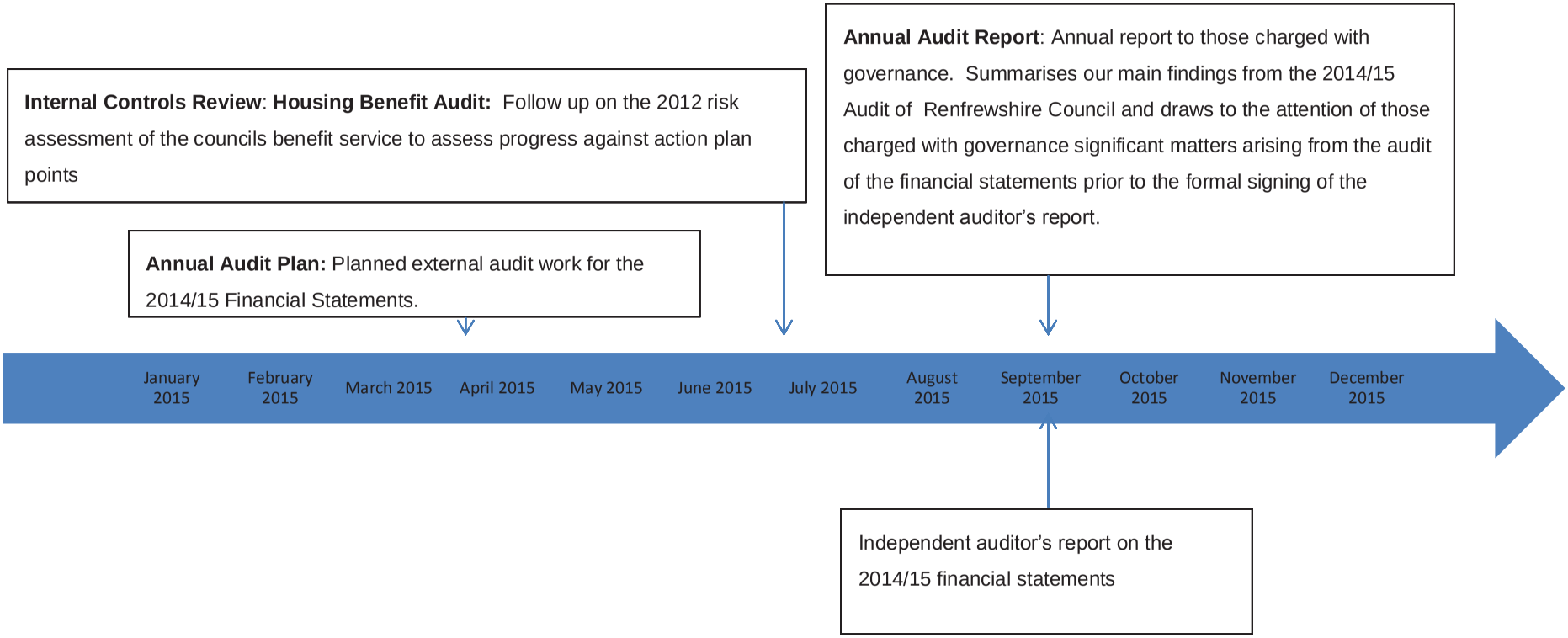
Audit Risk	Planned assurance procedure	Results and conclusions
Management override of controls As stated in ISA 240, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	• Detailed testing of journal entries • Review of accounting estimates for bias • Evaluating significant transactions that are outside the normal course of business.	• No unusual or inappropriate transactions were identified as part of detailed testing of journal entries. • A review of accounting estimates did not show any instance of bias. • No significant transactions outside the normal course of council business were identified. • Cut-off testing was satisfactory • Our conclusion is that there is no management override of controls at the council.
Management commentary The 2014 Regulations require that the accounts include a management commentary but Scottish Government guidelines on format and content are still to be issued. Officers may have to refer to wider Government Financial Reporting Manual guidance in order to construct a fully compliant commentary.	• Our audit of the 2014/15 financial statements will review in detail compliance with the new accounting regulations and management commentary disclosures.	• We reviewed the management commentary against the Scottish Government guidance and in general terms the new guidelines were met. At the request of audit, information was added on capital performance, budget movements and key performance indicators.

Audit Risk	Planned assurance procedure	Results and conclusions
Group Accounts As a result of the adoption of IFRS 10, the definition of control has been revised. This is used to determine treatment of interests in other entities. There is a risk that the financial statements for 2014/15 do not correctly account for, or disclose, the group arrangements.	• Review of group boundary assessment for group entities • Review completeness and accuracy of disclosures within the group financial statements.	• The accounting treatment of Renfrewshire Leisure Limited was amended as a result of management's review. • There were a number of minor audit adjustments to the group statements.
Holiday pay Councils may be liable for 'back-dated' element of holiday pay costs, however there is uncertainty over the potential liability and there is a risk that this may be understated in the financial statements or not adequately disclosed.	• Discussions to be held with Legal services during the financial statements audit. • Assessment of judgements and evaluations made by officers and of the financial liability at 31 March 2015 to ensure completeness and accuracy	• We discussed the position with Head of Corporate Governance. • We reviewed the provision in the accounts and assessed that the provision is accurate and complete.

Audit Risk	Planned assurance procedure	Results and conclusions
Severance payments There is a lot of structural change to be managed in addition to senior staff changes and over 100 staff leaving under voluntary severance in 2014/15. There is a risk that the financial liabilities associated with these severances will not be completely or accurately reflected in the financial statements or the remuneration report. There is also a risk that any payment may not be fully supported by appropriate authorisation and a business case.	• Substantive testing of a sample of severance payments to ensure that they are appropriately authorised and reported to committee and represent best value • Review of the classification, completeness and accuracy of liabilities, within the financial statements, associated with the severance scheme. • Review of the associated disclosures within the financial statements including the remuneration report	• 227 packages were agreed during 2014/15 and we tested a sample of exit packages and confirmed they were approved by a director. • We examined assessments of payback periods and checked that all pension costs were included and accurate. • We conclude that the authorisation and best value assessments were completed appropriately and accounts disclosures accurately recorded.
Common Good The revaluation reserve in the Common Good accounts is an historic balance, which council officers are unable to fully substantiate. There may be a technical accounting error in the allocation of the reserves between Unrestricted Funds and the Revaluation Reserve.	• Ongoing discussion with finance staff during planning and controls work. • Detailed review of the allocation of common good reserves between unrestricted and revaluation elements during financial statements audit	• Officers provided updated figures which we reviewed and confirmed restated balances were correct.

Audit Risk	Planned assurance procedure	Results and conclusions
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
Financial position and funding gap Officers estimate that over the medium term to 2017/18 annual recurring savings of £30 million are required. The initial phase of The Better Council Change Programme (2014-2017) is anticipated to realise savings of £8.4 million over the medium term. There are additional financial risks arising from pay pressures and growing demand pressures on key service areas There is a risk that savings targets are not met and the ongoing need to deliver savings may have an impact on services and the delivery of strategic priorities.	• Review of detailed budget papers. • On-going discussion with council officers. • Review of progress/ achievement against savings plans and the budgeted financial outturn.	• Officers provided details of scenario planning for the period up to 2017/18 as evidence of future financial planning • Updates on the Better Council Change Programme were provided to members in year noting proposed actions for key savings areas. • We reviewed these papers and assessed the council's overall financial planning arrangements as effective and its financial position is sustainable.
Performance management A suite of performance measures is still to be developed to support the new council plan 2014-2017, A Better Future, A Better Council There is a risk that the performance against the new council plan is not transparent.	• We will review the scorecard and assess whether it represents a fair and balanced reflection of performance.	• Performance scorecards have been developed for CMT and the Leadership Board has received highlights focusing on the significant projects. However it is difficult to see clearly those projects where there has been little progress. **Appendix IV – action plan point 4**

Appendix II - Summary of local audit reports 2014/15

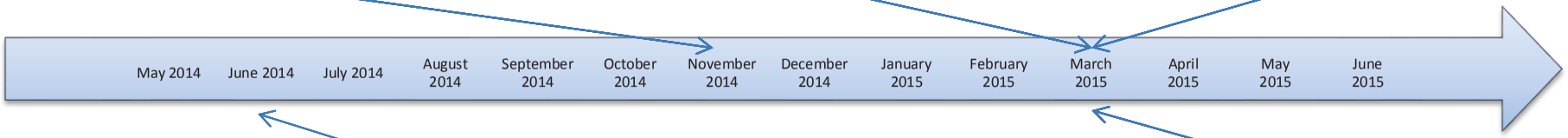


Appendix III - Summary national reports 2014/15

Community planning: Turning ambition into action – Many Community Planning Partnerships are still not clear about what they are expected to achieved. Local data should be used to help set relevant, targeted priorities for improvement that will address inequalities within specific communities.

Borrowing and treasury management in councils - Councils are meeting professional requirements but need to do more to set out the longer term implications of borrowing and other debt on their finances.

Update on developing financial reporting - Following the Smith Commission the framework for Scotland's public finances is undergoing fundamental change. The Scottish Parliament will have enhanced financial powers from April 2015. The report emphasises the importance of comprehensive, transparent and reliable financial reporting for accountability and decision-making. The report also notes that while the audited accounts of public bodies across Scotland provide a sound base for financial reporting and scrutiny, there is no single complete picture of the devolved public sector's finances.



Scotland's public finances - a follow up: Progress in meeting the challenges – Leaders and managers must produce balanced budgets and hold people in their organisations to account for how the money is used and what is achieved. Councillors have an important role in ensuring that approved budgets are used to best effect. To do this they need good-quality and timely financial information. They need to take a longer-term view on: options available for services; services standards and affordability; and, the sustainability of financial plans.

An overview of local government in Scotland – A high level, independent view on the progress councils are making in managing their finances and achieving Best Value.

Appendix IV - Action plan

No.	Para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
1	66	**Convener of the Audit, Scrutiny and Petitions Board** The convener of the Audit, Scrutiny and Petitions Board is currently a member of the administration when best practice would be for the convener to be from the opposition. We recommend that this position is reviewed in the medium term and that the administration following the local government elections in 2017 adopt a policy of having the convener of the main audit and scrutiny board from the opposition.	The March 2015 Local Government Overview Report was included in papers for the Audit, Scrutiny and Petitions Board in June 2015. The next local government elections will not take place until 2017. The Head of Corporate Governance will raise with the incoming administration the Audit Scotland recommendations on convener of audit committees.	Head of Corporate Governance	May 2017
2	90	**Register of interests** Register of interests for members are available on the council website but the register for chief officers is not. We recommend that all register of interests are made available on the Renfrewshire Council website.	The council will consider the recommendation taking into account good practice in other public sector organisations and the interaction of public disclosure with other relevant legislation and regulation.	Director of Finance and Resources	Dec 2015

No.	Para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
3	98	**ALEO performance** Renfrewshire Leisure Limited was expanded as a newly established Leisure and Cultural Trust in July 2015. Reporting arrangements on the ALEO performance should be reviewed to ensure that the council exercises routine monitoring, overall scrutiny and undertakes periodic review of its ALEO arrangements.	The council agreed in December 2014 revised reporting arrangements for the new Trust which would take effect once it was established. These arrangements will now come into effect, with performance of the Trust being monitored through reports to the Leadership Board	Head of Policy & Performance	Sept 2015
4	104	**Health and social care integration** There are many governance and operational arrangements to be agreed prior to the implementation date of 1 April 2015 and regulations have still to be issued by the Scottish Government. Once regulations are issued plans should be reviewed for progress and resource pressures	Risk log in place and monitored for progress and emerging risks. Plans are in place for all tasks to ensure implementation by 1 April 2016.	Chief Executive Director of Finance and Resources Chief Officer of the Renfrewshire Heath and Social Care Partnership.	April 2016

No.	Para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
5	126	**Progress reports on council plan** The council plan *A Better Future, A Better Council* includes over 170 actions. Updates to members focus on key messages only. We recommend that the council considers a revised form of reporting which captures the range of performance across 170 actions. This might include an overall assessment of achievement against the total number of actions and illustrations of actions achieved as well as those not achieved.	As part of the heads of service changes, a new Head of Policy and Commissioning was appointed in June 2015, who will be reviewing performance management arrangements.	Head of Policy and Commissioning	March 2016

Renfrewshire Council

Audited Accounts

2014–2015



Contents

Management Commentary		3
Annual Governance Statement		11
Remuneration Report		15
Statement of Responsibilities for the Annual Accounts		22
Independent Auditor's Report		23
The Statement of Accounts		
Movement in Reserves Statement		25
Comprehensive Income and Expenditure Statement		26
Balance Sheet		27
Cash Flow Statement		28
Notes to the Financial Statements		
Note 1	Accounting Standards Issued not Adopted	29
Note 2	Critical Judgements in Applying Accounting Policies	29
Note 3	Assumptions made about the future	29
Note 4	Events after the balance sheet date	30
Note 5	Adjustments between accounting the basis and funding basis under regulations	30
Note 6	Financing and investment income and expenditure	33
Note 7	Material items of income and expenditure	33
Note 8	Amounts reported for resource allocation decisions	33
Note 9	Grant income	36
Note 10	Taxation and non-specific grant income	37
Note 11	Usable Reserves	37
Note 12	Unusable reserves	40
Note 13	Property, Plant and Equipment	45
Note 14	Investment Properties	47
Note 15	Heritage Assets	47
Note 16	Intangible assets	48
Note 17	Assets held for sale	49
Note 18	Leases	49
Note 19	Public Private Partnerships	51
Note 20	Capital expenditure and capital financing	52
Note 21	Inventories	53
Note 22	Intangible assets (current)	53
Note 23	Debtors	54
Note 24	Cash and cash equivalents	54
Note 25	Creditors	55
Note 26	Provisions	55
Note 27	Financial Instruments	56
Note 28	Nature and extent of risks arising from financial instruments	60
Note 29	Note to the cash flow statement	63
Note 30	Trading operations	64

Note 31	Agency services	65
Note 32	Related parties	65
Note 33	External audit costs	66
Note 34	Pension schemes accounted for a defined contribution schemes	66
Note 35	Defined benefit pensions schemes	66
Note 36	Contingent assets and liabilities	72

Housing Revenue Account 73

Council Tax Income Account 76

Non-domestic Rate Income Account 78

Group Movement in Reserves Statement 79

Group Comprehensive Income and Expenditure Statement 80

Group Balance Sheet 81

Group Cash Flow Statement 82

Notes to the Group Accounts 83

Accounting Policies 99

Introduction

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

Principal Activities

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

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

Objectives and Council Strategy

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

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

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

Public Performance Reporting

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

Annual Budget 2014-2015

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

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

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

Financial Performance

Revenue

On 13 February 2014 the Council approved the 2014-2015 Revenue Estimates designed to build further on its commitments to invest in the economy, jobs and education; and support the most vulnerable in Renfrewshire through significant new resources directed to tackling poverty and inequalities. This included a £1.898 million draw on unallocated balances to progress and promote Renfrewshire and Paisley as a destination town, through the regeneration of its cultural and heritage assets. As detailed in Note 11 on Page 37, during 2014-15 the Council drew down a further £4.650 million from both ring-fenced and unallocated General Fund balances to support services across Renfrewshire. At its meeting on 25 June 2015, the Council approved the earmarking of £11.683 million of resources to support future expenditure plans. This resulted in a net budgeted surplus for 2014-15 of £5.135 million.

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

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

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

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

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

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

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

Housing Revenue Account

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

Trading Operations

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

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

Capital

The Council continues to make significant capital investment in the council housing, schools, leisure, community and town centre estate. On 13 February 2014 the Council approved capital investment programmes for 2014-2015 of £82.203m. These programmes have been re-profiled during the year to reflect the planned expenditure timescales of individual projects resulting in actual capital spend for the year of £66.348m. During 2014-15 the Council invested £31.247 million in council dwellings as part of finalising the delivery of the SHQS programme. Investment in the schools and leisure estate totalled £17.891 million, while the Council also invested £7.771 million in roads and transport, £1.651 million in vehicles, £5.593 million in lifecycle maintenance of council buildings and £0.488 million in ICT equipment and infrastructure.

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

Net Pension Position

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

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

Impact on Asset Valuation

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

Borrowing and the Prudential Framework

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

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

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

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

Public Private Partnerships

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

Provisions, Contingencies and Write-offs

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

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

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

Key Financial Ratios

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

Financial Indicator	Commentary	2013-2014	2014-2015
Reserves			
Uncommitted General Fund reserves as a proportion of budgeted net expenditure	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7 million.	2.5%	2.1%
Movement in uncommitted General Fund balance	Reflects the extent to which the Council is using uncommitted reserves. The investment of uncommitted reserves was agreed as part of the 2014-2015 budget setting.	(1.7)%	(15.5)%
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting council tax debt	96.0%	96.0%
Council tax income as a proportion of total taxation and non-specific grant income	Reflects the Council's ability to vary expenditure by raising council tax, the principal local authority controlled source of finance. Council tax has been frozen since 2007-2008.	16.6%	16.4%
Financial Management			
Actual outturn vs budgeted expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management	0.1%	0.2%
Actual contribution to/from unallocated General Fund reserves vs budget		(6%)	15%
Debt/Long term borrowing			
Capital Financing Requirement (CFR)	The information is this section demonstrates that external debt levels are within prudential parameters, and that the level of borrowing is affordable. Further information is available in the Treasury Management Annual Report as agreed by Council on 25 June 2015.	£370.7 million	£367.6 million
External debt		£328.4 million	£310.6 million
Ratio of financing costs to net revenue stream		10.0%	7.8%

Renfrewshire Council publishes a wide of financial and non-financial performance information. The "It's All About You" performance report is published annually and provides a summary of our performance against a range of key indicators. In addition, the **Renfrewshire Performs** section of our website provides information about our council performance for 114 different indicators over the last three years, showing if we're on target; noting if we've improved in the past year; and explaining our performance.

Financial Outlook and Key Risks

Management of Treasury Risk

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

Key Financial Risks and the Reform Agenda

The period of reduction in the overall level of UK public sector expenditure is anticipated to extend throughout the term of the current UK Parliament, with the comprehensive spending review planned for autumn 2015 providing more information as to the depth of public sector expenditure cuts in the UK. The grant settlement for 2015-2016 was broadly in line with the financial planning assumptions the Council had made, however the pay award for 2015-2016 has at the time of writing still to be determined. In 2016-2017 the Council's grant position is expected to further reduce, while thereafter economic commentators continue to forecast pressure on public expenditure until at least 2018. The timing of the 2015 Spending Review will leave little time for the Council to respond to what is expected to be further pressures through 2016 to 2019, and as such, the Council, in line with prudent financial practice, continues to adopt a medium term time horizon for financial planning purposes and decisions. It is estimated over this period the Council will face a funding gap of up to £30 million. Service and cost pressures arising from demographic and socio-economic factors continue to play a major role in driving spending pressures for the Council, particularly in relation to social care services. A key strand of the Council's medium term financial strategy is to progress a range of demand-management workstreams which mitigate these pressures through a commitment to service redesign, supporting early intervention and prevention for older peoples and early years client groups. As well as mitigating long term cost growth, these measures are focused on delivering better long term outcomes for clients and their families.

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

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

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

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

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

Service Changes and Future Developments

During 2014-2015 there were no changes to the statutory functions undertaken by the Council.
The Scottish Parliament in February 2014 passed the Public Bodies (Joint Working) (Scotland) Act 2014, which has significant implications for both local government and the NHS in Scotland. In summary, the key changes are the integration of all adult community health and social care services (as a minimum) within either a Partnership or a lead agency with effect from 1 April 2015. On 26 February 2015 the Council approved an Integration Scheme which outlines the proposed operation of the Renfrewshire Health and Social Care Partnership and its governance arrangements. This Scheme has now been approved by the Scottish Government and an order to establish the Integrated Joint Board will come into effect from 27 June 2015. The Partnership will operate in "shadow" form over the course of 2015-2016, becoming fully operational on 31 March 2016.

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

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 three 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; and the charitable trusts. The Group Accounts also consolidate the Council's share of five other entities treated as associates or joint ventures – Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Renfrewshire Valuation Joint Board, Cart Corridor Joint Venture Company Limited and Park Lane Developments (Renfrewshire) Limited Liability Partnership. During 2014-2015, the Council disposed of its interest in the Cart Corridor Joint Venture Company.

Further information on the activities and services offered by Renfrewshire Leisure Limited can be obtained from their website www.renfrewshireleisure.com.

Charitable Funds

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

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

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

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

The effect of inclusion of these entities in the Group Balance Sheet is to increase both the "net assets" and "total reserves" by £39.295 million, representing the Council's share of the net asset in these entities.

Conclusion and Acknowledgements

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

Cllr Mark Macmillan
Leader of The Council
24 September 2015

Sandra Black
Chief Executive
24 September 2015

Alan Russell CPFA
Director of Finance and Resources
24 September 2015

Scope of Responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework

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

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

- The Council's consultation strategy sets out our approach for engaging with stakeholders. Consultation on the future vision and activities of the Council is undertaken through the Public Services Panel, regular community planning events and through service specific consultations and the Council actively engages the Council's partners through existing community planning networks.
- The Council's approach to risk management is set out in the risk management strategy and is well embedded with a corporate risk register supported by service risk registers. Risks are reported regularly to policy boards.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts.

The system of internal financial control

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

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

Review of effectiveness

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

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

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

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

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

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

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

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

Significant governance issues and improvements

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

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

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

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

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

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

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

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

Under the Public Bodies (Joint Working) (Scotland) Act 2014 the Council agreed to delegate all social care services for adults and older people to the Health and Social Care Integrated Joint Board (IJB). The Integration Scheme formalising the partnership between the Council and Greater Glasgow and Clyde Health Board has been approved by the Scottish Government and the IJB was formally constituted on 27 June 2015. Detailed governance arrangements will be approved by the IJB over the coming months.

The Council's scheme of delegation and Financial Regulations will be revised over the coming months to take account of structural changes arising from the establishment of the IJB and revised senior management structure.

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

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

The Chief Financial Officer in a public service organisation:

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

To deliver these responsibilities the Chief Financial Officer:

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

The Council considers that it complies with the above statement.

Assurance

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

Cllr Mark Macmillan
Leader of The Council
24 September 2015

Sandra Black
Chief Executive
24 September 2015

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

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

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

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

2. Remuneration Policy for Senior Employees

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

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

3. Remuneration of Senior Employees

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

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

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

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

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

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

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

4. Remuneration of Senior Councillors

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

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

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

No payments were made in connection with loss of employment or office, nor were any other payments made which are not included in the above table.
* Cllr Mike Holmes is also Convener of the Scotland Excel Joint Committee. Cllr Holmes receives no remuneration for this appointment.
** Cllr Tommy Williams is also Convener of the North Strathclyde Community Justice Authority. Cllr Williams receives no additional remuneration for this post. The Convener is eligible to receive a salary of £20,635 but Cllr Williams receives remuneration only for his appointment as a Policy Board Convener.
***Cllr Sam Mullin is also Convener of the Renfrewshire Valuation Joint Board. The Convener is eligible to receive remuneration of £20,635. Cllr Mullin received remuneration only as Convener of the Renfrewshire Valuation Joint Board; no additional remuneration was received for his appointment as a Regulatory Board Convener.
^ Cllr Brian Lawson was Leader of the Opposition from 1 April 2014 to 3 December 2014; and then from 17 March 2015. Only the salary associated with Cllr Lawson's Senior Councillor appointment is detailed in the table above.
^^ Cllr Iain Nicolson was Leader of the Opposition from 4 December 2014 to 16 March 2015; outwith these dates Cllr Nicolson was not paid as a Senior Councillor. Only the salary associated with Cllr Nicolson's Senior Councillor appointment is detailed in the table above.

5. Pension Entitlement

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

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

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

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

The tiers and members contribution rates are as follows:

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

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service). The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

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

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

Leader of the Council, Provost, senior councillors						
Name	**Post held**	**Accrued pension benefits as at 31 March 2015**		**Change in accrued pension benefits since 31 March 2014**		**Pension contributions made by Renfrewshire Council during 2014-2015**
		Pension	**Lump Sum**	**Pension**	**Lump Sum**	
		£m	**£m**	**£m**	**£m**	**£**
Mark Macmillan	Leader of the Council	0.002	-	+0.001	-	6,394
Anne Hall	Provost		-	-	-	-
Mike Holmes	Policy Board Convener	0.003	0.001	+0.001	-	4,758
Jim Harte	Policy Board Convener		-	-	-	-
Tommy Williams	Policy Board Convener	0.003	0.001	+0.001	-	4,758
Jacqueline Henry	Policy Board Convener	0.001	-	-	-	4,758
Terry Kelly	Policy Board Convener		-	-	-	-
Iain McMillan	Policy Board Convener		-	-	-	-
Roy Glen	Policy Board Convener	0.001	-	-	-	4,758
Eddie Devine	Policy Board Convener	0.002	0.001	-	-	4,758
Sam Mullin	Regulatory Board Convener	0.003	0.001	+0.001	-	3,996
John Hood	Regulatory Board Convener	0.001	-	-	-	3,931
Jim Sharkey	Regulatory Board Convener		-	-	-	-
Alexander Murrin	Regulatory Board Convener	0.002	0.001	-	-	3,931
Brian Lawson	Leader of the Opposition	0.003	0.001	-	-	3,725
Iain Nicolson	Leader of the Opposition	0.003	0.002	-	-	3,391
Total		**0.024**	**0.008**	**+0.004**	**-**	**49,158**

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

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

6. Councillors' remuneration

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

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

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

7. Remuneration of Employees

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

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

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

8. Exit Packages

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

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

	2013-2014	2014-2015
Future Life expectancy at age 65 – males	23.3 years	24.8 years
Future Life expectancy at age 65 – females	25.3 years	26.2 years
Pension increase rate	2.8%	2.4%
Discount Rate	4.3%	3.2%

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

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

Cllr Mark Macmillan
Leader of The Council
24 September 2015

Sandra Black
Chief Executive
24 September 2015

Statement of Responsibilities for the Annual Accounts

The Authority's Responsibilities
The Authority is required

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

I confirm that these Annual Accounts were approved for signature by Renfrewshire Council at its meeting on 24 September 2015.

Signed on behalf of Renfrewshire Council

Cllr Mark Macmillan
Leader of The Council
24 September 2015

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

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

The Director of Finance and Resources has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Authority and its group at the reporting date and the transactions of the Authority and its group for the year ended 31 March 2015.

Alan Russell CPFA
Director of Finance and Resources
24 September 2015

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

I certify that I have audited the financial statements of Renfrewshire Council and its group for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority-only Movement in Reserves Statements Comprehensive Income and Expenditure Statements, Balance Sheets and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non domestic Rate Account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Director of Finance and Resources and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Director of Finance and Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the authority and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Resources; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the group and of the local authority as at 31 March 2015 and of the income and expenditure of the group and the authority for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA
Assistant Director
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2015

Movement in Reserves Statement

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

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

Comprehensive Income and Expenditure Statement

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

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

Balance Sheet as at 31 March 2015

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

31 March 2014 £m		Note	31 March 2015 £m
1,203.150	Property, plant and equipment	13	1,199.115
1.575	Investment property	14	1.575
38.661	Heritage assets	15	38.977
0.964	Intangible assets	16	0.860
2.845	Long-term investments	27	3.116
5.889	Long-term debtors	23	5.411
1,253.084	**Long-term assets**		**1,249.054**
27.605	Short-term investments	27	24.694
0.898	Inventories	21	1.084
-	Short-term Intangible Assets	22	0.931
39.188	Short-term debtors	23	45.022
29.826	Cash and cash equivalents	24	29.298
1.176	Short-term assets held for sale	17	0.756
98.693	**Current assets**		**101.785**
(58.006)	Short-term borrowing	27	(70.511)
(58.100)	Short-term creditors	25	(60.004)
(7.266)	Short-term provisions	26	(6.935)
(123.372)	**Current liabilities**		**(137.450)**
(193.041)	Long-term borrowing	27	(165.932)
(85.167)	Long-term creditors	25	(82.546)
(5.865)	Long-term provisions	26	(5.821)
(242.706)	Other long-term liabilities	35(vi)	(317.064)
(1.105)	Grants Receipts in Advance	9	(3.513)
(527.884)	**Long-term liabilities**		**(574.876)**
700.521	**Net assets**		**638.513**
92.777	Usable reserves	11	105.118
607.744	Unusable reserves	12	533.395
700.521	**Total reserves**		**638.513**

The unaudited accounts were issued on 25 June 2015 and the audited accounts were authorised for issue on 24 September 2015.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

Cash Flow Statement

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

2013-2014			2014-2015
£m		Note	£m
13.885	Net (surplus) or deficit on the provision of services		9.133
(92.822)	Adjust net surplus or deficit on the provision of services for non-cash movements	29a	(89.460)
23.157	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		28.565
(55.780)	**Net cash flows from operating activities**		**(51.762)**
18.307	Net cash flows from investing activities	29b	35.143
32.042	Net cash flows from financing activities	29c	17.147
(5.431)	**Net (increase) or decrease in cash and cash equivalents**		**0.528**
(24.395)	Cash and cash equivalents at the beginning of the reporting period	24	(29.826)
(29.826)	**Cash and cash equivalents at the end of the reporting period**		**(29.298)**

Note 1 Accounting Standards Issued not Adopted

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

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

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

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

Note 2 Judgements in Applying Accounting Policies

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

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

Note 3 Assumptions made about the future

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

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

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

Note 4 Events after the balance sheet date

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

Note 5 Adjustment between accounting basis and funding basis under regulations

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

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

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

Note 6 Financing and investment income and expenditure

2013-2014 Restated		2014-215
£m		£m
24.213	Interest payable and similar charges	22.115
9.223	Net interest on the net defined benefit liability	10.573
(2.066)	Interest receivable and similar income	(1.302)
(0.111)	Income and expenditure in relation to investment properties and changes in their fair values	(0.111)
(2.357)	Net (surplus) or deficit on trading operations	(1.623)
28.902	**Total financing and investment income and expenditure**	**29.652**

Note 7 Material Items of Income and Expenditure

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

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

Note 8 Amounts reported for resource allocation decisions

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

The management of Renfrewshire Council is led by the Chief Executive and following a restructure of service departments implemented on 1 April 2013, the operational structure of the Council is divided into five main service areas, each led by a service director. A review of the Council's management arrangements was approved by the Council's Leadership Board on 18 February 2015 and will result in a number of changes to the service areas during 2015/16. Financial reports to management are prepared on a different basis from the accounting policies used in the statement of accounts. In particular:

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

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

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

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

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

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

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

Reconciliation to subjective analysis of income and expenditure

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

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

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

Note 9 Grant income

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

31 March 2014		31 March 2015
£m		£m
	Grants Receipts in Advance:	
1.105	Miscellaneous revenue grants	3.513
1.105	**Total Grants Receipts in Advance**	**3.513**

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

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

Note 10 Taxation and non-specific grant income

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

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

Note 11 Usable reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

Ring-fenced elements of the General Fund Balance

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

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

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

Note 12 Unusable reserves

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

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

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

Summary of unusable reserves

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

(i) Movement in the year: Revaluation Reserve

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

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

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

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

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

(iii) Movement in the year: Capital Adjustment Account

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

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

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

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

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

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

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

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

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

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

(v) Movement in the year: Pension Reserve

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

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

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

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

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

Note 13 Property, Plant and Equipment

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

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

Note 14 Investment properties

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

2013-2014		2014-2015
£m		£m
(0.111)	Rental income from investment property	(0.111)
(0.111)	**Net (gain) or loss**	(0.111)

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

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

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

Note 15 Heritage Assets

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

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

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

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

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

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

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

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

Note 16 Intangible assets

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

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

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

Note 17 Assets held for sale

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

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

Note 18 Leases

Renfrewshire Council as Lessee

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

31 March 2014		31 March 2015
£m		£m
1.584	Vehicles, Plant, Furniture and Equipment	1.337
1.584	**Total**	**1.337**

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

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

The minimum lease payments were payable over the undernoted periods:

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

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

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

31 March 2014		31 March 2015
£m		£m
0.963	Not later than one year	0.899
2.810	Later than one year and not later than five years	3.022
4.799	Later than five years	5.192
8.572		**9.113**

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

2013-2014		2014-2015
£m		£m
0.966	Minimum lease payments	0.899
0.966		**0.899**

Renfrewshire Council as Lessor

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

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

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

31 March 2014			31 March 2015	
Minimum Lease Payments £m	Gross Investment in the Lease £m		Minimum Lease Payments £m	Gross Investment in the Lease £m
0.004	0.004	Not later than one year	-	-
0.004	**0.004**		**-**	**-**

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

Operating Leases

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

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

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

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

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

Note 19 Public Private Partnerships

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

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

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

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

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

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

Note 20 Capital expenditure and capital financing

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

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

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

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

Note 21 Inventories

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

Note 22 Intangible assets (current assets)

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

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

Note 23 Debtors

31 March 2014			31 March 2015			
Short Term	Long Term		Short Term		Long Term	
£m	£m		£m	£m	£m	£m
20.563	-	Central government bodies, excluding NHS Scotland		24.423		-
0.345	-	Central government bodies: NHS Scotland		0.783		-
0.812	-	Other local authorities		0.644		-
1.138	-	Public corporations and trading funds		0.015		-
5.323	-	HM Revenue and Customs		6.761		-
		Other entities and individuals:				
14.016	-	Council tax arrears	13.964		-	
(8.570)	-	Council tax arrears impairment	(9.276)		-	
5.446	-	Council tax arrears net of impairment		4.688		-
2.799	-	Rent arrears	2.668		-	
(1.984)	-	Rent arrears impairment	(2.429)		-	
0.815	-	Rent arrears net of impairment		0.239		-
15.002	-	Trade debtors	17.409		-	
(11.851)	-	Trade debtors impairment	(11.549)		-	
3.151	-	Trade debtors net of impairment		5.860		-
1.595	11.224	Other debtors	1.609		11.284	
-	(5.335)	Other debtors impairment	-		(5.873)	
1.595	5.889	Other debtors net of impairment		1.609		5.411
39.188	**5.889**	**Total debtors**		**45.022**		**5.411**

Note 24 Cash and cash equivalents

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

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

Note 25 Creditors

The analysis below details the main creditor balances.

31 March 2014			31 March 2015	
Short Term	Long Term		Short Term	Long Term
£m	£m		£m	£m
3.794	-	Central government bodies, excluding NHS Scotland	2.839	-
0.273	-	Central government bodies: NHS Scotland	0.336	-
1.185	-	Other local authorities	0.903	-
0.023	-	Public corporations and trading funds	0.171	-
5.565	-	HM Revenue and Customs	5.448	-
4.948	-	Strathclyde Pension Fund and SPPA	8.934	-
8.953	-	Accrued payrolls	8.079	-
2.535	85.103	PPP finance lease creditor	2.615	82.488
0.008	-	Other finance lease creditor	-	-
-	0.020	Financial guarantees	-	0.010
30.816	0.044	Other entities and individuals	30.679	0.048
58.100	**85.167**	**Total creditors**	**60.004**	**82.546**

Note 26 Provisions

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

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

The movement in these short term provisions is detailed below:

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

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

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

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

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

Other
All other provisions are individually insignificant.

Note 27 Financial Instruments

Categories of financial instruments

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

31 March 2014			31 March 2015	
Long-term	Current		Long-term	Current
£m	£m		£m	£m
-	27.605	Loans and receivables - fixed term deposits	-	24.694
2.845	-	Available-for-sale financial assets - insurance fund investments	3.116	-
2.845	**27.605**	**Investments**	**3.116**	**24.694**
1.657	0.059	Loans and receivables - loans to other entities and individuals	1.452	0.075
4.232	33.683	Loans and receivables - trade receivables	3.959	40.259
5.889	**33.742**	**Debtors**	**5.411**	**40.334**
(172.641)	(18.374)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(165.932)	(9.690)
(20.400)	(34.395)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	-	(54.783)
-	(5.237)	Financial liabilities at amortised cost - borrowing from group entities	-	(6.038)
(193.041)	**(58.006)**	**Borrowing**	**(165.932)**	**(70.511)**
-	(36.091)	Financial liabilities at amortised cost - trade payables	-	(34.928)
(85.103)	(2.543)	PFI/PPP and finance lease liabilities	(82.488)	(2.615)
(0.020)	-	Financial guarantees	(0.010)	-
(85.123)	**(38.634)**	**Creditors**	**(82.498)**	**(37.543)**

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £3.483 million (2013-2014 £3.392 million) which has been impaired by £2.583 million, home loans of £0.562 million (2013-2014 £0.454 million), soft loans to service users of £0.038 million (2013-2014 £0.036 million) and soft loans to employees of £0.027 million (2013-2014 £0.026 million).

Fair value of financial instruments

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

(i) Subsequent to initial recognition, available-for-sale financial assets continue to be carried in the balance sheet at fair value.

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

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

31 March 2014			31 March 2015	
Balance sheet carrying amount £m	Fair value £m		Balance sheet carrying amount £m	Fair value £m
27.605	27.663	Loans and receivables - fixed term deposits	24.694	24.717
2.845	2.845	Available-for-sale financial assets - insurance fund investments	3.116	3.116
30.450	**30.508**	**Investments**	**27.810**	**27.833**
1.716	1.849	Loans and receivables - loans to other entities and individuals	1.527	1.570
37.915	37.919	Loans and receivables - trade receivables	44.218	44.221
39.631	**39.768**	**Debtors**	**45.745**	**45.791**
(191.015)	(211.327)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(175.622)	(231.239)
(54.795)	(56.725)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.783)	(70.003)
(5.237)	(5.237)	Financial liabilities at amortised cost - borrowing from group entities	(6.038)	(6.038)
(251.047)	**(273.289)**	**Borrowing**	**(236.443)**	**(307.280)**
(36.091)	(36.091)	Financial liabilities at amortised cost - trade payables	(34.928)	(34.928)
(87.646)	(87.646)	PFI/PPP and finance lease liabilities	(85.103)	(85.103)
(0.020)	(0.020)	Financial guarantees	(0.010)	(0.010)
(123.757)	**(123.757)**	**Creditors**	**(120.041)**	**(120.041)**

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

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

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

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

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

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

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

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

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

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

Note 28 Nature and extent of risks arising from Financial Instruments

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

Credit Risk

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

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

2014-2015	Amount at 31 March 2015	Historical experience of non-payment adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability at 31 March 2015
	£m		£m
Deposits with financial institutions	55.910	0.00%	-
Customers (sundry income)	7.397	19.60%	1.450
Total	**63.307**		**1.450**

The Council does not generally allow credit for customers, such that as at 31 March 2015 £5.284 million of the £7.397 million (£4.542 million of £6.351 million in 2013-2014) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2014		31 March 2015
£m		£m
1.006	Less than three months and past due	1.467
0.386	Three to six months	0.429
0.529	Six months to one year	0.468
2.621	More than one year	2.920
4.542	**Sundry income debtors past due**	**5.284**

Collateral

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

Liquidity risk

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

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

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

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

Market risk: interest rate risk

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

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

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

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

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

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

Market risk: price risk

The council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the council by Standard Life Wealth Limited in the Phoenix Fund. The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The benchmark return is LIBOR+2% per annum. During 2014-2015 the book cost of investments increased by £0.066 million (£0.058 million increase during 2013-2014).

The investment is classified as "available-for-sale", meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is a prescribed presentational requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the council, an increase or fall of 5% in the general price of shares at 31 March 2015 would have resulted in a £0.047 million gain or loss being recognised in other comprehensive income and expenditure for 2014-2015.

Market risk: foreign exchange risk

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

Note 29 Cash flow statement

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

2013-2014		2014-2015
£m		£m
(81.188)	Depreciation, amortisation, impairment and revaluations	(70.916)
(4.602)	(Increase)/decrease in impairment provision for bad debts	(2.311)
7.664	(increase)/decrease in creditors	(4.234)
(2.322)	Increase/(decrease) in debtors	8.598
0.014	Increase/(decrease) in inventories	0.186
(14.498)	Pension (liability)/asset	(17.343)
(2.184)	Carrying amount of non-current assets sold	(3.610)
4.294	Other non-cash items charged to the net surplus or deficit on the provision of services	0.170
(92.822)	**Adjustment to net (surplus)/deficit on the provision of services for non – cash movements**	**(89.460)**

29b. Cash flow statement: investing activities

2013-2014		2014-2015
£m		£m
71.768	Purchase of property, plant and equipment, investment property and intangible assets	66.348
(2.778)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3.088)
(30.304)	Proceeds from short-term and long-term investments	(2.640)
(20.379)	Other receipts from investing activities	(25.477)
18.307	**Net cash flows from investing activities**	**35.143**

29c. Cash flow statement: financing activities

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

29d. Cash flow statement: interest paid and received

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

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

Note 30 Trading operations

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

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

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

Note 31 Agency services

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

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

Note 32 Related parties

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

Central and Scottish Government

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

Elected Members

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

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

Note 33 External audit costs

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

Note 34 Pension schemes accounted for as defined contribution schemes

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

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

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

Note 35 Defined benefit pension schemes

(i) Participation in pension schemes

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

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

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

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

(ii) Transactions relating to post-employment benefits

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

2013-14		2014-15
£m		£m
	Included within net cost of services:	
24.487	Current service cost	28.525
6.072	Past service cost/(gain)	4.575
(4.109)	Losses or (gains) on curtailments and settlements	(4.482)
	Included within financing and investment income and expenditure:	
46.193	Interest cost	48.207
(36.970)	Expected return on scheme assets	(37.634)
35.673	**Total of LGPS post-employment benefits charged to the surplus or dficit on the provision of services**	**39.191**
	Included within other comprehensive income and expenditure:	
	Remeasurement of the Net Defined Benefit Liability comprising:	
(18.361)	Return on Assets excluding amounts included in net interest	(46.577)
-	Actuarial gains and losses arising on changes in Demographic Assumptions	28.975
42.566	Actuarial gains and losses arising on changes in Financial Assumptions	126.529
1.648	Actuarial gains and losses arising on changes in Other Assumptions	(51.912)
61.526	**Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement**	**96.206**
	Movement in reserves statement:	
25.853	Actuarial losses or (gains)	57.015
35.673	Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	39.191
(21.175)	Employer contributions and direct payments to pensioners payable in the year	(21.848)
40.351	**Movement in the year on the Pension Reserve**	**74.358**

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

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

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

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

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

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

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

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

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

(v) Movement in scheme assets

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

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

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

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

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

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

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

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

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

Basis for estimating assets and liabilities

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

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

**The expected rates of return are set equal to the discount rate as per IAS19*
***Salary increases are 1.0% pa for the years to 31 March 2015, reverting to 4.3% pa thereafter.*

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

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

Impact on the Authority's cash flows

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

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

Note 36 Contingent assets and liabilities

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

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

Housing Revenue Account income and expenditure statement

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

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

Movement on the Housing Revenue Account statement

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

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

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

Notes to the Housing Revenue Account income and expenditure statement

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

The Council was responsible for managing 12,344 dwellings during 2014-2015 (12,507 in 2013-2014). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2013-2014			2014-2015	
Number at 31 March 2014	Average weekly rent £	Type of dwelling	Number at 31 March 2015	Average weekly rent £
422	54.56	One-apartment	419	56.28
3,670	61.89	Two-apartment	3,660	64.15
6,079	70.81	Three-apartment	5,975	72.74
2,118	78.84	Four-apartment	2,074	81.30
218	84.24	Five+-apartment	216	87.15
12,507		**Total**	**12,344**	

2. Gross rent income

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

3. The amount of rent arrears

At 31 March 2015 total rent arrears amounted to £2.600 million (£2.706 million at 31 March 2014). This is 5.3% of the total value of rents due at 31 March 2015.

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

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

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

NIL

Council Tax Income Account

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

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

Calculation of the council tax

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

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

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

Annual council tax charges

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

Calculation of the council tax base

2014-2015	Number of dwellings	Number of exemptions	Disabled relief	Discounts of 25%	Discounts of 50%	Total equivalent dwellings	Ratio to Band D	Band D equivalents
Band A	13,643	1,537	14	8,427	540	9,832	6:9	6,555
Band B	25,563	1,347	117	13,328	504	20,585	7:9	16,010
Band C	14,351	450	70	5,959	198	12,290	8:9	10,924
Band D	11,436	238	48	3,883	129	10,184	1:1	10,184
Band E	10,280	152	69	2,405	97	9,453	11:9	11,554
Band F	5,761	64	44	1,007	45	5,399	13:9	7,799
Band G	3,435	89	20	434	35	3,200	15:9	5,333
Band H	217	15	0	30	10	190	18:9	380
Total	**84,686**	**3,892**	**382**	**35,473**	**1,558**	**71,133**		**68,739**

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

Non Domestic Rate Account

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

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

The nature and amount of each rate fixed

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

Analysis of Renfrewshire Council's rateable values

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

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 gorup. Further explanation about this statement can be found on page 25.

	Note	Usable reserves						Council's unusable reserves	Council's total reserves	Council's share of reserves of subsidiaries, associates and JV's	Total reserves
		General Fund Balance	Housing Revenue Account Balance	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds	Council's Total usable reserves				
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2013 carried forward (restated)		**50.904**	**11.807**	**2.853**	**4.204**	**22.922**	**92.690**	**521.514**	**614.204**	**37.815**	**652.019**
Movement in reserves during 2013-2014 :											
Surplus or (deficit) on the provision of services		4.134	(14.441)	-	-	-	(10.307)	-	(10.307)	(2.368)	(12.675)
Other comprehensive income and expenditure		-	-	-	-	-	-	100.202	100.202	(0.638)	99.564
Total comprehensive income and expenditure		**4.134**	**(14.441)**	**-**	**-**	**-**	**(10.307)**	**100.202**	**89.895**	**(3.006)**	**86.889**
Adjustments between group accounts and council accounts	G5	(3.578)	-	-	-	-	(3.578)		(3.578)	3.578	-
Net increase or (decrease) before transfers		**0.556**	**(14.441)**	**-**	**-**	**-**	**(13.885)**	**100.202**	**86.317**	**0.572**	**86.889**
Adjustments between accounting basis and funding basis under regulations	5	1.384	16.006	-	(0.996)	(2.422)	13.972	(13.972)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		**1.940**	**1.565**	**-**	**(0.996)**	**(2.422)**	**0.087**	**86.230**	**86.317**	**0.572**	**86.889**
Transfers to or (from) other statutory reserves	11	0.081	(2.127)	0.003	-	2.043	-	-	-	-	-
Increase or (decrease) in 2013-2014		**2.021**	**(0.562)**	**0.003**	**(0.996)**	**(0.379)**	**0.087**	**86.230**	**86.317**	**0.572**	**86.889**
Balance at 31 March 2014 carried forward (restated)		**52.925**	**11.245**	**2.856**	**3.208**	**22.543**	**92.777**	**607.744**	**700.521**	**38.387**	**738.908**
Movement in reserves during 2014-2015:											
Surplus or (deficit) on the provision of services		10.973	(16.586)	-	-	-	(5.613)	-	(5.613)	(2.218)	(7.831)
Other comprehensive income and expenditure		-	-	-	-	-	-	(52.875)	(52.875)	(0.394)	(53.269)
Total comprehensive income and expenditure		**10.973**	**(16.586)**	**-**	**-**	**-**	**(5.613)**	**(52.875)**	**(58.488)**	**(2.612)**	**(61.100)**
Adjustments between group accounts and council accounts	G5	(3.520)	-	-	-	-	(3.520)		(3.520)	3.520	-
Net increase or (decrease) before transfers		**7.453**	**(16.586)**	**-**	**-**	**-**	**(9.133)**	**(52.875)**	**(62.008)**	**0.908**	**(61.100)**
Adjustments between accounting basis and funding basis under regulations	5	3.379	17.543	-	0.552	-	21.474	(21.474)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		**10.832**	**0.957**	**-**	**0.552**	**-**	**12.341**	**(74.349)**	**(62.008)**	**0.908**	**(61.100)**
Transfers to or (from) other statutory reserves	11	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-	-	-
Increase or (decrease) in 2014-2015		**5.929**	**(0.600)**	**(0.003)**	**0.552**	**6.463**	**12.341**	**(74.349)**	**(62.008)**	**0.908**	**(61.100)**
Balance at 31 March 2015 carried forward		**58.854**	**10.645**	**2.853**	**3.760**	**29.006**	**105.118**	**533.395**	**638.513**	**39.295**	**677.808**

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**.

2013-2014 (restated)					2014-2015		
Gross expenditure £m	Gross income £m	Net expenditure £m		Note	Gross expenditure £m	Gross income £m	Net expenditure £m
20.823	(8.937)	11.886	Central services to the public		20.647	(8.614)	12.033
35.178	(11.572)	23.606	Cultural and related services		37.531	(12.152)	25.379
182.522	(19.625)	162.897	Education services		177.965	(21.399)	156.566
31.187	(10.705)	20.482	Environmental services		31.074	(8.653)	22.421
56.471	(47.821)	8.650	Housing services - Housing Revenue Account		58.302	(48.672)	9.630
75.815	(69.335)	6.480	Housing services - other		77.314	(69.277)	8.037
11.058	(4.978)	6.080	Planning and development services		14.500	(8.021)	6.479
25.606	(8.173)	17.433	Roads and transport services		25.539	(7.988)	17.551
148.570	(47.981)	100.589	Social work		153.960	(49.051)	104.909
11.260	(2.308)	8.952	Corporate and democratic core		11.629	(2.444)	9.185
1.686	(0.080)	1.606	Non-distributed costs		1.168	(0.081)	1.087
600.176	**(231.515)**	**368.661**	**Net cost of services**		**609.629**	**(236.352)**	**373.277**
			Other operating expenditure:				
		(0.605)	(Gains) or losses on the disposal of non-current assets				0.421
		27.184	Financing and investment income and expenditure	G6			28.520
		(382.977)	Taxation and non-specific grant income	10			(393.069)
		12.263	**(Surplus) or deficit on the provision of services**				**9.149**
		0.412	Share of the (surplus) or deficit on the provision of services by associates and joint ventures	G4			(1.318)
		12.675	**Group (surplus) or deficit**				**7.831**
		(117.965)	(Surplus) or deficit on the revaluation of non-current assets				(4.941)
		(9.217)	Impairment (gains) or losses on non-current assets charged to the revaluation reserve				0.643
		0.361	(Surplus) or deficit on the revaluation of available-for-sale financial assets	G15			(0.938)
		26.925	Actuarial (gains) or losses on pension assets and liabilities	35(ii)			57.291
		0.332	Share of other comprehensive income and expenditure of associates and joint ventures	G4			1.214
		(99.564)	**Other comprehensive income and expenditure**				**53.269**
		(86.889)	**Total comprehensive income and expenditure**				**61.100**

Group Balance Sheet

The **group balance sheet** shows the value as at 31 March 2015 of the assets and liabilities recognised by the council. The net assets of the council'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**.

31 March 2014 (Restated) £m		Note	31 March 2015 £m
1,217.820	Property, plant and equipment	G9	1,213.465
2.249	Investment property	G10	2.344
38.880	Heritage assets	G11	39.196
0.964	Intangible assets	16	0.860
17.745	Long-term investments	G15	18.972
12.764	Investments in associates and joint ventures	G3	12.614
5.889	Long-term debtors	23	5.411
1,296.311	**Long-term assets**		**1,292.862**
27.605	Short-term investments	G15	24.694
0.949	Inventories	21	1.143
-	Short-term Intangible Assets	22	0.931
39.970	Short-term debtors	G12	45.728
29.924	Cash and cash equivalents	24	29.428
1.176	Short-term assets held for sale	17	0.756
99.624	**Current assets**		**102.680**
(56.334)	Short-term borrowing	G15	(68.007)
(59.140)	Short-term creditors	G13	(61.004)
(7.266)	Short-term provisions	26	(6.935)
(122.740)	**Current liabilities**		**(135.946)**
(193.041)	Long-term borrowing	G15	(165.932)
(85.167)	Long-term creditors	25	(82.546)
(5.865)	Long-term provisions	26	(5.821)
(3.718)	Liabilities in associates and joint ventures	G3	(3.464)
(245.391)	Other long-term liabilities	35(vi)	(320.512)
(1.105)	Grants Receipts in Advance	9	(3.513)
(534.287)	**Long-term liabilities**		**(581.788)**
738.908	**Net assets**		**677.808**
114.594	Usable reserves	G7	127.702
624.314	Unusable reserves	G8	550.106
738.908	**Total reserves**		**677.808**

The unaudited accounts were issued on 25 June 2015 and the audited accounts were authorised for issue on 24 September 2015.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

Group Cash Flow 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.

2013-2014 (restated) £m		Note	2014-2015 £m
12.675	Group (surplus) or deficit		7.831
(91.489)	Adjust group surplus or deficit for non-cash movements		(88.190)
22.827	Adjust for items included in the group net surplus or deficit that are investing and financing activities		28.701
(55.987)	**Net cash flows from operating activities**		**(51.658)**
18.637	Net cash flows from investing activities		35.007
32.042	Net cash flows from financing activities	29c	17.147
(5.308)	**Net (increase) or decrease in cash and cash equivalents**		**0.496**
24.616	Cash and cash equivalents at the beginning of the reporting period		29.924
29.924	**Cash and cash equivalents at the end of the reporting period**		**29.428**

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 2015. 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 and the **charitable trusts** 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 facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within Renfrewshire. 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.

In previous years, Renfrewshire Leisure Limited has been treated in Renfrewshire Council's group accounts as an associate. In terms of the prevailing *CIPFA Code of Practice on Local Authority Accounting* (the *Code*) Renfrewshire Council was deemed to have significant influence over Renfrewshire Leisure Limited in the sense that it (the Council) had the power to participate in the financial and operating policy decisions of Renfrewshire Leisure Limited. However that influence was not considered, in terms of the prevailing *Code*, to be sufficient that the Council had control over Renfrewshire Leisure Limited.

In terms of the updated *CIPFA Code of Practice on Local Authority Accounting*, Renfrewshire Leisure Limited is now treated as a subsidiary in Renfrewshire Council's group accounts. Renfrewshire Council's relationship with Renfrewshire Leisure Limited is such that the Council has oversight of the performance of Renfrewshire Leisure Limited in its delivery of services to the Renfrewshire community, and has the practical ability to direct its relevant activities. This represents a change in accounting treatment for the 2014-2015 Annual Accounts, and prior year figures have been restated within the group accounts and the notes to the group accounts as appropriate to reflect this change.

The charitable trusts have a variety of purposes including the upkeep of lairs, financial assistance to poor and infirm persons, the provision of prizes to school pupils and other charitable activities.

The **group comprehensive income and expenditure statement** includes total net comprehensive expenditure for the year of £0.820 million (2013-2014 £0.919 million) for Renfrewshire Leisure Limited, total net comprehensive income for the year of £1.662m (2013-2014 £2.301 million) for the Paisley, Renfrew and Johnstone Common Good Funds and total net comprehensive expenditure for the year of £0.038 million (2013-2014 £0.066 million) for the charitable trusts.

The **group balance sheet** includes net liabilities of £2.673 million (2013-2014 £1.853 million) for Renfrewshire Leisure Limited, net assets of £32.137 million (2013-2014 £30.475 million) for the Common Good Funds and net assets of £0.681 million (2013-2014 £0.719 million) for the charitable trusts.

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 2014-2015, Renfrewshire Council contributed £0.333 million or 7.83% of the committee's estimated running costs (2013-2014 £0.333 million or 7.83%) and its share of the year-end net asset was £0.128 million (2013-2014 £0.127 million) 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, Consort House, 12 West George Street, Glasgow G2 1HN.

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 £2.994 million (8.01%) to the committee's estimated running costs in 2014-2015 (2013-2014 £2.994 million or 8.01%) and its share of the year-end net asset was £12.486 million (2013-2014 £12.637 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House,12 West George Street, Glasgow G2 1HN.

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 2014-2015, Renfrewshire Council contributed £1.278 million or 56.0% of the board's estimated running costs (2013-2014 £1.278 million or 56.0%) and its share of the year-end net liability was £2.243 million (2013-2014 £1.400 million) 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	Renfrewshire Council's Share	Renfrewshire Valuation Joint Board		Renfrewshire Valuation Joint Board	Renfrewshire Council's Share
31 March 2014				31 March 2015	
£m	£m			£m	£m
-	-	Long-term assets		-	-
0.604	0.339	Current assets		0.748	0.419
(0.661)	(0.371)	Current liabilities		(0.788)	(0.441)
(2.443)	(1.368)	Long-term liabilties		(3.966)	(2.221)
(2.500)	**(1.400)**	**Net assets / (liabilities)**		**(4.006)**	**(2.243)**
2013-2014				2014-2015	
£m	£m			£m	£m
2.504	1.403	Income		2.655	1.487
2.682	1.502	Expenditure		2.843	1.592
(0.178)	**(0.099)**	**Surplus / (deficit) for the year**		**(0.188)**	**(0.105)**

Park Lane Developments (Renfrewshire) Limited Liability Partnership 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. Renfrewshire Council holds 50% (£50) of the issued share capital. The partnership's profit and loss account discloses a net deficit of £0.239 million for the twelve months to 31 March 2015 (2014 £0.162 million) and its balance sheet a negative net worth of £2.442 million at 31 March 2015 (2014 £2.203 million). The partnership's 2013-2014 financial results have been restated to reflect audit adjustments made prior to the filing of their 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.

Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share	Park Lane Developments (Renfrewshire) Limited Liability Partnership	Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share
31 March 2014			31 March 2015	
£m	£m		£m	£m
-	-	Long-term assets	-	-
1.985	0.992	Current assets	1.857	0.929
(0.796)	(0.398)	Current liabilities	(1.004)	(0.502)
(3.392)	(1.695)	Long-term liabilties	(3.295)	(1.648)
(2.203)	**(1.101)**	**Net assets / (liabilities)**	**(2.442)**	**(1.221)**
2013-2014			2014-2015	
£m	£m		£m	£m
0.054	0.027	Income	0.036	0.018
0.216	0.108	Expenditure	0.275	0.138
(0.162)	**(0.081)**	**Surplus / (deficit) for the year**	**(0.239)**	**(0.120)**

Cart Corridor Joint Venture Company Limited was formed by Renfrewshire Council, Scottish Enterprise Renfrewshire and KUC Properties Limited to facilitate the regeneration of the strategic corridor between Paisley town centre and Glasgow Airport. Renfrewshire Council held 96% (£2.469m) of the preference share capital (which carried no voting rights) and 45% (£45) of the ordinary share capital. On 18 December 2014 Renfrewshire Council agreed to dispose of its entire share capital in the Cart Corridor Joint Venture Company at nil value. The company's 2013-2014 financial results have been restated to reflect audit adjustments made prior to the filing of their accounts. Copies of the financial statements for the company may be obtained from The Royal Bank of Scotland plc, 24-25 St. Andrew Square, Edinburgh EH2 1AF.

Cart Corridor Joint Venture Company Limited	Renfrewshire Council's Share	Cart Corridor Joint Venture Company Limited	Cart Corridor Joint Venture Company Limited	Renfrewshire Council's Share
31 March 2014			18 December 2014 on disposal	
£m	£m		£m	£m
4.948	2.227	Long-term assets	1.578	0.710
0.240	0.108	Current assets	0.161	0.072
(0.178)	(0.080)	Current liabilities	-	-
(7.714)	(3.472)	Long-term liabilties	(1.739)	(0.782)
(2.704)	**(1.217)**	**Net assets / (liabilities)**	**-**	**-**
2013-2014			2014-2015	
£m	£m		£m	£m
1.061	0.477	Income	6.221	2.800
1.441	0.649	Expenditure	3.517	1.583
(0.380)	**(0.172)**	**Surplus / (deficit) for the year**	**2.704**	**1.217**

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 further six 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 £0.521 million (60.7%) to the authority's estimated running costs in 2014-2015 (£0.621 million in 2013-2014).

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 £0.106 million (3.3%) to the committee's estimated running costs in 2014-2015 (£0.106 million in 2013-2014).

Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee has taken over the work of the Glasgow and the Clyde Valley Structure Plan Joint Committee. This change was part of the implementation of the new planning system in Scotland and the statutory date of change was set by the Scottish Government as 28 February 2009. 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 £0.072 million (12.5%) to the committee's estimated running costs in 2014-2015 (£0.072 million in 2013-2014).

Note G3 Summarised financial information of 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 (£10.371 million asset less £1.221 million liability = £9.150 million net asset) equates to the net of two figures disclosed in the **group balance sheet** as "investments in associates and joint ventures" (£12.614 million) and "liabilities in associates and joint ventures" (£3.464 million).

Aggregate of associates' results	Renfrewshire Council's Share	Associates	Aggregate of associates' results	Renfrewshire Council's Share
31 March 2014			31 March 2015	
£m	£m		£m	£m
148.814	11.921	Long-term assets	133.014	10.655
92.217	7.673	Current assets	132.029	10.930
(29.307)	(2.664)	Current liabilities	(46.701)	(4.117)
(54.845)	(5.566)	Long-term liabilties	(64.832)	(7.097)
156.879	**11.364**	**Net assets / (liabilities)**	**153.510**	**10.371**
2013-2014			2014-2015	
£m	£m		£m	£m
95.091	8.812	Income	97.469	9.074
94.814	8.875	Expenditure	93.579	8.853
0.277	**(0.063)**	**Net surplus / (deficit) for the year**	**3.890**	**0.221**

Aggregate of joint ventures' results	Renfrewshire Council's Share	Joint ventures	Aggregate of joint ventures' results	Renfrewshire Council's Share
31 March 2014			31 March 2015	
£m	£m		£m	£m
4.948	2.227	Long-term assets	-	-
2.225	1.100	Current assets	1.857	0.929
(0.974)	(0.478)	Current liabilities	(1.004)	(0.502)
(11.106)	(5.167)	Long-term liabilties	(3.295)	(1.648)
(4.907)	**(2.318)**	**Net assets / (liabilities)**	**(2.442)**	**(1.221)**
2013-2014			2014-2015	
£m	£m		£m	£m
1.115	0.504	Income	6.257	2.818
1.657	0.757	Expenditure	3.792	1.721
(0.542)	**(0.253)**	**Net surplus / (deficit) for the year**	**2.465**	**1.097**

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 2015 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 2015, 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 comprehensive income and expenditure statement**.

2013-2014		2014-2015
£m		£m
	Share of (surplus) or deficit:	
	Subsidiaries:	
(1.525)	Paisley, Renfrew and Johnstone Common Good Funds	(0.559)
0.066	Charitable trusts administered by Renfrewshire Council	0.038
(0.163)	Renfrewshire Leisure Limited	0.537
	Associates:	
(0.019)	Strathclyde Partnership for Transport	(0.325)
(0.017)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.001)
0.099	Renfrewshire Valuation Joint Board	0.105
	Joint Ventures:	
0.172	Cart Corridor Joint Venture Company Limited	(1.217)
0.177	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.120
(1.210)	**Aggregate share of (surplus) or deficit**	**(1.302)**
	Share of other comprehensive (income) and expenditure:	
	Subsidiaries:	
(0.776)	Paisley, Renfrew and Johnstone Common Good Funds	(1.103)
-	Charitable trusts administered by Renfrewshire Council	-
1.082	Renfrewshire Leisure Limited	0.283
	Associates:	
0.162	Strathclyde Partnership for Transport	0.476
-	Strathclyde Concessionary Travel Scheme Joint Committee	-
0.170	Renfrewshire Valuation Joint Board	0.738
	Joint Ventures:	
-	Cart Corridor Joint Venture Company Limited	-
-	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-
0.638	**Aggregate share of other comprehensive (income) and expenditure**	**0.394**
(0.572)	**Aggregate share of total comprehensive (income) and expenditure**	**(0.908)**

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:

2013-2014		2014-2015
£m		£m
0.256	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.246
0.058	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059
(0.018)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.016)
(0.001)	Interest income received from Renfrewshire Council by the charitable trusts administered by Renfrewshire Council	-
(3.956)	Service charge payable by Renfrewshire Council to Renfrewshire Leisure Limited	(3.892)
0.084	Charges for services, such as accounting and administration, payable by Renfrewshire Leisure Limited to Renfrewshire Council	0.084
(0.001)	Interest income received from Renfrewshire Council by Renfrewshire Leisure Limited	(0.001)
(3.578)	**Total adjustments between group accounts and council accounts**	**(3.520)**

Note G6 Group financing and investment income and expenditure

2013-2014		2014-2015
£m		£m
24.193	Interest payable and similar charges	22.098
9.290	Pensions net interest expense	10.696
(2.066)	Interest receivable and similar income	(1.303)
(0.467)	Income and expendiutre in relation to investment properties and changes in their fair values	(0.575)
(1.409)	Other investment income	(0.773)
(2.357)	Net (surplus) or deficit on trading operations	(1.623)
27.184	**Total financing and investment income and expenditure**	**28.520**

Note G7 Usable reserves

Usable reserves are those reserves the council's group 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 **group movement in reserves statement**, however a summary is shown below.

2013-2014			2014-2015
£m		Note	£m
52.925	General Fund Balance	11	58.854
11.245	Housing Revenue Account Balance	11	10.645
2.856	Revenue statutory funds	11	2.853
3.208	Capital Receipts Reserve	11	3.760
22.543	Capital statutory funds	11	29.006
20.513	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds		21.360
0.479	Charitable trusts adminstered by Renfrewshire Council: usable balances		0.449
0.825	Renfrewshire Leisure Limited: usable reserves		0.775
114.594	**Total usable reserves**		**127.702**

Note G8 Unusable reserves

Unusable reserves are those reserves that the council is not able to utilise to provide services. Included within the group's unusable reserves are the unusable reserves of the Paisley, Renfrew and Johnstone Common Good Funds and of the sundry trusts administered by Renfrewshire Council; also included is the council's share of the reserves of the associates and joint ventures within the council's group.

2013-2014			2014-2015
£m		Note	£m
334.760	Revaluation Reserve	12	328.457
0.126	Available for sale Financial Instruments Reserve	12	0.331
538.147	Capital Adjustment Account	12	543.420
(15.387)	Financial Instrument Adjustment Account	12	(14.882)
(242.706)	Pension Reserve	12	(317.064)
(7.196)	Employee Statutory Adjustment Account	12	(6.867)
2.859	Paisley, Renfrew and Johnstone Common Good Funds: available for sale financial instruments reserve		3.592
7.103	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve		7.185
0.240	Charitable trusts administered by Renfrewshire Council: revaluation reserve		0.232
0.007	Renfrewshire Leisure Limited: revaluation reserve		-
(2.685)	Renfrewshire Leisure Limited: pension reserve		(3.448)
	Renfrewshire Council's share of the reserves of the associates and joint ventures within the group:		
12.637	Strathclyde Partnership for Transport		12.486
0.127	Strathclyde Concessionary Travel Scheme Joint Committee		0.128
(1.400)	Renfrewshire Valuation Joint Board		(2.243)
(1.217)	Cart Corridor Joint Venture Company Limited		-
(1.101)	Park Lane Developments (Renfrewshire) Limited Liability Partnership		(1.221)
624.314	**Total unusable reserves**		**550.106**

Note G9 Property, Plant and Equipment

2014-2015	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2014	509.577	332.323	362.040	260.110	15.288	37.934	**1,517.272**	85.552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	**(0.106)**	-
Other asset reclassifications	(0.535)	(7.812)	35.281	-	(27.602)	0.668	**(0.000)**	-
Additions	4.477	3.250	33.097	7.782	17.262	0.246	**66.114**	0.877
Disposals	(1.421)	(3.671)	(2.727)	-	-	(1.926)	**(9.745)**	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26.466)	(1.417)	0.693	-	-	0.185	**(27.005)**	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5.102)	(2.721)	-	-	(0.040)	**(7.863)**	-
Gross carrying amount at 31 March 2015	**485.526**	**317.571**	**425.663**	**267.892**	**4.948**	**37.067**	**1,538.667**	**86.429**
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	60.774	114.332	113.243	-	11.103	**299.452**	4.893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	**-**	-
Depreciation on other reclassifications	(0.018)	(5.984)	5.984	-	-	0.018	**0.000**	-
Depreciation charge for the year	16.983	7.081	33.568	5.249	-	0.064	**62.945**	3.132
Depreciation and impairment on disposals	(0.047)	(3.609)	(2.579)	-	-	(0.102)	**(6.337)**	-
Depreciation written out to the Revaluation Reserve	(16.918)	(8.021)	(7.404)	-	-	(0.032)	**(32.375)**	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	**-**	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1.793	(0.713)	-	-	(0.015)	**1.065**	(1.416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0.159	0.293	-	-	-	**0.452**	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	**-**	**52.193**	**143.481**	**118.492**	**-**	**11.036**	**325.202**	**6.609**
Balance sheet net carrying amount at 31 March 2015	**485.526**	**265.378**	**282.182**	**149.400**	**4.948**	**26.031**	**1,213.465**	**79.820**
Balance sheet net carrying amount at 1 April 2014	**509.577**	**271.549**	**247.708**	**146.867**	**15.288**	**26.831**	**1,217.820**	**80.659**

2013-2014 (restated)	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2013	397.005	401.732	281.674	251.088	7.402	56.742	**1,395.643**	89.597
Assets reclassified (to) or from the "held for sale" category	(0.526)	(0.389)	-	-	-	-	**(0.915)**	-
Other asset reclassifications	3.517	(37.602)	46.766	1.069	(10.467)	(3.314)	**(0.031)**	-
Additions	3.153	5.660	36.344	7.953	18.353	0.038	**71.501**	0.862
Disposals	(1.705)	(0.216)	(3.049)	-	-	-	**(4.970)**	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	108.133	(10.769)	0.305	-	-	(11.229)	**86.440**	(2.328)
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(26.093)	-	-	-	(4.303)	**(30.396)**	(2.579)
Gross carrying amount at 31 March 2014	**509.577**	**332.323**	**362.040**	**260.110**	**15.288**	**37.934**	**1,517.272**	**85.552**
Accumulated depreciation (including accumulated impairment losses) at 1 April 2013	-	78.949	88.864	108.191	-	16.480	**292.484**	6.952
Assets reclassified (to) or from the "held for sale" category	(0.019)	(0.012)	-	-	-	-	**(0.031)**	-
Depreciation on other reclassifications	-	(8.198)	8.483	-	-	(0.285)	**-**	-
Depreciation charge for the year	13.690	8.801	27.833	5.052	-	0.077	**55.453**	2.496
Depreciation and impairment on disposals	(0.058)	(0.017)	(2.951)	-	-	-	**(3.026)**	-
Depreciation written out to the Revaluation Reserve	(13.613)	(17.278)	(0.241)	-	-	(0.250)	**(31.382)**	(4.555)
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	**-**	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	(4.401)	-	-	-	(4.816)	**(9.217)**	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	2.930	(7.656)	-	-	(0.103)	**(4.829)**	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2014	**-**	**60.774**	**114.332**	**113.243**	**-**	**11.103**	**299.452**	**4.893**
Balance sheet net carrying amount at 31 March 2014	**509.577**	**271.549**	**247.708**	**146.867**	**15.288**	**26.831**	**1,217.820**	**80.659**
Balance sheet net carrying amount at 1 April 2013	**397.005**	**322.783**	**192.810**	**142.897**	**7.402**	**40.262**	**1,103.159**	**82.645**

Note G10 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 comprehensive income and expenditure statement**:

2013-2014		2014-2015
£m		£m
(0.467)	Rental income from investment properties	(0.473)
-	Direct operating expenses arising from investment property	-
(0.467)	**Net (gain) or loss**	**(0.473)**

There are no restrictions on the council's or the common good funds' ability to realise the value inherent in their investment property or on the council's or the common good funds' right to the remittance of income and the proceeds of disposal. Neither the council nor the common good funds have any contractual obligations to purchase, construct or develop investment property, nor do they have contractual obligations in relation to repairs, maintenance or enhancement.

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

2013-2014		2014-2015
£m		£m
2.253	**Opening Balance at 1 April**	**2.249**
-	Additions	-
-	Assets reclassified (to) or from the "held for sale" category	-
-	Disposals	-
0.003	Net gains or (losses) from fair value adjustments	0.102
-	Transfers (to) or from inventories and property, plant and equipment	-
(0.007)	Other changes	(0.007)
2.249	**Closing balance at 31 March**	**2.344**

Note G11 Group heritage assets

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

2013-2014			2014-2015
£m		Note	£m
38.628	**Opening Balance at 1 April**		**38.880**
0.252	Additions (at cost)		0.316
-	Assets reclassified (to) or from Community Assets		-
-	Disposals		-
-	Impairment losses		-
-	Revaluations		-
38.880	**Closing balance at 31 March**		**39.196**

Included in the above are the heritage assets of the Paisley, Renfrew and Johnstone Common Good Funds. These comprise civic regalia and equipment which have been externally valued on a present value insurance basis at £0.219 million as at 31 March 2015 (£0.219 at 31 March 2014). Further information on the heritage assets other than those of the Paisley, Renfrew and Johnstone Common Good Funds can be found at Note 15.

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 and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

2013-2014		2014-2015	
£m		£m	£m
20.563	Central government bodies, excluding NHS Scotland		24.423
0.345	Central government bodies: NHS Scotland		0.783
0.812	Other local authorities		0.644
1.138	Public corporations and trading funds		0.015
5.323	HM Revenue and Customs		6.761
	Other entities and individuals:		
14.016	Council tax arrears	13.964	
(8.570)	Council tax arrears impairment	(9.276)	
5.446	Council tax arrears net of impairment		4.688
2.799	Rent arrears	2.668	
(1.984)	Rent arrears impairment	(2.429)	
0.815	Renta arrears net of impairment		0.239
15.784	Trade debtors	18.115	
(11.851)	Trade debtors impairment	(11.549)	
3.933	Trade debtors net of impairment		6.566
1.595	Other debtors	1.609	
-	Other debtors impairment	-	
1.595	Other debtors net of impairment		1.609
39.970	**Total short term debtors**		**45.728**

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 and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

2013-2014		2014-2015
£m		£m
3.794	Central government bodies, excluding NHS Scotland	2.839
0.273	Central government bodies: NHS Scotland	0.336
1.185	Other local authorities	0.903
0.023	Public corporations and trading funds	0.171
5.565	HM Revenue and Customs	5.448
4.948	Strathclyde Pension Fund and Scottish Public Pensions Agency	8.934
8.953	Accrued payrolls	8.079
2.535	PPP finance lease creditors	2.615
0.008	Other finance lease creditor	-
31.856	Other entities and individuals	31.679
59.140	**Total short term creditors**	**61.004**

Note G14 Amounts owing and owed 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.

2013-2014		2014-2015
£m		£m
	Amounts owing to Renfrewshire Council:	
3.392	Loans	3.483
0.565	Other balances	0.643
3.957	**Total amounts owing to Renfrewshire Council**	**4.126**
	Amounts owed by Renfrewshire Council:	
(0.495)	Loans	(0.728)
(0.517)	Other balances	(0.009)
(1.012)	**Total amounts owed by Renfrewshire Council**	**(0.737)**

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**. Those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 24 provides details of these. Additional qualitative information on the various categories of financial instruments can be found at Note 27.

31 March 2014			31 March 2015	
Long-term	Current		Long-term	Current
£m	£m		£m	£m
-	27.605	Loans and receivables - fixed term deposits	-	24.694
2.845	-	Available-for-sale financial assets - insurance fund investments	3.116	-
14.900	-	Available-for-sale financial assets - Common Good Fund investments	15.856	-
17.745	**27.605**	**Investments**	**18.972**	**24.694**
1.657	0.059	Loans and receivables - loans to other entities and individuals	1.452	0.075
4.232	34.465	Loans and receivables - trade receivables	3.959	40.965
5.889	**34.524**	**Debtors**	**5.411**	**41.040**
(172.641)	(18.374)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(165.932)	(9.690)
(20.400)	(34.395)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	-	(54.783)
-	(3.565)	Financial liabilities at amortised cost - borrowing from group entities	-	(3.534)
(193.041)	**(56.334)**	**Borrowing**	**(165.932)**	**(68.007)**
-	(37.131)	Financial liabilities at amortised cost - trade payables	-	(35.928)
(85.103)	(2.543)	PFI/PPP and finance lease liabilities	(82.488)	(2.615)
(0.020)	-	Financial guarantees	(0.010)	-
(85.123)	**(39.674)**	**Creditors**	**(82.498)**	**(38.543)**

Fair value of group financial instruments

The available-for-sale financial assets carried on the **group balance sheet** comprise the council's insurance fund investments, the investments of Renfrewshire Leisure Limited, the investments of the Paisley, Renfrew and Johnstone Common Good Funds and the investments of the charitable trusts administered by Renfrewshire Council. The fair value of these investments equates to the market value of the investments as provided by the council's investment manager, Standard Life Wealth Limited.

Again, those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 24 provides details of these. The short-term nature of cash and cash equivalents means that their fair value equates to their balance sheet carrying amount. Additional qualitative information on the fair value of financial instruments can be found at Note 27.

31 March 2014			31 March 2015	
Balance sheet carrying amount £m	Fair value £m		Balance sheet carrying amount £m	Fair value £m
27.605	27.663	Loans and receivables - fixed term deposits	24.694	24.717
2.845	2.845	Available-for-sale financial assets - insurance fund investments	3.116	3.116
14.900	14.900	Available-for-sale financial assets - Common Good Fund investments	15.856	15.856
45.350	**45.408**	**Investments**	**43.666**	**43.689**
1.716	1.849	Loans and receivables - loans to other entities and individuals	1.527	1.570
38.697	38.701	Loans and receivables - trade receivables	44.924	44.927
40.413	**40.550**	**Debtors**	**46.451**	**46.497**
(191.015)	(211.327)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(175.622)	(231.239)
(54.795)	(56.725)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.783)	(70.003)
(3.565)	(3.565)	Financial liabilities at amortised cost - borrowing from group entities	(3.534)	(3.534)
(249.375)	**(271.617)**	**Borrowing**	**(233.939)**	**(304.776)**
(37.131)	(37.131)	Financial liabilities at amortised cost - trade payables	(35.928)	(35.928)
(87.646)	(87.646)	PFI/PPP and finance lease liabilities	(85.103)	(85.103)
(0.020)	(0.020)	Financial guarantees	(0.010)	(0.010)
(124.797)	**(124.797)**	**Creditors**	**(121.041)**	**(121.041)**

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 on the revaluation of available-for-sale financial assets" in the **group comprehensive income and expenditure statement**.

2014-2015	Financial assets: loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Interest expense (including finance lease interest)	-	-	18.765	**18.765**
Realised losses on disposal	-	-	-	**-**
Impairment losses	0.802	-	-	**0.802**
Fee expense	-	-	-	**-**
Total expense in the (surplus) or deficit on the provision of services	**0.802**	**-**	**18.765**	**19.567**
Interest income	(0.552)	(0.001)	-	**(0.553)**
Dividend income	-	(0.623)	-	**(0.623)**
Other income	(0.010)	(0.216)	-	**(0.226)**
Total income in the (surplus) or deficit on the provision of services	**(0.562)**	**(0.840)**	**-**	**(1.402)**
Net (gain) or loss on revaluation	-	(0.938)	-	**(0.938)**
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	**-**	**(0.938)**	**-**	**(0.938)**
Net (gain) or loss for the year (in total comprehensive income and expenditure)	**0.240**	**(1.778)**	**18.765**	**17.227**

2013-2014	Financial assets: loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Interest expense (including finance lease interest)	-	-	20.345	**20.345**
Realised losses on disposal	-	-	-	**-**
Impairment losses	3.248	-	-	**3.248**
Fee expense	-	-	-	**-**
Total expense in the (surplus) or deficit on the provision of services	**3.248**	**-**	**20.345**	**23.593**
Interest income	(0.985)	(0.001)	-	**(0.986)**
Dividend income	-	(0.677)	-	**(0.677)**
Other income	(0.010)	(0.798)	-	**(0.808)**
Total income in the (surplus) or deficit on the provision of services	**(0.995)**	**(1.476)**	**-**	**(2.471)**
Net (gain) or loss on revaluation	-	0.361	-	**0.361**
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	**-**	**0.361**	**-**	**0.361**
Net (gain) or loss for the year (in total comprehensive income and expenditure)	**2.253**	**(1.115)**	**20.345**	**21.483**

Accounting Policies – Renfrewshire Council

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

Service Reporting

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

Accruals of Expenditure and Income

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

i. Revenue from the sale of goods or provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser or can measure reliably the percentage completion of the transaction, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

ii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.

iii. Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by 31 March 2015 or relate to services associated with the prior financial year.

Business Improvement District

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

Carbon Reduction Commitment Scheme

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

Cash and Cash Equivalents

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

Charges for the Use of Assets

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

ii. In the case of the Council's Trading Operations, the charge for the use of assets includes a provision for depreciation plus an interest charge for the actual cost of borrowing for capital expenditure. This accounting treatment fully complies with the specific reporting requirements under the Local Government in Scotland Act 2003 for the Council's Trading Operations.

Contingent Assets and Liabilities

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

Employee Benefits

Benefits payable during employment
All salaries and wages earned up to 31 March 2015 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

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

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

Post employment benefits

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

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

Events after the Balance Sheet date

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

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

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

Prior Period Adjustments

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

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

Financial Instruments

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

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

Financial Guarantees

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

Loans Fund

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

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

Government Grants and other Contributions

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

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

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

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

Heritage Assets

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

The collections of heritage assets are accounted for as follows:

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

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

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

Intangible Assets

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

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

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

Interests in Companies and Other Entities

The Council has material interests in a charitable company and Joint Boards and Committees that have the nature of 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 45% shareholding in a joint venture company, which was disposed of during 2014-15, and a 50% holding in a limited liability partnership. These are recorded as investments.

Inventories

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

Investment Property

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

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

Landfill Allowance Trading Scheme

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

Leases

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

The Council as Lessee

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

Lease payments are apportioned between:

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

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

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

The Council as Lessor

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

Lease rentals receivable are apportioned between:

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

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

Overheads and Central Support Costs

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

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

PFI Schemes – School Buildings Maintenance and Other Facilities

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

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

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

Property, Plant and Equipment

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

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

Measurement
Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Impairment

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

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

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

Disposals

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

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

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

Depreciation

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

Deprecation is calculated on the following bases:

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

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

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

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

Provisions

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

Reserves

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

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

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

Revenue Expenditure Funded from Capital under Statute

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

Trading Operations

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

VAT

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

Accounting Policies - Group

Introduction
The Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 ("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; other charitable trusts administered by Renfrewshire Council; and six other entities:

1. Renfrewshire Leisure Limited
2. Strathclyde Partnership for Transport
3. Strathclyde Concessionary Travel Scheme Joint Committee
4. Renfrewshire Valuation Joint Board
5. Cart Corridor Joint Venture Company Limited
6. Park Lane Developments (Renfrewshire) Limited Liability Partnership.

Under accounting standards, the council requires to include the results of Renfrewshire Leisure Limited as a *subsidiary* with Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee and Renfrewshire Valuation Joint Board included as *associates* because the council has a "significant influence" over their financial and operating policies. The council has no shares in, or ownership of, any of these four organisations, which are entirely independent of the council under law and for taxation.

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* (rather than *subsidiary*) 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 previously held 96% (£2.469 million) of the preference share capital (which carries no voting rights) and 45% (£45) of the ordinary share capital of Cart Corridor Joint Venture Company Limited. On 18 December 2014 the council agreed to dispose of its entire share capital in the company. The council also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) Limited Liability Partnership. These two entities are included as *joint ventures* in the council's group accounts. Renfrewshire Council's share of each joint venture's net liabilities is calculated based on the council's proportionate ordinary shareholding in each joint venture.

The council has effective control over Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds and other charitable trusts 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.

Basis of preparation of group statements and going concern
For the three associates and two 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 being 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 comprehensive income and expenditure statement**).

For two of the five entities the council has a share in a net liability. The net liability position of the Renfrewshire Valuation Joint Board 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 Arnotts store in Paisley. For the Cart Corridor Joint Venture Company Limited, the council agreed to dispose of its entire chare capital during 2014-2015 and no assets or liabilities remain at 31 March 2015.

All of the above associates and joint ventures consider it appropriate that their statement of accounts should follow the "going concern" basis of accounting. Arrangements with the Council and other funders for the longer-term funding of Park Lane Developments (Renfrewshire) Limited Liability Partnership are considered sufficient to meet future funding requirements.

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 (those numbered 2, 3 and 4 in the preceding list) 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 2003-2004. 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 note G2.

Post-employment benefits
In common with Renfrewshire Council, all combining entities, except Park Lane Developments (Renfrewshire) Limited Liability Partnership, 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.

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.

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 Renfrewshire Valuation Joint Board and the Concessionary Travel Scheme Joint Committee have 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.

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.

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.

RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY	SC019478
RENFREW	SC019479
JOHNSTONE	SC019480

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

2014-15

Renfrewshire Council

TABLE OF CONTENTS

TRUSTEES' ANNUAL REPORT 1

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS 7

AUDITORS REPORT TO THE TRUSTEES OF PAISLEY, JOHNSTONE AND RENFREW COMMON GOOD FUNDS 8

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2015 10

BALANCE SHEET AS AT 31ST MARCH 2015 11

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH 2015 12

NOTES TO THE FINANCIAL STATEMENTS 13

1: ACCOUNTING POLICIES 13

2: INCOMING RESOURCES 15

3: RESOURCES EXPENDED 15

4: TANGIBLE FIXED ASSETS 16

5: FIXED ASSET INVESTMENTS 18

6: RESERVES COVER 19

7: CASH FLOW STATEMENT 19

8: TRUSTEES' REMUNERATION AND EXPENSES 20

9: RELATED PARTIES 20

10: COMMITMENTS 20

11: STAFF COSTS AND EMOLUMENTS 20

12: AUDIT COSTS 20

13: DEBTORS 21

14: CREDITORS 21

15: SHORT TERM DEPOSITS 21

Trustees' Annual Report

Introduction

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

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

The principal address of the Common Good Funds is:

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

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

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

Trustees

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

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

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

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

Structure, Governance and Management

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

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

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

(a) its purposes consist of only one or more charitable purposes, and

(b) it provides …..public benefit in Scotland or elsewhere."

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

History

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

Governance and Management

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

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

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

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

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

Risk

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

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

Objectives and Activities

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

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

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

Grantmaking

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

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

Achievements and Performance

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

Investment performance

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

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

Financial Review

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

No individual Common Good Fund is in deficit.

The main funding sources for the Common Good Funds this year are dividend and investment income (63%) and property rental income (25%).

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

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

Future Plans

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

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

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

Signed:

Date:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

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

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

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

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

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

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

b) Statement of disclosure of information to auditors

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

Signed:

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

Date:

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

I certify that I have audited the financial statements of Renfrewshire Council Common Good Funds for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor
As explained more fully in the Statement of Trustees' Responsibilities in respect of the Annual Report and Accounts, the trustees are responsible for the preparation of the financial statements which give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements
In my opinion the financial statements:

- give a true and fair view of the state of the charities' affairs as at 31 March 2015 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- Have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA
Assistant Director, Audit Services
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place, Glasgow, G2 1BT

September 2015

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

Statement of Financial Activities for the Year Ended 31st March 2015

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

		Year to 31st March 2015				Year to 31st March 2014			
		Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
	Notes	£m	£m	£m	£m	£m	£m	£m	£m
Incoming Resources from Charitable Activities									
Grants, Interest & Dividend Income	2(a)	0.132	0.000	0.441	**0.573**	0.145	0.000	0.485	**0.630**
Rental and Other Income	2(b)	0.049	0.000	0.414	**0.463**	0.049	0.000	0.307	**0.356**
Total Incoming Resources		0.181	0.000	0.855	1.036	0.194	0.000	0.792	0.986
Resources Expended									
Cost of Generating Funds									
Fundraising Trading		0.000	0.000	0.011	**0.011**	0.000	0.000	(0.004)	**(0.004)**
Investment Management Costs		0.011	0.000	0.037	**0.048**	0.012	0.000	0.039	**0.051**
Charitable Activities	3(a)	0.147	0.000	0.187	**0.334**	0.147	0.000	0.197	**0.344**
Governance Costs	3(b)	0.016	0.000	0.048	**0.064**	0.016	0.000	0.047	**0.063**
Depreciation and Impairment		0.048	0.000	0.290	**0.338**	0.047	0.000	(0.243)	**(0.196)**
Total Resources Expended		0.222	0.000	0.573	**0.795**	0.222	0.000	0.036	**0.258**
Net Incoming / (Outgoing) Resources		(0.041)	0.000	0.282	**0.241**	(0.028)	0.000	0.756	**0.728**
Other Gains or Losses									
Gains/(Losses) on Revaluation of Fixed Assets	4	(0.015)	0.000	0.487	**0.472**	0.000	0.000	1.039	**1.039**
Gains/(Losses) on Investment Assets	5	0.214	0.000	0.735	**0.949**	0.123	0.000	0.411	**0.534**
Total Other Recognised Gains or Losses		0.199	0.000	1.222	**1.421**	0.123	0.000	1.450	**1.573**
Net Movement in Funds		0.158	0.000	1.504	**1.662**	0.095	0.000	2.206	**2.301**
Transfer between Funds		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Funds Brought Forward		4.730	0.052	25.693	**30.475**	4.635	0.052	23.487	**28.174**
Total Funds Carried Forward		4.888	0.052	27.197	**32.137**	4.730	0.052	25.693	**30.475**

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

Balance Sheet as at 31st March 2015

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

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

* 2013/14 reserve figures have been restated to correct a historic discrepancy in the apportionment between general and revaluation reserves. The unaudited accounts were issued on 25 June and the audited accounts were authorised for issue on 24th September 2015

Signed:

Date:
Alan Russell
Director of Finance and Resources
Renfrewshire Council

Signed:

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

Cash Flow Statement for Year Ended 31st March 2015

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

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

Notes to the Financial Statements

1: Accounting Policies

Introduction

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

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

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

Incoming Resources

Recognition of incoming resources

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

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

Grants and Donations

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

Gifts in Kind

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

Investment Income

This is included in the accounts when receivable.

Investment Gains and Losses

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

Resources Expended

Liability Recognition

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

Charitable Activities

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

Governance Costs

Governance costs include the:

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

Grants Payable without Performance Conditions

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

Assets

Valuation

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

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

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

Investments are valued at market value.

Depreciation

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

Impairment

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

Departures from the Charities SORP

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

2: Incoming Resources

a) Grants, Interest and Dividend income

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

b) Rental and Other Income

	2014-15				2013-14			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Rental income from properties	0.049	0.000	0.313	0.362	0.049	0.000	0.307	0.356
Other Income	0.000	0.000	0.101	0.101	0.000	0.000	0.000	0.000
Total rental and other income	**0.049**	**0.000**	**0.414**	**0.463**	**0.049**	**0.000**	**0.307**	**0.356**

3: Resources Expended

a) Charitable Activities

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

b) Governance Costs

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

4: Tangible Fixed Assets

a) Paisley Common Good Fund

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

b) Renfrew Common Good Fund

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

c) Johnstone Common Good Fund

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

d) Heritage Assets

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

5: Fixed Asset Investments

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

a) Analysis of market values

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

b) Asset Allocation Analysis

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

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

6: Reserves Cover

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

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

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

7: Cash Flow Statement

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

	Year to 31st March 2015			Year to 31st March 2014		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£m
Net incoming/outgoing resources before other recognised gains and losses	(0.041)	0.000	0.282	(0.028)	0.000	0.756
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.048	0.000	0.290	0.048	0.000	(0.243)
Gain on sale of fixed asset - property	0.000	0.000	(0.101)	0.000	0.000	0.000
Decrease/(increase) in debtors	0.000	0.000	(0.015)	0.003	0.000	0.014
Increase/(decrease) in creditors	(0.002)	0.000	(0.031)	(0.030)	0.000	0.010
Net cash (inflow)/outflow from operating activities	**0.005**	**0.000**	**0.425**	**(0.007)**	**0.000**	**0.537**

b Analysis of changes in net funds

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

8: Trustees' remuneration and expenses

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

9: Related Parties

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

10: Commitments

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

11: Staff Costs and Emoluments

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

12: Audit Costs

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

13: Debtors

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

14: Creditors

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

15: Short Term Deposits

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

RENFREWSHIRE COUNCIL TRUST FUNDS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

1 APRIL 2014 to 31 MARCH 2015

Renfrewshire Council

Table of Contents

TRUSTEES' REPORT 1

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF RENFREWSHIRE COUNCIL TRUST FUNDS AND THE ACCOUNTS COMMISSION FOR SCOTLAND 6

TRUST ACCOUNTS FINANCIAL STATEMENTS OVERVIEW 8

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST MARCH 2015 9

STATEMENT OF BALANCES AS AT 31ST MARCH 2015 10

NOTES TO THE FINANCIAL STATEMENTS 11

Trustees' Report

1. INTRODUCTION

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

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

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

The principal address of the Trust Funds is:

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

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

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

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

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

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

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

HISTORY

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

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

GOVERNANCE AND MANAGEMENT

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

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

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

Risk

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

3. Objectives and Activities

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

4. Achievements and Performance

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

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

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

5. Financial Review

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

6. Future Plans

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

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

Signed: Date:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees: Date:

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

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

I certify that I have audited the financial statements of Renfrewshire Council Trust Funds for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of receipts and payments, statement of balances and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees, Director of Finance and Resources and auditor

As explained more fully in the Trustees' Report, all elected members of Renfrewshire Council have general control and management responsibilities, 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. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2015 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA

Assistant Director, Audit Services

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place, Glasgow, G2 1BT

September 2015

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

Trust Accounts Financial Statements Overview

1. Introduction

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

2. Statement of Receipts and Payments

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

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

3. Statement of Balances

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

4. Notes to the accounts

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

Statement of Receipts and Payments for the year ended 31st March 2015

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

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

Statement of Balances as at 31st March 2015

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

	As at 31st March 2014						
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citzens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Total	Total
	£	£	£	£	£	£	£
Cash funds							
Balances held with Renfrewshire Council:							
Opening balance	40,697.92	31,356.93	52,714.13	0.00	0.00	0.00	124,768.98
Surplus / (deficit) for period	(34,951.33)	(573.33)	(10,327.29)	0.00	0.00	0.00	(45,851.95)
	5,746.59	**30,783.60**	**42,386.84**	**0.00**	**0.00**	**0.00**	**78,917.03**
Other assets (at current valuation)							
Land and buildings:							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	640,566.72	640,566.72	640,566.72
Long Term Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	**0.00**	**0.00**	**0.00**	**640,566.72**	**640,566.72**	**640,566.72**

Signed:

Alan Russell

Director of Finance and Resources

Renfrewshire Council

Date:

Signed:

Councillor Michael Holmes

Convener – Finance & Resources Policy Board

Renfrewshire Council

Date:

Notes to the Financial Statements

1. Accounting Policies

Introduction

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

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities’ operations, however it is anticipated that the Citizens Funds will not continue indefinitely as their balances reduce. This has no impact on the financial statements as the assets of these Funds comprise entirely cash balances which are not subject to a valuation estimation.

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

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

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

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

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

The 2013-14 comparative figures have been brought forward unchanged.

INCOMING/OUTGOING RESOURCES

Recognition of incoming resources

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

Recognition of expenditure

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

Charitable Activities

Decisions regarding the way the Trust Funds' income is spent are taken by the Finance & Resources Policy Board, whose membership comprises 16 of the trustees of the Trust Funds.

Costs of Generating Funds

The cost of administering the Trust Funds is borne entirely by Renfrewshire Council.

Governance Costs

Governance costs, where applicable, include the:

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

Grants Payable Without Performance Conditions

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

ASSETS

The Citizens Funds hold no assets other than cash which is held on deposit with Renfrewshire Council (see Note 4).

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

2. ANALYSIS OF RECEIPTS/PAYMENTS

The other income received in the year was from Renfrewshire Council and this was used to fund the expenditure on repairs to the observatory building carried out during the year. These repairs had no affect on the value of the asset.

Details are provided in the Trustees' Annual Report explaining the grants paid out.

3. TRUSTEES' REMUNERATION AND EXPENSES

Neither the trustees of the Trust Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the trustees during the period (2013-14 nil).

4. Related parties

During the period, the Trust Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. No costs were incurred by the Trust Funds for this administration. The Council also acts as the banker for the Trust Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' statement of balances, labelled as "balances held with Renfrewshire Council". There are no other outstanding balances due to or from Renfrewshire Council.

5. Movement in Funds

	At 01/04/2014 £	Net movement in funds £	Transfers between funds £	At 31/03/2015 £
Unrestricted funds	78,917.03	(17,221.18)	0.00	61,695.85
Endowment funds	0.00	0.00	0.00	0.00
Restricted funds :				
Coats Observatory	0.00	0.00	0.00	0.00
	78,917.03	(17,221.18)	0.00	61,695.85

The restricted funds hold the Coats Observatory building and land asset. The current market value of the Coats Observatory at 31/03/2015 is £619,603.96