
To: Council

On: 29 June 2017

Report by: Director of Finance & Resources

Heading: UNAUDITED ANNUAL ACCOUNTS 2016/17

1. SUMMARY

- 1.1 The Council's Accounts and Group Accounts for 2016/17 will be submitted for audit by the statutory deadline of 30 June 2017 and a copy of the Council's Accounts is attached for members' approval. The accounts have been compiled to comply with International Financial Reporting Standards (IFRS) and relevant government accounting regulations. In order to comply with charity accounting requirements, the Council's Accounts do not incorporate statements relating to the Common Good Funds and Charitable Trust Funds which the Council controls. In both these instances, separate accounts have been prepared in accordance with registered charities accounting requirements and are also included for members' approval.
- 1.2 The external auditor (Audit Scotland) is planning to complete the audit process by early September 2017. Their report on the Accounts will be made available to all members and will be submitted to the meeting of the Audit, Risk & Scrutiny Board on 13 September 2017 for consideration.
- 1.3 The Management Commentary prefacing the Accounts provides an overview of the Council's financial performance and the key features are:-
- (a) Revenue spending has been contained within overall budget limits.
 - (b) After adjusting for planned carry forwards, carry forward of committed resources and year end allocations, the General Fund has delivered an underspend of £0.052 million, broadly in line with the forecast breakeven position previously reported to members. Unallocated balances will increase to £7.065 million moving into 2017/18, broadly in line with the minimum level recommended to the Council in September 2016. As previously reported to members, the maintenance of an appropriate level of unallocated reserves remains a key aspect in the management of financial risk which Audit Scotland have indicated they will keep under ongoing review across all local authorities.

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

- £0.566 million to fund the Council's anticipated final contribution to the M74 extension project. Discussion with Glasgow City Council has confirmed the final contribution is likely to be determined in 2017/18.
- £2.850 million as approved by the Economy & Jobs Policy Board on 20 May 2015 reflecting the flexible management of resources across financial years as part of the overall funding package supporting the delivery of the Invest in Renfrewshire Programme.
- £0.009 million of remaining funding linked to specific service projects within Adult services as approved by the Social Work, Health and Well Being Policy Board on 24 January 2013.
- £1.213 million relating to the Council's approved policy on delegated management of resources within schools.
- £4.245 million to support delivery of the Council's medium term waste strategy.
- £5.411 million relating to the Service Modernisation and Reform Fund (SMARF) which is set aside to assist in the delivery of the Council's transformation and change programme.
- £2.135 million of funding carried forward to support the delivery of committed projects as part of the Private Sector Housing Programme as approved on 15 March 2016 by the Housing and Community Safety Policy Board.
- £1.059 million approved by the Council on 27 February 2014 to development initiatives on the Arnott's town centre site in Paisley.
- £0.121 million of planned revenue contributions to a number of approved capital projects principally relating to the Community Safety.
- £2.721 million of resources committed to the ongoing Early Years Strategy and Change Fund arrangements as reported to the Education and Children Policy Board on 14 May 2015.
- £12.670 million for the Schools PPP reserve in line with the Council's approved affordability framework.
- £0.340 million earmarked to support investment in Credit Unions as approved by the Finance & Resources Policy Board on 12th November 2014. It is anticipated these funds will be required in 17/18.
- £1.561 million of resources committed to support the City Deal project as approved by Council on 13 February 2014.
- £1.066 million of resource committed to support measures to Tackle Poverty as approved by Council on 12 February 2015.

- £5.612 million of resource committed to support the Heritage Asset Strategy as agreed by Council on 12 February 2015
 - £0.082 million of specific resource committed to support youth employability.
- (e) Unallocated HRA reserves as at 31 March 2017 have been maintained at £6.807 million. This represents a prudent level of unallocated reserves for the HRA which remain available to mitigate the impact of any unforeseen risks. In addition to these unallocated reserves, in setting the 2013/14 budget, the Council earmarked £5 million of resources to provide a range of additional support arrangements to tenants affected by Welfare Reform changes. £3.432 million was available at the start of financial year 2016/17. During the course of 2016/17, £0.428 million of these resources were utilised, leaving £3.004 million available for future years.
- (f) As outlined in paragraph 2.4 below, specific reserves now total £84.662 million, an increase on last year of £19.019 million and relate primarily to resources committed to the Council's capital investment programme and resources retained as part of delivering the council's ongoing medium term debt smoothing strategy.
- (g) Capital spending of £53.900 million on non housing projects was managed within the overall expenditure control limits approved by Council.
- (h) The Council no longer operates any significant trading operations but continues to operate a number of trading operations for management purposes. It is proposed that a review of the practice of maintaining trading operations for management purposes is undertaken during the course of 2017/18. In 2016/17 all trading operations have traded profitably, however the Building Services trading operation under-recovered against the budgeted target surplus – further detail is provided in section 3.10 below.
- (i) The Council's in year council tax collection performance for 2016/17 was 96%, and is consistent with that reported in the previous year, equalling the highest ever performance achieved by the Council.

2. RECOMMENDATIONS

Council is asked to:-

- 2.1 Approve, subject to Audit, the Annual Accounts for 2016/17.
- 2.2 Note that Audit Scotland is planning to complete the audit of the Accounts by early September 2017 and that their report will be made available to all members and will be submitted to the meeting of the Audit, Risk & Scrutiny Board on 13 September 2017 for detailed consideration.
- 2.3 Approve the sums earmarked within the General Fund reserves and HRA reserves as outlined in 1.3 above and in note 11 of the Accounts.
- 2.4 Approve the transfer of resources to and from specific reserves as detailed below and in note 12 of the Accounts.

	Opening balance	Contributions to Reserves	Reserves Used / Transferred	Closing balance
	£ms	£ ms	£ ms	£ ms
Insurance Fund	2.543	-	-	2.543
Reservoir Repair Fund	0.312	0.002	-	0.314
Education Capital Items	0.751	0.096	0.081	0.766
Investment Programme Capital Fund	55.264	32.817	7.042	81.039
Housing Capital Fund	6.773	-	6.773	-
Total	65.643	32.915	13.896	84.662

- 2.5 Approve, subject to audit, the annual accounts attached for the Common Good Funds and Charitable Trusts which under accounting regulations require to be separately prepared and audited from the Council's accounts.

3. FINANCIAL PERFORMANCE 2016/17

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

DEPARTMENTAL PERFORMANCE - GENERAL FUND REVENUE BUDGET

3.2 Chief Executive's Service - breakeven

There are no significant variations from budget to report.

3.3 Finance and Resources - £32,000 (0.1%) under-spend

The year-end under-spend is a marginally improved position to that previously reported to members and relates primarily to an over-recovery of income mainly related to licensing, and employee cost underspends.

3.4 Community Resources - £198,000 (0.4%) under-spend

The underspend for the department relates to lower payments to contractor for waste disposal, higher external income for roads consents, and lower transport and supplies and services costs across the department. This is partly offset by lower income from trade waste and special uplifts, and an overspend on employee costs across the service for leave, absence and events cover. The underspend offsets the under-recovery of income on the Building Services trading operation as outlined at 3.10 below.

3.5 Development & Housing Services - breakeven

There are no significant variations from budget to report.

3.6 **Children's Services - £20,000 (0.01%) under-spend**

Overspends in Additional Support for Learning and Pre 5 have been offset by lower than anticipated expenditure on external placements.

The underspend is after accounting for year end budget flexibility carried forward by schools under Council's Delegated Management of Resources (DMR) Scheme as detailed in section 1.3 above.

3.8 **Adult Services - breakeven**

The main areas of over and underspend are outlined below:

Older People (£423,000 under-spend)

The net underspend within Older People services is due to vacancies within care homes and related to staff turnover, offset by continuing demand pressures. The Care at Home service remains under pressure and it is anticipated that Council funding held in reserve by the IJB will require to be utilised in 2017/18.

Physical Disabilities (£514,000 over-spend)

This overspend reflects pressures in the adult placement budget reflecting both increased demand and Self Directed Support.

Learning Disabilities (£50,000 under-spend)

This underspend was due to the impact of vacancies throughout 2016/17 along with a better than anticipated level of income recovery from chargeable services. These offset ongoing pressures within the Adult Placement budget.

Addictions (£35,000 under-spend)

The under-spend reflects the demand and complexity of care packages.

3.9 **Miscellaneous Services – £944,000 (1.8%) Overspend**

The year-end position on miscellaneous services was a breakeven position, however in the context of the Council's agreed debt smoothing strategy and an over-recovery of council tax income as outlined at 3.11 below, additional debt repayments were possible within the overall council financial position which has resulted in an overspend position for miscellaneous services.

3.10 **Trading Operations – Underachievement of planned Surplus - £0.176 million**

Building Services achieved a surplus for the year of £0.281 million, while Roads Services achieved a surplus for the year of £0.129 million. Catering and Vehicle Maintenance trading operations achieved surpluses of £0.455m and £0.508m respectively. The overall surplus on all trading operations for the year of £1.373 million was £0.176 million less than the planned surplus of £1.549 million. This under-recovery against the planned surplus is attributable to Building Services, where due to a relatively benign winter the volume of forecast works related to winter repairs did not materialise. The surplus for the year from the trading operations has been added to General Fund balances, with the exception of Building Services, 67% of which was transferred to the Housing Revenue Account balance in line with agreed Council policy.

	Surplus 2014/15 £000s	Surplus 2015/16 £000s	Surplus 2016/17 £000s	Target Surplus 2016/17 £000s	Total Surplus 14/15 - 16/17 £000s
Building Services	497	587	281	468	1,365
Roads Direct	145	133	129	125	407
Vehicle Maintenance	519	514	508	505	1,541
Catering	456	457	455	451	1,368
Total	1,617	1,691	1,373	1,549	4,681

The main points to note in relation to the performance of the trading operation during 2016/17 are outlined below:

- (a) **Building Services surplus £281,000**
Building Services returned a trading surplus of £281,000, against the targeted surplus of £468,000. £189,000 of the surplus has been transferred to the Housing Revenue Account (HRA) in line with the percentage of work allocated to Building Services from the HRA over the course of the year.
- (b) **Roads Direct Surplus £129,000**
The surplus achieved of £129,000 is broadly in line with the anticipated surplus of £125,000.
- (c) **Vehicle Maintenance Surplus £508,000**
The Vehicle Maintenance trading surplus of £508,000 is broadly in line with the anticipated surplus of £505,000.
- (d) **Catering Surplus £455,000**
The Catering trading surplus of £455,000 is broadly in line with the target surplus of £451,000.

3.11 **Council Tax Income - £0.729 million over-recovery**

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

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

The final year end breakeven position is in line with the projection previously reported and reflects the net effect of underspends in property costs, supplies and services, administration costs and payments to other bodies which have been used to fund an overspend in employee costs, an under recovery of income and increased capital contributions as part of the overall housing debt smoothing strategy.

The overspend on employee costs is due to the service requiring to operate with full staff complements in certain sections to reflect operational demands.

A reduction in repairs costs during the Winter season resulting from mild weather conditions has resulted in an underspend against the property cost heading. A number of minor underspends have arisen against various supplies and services and administration budgets including postages, advertising and printing costs.

The underspend on payments to other bodies has mainly arisen due to lower than expected levels of irrecoverable rent due to Welfare Reform pressures, the roll out of Universal Credit not progressing as quickly as anticipated and lower than expected levels of expenditure against Welfare Reform budgets as a result of additional Discretionary Housing Payment (DHP) resources being available to support tenants. Rent loss due to voids was also underspent, reflecting the lower turnaround times resulting from the continuing improvement in the management of void houses.

The overspend in capital charges relates to the increased capital contributions made as part of the HRA Business Plan Strategy to utilise in year underspends to assist in mitigating the impact of future capital borrowing costs arising from the delivery of investment in housing stock.

The under recovery of income primarily relates to a reduction in the surplus rebated back to the HRA from Building Services and a lower than budgeted transfer being required from the Welfare Reform reserve.

Unallocated HRA reserves as at 31st March 2017 have been maintained at £6.807 million. This represents a prudent level of unallocated reserves for the HRA which remain available to mitigate the impact of any unforeseen risks. In addition to these unallocated reserves, in setting the 2013/14 budget, the Council earmarked £5 million of resources to provide a range of additional support arrangements to tenants affected by Welfare Reform changes. £3.432 million was available at the start of financial year 2016/17. During the course of 2016/17, £0.428 million of these resources were utilised, leaving £3.004 million available for future years.

4. BUDGET PERFORMANCE - CAPITAL

4.1 Non Housing Capital Budget Performance

Non-Housing capital expenditure totalled £53.900 million during 2016/17. Capital receipts of £2.450 million were generated from asset sales. These receipts along with £4.116 million available within the Useable Capital Receipts Reserve provided total receipts of £6.566 million. This amount has been earmarked to support the ongoing investment programme for future years. The capital investment performance was delivered within the approved prudential expenditure and borrowing limits set by the Council.

4.2 Housing Capital Budget Performance

Housing capital expenditure totalled £7.839 million during 2016/17. Capital receipts of £6.624 million were realised from asset sales during 2016/17, and of this £5.559 million was utilised to support the current year investment programme, leaving a balance of £1.065 million which is earmarked to support the ongoing investment programme for future years. The capital budget performance was delivered within the approved prudential expenditure and borrowing limits set by the Council.

5 PRUDENTIAL FRAMEWORK

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

6. GROUP ACCOUNTS

- 6.1 The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 – ("the code"), requires local authorities to consider accounting for their interests in all types of entity e.g. Joint Boards & Committees, Leisure Trusts, companies etc. This includes other local authorities or similar bodies as defined in section 106 of the Local Government (Scotland) Act 1973 e.g. statutory bodies such as Valuation Joint Boards plus all Joint Committees. Under the code authorities are required to prepare a full set of Group Accounts in addition to their own Council's Accounts where they have a material interest in such entities.

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

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

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

Paisley, Renfrew & Johnstone Common Good Funds and other Charitable Trusts administered by the Council,

Renfrewshire Leisure Limited, and

Park Lane Developments (Renfrewshire) LLP.

- 6.4 Both the Council's own Accounts and the Group Accounts need to be submitted together by the 30 June 2017 to our auditors to meet the statutory deadline.

7. Common Good Funds and Sundry Trust Annual Accounts

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

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

Implications of this Report

Financial – The report provides an overview of the Council's finances as at 31 March 2017 and of actual budget performance for 2016/17. The outcome of Audit Scotland's findings will be reported to the first available meeting of the Audit, Risk and Scrutiny Board following the issue of the Audit Scotland Report to Members.

HR & Organisational Development - none

Community Planning – The positive outcome in challenging circumstances for the financial year 2016/17, will help to maintain the Council's stable financial position which supports the Council to deliver on its key objectives and priorities.

Legal - subject to approval by Council, the Accounts will be released for audit by the statutory deadline of 30 June 2017.

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

Author – Alan Russell, Director of Finance & Resources

Renfrewshire Council

Unaudited Accounts

2016–2017



Management Commentary	3	
Annual Governance Statement	11	
Remuneration Report	16	
Statement of Responsibilities for the Annual Accounts	23	
Independent Auditor’s Report	24	
The Statement of Accounts		
Expenditure and Funding Analysis	25	
Comprehensive Income and Expenditure Statement	26	
Movement in Reserves Statement	27	
Balance Sheet	28	
Cash Flow Statement	29	
Notes to the Financial Statements		
Note 1	Accounting Standards Issued not Adopted	30
Note 2	Critical Judgements in Applying Accounting Policies	30
Note 3	Assumptions made about the future	30
Note 4	Material items of income and expenditure	32
Note 5	Events after the balance sheet date	32
Note 6	Expenditure and funding analysis	32
Note 7	Expenditure and income analysed by nature	34
Note 8	Financing and investment income and expenditure	34
Note 9	Grant income	34
Note 10	Taxation and non-specific grant income	35
Note 11	Adjustments between accounting the basis and funding basis under regulations	35
Note 12	Usable Reserves	38
Note 13	Unusable reserves	40
Note 14	Property, Plant and Equipment	45
Note 15	Investment Properties	47
Note 16	Heritage Assets	48
Note 17	Assets held for sale	48
Note 18	Intangible assets	49
Note 19	Capital expenditure and capital financing	49
Note 20	Public Private Partnerships	50
Note 21	Leases	51
Note 22	Inventories	52
Note 23	Intangible assets (current)	52
Note 24	Debtors	53
Note 25	Cash and cash equivalents	53
Note 26	Creditors	54
Note 27	Provisions	54
Note 28	Financial Instruments	55

Note 29	Nature and extent of risks arising from financial instruments	59
Note 30	Note to the cash flow statement	62
Note 31	Trading operations	63
Note 32	Agency services	64
Note 33	Related parties	64
Note 34	External audit costs	65
Note 35	Pension schemes accounted for a defined contribution schemes	65
Note 36	Defined benefit pensions schemes	65
Note 37	Contingent assets and liabilities	71
Housing Revenue Account		72
Council Tax Income Account		75
Non-domestic Rate Income Account		77
Group Comprehensive Income and Expenditure Statement		78
Group Movement in Reserves Statement		79
Group Balance Sheet		80
Group Cash Flow Statement		81
Notes to the Group Accounts		82
Accounting Policies		98

Introduction

This commentary outlines the objectives, strategy and financial performance of the Council over the 2016-2017 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 were integrated with health services during 2015-2016 under the Renfrewshire Health and Social Care Partnership, with the Partnership formally taking responsibility for delivering these services from 1 April 2016.

The Council has forty three councillors (an increase from forty from the local elections in May 2017), elected every five years to represent the interests of the local community. The management of the Council is led by the Chief Executive, Sandra Black. The management structure of the Council is divided into five departments – Childrens' Services, Community Resources, Development and Housing Services, Finance and Resources and the Chief Executive's Service. The Chief Officer of the Renfrewshire Health and Social Care Partnership jointly reports to both the Chief Executives of Renfrewshire Council and NHS Greater Glasgow & Clyde. Leisure and culture services within Renfrewshire are provided by Renfrewshire Leisure Limited, an arms' length organisation which delivers sport, leisure and cultural services including museums and libraries on behalf of the Council.

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.

The Council Plan "A Better Future, A Better Council" was refreshed in December 2015, and the Plan outlines ten priorities for the Council over the period to 2017. It is anticipated the Council Plan will be reviewed over the course of 2017 to reflect the priorities of the administration elected in May 2017. 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 "It's All About You" pages on the Council website.

Annual Budget 2016-2017

The Council approved the budget for 2016-2017 on 3 March 2016 (minutes of the meeting are available on the Council website). The Council agreed to invest in the regeneration of cultural, heritage and sports assets as drivers for economic development; investment in digital connectivity and services to local communities; whilst also agreeing a freeze on council tax levels for the ninth year running (Band D council tax in Renfrewshire is £1,165).

The Council further agreed in relation to the Housing Revenue Account (HRA), a 2.0% rental increase for 2016-2017. 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,

Capital investment in non-housing assets of £149 million over 2016-2017 to 2018-2019 was agreed, of which £83 million would be funded by the Council, with the balance being funded by government grant. This includes £50m of UK and Scottish Government grant related to City Deal Projects. Capital investment of £52 million in council housing over 2016-2017 to 2018-2019 was also agreed, allowing the Council to continue to improve the condition of housing stock following the previous substantial investment related to achieving the Scottish Housing Quality Standard; and also to build in excess of 200 new houses over the period of the plan.

Financial Performance

Revenue

On 3 March 2016 the Council approved the 2016-2017 Revenue Estimates designed to build further on its commitments to invest in the economy, jobs and education; and to support local communities. A further £6 million was committed to economic regeneration plans related to the development of sports facilities, in addition to £8.779 million of additional resources for adult social care services. As detailed in Note 11, during 2016-17 the Council drew £12.891 million from and contributed £0.239 million to both ring-fenced and unallocated General Fund balances to support services across Renfrewshire.

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 draw on reserves of £12.652million which represents an underspend of £0.052 million against the budgeted draw on reserves of £12.704 million.

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

	Budget	Actual	Variance
	£m	£m	£m
Employee costs	227.1	224.5	(2.6)
Payments to other bodies	42.7	42.9	0.2
Other costs	283.4	292.7	9.3
Total Expenditure	553.2	560.1	6.9
Revenue Support Grant	(209.1)	(209.1)	-
Council Tax Income	(67.1)	(67.8)	(0.7)
Non Domestic Rates Income*	(96.1)	(96.1)	-
Other Income	(168.2)	(174.5)	(6.3)
Total Income	(540.5)	(547.5)	(7.0)
Drawdown from Reserves	12.7	12.6	(0.1)

*The Council was due £96.1 million of non-domestic rate income from the Scottish Government as its share of the national pool. The Council collected £100.0 million directly from local businesses with the excess of £3.9 million payable to the Scottish Government (2015-16 £9.7 million payable by the Scottish Government to the Council).

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 £0.052 million balance outlined above reflects the net spend and income position achieved across a range of services due to effective budget management by Directors. The outturn position also includes an over-recovery of £0.729 million in Council

Tax income, which reflects in year collection performance of 96.0%, again equal to the highest performance level ever achieved by the Council.

Combining the actual draw on reserves with the accumulated General Fund balance brought forward from 2015-2016 of £61.378 million, produces a cumulative working balance of £48.726 million to be carried forward to 2017-2018. Of this balance, £41.661 million has been earmarked for a particular purpose as outlined in Note 11. This leaves a balance of £7.065 million of unallocated reserves (1.9% of the Council's net annual running costs) which is broadly in line with the Council's financial planning principles.

Housing Revenue Account

The Housing Revenue Account balance reduced by £0.428 million in the year related to agreed support for tenants affected by Welfare Reform. The Council has continued 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 2017, £3.004 million of the originally earmarked £5 million remains available for this purpose.

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 trading accounts are produced for management purposes and are therefore provided at Note 30 for information. The practice of maintaining trading operation accounts for management purposes will be reviewed over the course of 2017-2018.

Building Services achieved a surplus for the year of £0.281 million, while Roads Services achieved a surplus for the year of £0.129 million. Catering and Vehicle Maintenance trading operations achieved surpluses of £0.455 million and £0.508 million respectively. The overall surplus on all trading operations for the year of £1.373 million was £0.176 million less than the planned surplus of £1.549 million, solely attributable to the Building Services trading operation. This under-recovery reflects a reduced volume of winter maintenance activity on council housing stock owing to the relatively benign winter weather experienced. 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 25 February 2016 the Council approved the housing capital investment programme for 2016-2017 of £14.230 million; and on 3 March 2016 the Council approved the general fund capital investment programme for 2016-2017 of £79.617 million. These programmes have been re-profiled during the year to reflect the planned expenditure timescales of individual projects or where project completion dates have been delayed, resulting in actual capital spend for the year of £61.738 million. During 2016-2017 the Council invested £7.838 million in council dwellings. Investment in the schools and leisure estate totalled £24.589 million, while the Council also invested £11.535 million in roads infrastructure and flooding measures, £1.496 million in vehicles, £3.221 million in lifecycle maintenance of council buildings and £2.918 million in ICT equipment and infrastructure. The Council has also begun work on the three City Deal projects which the Council is leading – the Glasgow Airport Investment Area, the Airport Access Project (a joint project with Glasgow City Council) and the Clyde Waterfront and Renfrew Riverside project. Total spend on City Deal projects in 2016-2017 was £5.295 million. A total of £274 million project funding has been agreed with contributions from HM Treasury, the Scottish Government and the Council itself, with projects due to be delivered over the coming decade.

Total capital funding available was £69.724 million as outlined in Note 18. Of the funding available, £11.324 million was sourced from revenue, £23.401 million from government grants and other contributions, and £5.559 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 medium term 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 35 and 36. The appointed actuaries have confirmed a deterioration of £122.188 million in their assessment of the actuarial deficit position of the local government pension fund. This movement is the net outturn from increased liabilities linked to a significantly lower real discount rate as at 31 March 2017 than the previous year.

The assessment provides only a snapshot as at 31 March 2017 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

During the course of 2016-2017 the Council undertook borrowing totalling £32 million in order to refinance maturing loans totalling £23 million over the course of 2016-2017 and 2017-2018; taking advantage of historically low interest rates and also to ensure sufficient cash availability for planned capital programmes over the medium term. The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans.

The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided at Note 28.

An important element of the Council's medium term financial planning includes the strategy of debt smoothing, which continues to be implemented to 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, capital investment 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 15 December 2016. 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 2017 was £349.9 million, which is within the approved limit of £383 million. The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £319.4 million at 31 March 2017 compared to the operational boundary of £382 million. 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 4.5% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs as at 31 March 2017 were 47%, within the planned limit of 49%. However additional debt repaid in the year in line with the agreed business plan temporarily results in financing costs as at 31 March 2017 being 53% of net revenues.

Public Private Partnerships

The Council has 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 2016-2017, £16.071 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 2017-2018, the Council did not agree any

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 27. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 12, the Council has also earmarked £41.661 million for specific purposes.

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

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 Resources under delegated authority.

Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2016-2017, and the affordability of its ongoing commitments.

Financial Indicator	Commentary	2015-2016	2016-2017
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.	1.9%	1.9%
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 2015-2016 budget setting.	(9.7)%	0.7%
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%	17.1%
Debt/Long term borrowing			
Capital Financing Requirement (CFR)	The information in this section demonstrates that external debt levels are within prudential parameters, and that the level of borrowing is affordable. Further information is available in the Treasury Management Annual Report as agreed by Council on 29 June 2017.	£357.9 million	£349.9 million
External debt		£301.3 million	£319.4 million
Ratio of financing costs to net revenue stream (General Services only)		5.4%	4.5%

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 **Council Performance** section of our website provides information about our council performance, showing if we're on target; noting if we've improved in the past year; and explaining our performance. The Local Government Benchmarking Framework provides further information with regards how the Council has performed relative to other Scottish councils – this information can be found at the following website – www.scotland.myllocalcouncil.info

Financial Outlook and Key Risks

Management of Treasury Risk

2016-2017 witnessed significant political volatility related to the result of the EU referendum and subsequent triggering of Article 50; and also the election in the US of President Donald Trump. Uncertainty over these political events allied with the slowdown witnessed in the Chinese economy all resulted in significant market volatility during the year. Inflation in the UK was muted in the first half of 2016, however the sharp fall in Sterling following the Brexit vote had an impact on import prices, which accompanied by rising energy prices pushed inflation higher to 2.3% in March 2017. In addition to the impact on Sterling, the Brexit vote also dented household and investor sentiment, with concerns about economic growth prompting the Bank of England Monetary Policy Committee to reduce the bank rate to 0.25% in August 2016. Despite a downgrading of growth forecasts, economic activity remained buoyant and employment rates proved resilient.

The Council continues to mitigate treasury risks, including those associated with security of cash deposits by actively considering debt restructuring as opportunities arise, however changes in the rules around PwLB restructuring and the costs involved now severely limit these opportunities. The Council also continually reviews 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 treasury strategy, the Council continues to utilise internal cash balances, deferring or minimising external borrowing with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs. This strategy is 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 may extend throughout the term of the current UK Parliament. While the comprehensive spending review published in November 2015 outlined an increase in revenue spending in cash terms, in real terms a reduction is still anticipated. This was an improvement from the previous position outlined in the July 2015 budget, and results in an additional £1 billion of funding being made available to the Scottish Government by 2019-2020.

The local government grant settlement for 2017-2018 (again only a single year settlement being announced) was initially worse than any expectations across Scottish councils and represented the greatest ever direct cut to the local government settlement. Renfrewshire was initially provided a like for like reduction in funding of 4.0%, however as the Budget Bill progressed through the Parliamentary approval process, additional funding was added to the local government settlement which reduced the cut for Renfrewshire to 2.65%. The timing of the local government settlement announcement also left the Council limited time to respond, a position exacerbated by a lack of clarity as to the financial impact of potential sanctions should the Council not have agreed to measures stipulated by the Cabinet Secretary. However a balanced budget position moving into 2017-2018 was agreed reflecting well on the budget decisions taken to date by the Council as part of addressing the medium term savings requirement facing the Council.

It is hoped that the Scottish Government will provide a multi-year settlement for 2018-2019 onwards in order to support the Council to develop sustainable financial plans over the medium term. Indeed the Scottish Parliament Finance & Constitution Committee Budget Review Group is consulting stakeholders with regards how to improve the Parliamentary budget process, which would include multi-year budgeting. It is however anticipated that the Council's grant position is highly likely to further reduce given Scottish Government policy commitments to grow and protect in real terms the budgets relating to the NHS and policing. Each 1% cut to the Council's grant represents a £3 million loss in resource, therefore a continuation of the level of cut received in 2017-2018 would add in the region of £7-9 million of additional budget pressures annually.

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 adult social care services, now delivered by the Renfrewshire Health and Social Care Partnership (RHSCP). A key strand of the Council's medium term financial strategy is to progress in partnership with the RHSCP 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 continuing to experience high demand, reflecting the financial pressures felt by households. 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.

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 such as improved digital connectivity and improvements to local roads. In August 2014 the Council agreed a range of significant investments under the Glasgow and Clyde Valley City Deal programme. Over the next 10 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 submission of a UK 2021 City of Culture bid underlines the Council's intent to utilise culture and heritage as a driver for economic regeneration.

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 the 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

The Scottish Parliament in February 2014 passed the Public Bodies (Joint Working) (Scotland) Act 2014, which had significant implications for both local government and the NHS in Scotland. The Renfrewshire Health and Social Care Partnership became fully operational on 1 April 2016, with responsibility for delivering adult social care services in addition to a range of health services. The Partnership has its own governance arrangements, and will produce its own annual accounts.

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, Renfrewshire Integrated Joint Board and Park Lane Developments (Renfrewshire) Limited Liability Partnership.

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 prepares 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 £0.561 million that is added to the previous surplus brought forward. The total net asset value increased by £3.290 million, with investments increasing by £2.490 million, linked to buoyant equity market conditions. The annual accounts of the Common Good Funds and charitable trusts are available on the Council website.

Conclusion and Acknowledgements

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

Scope of Responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework

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

- The overarching strategic vision and objectives of the Council are detailed in the Council Plan 2014 - 2017. The Council Plan sets out the Council's ambitions and priorities including the delivery of major investment priorities arising from City Deal and the City of Culture 2021 bid. The Better Council change programme continues to support the delivery of the Council Plan to identify, manage and deliver changes across the Council that will improve our efficiency, modernise our ways of working and support long term financial sustainability as well as delivering savings. A new Council Plan for 2017-2020 will be developed during Summer 2017 following the local government elections, in order to reflect the priorities of a new administration.
- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan and Local Improvement Outcome Plan. The Community Empowerment Act requires that community planning partnerships develop and publish a Local Outcome Improvement Plan by 1 October 2017. Renfrewshire Community Planning Partnership will also be required to develop one or more locality plans as part of this requirement, which will detail joint work to tackle inequality within specific localities or communities of interest.
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under review by the council, with the standing orders relating to contracts being the most recently reviewed in May 2016.
- The Council facilitates policy and decision making through a policy board structure. The Council's scheme of decentralisation allows for the five statutory Local Area Committees to distribute their delegated resources in accordance with community need identified in their respective local action plans and community plan key priorities.
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly. The Corporate Management Team monitors a quarterly scorecard of performance information. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the

performance of the Council published annually. An annual benchmarking report on the performance of the Council is submitted to the Audit, Scrutiny and Petitions Board.

- The Council has adopted a code of conduct for its employees' which is currently being reviewed. 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.
- The Council's approach to risk management is set out in the risk management strategy and is well embedded. Risks are reported regularly to the relevant policy boards.
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.
- Registers of interests for elected members and senior officers are maintained and published on the Council's website.
- A corporate counter fraud service has been established to strengthen the Council's arrangements for fraud prevention, detection and investigation.

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.

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.

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 32 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 2017, reflecting updated guidance provided by CIPFA/ Solace.

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 continuous improvement

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.

Previously, internal audit identified that roles and responsibilities in certain areas required to be clarified. Management has taken action to ensure that overall responsibility for building security has been appropriately assigned. Regular reminders on roles and responsibilities are issued to those responsible for corporate purchase card transactions. A rolling programme of focused training with schools administration staff has commenced to ensure roles and responsibilities are clarified and understood.

Process improvements were made to the arrangements in place for payment and checking of certain social care payments to ensure that payments were timely and expenditure was accurate. A programme of rolling reviews to confirm the validity of Non-Domestic Rates reliefs will be completed by Summer 2017.

The Council has implemented a self assessment/evaluation framework which enables services to identify strengths and areas of improvement. 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. A corporate self- assessment was conducted during September 2016, and an improvement plan developed for implementation. Progress in terms of the implementation

of the plan will be monitored quarterly by the Corporate Management Team. A proposal to roll-out the approach used in the corporate assessment across Council service areas is currently being developed for implementation from Summer 2017.

Development and action plans are in place to strengthen the council's corporate counter fraud arrangements and organisational resilience to the threat of serious and organised crime. Policies and procedures are being reviewed and updated as necessary.

External audit has previously highlighted their concerns regarding the effectiveness of the council's scrutiny arrangements. The council has made a commitment to review the governance and scrutiny arrangements, following on from the recent local government elections. A Best Value review, conducted by the council's external auditors, has commenced and will be reported in the Summer 2017, the council is committed to implementing any recommendations arising from this review.

The council's risk management arrangements continue to mature well. During the formal review of the policy and strategy in 2016, it was noted that over time the corporate risk register had been maturing to include risks that were not only focused on challenges internal to the council but very often focused on risks impacting on our communities. To ensure good governance for such risks an opportunity was taken to develop a new strategic risk register. The Audit, Scrutiny and Petitions Board approved this new approach and the updated policy and strategy in November 2016. The corresponding new strategic risk register and revised corporate register have been prepared for approval by the Finance and Resources Policy Board.

A new ICT structure was implemented during the first half of 2016, to reflect the changing demands on technology, both from within and outwith the council. The new structure takes a lifecycle approach to the management of technology assets. The Council welcomes the approach taken by external inspection agencies, through the Local Area Network to develop comprehensive annual Local Scrutiny Plan which is proportionate and based on risks identified. The Local Scrutiny Plan for 2017-2018 concluded that the "no scrutiny risks have been identified which require specific scrutiny".

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

Under the Public Bodies (Joint Working) (Scotland) Act 2014 the Council delegated all social care services for adults and older people to the Health and Social Care Integration Joint Board (IJB). The Renfrewshire Health and Social Care Partnership formally assumed responsibility for adult social care services from 1 April 2016.

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

- Improvement areas were identified in relation to oversight arrangements for expenditure in certain service areas to ensure that contracts are in place where necessary.
- Compliance, inspection and monitoring regimes for certain areas require improvement, a number of specific recommendations have been made to strengthen the risk management and control environment. Security, reconciliation and segregation of duties in some operational areas also require to be strengthened. Management has agreed to take the necessary action and the implementation of the action plans will be monitored.
- Management have agreed to update the policy for gifts and hospitality and associated training material and ensure that evidence of review is maintained. The gifts and hospitality guidance will be updated early in 2017, and online training is currently being developed. These actions will promote staff awareness and on-going compliance with the policy.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2016-2017 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

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

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

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

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008. The salary for the Leader of the Council in 2016-2017 was £33,789 per annum (£33,454 in 2015-2016) and the salary for the Provost was £25,146 per annum (£24,897 in 2015-2016).

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 2016-2017 being £295,643 per annum; and whose salaries individually must be on a specified scale, in 2016-2017 £16,893 to £25,341. In December 2012 the Council approved that Renfrewshire would have twelve senior councillors: eight Policy Board Conveners (paid £25,146 per annum in 2016-2017); three Regulatory Board Conveners (paid £20,774 in 2016-2017); and one Leader of the Opposition (paid £20,774 in 2016-2017).

2. Remuneration Policy for Senior Employees

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

In line with all local government employee groups, senior employees received a 1.0% pay award in 2016-2017.

3. Remuneration of Senior Employees

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

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

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

The term "remuneration" means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2017, whether or not those amounts were actually paid to, or received by, those persons within that period.

Annual Accounts 2016-2017 Remuneration Report

2015-16	Senior employees		2016-17					
Total	Name	Post held	Annual Salary	Other fees and allowances	Expenses allowance chargeable to UK income tax	Compensation for loss of employment	Other	Total
£			£	(i) £	£	(ii) £	(iii) £	£
143,772	Sandra Black	Chief Executive	138,814	18,178	-	-	-	156,992
111,862	Shona MacDougall	Director of Community Resources	112,779	200	-	-	-	112,979
111,662	Mary Crearie	Director of Development and Housing Services	112,779	-	-	-	-	112,779
111,662	Peter MacLeod	Director of Children's Services	112,779	-	-	-	-	112,779
110,913	Alan Russell	Director of Finance and Resources	112,742	7,471	-	-	-	120,213
589,871	Total		589,893	25,849	-	-	-	615,742

2015-16	Senior Employees of Subsidiary Bodies		2016-17					
Total	Name	Post held	Annual Salary	Other fees and allowances	Expenses allowance chargeable to UK income tax	Compensation for loss of employment	Other	Total
£			£	(i) £	£	(ii) £	(iii) £	£
90,112	Joyce McKellar	Chief Executive, Renfrewshire Leisure	94,725	-	36	-	-	94,761
90,112	Total		94,725	-	36	-	-	94,761

(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 2016-2017.

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 2017, whether or not those amounts were actually paid to, or received by, those persons within that period.

Annual Accounts 2016-2017 Remuneration Report

2015-2016	Leader of the Council, Provost, senior councillors		2016-2017		
Total	Name	Position held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
33,557	Mark Macmillan	Leader of the Council	33,789	102	33,891
26,065	Anne Hall	Provost	25,146	950	26,096
24,897	Mike Holmes ⁽¹⁾	Policy Board Convener	25,146	-	25,146
24,897	Jim Harte	Policy Board Convener	25,146	-	25,146
24,897	Tommy Williams ⁽²⁾	Policy Board Convener	25,146	-	25,146
24,897	Jacqueline Henry	Policy Board Convener	25,146	-	25,146
24,897	Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	25,146	-	25,146
24,897	Roy Glen	Policy Board Convener	25,146	-	25,146
24,897	Eddie Devine	Policy Board Convener	25,146	-	25,146
20,909	Sam Mullin ⁽³⁾	Regulatory Board Convener	20,774	-	20,774
20,568	John Hood	Regulatory Board Convener	20,774	-	20,774
20,568	Jim Sharkey	Regulatory Board Convener	20,774	-	20,774
20,568	Alexander Murrin	Regulatory Board Convener	20,774	-	20,774
20,640	Brian Lawson ⁽⁴⁾	Leader of the Opposition	16,676	58	16,734
24,897	Terry Kelly ⁽⁵⁾	Policy Board Convener	14,950	-	14,950
-	Bill Brown ⁽⁶⁾	Policy Board Convener	6,820	-	6,820
-	Kenny MacLaren ⁽⁷⁾	Leader of the Opposition	3,813	-	3,813
362,051	Total		360,312	1,110	361,422

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.

(1) Cllr Mike Holmes is also Convener of the Scotland Excel Joint Committee. Cllr Holmes receives no remuneration for this appointment.

(2) 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 £20,774 but Cllr Williams receives remuneration only for his appointment as a Policy Board Convener.

(3) Cllr Sam Mullin is also Convener of the Renfrewshire Valuation Joint Board. The Convener is eligible to receive remuneration of £20,774. 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.

(4) Cllr Brian Lawson was Leader of the Opposition from 17 March 2015 to 18 January 2017. Only the salary associated with Cllr Lawson's Senior Councillor appointment is detailed in the table above.

(5) Cllr Terry Kelly was Policy Board Convener until 3 May 2016 and then from 29 September 2016. Only the salary associated with Cllr Kelly's Senior Councillor appointment is detailed in the table above.

(6) Cllr Bill Brown was Policy Board Convener from 22 June 2016 to 29 September 2016. Only the salary associated with Cllr Brown's Senior Councillor appointment is detailed in the table above.

(7) Cllr Kenny MacLaren was Leader of the Opposition from 24 January 2017. Only the salary associated with Cllr MacLaren'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.

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

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

The tiers and members contribution rates are as follows:

Contribution rate	Whole time pay 2015-2016	Whole time pay 2016-2017
5.5%	On earnings up to and including £20,500	On earnings up to and including £20,500
7.25%	On earnings above £20,500 and up to £25,000	On earnings above £20,500 and up to £25,000
8.5%	On earnings above £25,000 and up to £34,400	On earnings above £25,000 and up to £34,400
9.5%	On earnings above £34,400 and up to £45,800	On earnings above £34,400 and up to £45,800
12%	On earnings above £45,800	On earnings above £45,800

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

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

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension 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 2017 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Senior employees		Accrued pension benefits as at 31 March 2017		Change in accrued pension benefits since 31 March 2016		Pension contributions made by Renfrewshire Council during 2016-2017
Name	Post held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
Sandra Black	Chief Executive	0.066	0.136	0.004	0.001	29,091
Shona MacDougall	Director of Community Resources	0.056	0.119	0.003	0.001	21,766
Mary Crearie	Director of Development and Housing Services	0.041	0.075	0.003	0.001	21,766
Peter MacLeod	Director of Children's Services	0.046	0.090	0.003	0.001	21,766
Alan Russell	Director of Finance and Resources	0.038	0.068	0.003	0.003	21,759
Total		0.247	0.488	+0.016	+0.007	116,148

Annual Accounts 2016-2017 Remuneration Report

Senior Employees of Subsidiary Bodies

Name	Post held	Accrued pension benefits as at 31 March 2017		Change in accrued pension benefits since 31 March 2016		Pension contributions made during 2016-2017
		Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Joyce McKellar	Chief Executive, Renfrewshire Leisure	0.044	0.098	+0.003	+0.004	18,230
Total		0.044	0.098	+0.003	+0.004	18,230

Leader of the Council, Provost, senior councillors

Name	Post held	Accrued pension benefits as at 31 March 2017		Change in accrued pension benefits since 31 March 2016		Pension contributions made by Renfrewshire Council during 2016-2017
		Pension	Lump Sum	Pension	Lump Sum	
Mark Macmillan	Leader of the Council	0.003	0.001	+0.001	+0.001	6,521
Anne Hall	Provost	-	-	-	-	-
Mike Holmes	Policy Board Convener	0.004	0.002	+0.001	-	4,853
Jim Harte	Policy Board Convener	-	-	-	-	-
Tommy Williams	Policy Board Convener	0.004	0.002	+0.001	-	4,853
Jacqueline Henry	Policy Board Convener	0.002	-	-	-	4,853
Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	-	-	-	-	-
Roy Glen	Policy Board Convener	0.003	-	+0.001	-	4,853
Eddie Devine	Policy Board Convener	0.003	0.001	-	-	4,853
Sam Mullin	Regulatory Board Convener	0.003	0.001	-	-	4,009
John Hood	Regulatory Board Convener	0.002	-	+0.001	-	4,009
Jim Sharkey	Regulatory Board Convener	-	-	-	-	-
Alexander Murrin	Regulatory Board Convener	0.003	0.001	-	-	4,009
Brian Lawson	Leader of the Opposition	0.004	0.001	+0.001	-	3,218
Terry Kelly	Policy Board Convener	-	-	-	-	-
Bill Brown	Policy Board Convener	0.002	-	+0.001	-	1,316
Kenny MacLaren	Leader of the Opposition	0.002	-	-	-	736
Total		0.035	0.009	+0.007	+0.001	48,083

All senior employees and councillors with contributions and benefits 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.

6. Councillors' remuneration

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

2015-2016		2016-2017	
£		£	
776,301	Salaries	775,878	
5,923	Travel costs – reimbursed	6,418	
13,724	Travel costs – paid directly by the Council	12,639	
757	Subsistence expenses - reimbursed	503	
-	Subsistence expenses -paid directly by the Council	-	
-	Training and Conferences	205	
1,222	Telephone and information communication technology expenses – reimbursed	1,316	
6,473	Telephone and information communication technology expenses – paid directly by the Council	7,966	
1,168	Other allowances and expenses	1,037	
805,568	Total	805,962	

The public record of members' salaries, allowances and expenses for 2016-2017 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 2016-2017, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2016-2017. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above.

2015-2016		2016-2017		2015-2016		2016-2017	
Number of Employees	Remuneration band	Number of Employees	Left during 2016-2017	Number of Employees	Remuneration band	Number of Employees	Left during 2016-2017
107	£50,000 to £54,999	116	1	-	£105,000 to £109,999	-	-
55	£55,000 to £59,999	54	2	6	£110,000 to £114,999	3	-
8	£60,000 to £64,999	7	-	-	£115,000 to £119,999	-	-
7	£65,000 to £69,999	8	-	-	£120,000 to £124,999	1	-
6	£70,000 to £74,999	8	3	1	£125,000 to £129,999	-	-
5	£75,000 to £79,999	3	-	-	£130,000 to £134,999	-	-
5	£80,000 to £84,999	8	-	-	£135,000 to £139,999	-	-
8	£85,000 to £89,999	6	-	1	£140,000 to £144,999	-	-
-	£90,000 to £94,999	1	-	-	£145,000 to £149,999	-	-
-	£95,000 to £99,999	1	-	-	£150,000 to £154,999	-	-
-	£100,000 to £104,999	-	-	-	£155,000 to £159,999	1	-
				209		217	6

Of the 6 employees who left during the year, 3 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 2016-2017 as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

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

	2015-2016	2016-2017
Future Life expectancy at age 65 –males	24.8 years	24.8 years
Future Life expectancy at age 65 –females	26.2 years	26.2 years
Pension increase rate	2.2%	2.4%
Discount Rate	3.5%	2.6%

2015-2016		Exit package cost	2016-2017	
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
4	0.057	£0 - £20,000	1	0.012
-	-	£20,001 - £40,000	1	0.028
1	0.041	£40,001 - £60,000	-	-
3	0.226	£60,001 - £80,000	1	0.060
1	0.090	£80,001 - £100,000	-	-
2	0.262	£100,001 - £150,000	3	0.406
1	0.190	£150,001 - £200,000	3	0.473
1	0.201	£200,001 - £250,000	2	0.415
-	-	£250,001 - £300,000	-	-
-	-	£300,001 - £350,000	-	-
1	0.354	£350,001 - £400,000	-	-
-	-	£400,001 - £450,000	-	-
14	1.421	Total *	11	1.394

* Of the 11 departures agreed, 2 individuals will leave the Council during 2017-2018. The remainder left in 2016-2017.

The Authority's Responsibilities

The Authority is required:

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

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 2017.

Alan Russell CPFA

Director of Finance and Resources

23 June 2017

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

Under arrangements approved by the Commission for Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the annual accounts of Renfrewshire Council for the year ended 31 March 2017 is:

David McConnell MA CPFA
Assistant Director of Audit (Local Government)
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Statement

The audit of the Council's Accounts for 2016-2017 is not yet complete i.e. the figures are "subject to audit". The certified Accounts will be presented to the Council for approval post audit.

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

2015-2016				2016-2017		
Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the funding and accounting basis	Net expenditure in the comprehensive income and expenditure statement		Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the funding and accounting basis	Net expenditure in the comprehensive income and expenditure statement
£m	£m	£m	Note	£m	£m	£m
151.526	20.673	172.199	Children's Services	162.104	12.350	174.454
51.053	9.489	60.542	Community Resources	51.088	9.227	60.315
12.075	1.212	13.287	Development & Housing Services	14.059	(1.507)	12.552
0.407	8.811	9.218	Housing services - Housing Revenue Account	0.428	8.913	9.341
32.060	3.152	35.212	Finance & Resources	32.905	4.217	37.122
3.841	-	3.841	Chief Executive's Service	6.897	-	6.897
58.169	(54.443)	3.726	Other Services	48.585	(52.407)	(3.822)
9.366	2.626	11.992	Leisure Services	9.204	2.575	11.779
60.229	3.596	63.825	Adult Services	60.824	1.466	62.290
378.726	(4.884)	373.842	Net cost of services	386.094	(15.166)	370.928
(380.844)	3.004	(377.840)	Other income and expenditure	(373.014)	2.897	(370.117)
(2.118)	(1.880)	(3.998)	(Surplus) or deficit	13.080	(12.269)	0.811
69.499			Opening general fund and HRA balance	71.617		
2.118			Less/plus surplus or (deficit) on general fund and HRA balance in year	(13.080)		
71.617			Closing general fund and HRA balance at 31 March *	58.537		

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

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**.

2015-2016				2016-2017		
Restated						
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m	Note	£m	£m	£m
201.972	(29.773)	172.199	Children's Services	201.416	(26.962)	174.454
78.963	(18.421)	60.542	Community Resources	77.629	(17.314)	60.315
89.650	(76.363)	13.287	Development & Housing Services	85.614	(73.062)	12.552
57.145	(47.927)	9.218	Housing services - Housing Revenue Account	57.648	(48.307)	9.341
45.853	(10.641)	35.212	Finance & Resources	47.257	(10.135)	37.122
3.996	(0.155)	3.841	Chief Executive's Service	7.248	(0.351)	6.897
8.702	(4.976)	3.726	Other Services	8.597	(12.419)	(3.822)
13.147	(1.155)	11.992	Leisure Services	12.345	(0.566)	11.779
94.982	(31.157)	63.825	Adult Services	93.477	(31.187)	62.290
594.410	(220.568)	373.842	Net cost of services	591.231	(220.303)	370.928
			Other operating expenditure:			
		1.127	(Gains) or losses on the disposal of non-current assets			0.623
		28.294	Financing and investment income and expenditure	8		25.675
		(407.261)	Taxation and non-specific grant income	10		(396.415)
		(3.998)	(Surplus) or deficit on the provision of services			0.811
		(87.860)	(Surplus) or deficit on the revaluation of non-current assets	14		(59.258)
		-	Impairment (gains) or losses on non-current assets charged to the revaluation reserve	14		-
		0.086	(Surplus) or deficit on the revaluation of available-for-sale financial assets	13(ii)		(0.261)
		(120.724)	Actuarial (gains) or losses on pension assets and liabilities	36(ii)		110.808
		(208.498)	Other comprehensive income and expenditure			51.289
		(212.496)	Total comprehensive income and expenditure			52.100

Annual Accounts 2016-2017 Movement in Reserves Statement

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

	Note	Usable reserves					Total usable reserves £m	Unusable reserves £m	Total reserves £m
		General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds			
		£m	£m	£m	£m	£m			
Balance at 31 March 2015 carried forward		58.854	10.645	2.853	3.760	29.006	105.118	533.395	638.513
<i>Movement in reserves during 2015-2016:</i>									
Surplus or (deficit) on the provision of services		19.079	(15.081)	-	-	-	3.998	-	3.998
Other comprehensive income and expenditure		-	-	-	-	-	-	208.498	208.498
Total comprehensive income and expenditure		19.079	(15.081)	-	-	-	3.998	208.498	212.496
Adjustments between accounting basis and funding basis under regulations	11	14.140	17.764	-	0.356	-	32.260	(32.260)	-
Net increase or (decrease) before transfers to other statutory reserves		33.219	2.683	-	0.356	-	36.258	176.238	212.496
Transfers to or (from) other statutory reserves	12	(30.695)	(3.089)	0.002	-	33.782	-	-	-
Increase or (decrease) in 2015-2016		2.524	(0.406)	0.002	0.356	33.782	36.258	176.238	212.496
Balance at 31 March 2016 carried forward		61.378	10.239	2.855	4.116	62.788	141.376	709.633	851.009
<i>Movement in reserves during 2016-2017:</i>									
Surplus or (deficit) on the provision of services		13.627	(14.438)	-	-	-	(0.811)	-	(0.811)
Other comprehensive income and expenditure		-	-	-	-	-	-	(51.289)	(51.289)
Total comprehensive income and expenditure		13.627	(14.438)	-	-	-	(0.811)	(51.289)	(52.100)
Adjustments between accounting basis and funding basis under regulations	11	6.555	14.010	-	3.515	(13.816)	10.264	(10.264)	(0.000)
Net increase or (decrease) before transfers to other statutory reserves		20.182	(0.428)	-	3.515	(13.816)	9.453	(61.553)	(52.100)
Transfers to or (from) other statutory reserves	12	(32.834)	-	0.002	-	32.833	0.001	-	0.001
Increase or (decrease) in 2016-2017		(12.652)	(0.428)	0.002	3.515	19.017	9.454	(61.553)	(52.099)
Balance at 31 March 2017 carried forward		48.726	9.811	2.857	7.631	81.805	150.830	648.080	798.910

Annual Accounts 2016-2017

Balance Sheet as at 31 March 2016

The **balance sheet** shows the value as at 31 March 2017 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 2016			31 March 2017
£m		Note	£m
1,260.702	Property, plant and equipment	14	1,312.922
1.957	Investment property	15	1.622
38.977	Heritage assets	16	38.977
0.829	Intangible assets	18	0.651
3.117	Long-term investments	28	3.479
5.730	Long-term debtors	24	3.078
1,311.312	Long-term assets		1,360.729
66.897	Short-term investments	28	94.379
0.768	Inventories	22	0.563
0.468	Short-term Intangible Assets	23	1.354
31.706	Short-term debtors	24	47.545
39.396	Cash and cash equivalents	25	37.632
0.744	Short-term assets held for sale	17	0.988
139.979	Current assets		182.461
(55.034)	Short-term borrowing	28	(80.431)
(62.519)	Short-term creditors	26	(64.110)
(7.100)	Short-term provisions	27	(7.223)
(124.653)	Current liabilities		(151.764)
(174.799)	Long-term borrowing	28	(175.197)
(79.890)	Long-term creditors	26	(77.181)
(5.368)	Long-term provisions	27	(5.248)
(212.702)	Other long-term liabilities	36(vi)	(334.890)
(2.870)	Grants Receipts in Advance	9	-
(475.629)	Long-term liabilities		(592.516)
851.009	Net assets		798.910
141.376	Usable reserves	12	150.830
709.633	Unusable reserves	13	648.080
851.009	Total reserves		798.910

The unaudited accounts were issued on 23 June 2017.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

Annual Accounts 2016-2017

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.

2015-2016			2016-2017	
£m		Note	£m	
(3.998)	Net (surplus) or deficit on the provision of services		0.811	
(104.968)	Adjust net surplus or deficit on the provision of services for non-cash movements	30a	(65.437)	
31.251	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		32.475	
(77.715)	Net cash flows from operating activities		(32.151)	
58.391	Net cash flows from investing activities	30b	57.106	
9.226	Net cash flows from financing activities	30c	(23.191)	
(10.098)	Net (increase) or decrease in cash and cash equivalents		1.764	
(29.298)	Cash and cash equivalents at the beginning of the reporting period	25	(39.396)	
(39.396)	Cash and cash equivalents at the end of the reporting period		(37.632)	

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 2016-2017 Code:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration

It is not anticipated that the above amendments will have a material impact on the financial statements.

It should be noted that it was expected that from 2016-2017 local authorities would be disclosing Highways Network Asset as a new category within the long-term assets section of the Balance Sheet. This has been postponed by CIPFA/LASAAC until the 2017-2018 financial year and there are therefore no reporting provisions relating to the Highways Network Asset for the 2016-2017 financial year.

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 20 provides further details.
Public Sector Funding	There is uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
Employee Benefits short-term provision	The Council has used a sampling approach to calculating the short-term provision for employee short-term compensated absences. A 5% random sample of employees has been used to calculate the short-term provision necessary for annual leave. Flexi-leave has been calculated based on the actual credit or debit position for all employees eligible as at 31 March 2017.

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 2017 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 £0.378 million for every year that useful lives had to be reduced.
Fair Value Measurements	When the fair value of assets cannot be measured based on quoted prices in active markets (ie level 1 inputs), their fair value is measured using similar techniques (eg quoted prices for similar assets). Where possible the inputs to these valuation techniques are based on observable data (level 2 inputs) but where this is not possible judgement is required (level 3 inputs). Changes in the assumptions used over these judgements could affect the fair value of the Authority's assets.	The total value of assets measured using unobservable inputs (level 3), where significant judgement is required, is £0.234m. Changes in any of the unobservable inputs would result in a lower or higher fair value measurement for these assets. A 10% change in the relevant assumptions would result in a £0.023m movement in valuations.
Equal Pay and Holiday Pay Provision	The Council has made a provision of £0.778 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 £0.078 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 £163 million. However, the assumptions interact in complex ways. During 2016-2017, the Council's actuaries advised that the net pensions liability had increased by £2.6 million as a result of estimates being corrected as a result of experience and increased by £298.0 million as a result of updating of the assumptions.
Debt Impairment	At 31 March 2017, the Council had a balance for trade debtors of £22.2 million. A review of significant balances suggested that an impairment of doubtful debts of 44% (£9.7 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 £2.2 million to be set aside as an allowance.

Note 4 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 27, 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 5 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 23 June 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6 Expenditure and funding analysis

Adjustments between funding and accounting basis

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

2016-2017

	Adjustments between funding and accounting basis			
	Adjustments for capital purposes (Note a)	Net change for the pensions adjustments (Note b)	Other differences (Note c)	Total Adjustments
	£m	£m	£m	£m
Children's Services	10.129	2.484	(0.263)	12.350
Community Resources	8.013	1.395	(0.181)	9.227
Development & Housing Services	(1.920)	0.480	(0.067)	(1.507)
Housing services - Housing Revenue Account	14.203	0.530	(5.820)	8.913
Finance & Resources	4.141	-	0.076	4.217
Chief Executive's Service	-	-	-	-
Other Services	(5.392)	(2.674)	(44.341)	(52.407)
Leisure Services	2.575	-	-	2.575
Adult Services	(0.067)	1.653	(0.120)	1.466
Net cost of services	31.682	3.868	(50.716)	(15.166)
Other income and expenditure from the expenditure and funding analysis	(22.112)	7.512	17.497	2.897
Difference between general fund surplus or deficit and comprehensive income and expenditure statement surplus or deficit on the provision of services	9.570	11.380	(33.219)	(12.269)

2015-2016

	Adjustments between funding and accounting basis			
	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total Adjustments
	(Note a)	(Note b)	(Note c)	
	£m	£m	£m	£m
Children's Services	17.673	2.897	0.103	20.673
Community Resources	7.583	1.755	0.151	9.489
Development & Housing Services	0.501	0.575	0.136	1.212
Housing services - Housing Revenue Account	17.139	0.724	(9.052)	8.811
Finance & Resources	3.076	-	0.076	3.152
Chief Executive's Service	-	-	-	-
Other Services	(9.145)	(1.931)	(43.367)	(54.443)
Leisure Services	2.541	0.084	0.001	2.626
Adult Services	1.560	2.036	-	3.596
Net cost of services	40.928	6.140	(51.952)	(4.884)
Other income and expenditure from the expenditure and funding analysis	(25.038)	10.222	17.820	3.004
Difference between general fund surplus or deficit and comprehensive income and expenditure statement surplus or deficit on the provision of services	15.890	16.362	(34.132)	(1.880)

Note 6a: Adjustments for capital purposes – adds in depreciation, impairment and revaluation gains and losses to the service net expenditure including income on the disposal of assets and the amounts written off for those assets and the statutory charges for capital financing and capital grants which are not chargeable under generally accepted accounting practices.

Note 6b: Net change for the pensions adjustments – removes employer pension contributions as allowed by statute and replaces with the current and past service costs within the IAS 19 employee benefits pension related expenditure and income. The net interest on the defined benefit liability is also included as charged to the comprehensive income and expenditure statement.

Note 6c: Other differences – any other differences between those amounts debited or credited to the comprehensive income and expenditure account and amounts payable or receivable to be recognised under statute, including those primarily involved in the financial instruments adjustment account, the employee statutory adjustment account and other statutory funds.

Segmental Income

Gross income received on a service basis is analysed below.

2015-2016

£m	
(29.773)	Children's services
(18.421)	Community Resources
(76.363)	Development & Housing Services
(47.927)	Housing services - Housing Revenue Account
(10.641)	Finance & Resources
(0.155)	Chief Executives
(4.976)	Other Services
(1.155)	Leisure Services
(31.157)	Adult Services
(220.568)	Gross income analysed on a segmental basis

2016-2017

£m
(26.962)
(17.314)
(73.062)
(48.307)
(10.135)
(0.351)
(12.419)
(0.566)
(31.187)
(220.303)

Note 7 Expenditure and income analysed by nature

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

2015-2016		Note	2016-2017
£m			£m
	Expenditure		
225.027	Employee benefits expenses		234.765
301.978	Other service expenses		297.119
67.405	Depreciation, amortisation, impairment		59.347
31.699	Interest Payments	8	28.339
1.127	(Gain)/Loss on the disposal of assets		0.623
627.236	Total expenditure		620.193
	Income		
(220.568)	Fees, charges and other service income		(220.303)
(3.405)	Interest and investment income	8	(2.664)
(169.131)	Income from council tax and non-domestic rates	10	(163.942)
(238.130)	Government grants and contributions		(232.473)
(631.234)	Total income		(619.382)
(3.998)	(Surplus) or deficit on the provision of services		0.811

Note 8 Financing and investment income and expenditure

2015-2016			2016-2017
£m			£m
21.477	Interest payable and similar charges		20.827
10.222	Net interest on the net defined benefit liability		7.512
(1.625)	Interest receivable and similar income		(1.179)
(0.112)	Income and expenditure in relation to investment properties and changes in their fair values		(0.112)
(1.668)	Net (surplus) or deficit on trading operations		(1.373)
28.294	Total financing and investment income and expenditure		25.675

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 2017 is as follows:

31 March 2016		31 March 2017
£m		£m
	<i>Grants Receipts in Advance:</i>	
2.870	Miscellaneous revenue grants	-
2.870	Total Grants Receipts in Advance	-

The council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2016-2017.

2015-2016		2016-2017	
£m		£m	
64.104	Housing benefit	62.454	
1.082	Housing benefit and council tax administration	0.916	
1.173	Private sector housing grant	1.180	
0.658	Education Maintenance Allowance	0.628	
0.024	Gaelic Education	0.023	
0.059	School Milk	0.032	
0.980	Other Education	1.579	
-	Childrens Services	4.769	
5.764	Social work	-	
-	Adult Services	10.498	
0.574	Employability	0.331	
3.074	Other grants	2.285	
77.492	Total credited to services	84.695	

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 2016-2017.

2015-2016		2016-2017	
Restated			
£m		£m	
(66.148)	Income from council tax and community charge	(67.836)	
(102.983)	Distribution from the national non-domestic rate pool	(96.106)	
(211.713)	General Revenue Grant from the Scottish Government	(209.072)	
(26.417)	Capital grants and contributions	(23.401)	
(407.261)	Total taxation and non-specific grant income	(396.415)	

Note 11 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.

2016-2017	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(25.954)	(33.112)	-	-	59.066
Revaluation losses on property, plant and equipment		-			-
Movements in the market value of investment property		-			-
Amortisation of intangible assets	(0.281)	-	-	-	0.281
Capital grants and contributions applied	22.509	0.892	-	-	(23.401)
Revenue expenditure funded from capital under statute		-			-
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	(1.289)	0.666	-	-	0.623
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	5.862	16.855	6.774	-	(29.491)
Capital expenditure charged against the General Fund and HRA Balances	2.895	1.387	7.042	-	(11.324)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(9.074)	9.074
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	5.559	(5.559)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.220	0.263	-	-	(0.483)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(29.899)	(2.334)	-	-	32.233
Employer's pension contributions and direct payments to pensioners payable in the year	19.528	1.325	-	-	(20.853)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.146)	0.048	-	-	0.098
Total adjustments	(6.555)	(14.010)	13.816	(3.515)	10.264

2015-2016	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(34.681)	(32.434)	-	-	67.115
Amortisation of intangible assets	(0.290)	-	-	-	0.290
Capital grants and contributions applied	25.881	0.530	-	-	(26.411)
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	(1.379)	0.252	-	-	1.127
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	8.604	13.213	-	-	(21.817)
Capital expenditure charged against the General Fund and HRA Balances	2.578	1.836	-	-	(4.414)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(4.840)	4.840
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	4.484	(4.484)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.221	0.274	-	-	(0.495)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(36.191)	(2.912)	-	-	39.103
Employer's pension contributions and direct payments to pensioners payable in the year	21.231	1.510	-	-	(22.741)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.114)	(0.033)	-	-	0.147
Total adjustments	(14.140)	(17.764)	-	(0.356)	32.260

Note 12 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 2016		31 March 2017
£m		£m
61.378	General Fund Balance	48.726
10.239 *	Housing Revenue Account Balance	9.811
4.116	Capital Receipts Reserve	7.631
65.643	Other Statutory Funds	84.662
141.376	Total usable reserves	150.830

* £3.004 million of the £9.811 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 2016-2017.

	2015-2016			2016-2017		
	Balance at 31 March 2015	Transfers out 2015-2016	Transfers in 2015-2016	Balance at 31 March 2016	Transfers out 2016-2017	Transfers in 2016-2017
	£m	£m	£m	£m	£m	£m
Insurance Fund	2.543	-	-	2.543	-	-
Reservoir Repair Fund	0.310	-	0.002	0.312	-	0.002
Revenue statutory funds	2.853	-	0.002	2.855	-	0.002
Education Capital Items Fund	0.838	(0.265)	0.178	0.751	(0.081)	0.096
Investment Capital Fund	24.484	-	30.780	55.264	(7.042)	32.817
Housing Capital Fund	3.684	-	3.089	6.773	(6.773)	-
Capital statutory funds	29.006	(0.265)	34.047	62.788	(13.896)	32.913
Total	31.859	(0.265)	34.049	65.643	(13.896)	32.915

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 8, but a summary of the movement is also shown below.

	2015-2016			2016-2017		
	Balance at 31 March 2015	Sale proceeds 2015-2016	Capital expenditure funded 2015-2016	Balance at 31 March 2016	Sale proceeds 2016-2017	Capital expenditure funded 2016-2017
	£m	£m	£m	£m	£m	£m
Capital Receipts Reserve	3.760	4.840	(4.484)	4.116	9.074	(5.559)

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 2016-2017 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 was released in 2016-2017 to assist in managing the associated debt costs of improving the standard of council housing as previously advised.

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.

	2015-16			2016-17		
	Balance at 31 March 2015	Transfers out 2015-2016	Transfers in 2015-2016	Balance at 31 March 2016	Transfers out 2016-2017	Transfers in 2016-2017
	£m	£m	£m	£m	£m	£m
Service Modernisation and Reform Fund	6.396	(0.233)	0.013	6.176	(0.780)	0.015
Funding the future availability of the educational establishments to be replaced under the Public Private Partnership	12.670	-	-	12.670	-	-
M74 Fund	0.571	(0.005)	-	0.566	-	-
Development Contribution – Paisley Town Centre	1.136	(0.016)	-	1.120	(0.061)	-
Early Years Change Fund	3.321	-	-	3.321	(0.600)	-
Land Decontamination	0.233	(0.233)	-	(0.000)	-	-
Waste Management Strategy	8.631	(1.597)	0.422	7.456	(3.211)	-
Invest in Renfrewshire	7.490	(2.604)	0.163	5.049	(2.199)	-
Community Safety	1.107	(0.986)	-	0.121	-	-
Private Sector Housing Grant	1.840	-	0.223	2.063	-	0.072
Tackling Poverty - Credit Union Support	0.461	(0.121)	-	0.340	-	-
Energy and Carbon Management	0.255	(0.255)	-	-	-	-
Events and Tourism	0.114	(0.114)	-	-	-	-
Paisley Town Centre Heritage Asset Strategy	1.802	(0.038)	6.520	8.284	(2.672)	-
City Deal	1.561	-	-	1.561	-	-
Response to Commission on Tackling Poverty	1.636	(0.987)	3.000	3.649	(2.583)	-
Youth Employment Strategy	0.180	-	0.032	0.212	(0.130)	-
<i>Year end flexibility:</i>						
Childrens Services	1.410	(0.163)	0.500	1.747	(0.634)	0.100
Adult Services	0.273	(0.243)	-	0.030	(0.021)	-
Total ring-fenced element of the General Fund Balance	51.087	(7.595)	10.873	54.365	(12.891)	0.187
Unallocated element of the General Fund Balance	7.767	(2.921)	2.167	7.013	-	0.052
General Fund Balance	58.854	(10.516)	13.040	61.378	(12.891)	0.239

The unallocated balance of £7.065 million is 1.9% of the Council's net annual running costs.

Note 13 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 2016		31 March 2017	
£m		Note	£m
405.005	Revaluation Reserve	(i)	446.651
0.245	Available-for-sale Financial Instruments Reserve	(ii)	0.506
538.486	Capital Adjustment Account	(iii)	556.829
(14.387)	Financial Instruments Adjustment Account	(iv)	(13.904)
(212.702)	Pension Reserve	(v)	(334.890)
(7.014)	Employee Statutory Adjustment Account	(vi)	(7.112)
709.633	Total unusable reserves		648.080

(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.

2015-2016		2016-2017	
£m		£m	£m
328.457	Balance at 1 April		405.005
87.860	Upward/(downward) revaluation of non-current assets	59.258	
(10.020)	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	(13.389)	
(1.292)	Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account	(4.223)	
76.548	Amount posted to the Capital Adjustment Account		41.646
405.005	Balance at 31 March		446.651

(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.

2015-2016		2016-2017	
£m		£m	
0.331	Balance at 1 April	0.245	
(0.086)	Upward/(downward) revaluation of investments	0.261	
0.245	Balance at 31 March	0.506	

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

2015-2016		2016-2017	
£m		£m	£m
543.420	Balance at 1 April		538.486
	<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</i>		
(67.115)	Charges for depreciation, impairment and revaluation losses of non-current assets	(59.066)	
(0.290)	Amortisation of intangible assets	(0.281)	
	Revenue expenditure funded from capital under statute		
(4.840)	Non-current assets sale proceeds	(9.074)	
(1.127)	Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement	(0.623)	
(73.372)			(69.044)
11.312	Adjusting amounts written out of the Revaluation Reserve		17.612
(62.060)	Net written out amount of the cost of non-current assets consumed in the year		(51.432)
	<i>Capital financing applied in the year:</i>		
4.484	Use of the Capital Receipts Reserve to finance new capital expenditure	5.559	
26.411	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	23.401	
21.817	Loans Fund principal repayments	29.491	
4.414	Capital expenditure charged against the General Fund and Housing Revenue Account balances	11.324	
57.126			69.775
538.486	Balance at 31 March		556.829

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

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

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

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

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

2015-2016		2016-2017	
£m		£m	£m
(14.882)	Balance at 1 April		(14.387)
-	Premiums incurred in the year and charged to the comprehensive income and expenditure statement	-	
0.472	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.472	
0.472			0.472
0.023	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		0.011
(14.387)	Balance at 31 March		(13.904)

(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.

2015-2016		2016-2017	
£m		£m	
(317.064)	Balance at 1 April	(212.702)	
120.724	Actuarial gains or (losses) on pension assets and liabilities	(110.808)	
(39.103)	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	(32.233)	
22.741	Employer's pension contributions payable in the year	20.853	
(212.702)	Balance at 31 March	(334.890)	

(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.

2015-2016		2016-2017	
£m		£m	£m
(6.867)	Balance at 1 April		(7.014)
6.867	Settlement or cancellation of accrual made at the end of the preceding year	7.014	
(7.014)	Amounts accrued at the end of the current year	(7.112)	
(0.147)	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		(0.098)
(7.014)	Balance at 31 March		(7.112)

Note 14 Property, Plant and Equipment

2016-2017	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 2016	527.434	303.972	442.579	276.438	15.028	37.471	1,602.922	87.335
Assets reclassified (to) or from the "held for sale" category	(0.723)	-	-	-	-	(0.218)	(0.941)	-
Other asset reclassifications	-	(0.873)	2.601	0.373	(1.977)	0.094	0.218	-
Additions	3.602	2.958	10.450	12.202	32.422	-	61.634	1.059
Disposals	(5.470)	(1.737)	(1.952)	-	(0.969)	(1.519)	(11.647)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	14.088	1.090	10.981	-	-	0.184	26.343	8.049
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	2.795	(0.827)	-	-	(0.044)	1.924	3.740
Gross carrying amount at 31 March 2017	538.931	308.205	463.832	289.013	44.504	35.968	1,680.453	100.183
Accumulated depreciation (including accumulated impairment losses) at 1 April 2016	0.000	43.749	162.848	123.938	-	11.685	342.220	9.771
Assets reclassified (to) or from the "held for sale" category	(0.024)	-	-	-	-	-	(0.024)	-
Depreciation on other reclassifications	-	(0.320)	0.312	-	-	0.008	-	-
Depreciation charge for the year	17.581	6.327	34.773	5.664	-	0.126	64.471	3.192
Depreciation and impairment on disposals	(0.182)	(0.486)	(1.932)	-	-	(0.023)	(2.623)	-
Depreciation written out to the Revaluation Reserve	(17.375)	(2.202)	(13.436)	-	-	(0.016)	(33.029)	(6.791)
Depreciation written out to the surplus or deficit on the provision of services	-	(2.531)	(0.510)	-	-	(0.017)	(3.058)	(1.690)
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	(0.214)	(0.263)	-	-	0.051	(0.426)	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2017	0.000	44.323	181.792	129.602	-	11.814	367.531	4.482
Balance sheet net carrying amount at 31 March 2017	538.931	263.882	282.040	159.411	44.504	24.154	1,312.922	95.701
Balance sheet net carrying amount at 1 April 2016	527.434	260.223	279.731	152.500	15.028	25.786	1,260.702	77.564

Annual Accounts 2016-2017 Notes to the Core Financial Statement

2015-2016	Council dwellings		Other land and buildings		Vehicles, plant, furniture and equipment		Infrastructure assets		Assets under construction		Surplus assets		Total property, plant and equipment		Of which funded by PPP	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2015	485.526	301.692	423.746	267.892	4.948	36.691							1,520.495		86.429	
Assets reclassified (to) or from the "held for sale" category	(0.026)	(0.129)	-	-	-	-	-	-	-	-	-	-	(0.155)		-	-
Other asset reclassifications	(4.227)	(1.662)	7.883	-	(7.669)	5.135							(0.540)		-	-
Additions	4.393	1.087	15.485	8.546	17.749	-							47.260		0.906	
Disposals	(2.194)	(0.569)	(2.227)	-	-	(3.274)							(8.264)		-	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	43.962	3.414	0.594	-	-	(0.758)							47.212		-	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	0.139	(2.902)	-	-	(0.323)							(3.086)		-	-
Gross carrying amount at 31 March 2016	527.434	303.972	442.579	276.438	15.028	37.471							1,602.922		87.335	
Accumulated depreciation (including accumulated impairment losses) at 1 April 2015	-	49.587	142.265	118.492	-	11.036							321.380		6.609	
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-							-		-	-
Depreciation on other reclassifications	(0.145)	(0.985)	0.215	-	-	0.915							-		-	-
Depreciation charge for the year	16.742	6.053	37.957	5.446	-	0.089							66.287		3.162	
Depreciation and impairment on disposals	(0.075)	(0.108)	(2.194)	-	-	(0.027)							(2.404)		-	-
Depreciation written out to the Revaluation Reserve	(16.522)	(9.586)	(14.193)	-	-	(0.286)							(40.587)		-	-
Depreciation written out to the surplus or deficit on the provision of services	-	(1.212)	(1.202)	-	-	(0.042)							(2.456)		-	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-							-		-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	-	-	-	-	-							-		-	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2016	0.000	43.749	162.848	123.938	-	11.685							342.220		9.771	
Balance sheet net carrying amount at 31 March 2016	527.434	260.223	279.731	152.500	15.028	25.786							1,260.702		77.564	
Balance sheet net carrying amount at 1 April 2015	485.526	252.105	281.481	149.400	4.948	25.655							1,199.115		79.820	

Note 15 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**:

2015-2016		2016-2017	
£m		£m	
(0.113)	Rental income from investment property	(0.112)	
(0.113)	Net (gain) or loss	(0.112)	

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:

2015-2016		2016-2017	
£m		£m	
1.575	Opening balance at 1 April	1.957	
0.459	Asset Reclassification	(0.218)	
(0.077)	Net gains or (losses) from fair value adjustments	(0.117)	
1.957	Closing balance at 31 March	1.622	

Fair Value Hierarchy

Detail of the authority’s investment properties and information about the fair value hierarchy as at 31 March 2017 are as follows:

	Quoted Prices in active markets for identical Assets (level 1)	Other significant observable inputs (level 2)	Other significant unobservable inputs (level 3)	Fair Value as at 31 March 2017
	£m	£m	£m	£m
Commercial Units	-	0.410	-	0.410
Office Units	-	0.060	-	0.060
Commercial Sites	-	0.957	-	0.957
Other	-	0.195	-	0.195
Total	-	1.622	-	1.622

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

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

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

Note 16 Heritage Assets

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

2015-2016		2016-2017	
£m		£m	
38.977	Opening balance at 1 April	38.977	
-	Additions (at cost)	-	
38.977	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:

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
	£m	£m	£m	£m	£m
Acquisitions	-	0.252	0.316	-	-
Donations	0.030	-	-	-	-
Disposals	-	-	-	-	-
Revaluations	(2.083)	-	-	-	-

Note 17 Assets held for sale

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

2015-2016		2016-2017	
£m		£m	
0.756	Opening balance at 1 April	0.744	
	Assets newly classified as "held for sale":		
0.026	Council Dwellings	0.699	
0.129	Other Land and Buildings	0.218	
(0.060)	Revaluation losses	-	
(0.107)	Assets sold	(0.673)	
0.744	Closing balance at 31 March	0.988	

Note 18 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:

2015-2016		2016-2017	
Purchased software licences		Purchased software licences	
£m		£m	
	<i>Balances at start of year:</i>		
2.717	Gross carrying amount	2.976	
(1.857)	Accumulated amortisation	(2.147)	
0.860	Net carrying amount at start of year	0.829	
0.178	Additions: purchases	0.103	
0.081	Asset Reclassification	-	
-	Disposals	(1.721)	
-	Accumulated amortisation derecognised on disposal	1.721	
(0.290)	Amortisation for the year	(0.281)	
0.829	Net carrying amount at end of year	0.651	
	<i>...comprising:</i>		
2.976	Gross carrying amount	1.358	
(2.147)	Accumulated amortisation	(0.707)	
0.829	Net carrying amount at end of year	0.651	

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 19 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 2016-2017 total spending on capital projects was £61.737 million (£47.438 million in 2015-2016) and was within the overall prudential limits approved by Council. £5.559 million (£4.484 million in 2015-2016) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £21.543 million (£12.129 million in 2015-2016) 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.

2015-2016		2016-2017
£m		£m
367.563	Opening Capital Financing Requirement	357.925
	<i>Capital investment:</i>	
47.260	Property, plant and equipment	61.634
0.178	Intangible assets	0.103
-	Heritage Assets	-
	<i>Sources of finance:</i>	
(2.290)	Capital receipts – sale of council houses	(4.114)
(2.194)	Capital receipts – sale of other council assets	(1.445)
(26.411)	Government grants and other contributions	(23.401)
(4.414)	Sums set aside from revenue – direct revenue contributions	(11.324)
(21.767)	Loans Fund/Finance Lease principal repayments	(29.440)
357.925	Closing Capital Financing Requirement	349.938
	<i>Explanation of movements during the year</i>	
(7.022)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(5.383)
(2.616)	Increase/(decrease) in PPP finance lease creditor	(2.604)
(9.638)	Increase or (decrease) in Capital Financing Requirement during the year	(7.987)

At 31 March 2017 the Council had commitments on capital contracts for non-housing projects of £33.570 million (£33.731 million in 2015-2016) and for housing projects of £5.850; million (£8.019 million in 2015-2016). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 20 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 14.

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	4.900	2.705	5.948	2.989	16.542
Payable within 2-5 years	22.371	10.882	21.708	14.011	68.972
Payable within 6-10 years	32.929	15.171	22.344	22.437	92.881
Payable within 11-15 years	34.764	20.446	16.046	29.627	100.883
Payable within 16-20 years	41.501	26.215	7.109	34.751	109.576
Payable within 21-25 years	6.411	4.464	0.228	5.653	16.756
Total	142.876	79.883	73.383	109.468	405.610

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:

2015-2016		2016-2017	
£m		£m	
85.103	Balance outstanding at 1 April	82.487	
2.616	Payments during the year	2.604	
82.487	Balance outstanding at 31 March	79.883	

Note 21 Leases

Renfrewshire Council as Lessee

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 2016		31 March 2017	
£m		£m	
0.841	Not later than one year	0.810	
2.662	Later than one year and not later than five years	2.232	
4.732	Later than five years	4.273	
8.235		7.315	

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

2015-2016		2016-2017	
£m		£m	
0.857	Minimum lease payments	0.819	
0.857		0.819	

Renfrewshire Council as Lessor

Operating Leases

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

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

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

31 March 2016		31 March 2017
£m		£m
0.256	Not later than one year	0.252
0.858	Later than one year and not later than five years	0.777
8.384	Later than five years	7.625
9.498		8.654

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 22 Inventories

2015-2016		2016-2017
Consumable Stores £m		Consumable Stores £m
1.084	Carrying amount at 1 April	0.768
6.368	Additions during the year	6.295
(6.638)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.367)
(0.054)	Recognised as an expense during the year: inventories written down	(0.108)
0.008	Reversals during the year of previous inventory write-downs	(0.025)
0.768	Carrying amount at 31 March	0.563

Note 23 Intangible assets (current assets)

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

2015-16		2016-17
CRC Allowances £m		CRC Allowances £m
0.931	Net carrying amount at start of year	0.468
-	Additions: purchases	0.886
(0.463)	Disposals	-
0.468	Net carrying amount at end of year	1.354

Note 24 Debtors

31 March 2016			31 March 2017			
Short Term £m	Long Term £m		Short Term £m	£m	Long Term £m	£m
8.107	-	Central government bodies, excluding NHS Scotland		17.204		-
0.657	-	Central government bodies: NHS Scotland		4.473		-
1.618	-	Other local authorities		0.356		-
0.001	-	Public corporations and trading funds		-		-
4.035	-	HM Revenue and Customs		5.785		-
		<i>Other entities and individuals:</i>				
14.823	-	Council tax arrears	10.888			
(10.172)	-	Council tax arrears impairment	(6.143)			
4.651	-	Council tax arrears net of impairment		4.745		-
2.305	-	Rent arrears	2.244			
(1.778)	-	Rent arrears impairment	(1.472)			
0.527	-	Rent arrears net of impairment		0.772		-
19.829	-	Trade debtors	22.158			
(12.641)	-	Trade debtors impairment	(9.709)			
7.188	-	Trade debtors net of impairment		12.449		-
4.922	12.733	Other debtors	1.761		8.951	
-	(7.003)	Other debtors impairment	-		(5.873)	
4.922	5.730	Other debtors net of impairment		1.761		3.078
31.706	5.730	Total debtors		47.545		3.078

Note 25 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 2016		31 March 2017
£m		£m
(3.236)	Current account balances with the council's banker	(1.656)
0.034	Collection account balances not with the council's banker	0.023
16.610	Callable deposits with UK banks	28.763
8.004	Callable deposits with non UK banks	0.001
17.936	Callable deposits in money market funds	10.452
0.048	Imprest accounts held at council establishments	0.049
39.396	Total cash and cash equivalents	37.632

Note 26 Creditors

The analysis below details the main creditor balances.

31 March 2016			31 March 2017		
Short	Long		Short	Long	
Term	Term		Term	Term	
£m	£m		£m	£m	
4.507	-	Central government bodies, excluding NHS Scotland	3.669		
0.748	-	Central government bodies: NHS Scotland	3.709		
0.828	-	Other local authorities	0.485		
0.217	-	Public corporations and trading funds	-		
5.931	-	HM Revenue and Customs	6.766		
5.302	-	Strathclyde Pension Fund and SPPA	5.721		
5.643	-	Accrued payrolls	5.866		
2.604	79.883	PPP finance lease creditor	2.705	77.178	
-	-	Other finance lease creditor	-		
-	0.007	Financial guarantees	-	0.003	
36.739	-	Other entities and individuals	35.189	-	
62.519	79.890	Total creditors	64.110	77.181	

Note 27 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 13(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:

2015-2016			2016-2017		
Short term accumulating compensated absence	Teachers' maternity pay	Total	Short term accumulating compensated absence	Teachers' maternity pay	Total
£m	£m	£m	£m	£m	£m
6.867	0.068	6.935	7.015	0.085	7.100
7.015	0.085	7.100	7.112	0.111	7.223
(6.867)	(0.068)	(6.935)	(7.015)	(0.085)	(7.100)
7.015	0.085	7.100	7.112	0.111	7.223

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:

	2016-2017			
	Equal pay and Holiday pay compensation payments	Insurance claims	Other	Total
	£m	£m	£m	£m
Balance at 1 April 2016	0.836	3.901	0.631	5.368
Additional provisions and increases/(decreases) to existing provisions made during the year	-	0.509	0.600	1.109
Amounts used during the year	(0.058)	(1.171)	-	(1.229)
Balance at 31 March 2017	0.778	3.239	1.231	5.248

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 £0.509 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

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

Note 28 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 25 for details of these.)

31 March 2016			31 March 2017		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	66.897	Loans and receivables - fixed term deposits	-	94.379	
3.117	-	Available-for-sale financial assets - insurance fund investments	3.479	-	
3.117	66.897	Investments	3.479	94.379	
0.799	0.078	Loans and receivables - loans to other entities and individuals	1.219	0.141	
4.931	26.977	Loans and receivables - trade receivables	1.859	42.659	
5.730	27.055	Debtors	3.078	42.800	
(154.410)	(14.338)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(175.197)	(14.049)	
(20.389)	(34.382)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	-	(54.745)	
-	(6.314)	Financial liabilities at amortised cost - borrowing from group entities	-	(11.637)	
(174.799)	(55.034)	Borrowing	(175.197)	(80.431)	
-	(43.039)	Financial liabilities at amortised cost - trade payables	-	(43.052)	
(79.883)	(2.604)	PFI/PPP and finance lease liabilities	(77.178)	(2.705)	
(0.007)	-	Financial guarantees	(0.003)	-	
(79.890)	(45.643)	Creditors	(77.181)	(45.757)	

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275 million (2015-2016 £0.275 million), home loans of £1.033 million (2015-2016 £0.553 million), soft loans to service users of £0.029 million (2015-2016 £0.028 million) and soft loans to employees of £0.023 million (2015-2016 £0.027 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.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

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

31 March 2016			31 March 2017		
Balance sheet carrying amount	Fair value		Balance sheet carrying amount	Fair value	
£m	£m		£m	£m	
66.897	66.914	Loans and receivables - fixed term deposits	94.379	94.426	
3.117	3.117	Available-for-sale financial assets - insurance fund investments	3.479	3.479	
70.014	70.031	Investments	97.858	97.905	
0.877	0.924	Loans and receivables - loans to other entities and individuals	1.360	1.396	
31.908	31.911	Loans and receivables - trade receivables	44.518	44.522	
32.785	32.835	Debtors	45.878	45.918	
(168.748)	(226.240)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(189.246)	(280.746)	
(54.771)	(70.350)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.745)	(86.847)	
(6.314)	(6.314)	Financial liabilities at amortised cost - borrowing from group entities	(11.637)	(11.637)	
(229.833)	(302.904)	Borrowing	(255.628)	(379.230)	
(43.039)	(43.039)	Financial liabilities at amortised cost - trade payables	(43.052)	(43.052)	
(82.487)	(82.487)	PFI/PPP and finance lease liabilities	(79.883)	(79.883)	
(0.007)	(0.007)	Financial guarantees	(0.003)	(0.002)	
(125.533)	(125.533)	Creditors	(122.938)	(122.937)	

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, Arlingclose Limited. 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 2017. 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 2017) 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 2017. 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 2017) 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**.

2016-2017	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)			17.608	17.608
Impairment losses	0.231			0.231
Total expense in the (surplus) or deficit on the provision of services	0.231	-	17.608	17.839
Interest income	(0.868)	-	-	(0.868)
Dividend income	-	(0.101)	-	(0.101)
Other income	(0.004)	-	-	(0.004)
Total income in the (surplus) or deficit on the provision of services	(0.872)	(0.101)	-	(0.973)
Net (gain) or loss on revaluation	-	(0.261)	-	(0.261)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(0.261)	-	(0.261)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	(0.641)	(0.362)	17.608	16.605

2015-2016	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)	-	-	17.766	17.766
Impairment losses	1.130	-	-	1.130
Total expense in the (surplus) or deficit on the provision of services	1.130	-	17.766	18.896
Interest income	(0.689)	-	-	(0.689)
Dividend income	-	(0.088)	-	(0.088)
Other income	(0.008)	-	-	(0.008)
Total income in the (surplus) or deficit on the provision of services	(0.697)	(0.088)	-	(0.785)
Net (gain) or loss on revaluation	-	0.086	-	0.086
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	0.086	-	0.086
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.433	(0.002)	17.766	18.197

Note 29 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.

2016-2017	Amount at 31 March 2017 £m	Historical experience of non-payment adjusted for market conditions at 31 March 2017	Estimated maximum exposure to default and uncollectability at 31 March 2017 £m
Deposits with financial institutions	133.594		
Customers (sundry income)	9.402	13.00%	1.222
Total	142.996		1.222

The Council does not generally allow credit for customers, such that as at 31 March 2017 £5.707 million of the £9.402 million (£6.490 million of £9.996 million in 2015-2016) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2016		31 March 2017	
£m		£m	
3.147	Less than three months and past due	1.513	
0.615	Three to six months	0.761	
0.649	Six months to one year	0.905	
2.079	More than one year	2.528	
6.490	Sundry income debtors past due	5.707	

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 2017 the outstanding value of loans advanced by the council was £1.033 million (£0.552 million as at 31 March 2016).

Liquidity risk

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

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

31 March 2016			31 March 2017		
£m			£m		
		<i>Principal maturing...</i>			
44.438	20.31% *	in less than one year	64.128	26.80% *	
31.212	14.26%	between one and two years	3.523	1.47%	
8.066	3.69%	between two and five years	5.377	2.25%	
135.132	61.74%	in more than five years	166.297	69.48%	
218.848	100.00%	Principal element of borrowing	239.325	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 2016-2017, with all other variables held constant.

	2016-2017
	£m
<i>Notional impact on the surplus or deficit on the provision of services:</i>	
Increase in interest payable on new fixed rate borrowings taken during the year	(0.234)
Increase in interest receivable on deposits placed during the year	(0.895)
Notional impact on the surplus or deficit on the provision of services	(1.129)
Share of this impact which would be attributable to the Housing Revenue Account	(0.618)
<i>Accounting presentation changes, which would have no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.366
Decrease in the fair value of fixed rate borrowing	60.217

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 2016-2017 the book cost of investments increased by £0.101 million (£0.088 million increase during 2015-2016).

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 2017 would have resulted in a £0.056 million gain or loss being recognised in other comprehensive income and expenditure for 2016-2017.

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 30 Cash flow statement

30a. Cash flow: operating activities – adjustments to the net provision of services for non-cash movements

2015-2016		2016-2017
£m		£m
(67.405)	Depreciation, amortisation, impairment and revaluations	(59.347)
(1.849)	(Increase)/decrease in impairment provision for bad debts	6.610
(1.832)	(increase)/decrease in creditors	1.383
(11.611)	Increase/(decrease) in debtors	7.463
(0.316)	Increase/(decrease) in inventories	(0.205)
(16.362)	Pension (liability)/asset	(11.380)
(5.967)	Carrying amount of non-current assets sold	(9.697)
0.374	Other non-cash items charged to the net surplus or deficit on the provision of services	(0.264)
(104.968)	Adjustment to net (surplus)/deficit on the provision of services for non – cash movements	(65.437)

30b. Cash flow statement: investing activities

2015-2016		2016-2017
£m		£m
47.438	Purchase of property, plant and equipment, investment property and intangible assets	61.737
42.204	Purchase of short-term and long-term investments	27.844
(4.840)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9.074)
-	Proceeds from short-term and long-term investments	-
(26.411)	Other receipts from investing activities	(23.401)
58.391	Net cash flows from investing activities	57.106

30c. Cash flow statement: financing activities

2015-2016		2016-2017
£m		£m
-	Cash receipts of short-term and long-term borrowing	(25.795)
2.616	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	2.604
6.610	Repayment of short-term and long-term borrowing	-
9.226	Net cash flows from financing activities	(23.191)

30d. Cash flow statement: interest paid and received

The Net cash flow from operating activities in Note 30a includes the following elements of interest paid and received:

2015-2016		2016-2017	
£m		£m	
(1.537)	Interest received	(1.914)	
12.806	Interest paid	13.034	
6.342	Interest element of finance lease and PPP payments	6.146	
17.611		17.266	

Note 31 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. The practice of maintaining trading operation accounts for management purposes will be reviewed over the course of 2017-2018.

		2014-2015	2015-2016	2016-2017	Total of last three years
		£m	£m	£m	£m
Building Services	Turnover	17.373	17.507	18.169	53.049
	Expenditure	16.876	16.920	17.888	51.684
	Surplus	0.497	0.587	0.281	1.365
Roads Services	Turnover	4.441	4.884	4.861	14.186
	Expenditure	4.296	4.751	4.732	13.779
	Surplus	0.145	0.133	0.129	0.407
Catering	Turnover	5.772	5.696	5.617	17.085
	Expenditure	5.316	5.239	5.162	15.717
	Surplus	0.456	0.457	0.455	1.368
Transport Workshop	Turnover	3.252	3.057	3.133	9.442
	Expenditure	2.733	2.543	2.625	7.901
	Surplus	0.519	0.514	0.508	1.541
Total for all trading operations	Turnover	30.838	31.144	31.780	93.762
	Expenditure	29.221	29.453	30.407	89.081
	Surplus	1.617	1.691	1.373	4.681

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

Note 32 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.

2015-2016		2016-2017
£m		£m
102.983	Scottish Government - Contributions (to) or from the non-domestic rates pool	96.106
14.384	Non-domestic rates collected: East Renfrewshire	14.806
0.055	Service income from East Renfrewshire Council for collection of non-domestic rates	0.055
26.764	Domestic water and sewerage charges collected	27.350
26.764	Domestic water and sewerage charges paid over to Scottish Water	27.350
0.689	Service income from Scottish Water for collection of domestic water and sewerage charges	0.636
0.010	Paisley First Business Improvement District	0.010

Note 33 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 conditions outstanding at 31 March 2017 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 £1.193 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 £0.175 million were commissioned from two organisations in which one elected member has a non-financial interest. The relevant member played no role in the decision relating to services commissioned. Services to the value of £3.188 million were commissioned from a Social Care Charity in which one elected member is employed. The relevant member 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 34 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 2016-2017 were £0.339 million (£0.349 million in 2015-2016). There were no fees paid to Audit Scotland in respect of any other services.

Note 35 Pension schemes accounted for as defined contribution schemes

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

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. The current employer contribution rate of 17.2% has applied from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

Based on the proportion of employer contributions paid in 2014-2015, Renfrewshire Council's level of participation in the scheme is 2.7%. The Council paid £10.561 million (£9.688 million in 2015-2016) for employer's contributions to the Scottish Public Pensions Agency. £0.467 million of expenditure (£0.483 million in 2015-2016) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.7% of teachers' pensionable pay (0.8% in 2015-2016).

Note 36 Defined benefit pension schemes(i) Participation in pension schemes

The pension scheme for teachers – the Scottish Teachers' Superannuation Scheme – is explained in Note 35 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:

2015-16		2016-17
£m		£m
	<i>Included within net cost of services:</i>	
31.639	Current service cost	28.103
4.598	Past service cost/(gain)	1.094
(7.356)	Losses or (gains) on curtailments and settlements	(4.476)
	<i>Included within financing and investment income and expenditure:</i>	
40.507	Interest cost	41.202
(30.285)	Expected return on scheme assets	(33.690)
39.103	Total of LGPS post-employment benefits charged to the surplus or deficit on the provision of services	32.233
	<i>Included within other comprehensive income and expenditure:</i>	
	Remeasurement of the Net Defined Benefit Liability comprising:	
6.088	Return on Assets excluding amounts included in net interest	(189.861)
-	Actuarial gains and losses arising on changes in Demographic Assumptions	-
(111.433)	Actuarial gains and losses arising on changes in Financial Assumptions	298.047
(15.379)	Actuarial gains and losses arising on changes in Other Assumptions	2.622
(81.621)	Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement	143.041
	<i>Movement in reserves statement:</i>	
(120.724)	Actuarial losses or (gains)	110.808
39.103	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	32.233
(22.741)	Employer contributions and direct payments to pensioners payable in the year	(20.853)
(104.362)	Movement in the year on the Pension Reserve	122.188

The cumulative amount of actuarial gains and losses recognised in the **comprehensive income and expenditure statement** as at 31 March 2017 is a loss of £313.235 million (loss of £202.427 million as at 31 March 2016).

(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 2017, the defined benefit obligation exceeded scheme assets by £334.890 million (£212.702 million as at 31 March 2016). 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 2017 was 2.6% 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 2017, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension liability of £334.890 million represents an increase of £122.188 million between 31 March 2016 and 31 March 2017. 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 2016-2017 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).

2015-16		2016-17	
£m		£m	
1,276.378	Opening balance at 1 April	1,177.937	
31.639	Current service cost	28.103	
40.507	Interest cost	41.202	
6.106	Member contributions	6.372	
(126.812)	Actuarial losses or (gains)	300.669	
4.598	Past service cost	1.094	
(22.700)	Estimated benefits paid: unfunded	(4.476)	
(31.779)	Estimated benefits paid: other	(32.571)	
1,177.937	Closing balance at 31 March	1,518.330	

(v) Movement in scheme assets

The following is a reconciliation of the 2016-2017 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2015-16		2016-17
£m		£m
959.314	Opening balance at 1 April	965.235
30.285	Expected return on scheme assets	33.690
6.106	Member contributions	6.372
22.741	Employer contributions	20.853
4.769	Contributions in respect of unfunded benefits	4.476
(6.088)	Actuarial (losses) or gains	189.861
(20.113)	Estimated benefits paid: unfunded	(4.476)
(31.779)	Estimated benefits paid: other	(32.571)
965.235	Closing balance at 31 March	1,183.440

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 2016 was 18.0%.

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

31 March 2016				31 March 2017		
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
351.171	0.761	351.932	Equity instruments	434.278	0.226	434.504
-	0.001	0.001	Debt instruments (bonds)	-	0.011	0.011
-	93.890	93.890	Private Equity	-	97.573	97.573
-	103.694	103.694	Real Estate	-	142.744	142.744
8.726	373.498	382.224	Investment Funds	13.740	450.036	463.776
0.234	-	0.234	Derivatives	0.099	0.158	0.257
32.230	1.030	33.260	Cash & cash equivalents	42.608	1.967	44.575
392.361	572.874	965.235	Fair value of scheme assets	490.725	692.715	1,183.440

(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 2016		31 March 2017
£m		£m
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities:	
(572.748)	Current employee members	(831.378)
(93.604)	Pre-local government reorganisation (1996) liabilities	(97.433)
(88.502)	Deferred pensioners	(120.695)
(337.189)	Pensioners	(371.464)
(1,092.043)	Defined benefit obligation - funded liabilities	(1,420.970)
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - unfunded liabilities:	
(71.896)	Retirals from Renfrewshire Council	(83.195)
(13.998)	Retirals pre-local government reorganisation (1996)	(14.165)
(85.894)	Defined benefit obligation - unfunded liabilities	(97.360)
(1,177.937)	Present value of defined benefit obligation	(1,518.330)
965.235	Fair value of scheme assets	1,183.440
(212.702)	Net liability arising from defined benefit obligation	(334.890)

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 2016-2017, and the council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2017:

31 March 2016		31 March 2017
3.5%	Discount rate for defined benefit obligation	2.6%
3.5%	Long-term expected rate of return on scheme assets*	2.6%
4.2%	Rate of increase in salaries	4.4%
2.2%	Rate of increase in pensions	2.4%
2.2%	Rate of inflation	2.4%
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
22.1 years	Men	22.1 years
23.6 years	Women	23.6 years
	Longevity at age 65 for future pensioners:	
24.8 years	Men	24.8 years
26.2 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

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

Impact on the Defined benefit Obligation in the Scheme	Movement in Employer Liability	
	£m	%
Salary Increase Rate (increase or decrease by 0.5%)	55.716	4%
Pension Increase Rate (increase or decrease by 0.5%)	102.444	7%
Real Discount Rate (decrease or increase by 0.5%)	163.122	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 2017 is £20.238 million. The weighted average duration of the defined benefit obligation is 18.6 years.

Note 37 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.

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

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

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**.

2015-2016 Restated		2016-2017	
£m		£m	£m
	<i>Expenditure:</i>		
11.514	Repairs and maintenance	11.102	
12.692	Supervision and management	12.413	
32.434	Depreciation and impairment of non-current assets	33.112	
(1.059)	Increase or (decrease) in the allowance for bad debts	(0.167)	
1.563	Other expenditure	1.188	
57.144			57.648
	<i>Income:</i>		
(46.178)	Dwelling rents	(46.578)	
(1.301)	Non-dwelling rents	(1.264)	
-	Housing Support Grant	-	
(0.447)	Other income	(0.465)	
(47.926)			(48.307)
9.218	Net cost of HRA services as included in the comprehensive income and expenditure statement		9.341
	<i>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</i>		
(0.252)	(Gain) or loss on sale of HRA non-current assets		(0.666)
6.967	Interest payable and similar charges		6.551
(0.509)	Interest and investment income		(0.185)
(0.486)	Income from trading operations		(0.189)
0.679	Pensions interest cost and expected return on pensions assets		0.478
(0.536)	Taxation and non specific grant income		(0.892)
15.081	(Surplus) or deficit for the year on HRA services		14.438

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.

2015-2016		2016-2017			
£m		£m	£m	£m	£m
(10.645)	Balance on the HRA at the end of the previous year				(10.239)
15.081	(Surplus) or deficit for the year on the HRA income and expenditure statement			14.438	
	<i>Adjustments between accounting basis and funding basis under regulations:</i>				
0.274	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		0.263		
0.252	Reverse out gain or (loss) on sale of HRA non-current assets		0.666		
	HRA share of contributions to or (from) the Pension Reserve:				
(2.912)	Reverse out net charges made for post-employment benefits in accordance with IAS19	(2.334)			
1.510	Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund	1.325			
(1.402)	HRA share of contributions to or (from) the Pension Reserve		(1.009)		
(0.033)	HRA share of contributions to or (from) the Employee Statutory Adjustment Account		0.048		
1.836	Capital expenditure funded by the HRA		1.387		
	Transfer to or (from) the Capital Adjustment Account:				
(32.434)	Reverse out depreciation and impairment losses on non-current assets	(33.112)			
0.530	Reverse out credits made for capital grants	0.892			
13.213	Loans fund principal contribution from the HRA	16.855			
(18.691)	Transfer to or (from) the Capital Adjustment Account		(15.365)		
(17.764)	Total of adjustments between accounting basis and funding basis under regulations			(14.010)	
(2.683)	Net (increase) or decrease before transfers to or from reserves			0.428	
3.089	Transfers to or (from) reserves				
0.406	(Increase) or decrease in the year on the HRA				0.428
(10.239) *	Balance on the HRA at the end of the current year				(9.811)

* £3.004 of the £9.811m 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 11,982 dwellings during 2016-2017 (12,188 in 2015-2016). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2015-2016			2016-2017		
Number at 31 March 2015	Average weekly rent £	Type of dwelling	Number at 31 March 2016	Average weekly rent £	
417	58.65	One-apartment	410	59.95	
3,662	66.73	Two-apartment	3,651	68.11	
5,863	75.26	Three-apartment	5,728	76.98	
2,051	84.26	Four-apartment	1,983	86.05	
215	90.78	Five+apartment	210	92.65	
12,208		Total	11,982		

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£1.522 million in 2016-2017 and £1.066 million in 2015-2016), but excludes irrecoverables and bad debts. Average rents were £75.14 per week in 2016-2017 (£73.67 in 2015-2016). The total rent income for 2016-2017 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 2017 total rent arrears amounted to £2.121 million (£2.247 million at 31 March 2016). This is 4.4% of the total value of rents due at 31 March 2017.

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

In the financial year 2016-2017 the rental bad debt provision has been decreased by £0.306 million (£0.651 million decrease during 2015-2016). The provision to cover the potential loss of income stands at £1.472 million at 31 March 2017. This is 3.0% of the total value of rents due at that date.

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

NIL

Councils raise taxes from residents by way of a property tax – the council tax – which is based on property values. Each dwelling house in a local authority area is placed into one of eight valuation bands, “A” to “H”. The council declares an annual charge for band D properties and all other properties are charged a proportion of this – lower valued properties pay less, higher valued properties pay more. The council tax income account shows the gross income raised from council taxes levied and deductions made under statute. The Council Tax Reduction Scheme represents a 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.

2015-2016		2016-2017	
£m		£m	
93.658	Gross council tax levied	94.594	
(12.623)	Council tax reduction scheme	(12.133)	
(13.751)	Other discounts and reductions	(13.649)	
(1.548)	Write-off of uncollectable debts and allowance for impairment	(1.611)	
0.412	Adjustment to previous years’ community charge and council tax	0.635	
66.148	Transfer to the comprehensive income and expenditure statement	67.836	

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 2016-2017 was £1,164.69 (unchanged from 2015-2016).

In 2016-2017 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

2016-2017	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

2016-2017	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	13,689	1,868	13	8,114	129	9,816	6:9	6,544
Band B	25,623	1,374	101	13,132	220	20,824	7:9	16,196
Band C	14,521	485	69	5,906	146	12,470	8:9	11,084
Band D	11,887	265	52	4,064	99	10,572	1:1	10,572
Band E	10,600	159	67	2,457	47	9,784	11:9	11,959
Band F	5,993	74	48	992	28	5,627	13:9	8,128
Band G	3,562	98	18	455	18	3,323	15:9	5,538
Band H	218	16	0	34	4	192	18:9	384
Total	86,093	4,339	368	35,154	691	72,608		70,405
						Band A dwellings subject to disabled relief		7
						Class 17 and 24 dwellings		125
						Sub-total		70,537
						Provision for non-payment and future award of discounts and reliefs		(3,128)
						Council tax base		67,409

Annual Accounts 2016-2017

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.

2015-2016		2016-2017	
£m		£m	
113.087	Gross rates levied	119.040	
(20.173)	Reliefs and other deductions	(17.875)	
(1.847)	Write-off of uncollectable debts and allowance for impairment	(2.022)	
91.067	Net non-domestic rate income	99.143	
2.138	Adjustment to previous years' non-domestic rates	0.895	
9.710	Contribution (to) or from the national non-domestic rate pool	(3.932)	
0.068	Non-domestic rate income retained by authority (BRIS)	-	
102.983	Transfer to comprehensive income and expenditure statement	96.106	

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 2016-2017 the charge was 48.4 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 2.6 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

		2016-2017	
		£m	£m
Rateable value at 1 April 2016:	Commercial	107.029	
	Industrial and freight transport	47.858	
	Education and public service	29.757	
	Communications	0.011	
	Others	51.203	
			235.858
Running roll (full-year rateable value)			80.981
Rateable value at 31 March 2017			316.839
Wholly exempt subjects			(1.439)
Net rateable value at 31 March 2017			315.400

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**.

2015-2016				2016-2017		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m		£m	£m	£m
182.309	(22.336)	159.973	Childrens services	201.576	(26.675)	174.901
58.010	(16.832)	41.178	Community Resources	77.629	(17.314)	60.315
92.550	(79.649)	12.901	Development & Housing Services	85.614	(73.062)	12.552
56.956	(48.490)	8.466	Housing services - Housing Revenue Account	57.648	(48.307)	9.341
19.465	(6.882)	12.583	Finance & Resources	47.257	(10.135)	37.122
-	-	-	Chief Executives	7.248	(0.351)	6.897
14.313	(4.262)	10.051	Other Services	8.597	(12.419)	(3.822)
30.199	(10.781)	19.418	Leisure Services	21.200	(9.105)	12.095
146.859	(45.057)	101.802	Adult Services	93.477	(31.187)	62.290
600.661	(234.289)	366.372	Net cost of services	600.246	(228.555)	371.691
			Other operating expenditure:			
	1.127		(Gains) or losses on the disposal of non-current assets			0.623
	26.964		Financing and investment income and expenditure	G6		24.207
	(398.857)		Taxation and non-specific grant income	10		(396.415)
	(4.394)		(Surplus) or deficit on the provision of services			0.106
	(0.413)		Share of the (surplus) or deficit on the provision of services by associates and joint ventures	G4		(4.243)
	(4.807)		Group (surplus) or deficit			(4.137)
	(88.633)		(Surplus) or deficit on the revaluation of non-current assets			(59.223)
	-		Impairment (gains) or losses on non-current assets charged to the revaluation reserve			(0.426)
	1.606		(Surplus) or deficit on the revaluation of available-for-sale financial assets	G15		(2.089)
	(123.844)		Actuarial (gains) or losses on pension assets and liabilities			118.296
	(1.830)		Share of other comprehensive income and expenditure of associates and joint ventures	G4		2.034
	(212.701)		Other comprehensive income and expenditure			58.592
	(217.508)		Total comprehensive income and expenditure			54.455

Annual Accounts 2016-2017 Group Movement in Reserves Statement

The **group movement in reserves statement** shows the movement in the year on the different reserves held by the council's group, analysed into the council's usable reserves, the council's unusable reserves and the council's share of the reserves of the subsidiaries, associates and joint ventures within the group. Further explanation about this statement can be found on page 27.

	Note	Usable reserves					Council's Total usable reserves £m	Council's unusable reserves £m	Council's total reserves £m	Council's share of reserves of subsidiaries, associates and JV's £m	Total reserves £m
		General Fund Balance £m	Housing Revenue Account Balance £m	Revenue statutory funds £m	Capital Receipts Reserve £m	Capital statutory funds £m					
Balance at 31 March 2015 carried forward (restated)		58.854	10.645	2.853	3.760	29.006	105.118	533.395	638.513	39.295	677.808
<i>Movement in reserves during 2015-2016:</i>											
Surplus or (deficit) on the provision of services		26.624	(15.081)	-	-	-	11.543	-	11.543	(6.736)	4.807
Other comprehensive income and expenditure		-	-	-	-	-	-	208.498	208.498	4.203	212.701
Total comprehensive income and expenditure		26.624	(15.081)	-	-	-	11.543	208.498	220.041	(2.533)	217.508
Adjustments between group accounts and council accounts	G5	(7.545)	-	-	-	-	(7.545)	-	(7.545)	7.545	-
Net increase or (decrease) before transfers		19.079	(15.081)	-	-	-	3.998	208.498	212.496	5.012	217.508
Adjustments between accounting basis and funding basis under regulations	11	14.140	17.764	-	0.356	-	32.260	(32.260)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		33.219	2.683	-	0.356	-	36.258	176.238	212.496	5.012	217.508
Transfers to or (from) other statutory reserves	12	(30.695)	(3.089)	0.002	-	33.782	-	-	-	-	-
Increase or (decrease) in 2015-2016		2.524	(0.406)	0.002	0.356	33.782	36.258	176.238	212.496	5.012	217.508
Balance at 31 March 2016 carried forward (restated)		61.378	10.239	2.855	4.116	62.788	141.376	709.633	851.009	44.307	895.316
<i>Movement in reserves during 2016-2017:</i>											
Surplus or (deficit) on the provision of services		22.525	(14.438)	-	-	-	8.087	-	8.087	(3.950)	4.137
Other comprehensive income and expenditure		-	-	-	-	-	-	(51.289)	(51.289)	(7.303)	(58.592)
Total comprehensive income and expenditure		22.525	(14.438)	-	-	-	8.087	(51.289)	(43.202)	(11.253)	(54.455)
Adjustments between group accounts and council accounts	G5	(8.898)	-	-	-	-	(8.898)	-	(8.898)	8.898	-
Net increase or (decrease) before transfers		13.627	(14.438)	-	-	-	(0.811)	(51.289)	(52.100)	(2.355)	(54.455)
Adjustments between accounting basis and funding basis under regulations	11	6.555	14.010	-	3.515	(13.816)	10.264	(10.264)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		20.182	(0.428)	-	3.515	(13.816)	9.453	(61.553)	(52.100)	(2.355)	(54.455)
Transfers to or (from) other statutory reserves	12	(32.834)	-	0.002	-	32.833	0.001	-	0.001	-	0.001
Increase or (decrease) in 2016-2017		(12.652)	(0.428)	0.002	3.515	19.017	9.454	(61.553)	(52.099)	(2.355)	(54.454)
Balance at 31 March 2017 carried forward		48.726	9.811	2.857	7.631	81.805	150.830	648.080	798.910	41.952	840.862

Group Balance Sheet

The **group balance sheet** shows the value as at 31 March 2017 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 2016			31 March 2017
£m		Note	£m
1,275.392	Property, plant and equipment	G9	1,327.934
2.670	Investment property	G10	2.297
39.196	Heritage assets	G11	39.196
0.829	Intangible assets	18	0.651
18.019	Long-term investments	G15	20.871
14.476	Investments in associates and joint ventures	G3	17.914
5.730	Long-term debtors	24	3.078
1,356.312	Long-term assets		1,411.941
66.897	Short-term investments	G15	94.379
0.849	Inventories		0.631
0.468	Short-term Intangible Assets	23	1.354
32.260	Short-term debtors	G12	50.480
39.477	Cash and cash equivalents		38.286
0.744	Short-term assets held for sale	17	0.988
140.695	Current assets		186.118
(52.373)	Short-term borrowing	G15	(77.300)
(63.178)	Short-term creditors	G13	(67.718)
(7.100)	Short-term provisions	27	(7.223)
(122.651)	Current liabilities		(152.241)
(174.799)	Long-term borrowing	G15	(175.197)
(79.890)	Long-term creditors	26	(77.181)
(5.368)	Long-term provisions	27	(5.248)
(3.083)	Liabilities in associates and joint ventures	G3	(4.474)
(213.030)	Other long-term liabilities		(342.856)
(2.870)	Grants Receipts in Advance	9	-
(479.040)	Long-term liabilities		(604.956)
895.316	Net assets		840.862
164.402	Usable reserves	G7	176.312
730.914	Unusable reserves	G8	664.550
895.316	Total reserves		840.862

The unaudited accounts were issued on 23 June 2017.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

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.

2015-2016		Note	2016-2017
£m			£m
(4.807)	Group (surplus) or deficit		(4.137)
(104.110)	Adjust group surplus or deficit for non-cash movements		(61.062)
31.300	Adjust for items included in the group net surplus or deficit that are investing and financing activities		31.902
(77.617)	Net cash flows from operating activities		(33.297)
58.342	Net cash flows from investing activities		57.679
9.226	Net cash flows from financing activities	30c	(23.191)
(10.049)	Net (increase) or decrease in cash and cash equivalents		1.191
(29.428)	Cash and cash equivalents at the beginning of the reporting period		(39.477)
(39.477)	Cash and cash equivalents at the end of the reporting period		(38.286)

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 2017. 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 and culture facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within Renfrewshire plus a range of cultural service buildings, libraries and community halls. The objectives of the charity are to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire. Any surplus generated by the charity is applied solely to its continuation and development. The accounts of the charity are published separately and may be obtained from the Chief Executive, Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB.

The **group comprehensive income and expenditure statement** includes total net comprehensive expenditure for the year of £8.111 million (2015-2016 net comprehensive income of £2.844 million) for Renfrewshire Leisure Limited, total net comprehensive income for the year of £3.290 million (2015-2016 net comprehensive expenditure of £0.097 million) for the Paisley, Renfrew and Johnstone Common Good Funds and total net comprehensive income for the year of £0.257 million (2015-2016 net comprehensive income of £0.022 million) for the charitable trusts.

The **group balance sheet** includes net liabilities of £7.741 million (2015-2016 net assets of £0.170 million) for Renfrewshire Leisure Limited, net assets of £35.330 million (2015-2016 net assets of £32.040 million) for the Common Good Funds and net assets of £0.652 million (2015-2016 net assets of £0.704 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 2016-2017, Renfrewshire Council contributed £0.333 million or 7.83% of the committee's estimated running costs (2015-2016 £0.333 million or 7.83%) and its share of the year-end net asset was £0.132 million (2015-2016 £0.131 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 2016-2017 (2015-2016 £2.994 million or 8.01%) and its share of the year-end net asset was £15.035 million (2015-2016 £14.345 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 2016-2017, Renfrewshire Council contributed £1.241 million or 56.2% of the board's estimated

running costs (2015-2016 £1.282 million or 56.2%) and its share of the year-end net liability was £2.691 million (2015-2016 £1.587 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 2016			31 March 2017	
£m	£m		£m	£m
-	-	Long-term assets		
0.650	0.366	Current assets	0.488	0.273
(0.688)	(0.387)	Current liabilities	(0.528)	(0.296)
(2.786)	(1.565)	Long-term liabilities	(4.755)	(2.668)
(2.824)	(1.586)	Net assets / (liabilities)	(4.795)	(2.691)
2015-2016			2016-2017	
£m	£m		£m	£m
2.738	1.539	Income	2.536	1.423
3.016	1.695	Expenditure	2.734	1.534
(0.278)	(0.156)	Surplus / (deficit) for the year	(0.198)	(0.111)

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 £0.244 million for the twelve months to 31 March 2017 (2016 net deficit of £0.550 million) and its balance sheet a negative net worth of £3.561 million at 31 March 2017 (2016 negative net worth of £2.824 million). 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 2016			31 March 2017	
£m	£m		£m	£m
-	-	Long-term assets	-	-
2.531	1.265	Current assets	0.646	0.323
(2.036)	(1.018)	Current liabilities	(0.219)	(0.110)
(3.486)	(1.743)	Long-term liabilities	(3.988)	(1.994)
(2.991)	(1.496)	Net assets / (liabilities)	(3.561)	(1.781)
2015-2016			2016-2017	
£m	£m		£m	£m
0.904	0.452	Income	0.531	0.266
1.454	0.727	Expenditure	0.775	0.388
(0.550)	(0.275)	Surplus / (deficit) for the year	(0.244)	(0.122)

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. On 27 June 2015, Scottish Ministers legally established **Renfrewshire's Integration Joint Board** as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements. Renfrewshire Council's estimated share of the year-end net asset was £2.747 million and is included in the **group balance sheet**. Copies of the financial statements for the IJB may be obtained from Chief Officer, Renfrewshire Integrated Joint Board, Renfrewshire House, Cotton Street, Paisley, PA1 1WB.

Renfrewshire Integrated Joint Board	Renfrewshire Council's Share	Renfrewshire Integrated Joint Board	Renfrewshire Integrated Joint Board	Renfrewshire Council's Share
31 March 2016			31 March 2017	
£m	£m		£m	£m
-	-	Long-term assets	-	-
0.005	0.003	Current assets	5.494	2.747
(0.005)	(0.003)	Current liabilities	-	-
-	-	Long-term liabilities	-	-
-	-	Net assets / (liabilities)	5.494	2.747
2015-2016			2016-2017	
£m	£m		£m	£m
0.267	0.134	Income	267.213	133.607
0.267	0.134	Expenditure	261.719	130.860
-	-	Surplus / (deficit) for the year	5.494	2.747

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 three 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 £0.421 million (60.7%) to the authority’s estimated running costs in 2016-2017 (£0.490 million in 2015-2016).

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 £0.113 million (3.2%) to the committee’s estimated running costs in 2016-2017 (£0.103 million in 2015-2016).

Glasgow and the Clyde Valley Strategic Development Planning Authority Joint. 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 2016-2017 (£0.072 million in 2015-2016).

Glasgow City Region – City Deal Cabinet is a Joint Committee, the purpose of which is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The City Deal programme aims to deliver a £1.13 billion investment programme through 20 infrastructure projects and will drive innovation and growth through the support of the key sectors, including delivery of labour market and innovation programmes.

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 (£12.475 million asset plus £0.965 million asset = £13.440 million net asset) equates to the net of two figures disclosed in the **group balance sheet** as “investments in associates and joint ventures” (£17.914 million) and “liabilities in associates and joint ventures” (£4.474million).

Aggregate of associates' results	Renfrewshire Council's Share	Associates	Aggregate of associates' results	Renfrewshire Council's Share
31 March 2016			31 March 2017	
£m	£m		£m	£m
153.447	12.292	Long-term assets	187.683	15.034
108.417	8.994	Current assets	98.439	8.113
(42.443)	(3.730)	Current liabilities	(45.245)	(3.876)
(41.501)	(4.667)	Long-term liabilities	(56.267)	(6.796)
177.920	12.889	Net assets / (liabilities)	184.610	12.475
2015-2016			2016-2017	
£m	£m		£m	£m
100.297	9.346	Income	109.071	9.949
90.040	8.658	Expenditure	87.681	8.331
10.257	0.688	Net surplus / (deficit) for the year	21.390	1.618

Aggregate of joint ventures' results	Renfrewshire Council's Share	Joint ventures	Aggregate of joint ventures' results	Renfrewshire Council's Share
31 March 2016			31 March 2017	
£m	£m		£m	£m
-	-	Long-term assets	-	-
2.536	1.268	Current assets	6.140	3.070
(2.041)	(1.021)	Current liabilities	(0.219)	(0.110)
(3.486)	(1.743)	Long-term liabilities	(3.988)	(1.994)
(2.991)	(1.496)	Net assets / (liabilities)	1.933	0.966
2015-2016			2016-2017	
£m	£m		£m	£m
1.171	0.586	Income	267.744	133.873
1.721	0.861	Expenditure	262.494	131.248
(0.550)	(0.275)	Net surplus / (deficit) for the year	5.250	2.625

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 2017 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 2017, 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**.

2015-2016		2016-2017
£m		£m
	<i>Share of (surplus) or deficit:</i>	
	Subsidiaries:	
(0.714)	Paisley, Renfrew and Johnstone Common Good Funds	(1.071)
0.052	Charitable trusts administered by Renfrewshire Council	0.051
0.266	Renfrewshire Leisure Limited	0.315
	Associates:	
(0.842)	Strathclyde Partnership for Transport	(1.727)
(0.002)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.002)
0.156	Renfrewshire Valuation Joint Board	0.111
	Joint Ventures:	
-	Refrewshire Intregation Joint Board	(2.747)
0.275	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.122
(0.809)	Aggregate share of (surplus) or deficit	(4.948)
	<i>Share of other comprehensive (income) and expenditure:</i>	
	Subsidiaries:	
0.811	Paisley, Renfrew and Johnstone Common Good Funds	(2.219)
(0.074)	Charitable trusts administered by Renfrewshire Council	(0.308)
(3.110)	Renfrewshire Leisure Limited	7.796
	Associates:	
(1.017)	Strathclyde Partnership for Transport	1.037
-	Strathclyde Concessionary Travel Scheme Joint Committee	-
(0.813)	Renfrewshire Valuation Joint Board	0.997
	Joint Ventures:	
-	Refrewshire Intregation Joint Board	-
-	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-
(4.203)	Aggregate share of other comprehensive (income) and expenditure	7.303

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:

2015-2016		2016-2017
£m		£m
0.229	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.259
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.063
(0.021)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.021)
-	Interest income received from Renfrewshire Council by the charitable trusts administered by Renfrewshire Council	-
(7.830)	Service charge payable by Renfrewshire Council to Renfrewshire Leisure Limited	(9.199)
0.021	Charges for services, such as accounting and administration, payable by Renfrewshire Leisure Limited to Renfrewshire Council	-
(0.003)	Interest income received from Renfrewshire Council by Renfrewshire Leisure Limited	-
(7.545)	Total adjustments between group accounts and council accounts	(8.898)

Note G6 Group financing and investment income and expenditure

2015-2016		2016-2017
£m		£m
21.453	Interest payable and similar charges	20.806
10.408	Pensions net interest expense	7.529
(1.626)	Interest receivable and similar income	(1.179)
(0.466)	Income and expenditure in relation to investment properties and changes in their fair values	(0.427)
(1.137)	Other investment income	(1.149)
(1.668)	Net (surplus) or deficit on trading operations	(1.373)
26.964	Total financing and investment income and expenditure	24.207

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.

2015-2016			2016-2017	
£m		Note	£m	
61.378	General Fund Balance	12	48.726	
10.239	Housing Revenue Account Balance	12	9.811	
2.855	Revenue statutory funds	12	2.857	
4.116	Capital Receipts Reserve	12	7.631	
62.788	Capital statutory funds	12	81.805	
22.121	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds		23.301	
0.407	Charitable trusts administered by Renfrewshire Council: usable balances		0.365	
0.498	Renfrewshire Leisure Limited: usable reserves		0.494	
-	Renfrewshire Integrated Joint Board		1.322	
164.402	Total usable reserves		176.312	

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.

2015-2016			2016-2017	
£m		Note	£m	
405.005	Revaluation Reserve	13	446.651	
0.245	Available for sale Financial Instruments Reserve	13	0.506	
538.486	Capital Adjustment Account	13	556.829	
(14.387)	Financial Instrument Adjustment Account	13	(13.904)	
(212.702)	Pension Reserve	13	(334.890)	
(7.014)	Employee Statutory Adjustment Account	13	(7.112)	
2.072	Paisley, Renfrew and Johnstone Common Good Funds: available for sale financial instruments reserve		3.900	
7.847	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve		8.129	
0.297	Charitable trusts administered by Renfrewshire Council: revaluation reserve		0.287	
-	Renfrewshire Leisure Limited: revaluation reserve		-	
(0.328)	Renfrewshire Leisure Limited: pension reserve		(7.965)	
	<i>Renfrewshire Council's share of the reserves of the associates and joint ventures within the group:</i>			
14.345	Strathclyde Partnership for Transport		15.035	
0.131	Strathclyde Concessionary Travel Scheme Joint Committee		0.132	
(1.587)	Renfrewshire Valuation Joint Board		(2.692)	
-	Renfrewshire Integrated Joint Board		1.425	
(1.496)	Park Lane Developments (Renfrewshire) Limited Liability Partnership		(1.781)	
730.914	Total unusable reserves		664.550	

Note G9 Property, Plant and Equipment

2016-2017

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total property, plant and equipment £m	Of which funded by PPP £m
Gross carrying amount at 1 April 2016	527.434	318.788	445.922	276.438	15.028	37.832	1,621.442	87.335
Assets reclassified (to) or from the "held for sale" category	(0.723)	-	-	-	-	(0.218)	(0.941)	-
Other asset reclassifications	-	(0.873)	2.601	0.373	(1.977)	0.094	0.218	-
Additions	3.602	2.984	10.512	12.202	32.422	-	61.722	1.059
Disposals	(5.470)	(1.734)	(1.952)	-	(0.969)	(1.519)	(11.644)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	14.088	1.090	10.981	-	-	0.184	26.343	8.049
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	3.150	(0.827)	-	-	(0.044)	2.279	3.740
Gross carrying amount at 31 March 2017	538.931	323.405	467.237	289.013	44.504	36.329	1,699.419	100.183
Accumulated depreciation (including accumulated impairment losses) at 1 April 2016	0.000	46.332	164.159	123.938	-	11.685	346.114	9.771
Assets reclassified (to) or from the "held for sale" category	(0.024)	-	-	-	-	-	(0.024)	-
Depreciation on other reclassifications	-	(0.320)	0.312	-	-	0.008	-	-
Depreciation charge for the year	17.581	6.609	34.933	5.664	-	0.126	64.913	3.192
Depreciation and impairment on disposals	(0.182)	(0.486)	(1.932)	-	-	(0.023)	(2.623)	-
Depreciation written out to the Revaluation Reserve	(17.375)	(2.519)	(13.436)	-	-	(0.016)	(33.346)	(6.791)
Depreciation written out to the surplus or deficit on the provision of services	-	(2.531)	(0.510)	-	-	(0.017)	(3.058)	(1.690)
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	(0.279)	(0.263)	-	-	0.051	(0.491)	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2017	0.000	46.806	183.263	129.602	-	11.814	371.485	4.482
Balance sheet net carrying amount at 31 March 2017	538.931	276.599	283.974	159.411	44.504	24.515	1,327.934	95.701
Balance sheet net carrying amount at 1 April 2016	527.434	272.456	281.763	152.500	15.028	26.147	1,275.328	77.564

2015-2016	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 2015	485.526		316.195		427.054		267.892		4.948		37.052		1,538.667		86.429	
Assets reclassified (to) or from the "held for sale" category	(0.026)		(0.129)		-		-		-		-		(0.155)		-	
Other asset reclassifications	(4.227)		(1.571)		7.883		-		(7.669)		5.135		(0.449)		-	
Additions	4.393		1.118		15.553		8.546		17.749		-		47.359		0.906	
Disposals	(2.194)		(0.569)		(2.271)		-		-		(3.274)		(8.308)		-	
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	43.962		3.489		0.594		-		-		(0.758)		47.287		-	
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-		0.330		(2.902)		-		-		(0.323)		(2.895)		-	
Gross carrying amount at 31 March 2016	527.434		318.863		445.911		276.438		15.028		37.832		1,621.506		87.335	
Accumulated depreciation (including accumulated impairment losses) at 1 April 2015	-		52.192		143.481		118.492		-		11.036		325.201		6.609	
Assets reclassified (to) or from the "held for sale" category	-		-		-		-		-		-		-		-	
Depreciation on other reclassifications	(0.145)		(0.985)		0.215		-		-		0.915		-		-	
Depreciation charge for the year	16.742		6.474		38.096		5.446		-		0.089		66.847		3.162	
Depreciation and impairment on disposals	(0.075)		(0.108)		(2.238)		-		-		(0.027)		(2.448)		-	
Depreciation written out to the Revaluation Reserve	(16.522)		(10.029)		(14.193)		-		-		(0.286)		(41.030)		-	
Depreciation written out to the surplus or deficit on the provision of services	-		(1.212)		(1.202)		-		-		(0.042)		(2.456)		-	
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-		-		-		-		-		-		-		-	
Impairment losses recognised in the surplus or deficit on the provision of services	-		-		-		-		-		-		-		-	
Accumulated depreciation (including accumulated impairment losses) at 31 March 2016	0.000		46.332		164.159		123.938		-		11.685		346.114		9.771	
Balance sheet net carrying amount at 31 March 2016	527.434		272.531		281.752		152.500		15.028		26.147		1,275.392		77.564	
Balance sheet net carrying amount at 1 April 2015	485.526		264.003		283.573		149.400		4.948		26.016		1,213.466		79.820	

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**:

2015-2016		2016-2017	
£m		£m	
(0.454)	Rental income from investment properties	(0.427)	
-	Direct operating expenses arising from investment property		
(0.454)	Net (gain) or loss	(0.427)	

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:

2015-2016		2016-2017	
£m		£m	
2.344	Opening Balance at 1 April	2.670	
-	Additions	(0.218)	
0.368	Assets reclassified (to) or from the "held for sale" category	0.032	
	Disposals		
(0.064)	Net gains or (losses) from fair value adjustments	(0.117)	
	Transfers (to) or from inventories and property, plant and equipment	(0.070)	
0.022	Other changes		
2.670	Closing balance at 31 March	2.297	

Note G11 Group heritage assets

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

2015-2016		Note	2016-2017	
£m			£m	
39.196	Opening Balance at 1 April		39.196	
-	Additions (at cost)		-	
-	Assets reclassified (to) or from Community Assets		-	
-	Disposals		-	
-	Impairment losses		-	
-	Revaluations		-	
39.196	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 2017 (£0.219 at 31 March 2016). Further information on the heritage assets other than those of the Paisley, Renfrew and Johnstone Common Good Funds can be found at Note 16.

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.

2015-2016		2016-2017	
£m		£m	£m
8.107	Central government bodies, excluding NHS Scotland		17.204
0.657	Central government bodies: NHS Scotland		4.473
1.618	Other local authorities		0.356
0.001	Public corporations and trading funds		-
4.035	HM Revenue and Customs		5.785
	<i>Other entities and individuals:</i>		
14.823	Council tax arrears	10.888	
(10.172)	Council tax arrears impairment	(6.143)	
4.651	Council tax arrears net of impairment		4.745
2.305	Rent arrears	2.244	
(1.778)	Rent arrears impairment	(1.472)	
0.527	Rental arrears net of impairment		0.772
20.383	Trade debtors	25.093	
(12.641)	Trade debtors impairment	(9.709)	
7.742	Trade debtors net of impairment		15.384
4.922	Other debtors	1.761	
-	Other debtors impairment	-	
4.922	Other debtors net of impairment		1.761
32.260	Total short term debtors		50.480

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.

2015-2016		2016-2017
£m		£m
4.507	Central government bodies, excluding NHS Scotland	3.669
0.748	Central government bodies: NHS Scotland	3.709
0.828	Other local authorities	0.485
0.217	Public corporations and trading funds	-
5.931	HM Revenue and Customs	6.766
5.302	Strathclyde Pension Fund and Scottish Public Pensions Agency	5.721
5.643	Accrued payrolls	5.866
2.604	PPP finance lease creditors	2.705
-	Other finance lease creditor	-
37.398	Other entities and individuals	38.797
63.178	Total short term creditors	67.718

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.

2015-2016		2016-2017
£m		£m
	<i>Amounts owing to Renfrewshire Council:</i>	
3.563	Loans	3.622
1.261	Other balances	0.247
4.824	Total amounts owing to Renfrewshire Council	3.869
	<i>Amounts owed by Renfrewshire Council:</i>	
(0.636)	Loans	(0.453)
(0.006)	Other balances	-
(0.642)	Total amounts owed by Renfrewshire Council	(0.453)

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 25 provides details of these. Additional qualitative information on the various categories of financial instruments can be found at Note 28.

31 March 2016			31 March 2017		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	66.897	Loans and receivables - fixed term deposits	-	94.379	
3.117	-	Available-for-sale financial assets - insurance fund investments	3.479	-	
14.902	-	Available-for-sale financial assets - Common Good Fund investments	17.392	-	
18.019	66.897	Investments	20.871	94.379	
0.799	0.078	Loans and receivables - loans to other entities and individuals	1.219	0.141	
3.595	28.867	Loans and receivables - trade receivables	1.859	45.638	
4.394	28.945	Debtors	3.078	45.779	
(154.410)	(14.338)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(175.197)	(14.049)	
(20.389)	(34.382)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	-	(54.745)	
-	(3.653)	Financial liabilities at amortised cost - borrowing from group entities	-	(8.506)	
(174.799)	(52.373)	Borrowing	(175.197)	(77.300)	
-	(43.698)	Financial liabilities at amortised cost - trade payables	-	(46.677)	
(79.883)	(2.604)	PFI/PPP and finance lease liabilities	(77.178)	(2.705)	
(0.007)	-	Financial guarantees	(0.003)	-	
(79.890)	(46.302)	Creditors	(77.181)	(49.382)	

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.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date and Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. See table below:-

2016-2017						
	Level 1	Level 2	Carrying Value	Level 1	Level 2	Fair Value
Investments	17.392	97.858	115.250	17.392	97.905	115.297
Debtors	0.000	48.857	48.857	0.000	48.897	48.897
Borrowing	0.000	(252.518)	(252.518)	0.000	(376.120)	(376.120)
Creditors	0.000	(126.519)	(126.519)	0.000	(126.519)	(126.519)

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date and Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. See table below:- Again, those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 25 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 28.

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**.

2016-2017			
	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m
Interest expense (including finance lease interest)	-	-	17.629
Realised losses on disposal	-	-	-
Impairment losses	0.231	-	-
Fee expense	-	-	-
Total expense in the (surplus) or deficit on the provision of services	0.231	-	17.629
Interest income	(0.868)	-	-
Dividend income	-	(0.722)	-
Other income	(0.004)	(0.639)	-
Total income in the (surplus) or deficit on the provision of services	(0.872)	(1.361)	-
Net (gain) or loss on revaluation	-	(2.089)	-
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(2.089)	-
Net (gain) or loss for the year (in total comprehensive income and expenditure)	(0.641)	(3.450)	17.629

2015-2016			
	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m
Interest expense (including finance lease interest)	-	-	17.742
Realised losses on disposal	-	-	-
Impairment losses	-	-	-
Fee expense	1.130	-	-
Total expense in the (surplus) or deficit on the provision of services	1.130	-	17.742
Interest income	(0.689)	(0.001)	-
Dividend income	-	(0.670)	-
Other income	(0.008)	(0.554)	-
Total income in the (surplus) or deficit on the provision of services	(0.697)	(1.225)	-
Net (gain) or loss on revaluation	-	1.606	-
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	1.606	-
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.433	0.381	17.742

Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2017 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.

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 2016 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 its second phase which ends on 31 March 2019. The UK government announced in 2016 that the CRC energy efficiency scheme will be abolished following the 2018-19 compliance year. The Council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. energy is used) a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the

obligation, normally the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of services and is apportioned on the basis of energy consumption.

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

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

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 2017 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

Termination benefits

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

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

Post employment benefits

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

The Local Government Pension Scheme is accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS19) (as revised in 2011). Renfrewshire Council's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The Comprehensive Income and

Expenditure Statement recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year. Liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method. Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

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 Renfrewshire Leisure Limited (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and also in a secure store). The purpose of holding these assets according to the 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 approved Acquisition and Disposal Policy.

The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets
----------------	--

within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

Shawl and textile design The museums hold a collection of approximately 1,000 Paisley-type shawls, and a considerable collection of original designs for shawl manufacture. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

Natural History The collection includes vertebrate and invertebrate zoology, botany, geology and microslide collections; in addition to a library of natural history books. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

Human History The museums hold collections relating to social history, transport, science (including an important collection of astronomical apparatus in Coats Observatory), archaeology, arms, local archives, numismatics, photography, textiles, ethnography and Egyptology. The collection is included in the balance sheet at insurance valuation which is based on market values. However where an external valuation or cost information is available, or a valuation may be secured at a cost which is not prohibitive relative to the value of the item, then the Council will recognise the asset in the balance sheet at this value.

Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

In addition to the 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. Heritage assets will occasionally be disposed of in accordance with the approved Acquisitions and Disposal Policy (a copy of which is available). Assets are only disposed of for curatorial reasons (eg the item has deteriorated to such an extent it is no longer suitable for public display) and not with the aim of generating funds. Any proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. Expenditure incurred in preserving individual items is recognised in the comprehensive income and expenditure statement.

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 50% share in an Integrated Joint Board and a 50% holding in a limited liability partnership, which is recorded as an investment.

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.

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.

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.

Fair Value Measurement

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

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

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

Impairment

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

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

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

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

Disposals

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Financial Instruments - Fair Value Measurement

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

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

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

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

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

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

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 2016-2017 ("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. Renfrewshire Integration Joint Board
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 Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. Scottish Ministers legally established Renfrewshire's Integration Joint Board on 27 June 2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. 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 three of the five entities the council has a share in a net liability. The net liability position of both the Renfrewshire Valuation Joint Board and Renfrewshire Leisure Limited arises from the inclusion of liabilities related to the defined benefit pension schemes as required by IAS19 (which requires that pension liabilities reflect the long-term cost of paying post-employment benefits). For Park Lane Developments (Renfrewshire) LLP the net liability arises from long-term borrowing to fund regeneration work within and around the site of the former Arnotts store in Paisley.

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 SCo19478

RENFREW SCo19479

JOHNSTONE SCo19480

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS 2016-17



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 2017.....	10
BALANCE SHEET AS AT 31ST MARCH 2017.....	12
CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH 2017.....	13
NOTES TO THE FINANCIAL STATEMENTS.....	14
1: ACCOUNTING POLICIES.....	14
2: INCOME AND ENDOWMENTS	16
3: EXPENDITURE.....	17
4: TANGIBLE FIXED ASSETS.....	18
5: FIXED ASSET INVESTMENTS.....	20
6: RESERVES COVER.....	21
7: CASH FLOW STATEMENT.....	21
8: TRUSTEES' REMUNERATION AND EXPENSES.....	22
9: RELATED PARTIES.....	22
10: COMMITMENTS.....	22
11: STAFF COSTS AND EMOLUMENTS.....	22
12: AUDIT COSTS.....	23
13: DEBTORS.....	23
14: CREDITORS.....	23
15: SHORT TERM DEPOSITS.....	23
16: EVENTS AFTER THE BALANCE SHEET DATE.....	23

Trustees' Annual Report

Introduction

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

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

The principal address of the Common Good Funds is:

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

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

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

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

Investment Managers: 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. Following local government elections the Finance and Resources Policy Board has been succeeded by the Finance, Resources and Customer Services Policy Board on 18 May 2017.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council during the 2016/17 financial year:

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady deceased 21/05/16	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 resigned 08/11/16	Paul Mack
Will Mylet	Bill Brown
Jim Paterson elected 11/08/16	

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

Structure, Governance and Management

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

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

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

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

History

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

Governance and Management

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. 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, Resources and Customer Services 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, Resources and Customer Services Policy Board, whose meetings are held in public. In turn, the minutes of this Board are submitted to the full Council for ratification. Therefore each elected member is informed of both the performance of the funds, and any decision regarding the operation of the Funds which would be made by the Finance, Resources and Customer Services Policy Board.

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

Risk

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

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

Objectives and Activities

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

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

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

Grantmaking

There are two elements to the grants awarded from Common Good Funds: recurring grants (i.e. those awarded for a period of some years) or large grant awards that are agreed by the 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 2016-17 grants totalling £57,360 were awarded by Local Area Committees to a wide variety of community organisations. Other grant expenditure totalling £258,800 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 3.8% (3.9% in 2015-16). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.54% (0.61% in 2015-16).

Overall, the Common Good Funds reported a combined net movement in funds of £3.290 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 (67%) and property rental income (33%).

The Investment Review Board has agreed a Statement of Investment Principles (SoIP) which regulates the relationship between the Council and the Investment Manager. The SoIP details benchmark asset class holdings and also the restrictions which the Council has agreed i.e. no direct holdings in tobacco stocks or

companies involved in the manufacture or supply of military equipment; and a minimum holding of 15% of the total funds to be held in fixed interest stocks.

Future Plans

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

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

Signed:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

Date:

On behalf of the Trustees:

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

Date:

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

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

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

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

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

b) Statement of disclosure of information to auditors

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

Signed:

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

Date:

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

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

Mark Ferris

Senior Audit Manager, Audit Services

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place,

Glasgow, G2 1BT

Page deliberately blank for independent auditors report

Statement of Financial Activities for the Year Ended 31st March 2017

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 2016-17 or in 2015-16.

		Year to 31 st March 2017				Year to 31 st March 2016			
		Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
	Notes	£m	£m	£m	£m	£m	£m	£m	£m
Income and Endowments from:									
Investments	2(a)	0.147	0.000	0.495	0.642	0.138	0.000	0.465	0.603
Rental and Other Income	2(b)	0.049	0.000	0.266	0.315	0.049	0.000	0.292	0.341
Total from Income and Endowments		0.196	0.000	0.761	0.957	0.187	0.000	0.757	0.944
Expenditure on:									
Raising Funds									
Fundraising Trading		0.000	0.000	0.003	0.003	0.000	0.000	0.002	0.002
Investment Management Costs		0.015	0.000	0.052	0.067	0.014	0.000	0.046	0.060
Total Raising Funds		0.015	0.000	0.055	0.070	0.014	0.000	0.048	0.062
Charitable Activities									
Charitable Activities	3(a)	0.122	0.000	0.194	0.316	0.127	0.000	0.204	0.331
Governance Costs	3(b)	0.015	0.000	0.048	0.063	0.016	0.000	0.047	0.063
Depreciation and Impairment		0.071	0.000	(0.124)	(0.053)	0.046	0.000	0.296	0.342
Total Charitable Activities		0.208	0.000	0.118	0.326	0.189	0.000	0.547	0.736
Total Expenditure		0.223	0.000	0.173	0.396	0.203	0.000	0.595	0.798
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments		(0.027)	0.000	0.588	0.561	(0.016)	0.000	0.162	0.146
Gains/(Losses) on Investment Assets	5	0.559	0.000	1.909	2.468	(0.221)	0.000	(0.745)	(0.966)
Net Income/(Expenditure)		0.532	0.000	2.497	3.029	(0.237)	0.000	(0.583)	(0.820)

Statement of Financial Activities for the Year Ended 31st March 2017

	Notes	Year to 31 st March 2017				Year to 31 st March 2016			
		Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
Transfer between Funds		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total after funds Transfer		0.532	0.000	2.497	3.029	(0.237)	0.000	(0.583)	(0.820)
Other Gains or Losses									
Gains/(Losses) on Revaluation of Fixed Assets	4	(0.062)	0.000	0.323	0.261	0.471	0.000	0.252	0.723
Total Other Recognised Gains or Losses		(0.062)	0.000	0.323	0.261	0.471	0.000	0.252	0.723
Net Movement in Funds		0.470	0.000	2.820	3.290	0.234	0.000	(0.331)	(0.097)
Funds Reconciliation:									
Total Funds Brought Forward		5.122	0.052	26.866	32.040	4.888	0.052	27.197	32.137
Total Funds Carried Forward		5.592	0.052	29.686	35.330	5.122	0.052	26.866	32.040

The notes on pages 14 to 23 form part of these financial statements.

Balance Sheet as at 31st March 2017

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

		At 31 st March 2017				At 31 st March 2016			
	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	0.915	0.000	12.712	13.627	1.048	0.000	12.265	13.313
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	3.972	0.000	13.420	17.392	3.408	0.000	11.494	14.902
		4.950	0.047	26.241	31.238	4.519	0.047	23.868	28.434
Current Assets									
Debtors	13	0.000	0.000	0.017	0.017	0.000	0.000	0.018	0.018
Short term deposits	15	0.678	0.005	3.548	4.231	0.617	0.005	3.032	3.654
		0.678	0.005	3.565	4.248	0.617	0.005	3.050	3.672
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	14	(0.036)	0.000	(0.120)	(0.156)	(0.014)	0.000	(0.052)	(0.066)
		(0.036)	0.000	(0.120)	(0.156)	(0.014)	0.000	(0.052)	(0.066)
Net Current Assets		0.642	0.005	3.445	4.092	0.603	0.005	2.998	3.606
Net Assets		5.592	0.052	29.686	35.330	5.122	0.052	26.866	32.040
Funds of the Charities									
<u>Unrestricted Funds</u>									
Income Funds		3.650	0.036	19.615	23.301	3.535	0.036	18.550	22.121
Revaluation reserve : Investments		0.908	0.000	2.992	3.900	0.497	0.000	1.575	2.072
Revaluation reserve : Other Fixed Assets		1.034	0.016	7.079	8.129	1.090	0.016	6.741	7.847
		5.592	0.052	29.686	35.330	5.122	0.052	26.866	32.040

Signed

Signed

Date
Alan Russell
Director of Finance and Resources

Renfrewshire Council

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

Cash Flow Statement for Year Ended 31st March 2017

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

	Notes	Year ended 31st March 2017				Year ended 31st March 2016			
		Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Net Cash Inflow from Operating Activities	7	0.066	0.000	0.533	0.599	0.046	0.000	0.509	0.555
Capital Expenditure and Financial Investment									
Cash paid for fixed asset investment		(0.872)	0.000	(2.846)	(3.718)	(0.845)	0.000	(2.759)	(3.604)
Receipts from sales of fixed asset: investments		0.962	0.000	3.144	4.106	0.788	0.000	2.556	3.344
Receipts from sales of fixed asset: property		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Payments to acquire tangible fixed assets		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net cash flow from capital expenditure and financial investments		0.090	0.000	0.298	0.388	(0.057)	0.000	(0.203)	(0.260)
(Increase)/decrease in cash held for investments		(0.095)	0.000	(0.315)	(0.410)	0.054	0.000	0.193	0.247
Increase/(decrease) in cash held in the year		0.061	0.000	0.516	0.577	0.043	0.000	0.499	0.542
Reconciliation of net cash flow to movement in net funds									
(Decrease)/increase in cash in year		0.061	0.000	0.516	0.577	0.043	0.000	0.499	0.542
net funds at 1 April		0.617	0.005	3.032	3.654	0.574	0.005	2.533	3.112
Net funds at 31 March		0.678	0.005	3.548	4.231	0.617	0.005	3.032	3.654

Notes to the Financial Statements

1: Accounting Policies

Introduction

The Financial Statements for the year ended 31 March 2017 have been compiled in accordance the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published on 16 July 2014. They are designed to give a true and fair view of the financial performance and position of the Common Good Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

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

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

Income and Endowments

Recognition of income and endowments

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

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

Grants and Donations

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

Gifts in Kind

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

Investment Income

This is included in the accounts when receivable.

Investment Gains and Losses

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

Expenditure

Liability Recognition

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

Charitable Activities

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

Grants Payable without Performance Conditions

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

Assets

Valuation

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

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

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

Investments are valued at market value.

Depreciation

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

Impairment

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

Departures from the Charities SORP

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

Events after the Balance Sheet date

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

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

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

2: Income and Endowments

a) Investments

	2016-17				2015-16			
	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	0.143	0.000	0.478	0.621	0.134	0.000	0.448	0.582
Interest income	0.004	0.000	0.017	0.021	0.004	0.000	0.017	0.021
Total grant & investment income	0.147	0.000	0.495	0.642	0.138	0.000	0.465	0.603

b) Rental and Other Income

	2016-17				2015-16			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Rental income from properties	0.049	0.000	0.266	0.315	0.049	0.000	0.292	0.341
Other Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total rental and other income	0.049	0.000	0.266	0.315	0.049	0.000	0.292	0.341

3: Expenditure

a) Charitable Activities

	2016-17				2015-16			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Voluntary organisation grants	0.000	0.000	0.057	0.057	0.035	0.000	0.067	0.102
Civic related grants	0.122	0.000	0.137	0.259	0.092	0.000	0.137	0.229
Total charitable activities grants	0.122	0.000	0.194	0.316	0.127	0.000	0.204	0.331

b) Governance Costs

	2016-17				2015-16			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accountancy and Administrative Services	0.009	0.000	0.027	0.036	0.005	0.000	0.013	0.018
Property Services	0.006	0.000	0.021	0.027	0.011	0.000	0.035	0.045
Total Governance Costs	0.015	0.000	0.048	0.063	0.016	0.000	0.048	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
	£m	£m	£m	£m
Gross Book Value				
At 1 st April 2016	0.711	0.337	1.048	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.000	(0.062)	(0.062)	0.000
At 31st March 2017	0.711	0.275	0.986	0.063
Depreciation				
At 1 st April 2016	(0.002)	0.000	(0.002)	0.000
Depreciation for Year	0.071	0.000	0.071	0.000
Depreciation write back on revaluations	0.002	0.000	0.002	0.000
Impairment losses written out on revaluation	0.000	0.000	0.000	0.000
At 31st March 2017	0.071	0.000	0.071	0.000
Net Book Value at 31st March 2017	0.640	0.275	0.915	0.063
Net Book Value at 31st March 2016	0.711	0.337	1.048	0.063

b) Renfrew Common Good Fund

	Operational Land and Buildings	Plant and Equipment	Non- operational assets – Investment Properties	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m	£m	£m
Gross Book Value						
At 1 st April 2016	10.030	1.923	0.713	0.024	12.690	0.109
Additions	0.000	0.000	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	0.000	0.000	0.000	0.000	0.000	0.000
Revaluations	0.355	0.000	(0.032)	0.000	0.323	0.000
At 31st March 2017	10.385	1.923	0.681	0.024	13.013	0.109
Depreciation						
At 1 st April 2016	0.343	0.082	0.000	0.000	0.425	0.000
Depreciation for year	0.212	0.041	0.007	0.000	0.260	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation write back on revaluations	(0.319)	0.000	0.000	0.000	(0.319)	0.000
Impairment losses written out on revaluation	(0.065)	0.000	0.000	0.000	(0.065)	0.000
At 31st March 2017	0.171	0.123	0.007	0.000	0.301	0.000
Net Book Value at 31st March 2017	10.214	1.800	0.674	0.024	12.712	0.109
Net Book Value at 31st March 2016	9.687	1.841	0.713	0.024	12.265	0.109

c) Johnstone Common Good Fund

	Heritage Assets £m
Gross Book Value	
At 1 st April 2016	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
At 31st March 2017	0.047
Depreciation	
At 1 st April 2016	0.000
Depreciation for year	0.000
At 31st March 2017	0.000
Net Book Value at 31st March 2017	0.047
Net Book Value at 31st March 2016	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

	2016-17			2015-16		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1 st April 2016	3.408	11.494	14.902	3.626	12.230	15.856
Additions	0.872	2.846	3.718	0.845	2.759	3.604
Disposals	(0.962)	(3.144)	(4.106)	(0.788)	(2.556)	(3.344)
Net gain/(loss) on revaluation	0.559	1.909	2.468	(0.221)	(0.746)	(0.967)
Increase/(decrease) in cash in bank awaiting investment	0.095	0.315	0.410	(0.054)	(0.193)	(0.247)
At 31st March 2017	3.972	13.420	17.392	3.408	11.494	14.902

b) Asset Allocation Analysis

	2016-17			2015-16		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.200	0.702	0.902	0.157	0.553	0.710
Other UK Bonds	0.302	1.005	1.307	0.284	0.941	1.225
Overseas Bonds	0.117	0.391	0.508	0.114	0.379	0.493
Equities:						
UK Equities	1.733	5.851	7.584	1.493	5.024	6.517
Overseas Equities	1.343	4.556	5.899	1.153	3.911	5.064
Non-Region Specific	0.030	0.101	0.131	0.024	0.081	0.105
Property Investments	0.109	0.366	0.475	0.140	0.471	0.611
Cash	0.134	0.435	0.569	0.039	0.120	0.159
Accrued Interest	0.004	0.013	0.017	0.004	0.014	0.018
Total Investment Assets	3.972	13.420	17.392	3.408	11.494	14.902

All investments during 2016-17 and in 2015-15 were held in unrestricted funds.

6: Reserves Cover

	2016-17				2015-16			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Free Reserves								
Unrestricted Funds	3.677	0.036	19.027	22.740	3.551	0.036	18.388	21.975
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.027)	0.000	0.588	0.561	(0.016)	0.000	0.162	0.146
Total Unrestricted Funds	3.650	0.036	19.615	23.301	3.535	0.036	18.550	22.121
Less Funds tied up in fixed assets	(3.972)	0.000	(13.420)	(17.392)	(3.408)	0.000	(11.494)	(14.902)
Total Free Reserves	(0.322)	0.036	6.195	5.909	0.127	0.036	7.056	7.219
Annual Running Costs exclude impairment	0.223	0.000	0.173	0.396	0.203	0.000	0.595	0.793
Number of months held in reserve	0	0	430	n/a	0	0	142	n/a

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

7: Cash Flow Statement

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

	Year to 31 st March 2017			Year to 31 st March 2016		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£m
Net income/expenditure before other gains or losses	(0.027)	0.000	0.588	(0.016)	0.000	0.162
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.071	0.000	(0.124)	0.046	0.000	0.296
Gain on sale of fixed asset - property	0.000	0.000	0.000	0.000	0.000	0.000
Decrease/(increase) in debtors	0.000	0.000	0.001	0.005	0.000	0.014
Increase/(decrease) in creditors	0.022	0.000	0.068	0.011	0.000	0.037
Net cash (inflow)/outflow from operating activities	0.066	0.000	0.533	0.046	0.000	0.509

b Analysis of changes in net funds

	At 1 April 2016	Cash- flow	At 31 March 2017	At 1 April 2015	Cash- flow	At 31 March 2016
	£m	£m	£m	£m	£m	£m
Short term deposits						
Paisley	0.617	0.061	0.678	0.574	0.043	0.617
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	3.032	0.516	3.548	2.533	0.499	3.032
	3.654	0.577	4.231	3.112	0.542	3.654

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 2016-17.

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 2017, 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 2016-17 (2015-16 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 (2015-16 nil).

12: Audit Costs

Costs of £4,550 were incurred in relation to the audit of the 2016-17 financial statements.

13: Debtors

	Year to 31 st March 2017				Year to 31 st March 2016			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accrued Income	0.000	0.000	0.011	0.011	0.000	0.000	0.018	0.018
Prepayment of Grant	0.000	0.000	0.006	0.006	0.000	0.000	0.000	0.000
Total Debtors	0.000	0.000	0.017	0.017	0.000	0.000	0.018	0.018

14: Creditors

	Year to 31st March 2017				Year to 31st March 2016			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Trade Creditors	0.036	0.000	0.016	0.052	0.014	0.000	0.048	0.062
Rents in Advance	0.000	0.000	0.104	0.104	0.000	0.000	0.004	0.004
Total Creditors	0.036	0.000	0.120	0.156	0.014	0.000	0.052	0.066

15: Short Term Deposits

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

16: Events after the Balance Sheet date

Events taking place after the authorised issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

RENFREWSHIRE COUNCIL TRUST FUNDS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS 1 APRIL 2016 to 31 MARCH 2017



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 31 ST MARCH 2017	9
STATEMENT OF BALANCES AS AT 31 ST MARCH 2017	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. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, social services, environmental services, council housing and economic regeneration.

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

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

TRUSTEES

In terms of the “Trustees” of the 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(FRPB), 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. Following the recent local government elections the Finance and Resources Policy Board was succeeded by the Finance, Resources and Customer Services Policy Board (FRCSPB) on 18 May 2017.

The following individuals were the Trustees of the Trust Funds in their capacity as elected members of Renfrewshire Council during the 2016/17 financial year:

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady deceased 21/05/16	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 resigned 08/11/16	Paul Mack
Will Mylet	Bill Brown
Jim Paterson elected 11/08/16	

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. These buildings are leased to Renfrewshire Leisure Ltd for zero consideration.

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(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014.

Decisions regarding the operation, assets, processes or policies of the Trust 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

The objectives of the trusts include 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.

4. ACHIEVEMENTS AND PERFORMANCE

During the year a payment of £5,330 was made from the Renfrew Burgh Citizens Fund to fund the installation of a flag pole at Ferry Green. Ten awards totaling £24,327 were paid from the Renfrewshire Council Citizens Fund. These payments were made from funds associated with Kilbarchan, to organisations in the Kilbarchan area. No awards were made from the Paisley Burgh Citizens Fund during the year.

Throughout the year the combined monies of the Trusts were held in the Council's Loans Fund until drawn down.

5. FINANCIAL REVIEW

The Trust Funds have no explicit reserves policy. As planned the Citizens Fund balances have now been fully disbursed. No individual Trust Fund is in deficit and no donations to the Funds are solicited.

6. FUTURE PLANS

All Trust Fund balances (excluding assets held in the Coats Observatory Fund) have been fully disbursed and it is anticipated that the Renfrew, Paisley and Renfrewshire Council Citizens Funds will be fully wound up. An application to the Office of the Scottish Charity Regulator (OSCR) will be made in this regard once formally approved by the Finance, Resources and Customer Services Policy Board.

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

Signed:

Date: June 2017

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date: June 2017

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

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

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

Mark Ferris

Senior Audit Manager, Audit Services

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place,

Glasgow, G2 1BT

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 Statement of Recommended Practice (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 2017

Year ended 31st March 2017					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens 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	0.00	0.00	0.00	0.00	0.00
Other receipts	0.00	0.00	0.00	0.00	0.00
Total receipts	0.00	0.00	0.00	0.00	0.00
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	0.00	5,330.00	24,327.47	0.00	29,657.47
Governance costs	343.55	96.48	559.97	0.00	1,000.00
Building maintenance costs	0.00	0.00	0.00	0.00	0.00
Total payments	343.55	5,426.48	24,887.44	0.00	30,657.47
Transfer between funds	0.00	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	(343.55)	(5,426.48)	(24,887.44)	0.00	(30,657.47)

Year ended 31st March 2016					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens 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	15.00	81.00	112.00	0.00	208.00
Other receipts	0.00	0.00	0.00	0.00	0.00
Total receipts	15.00	81.00	112.00	0.00	208.00
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	4,346.38	20,000.00	5,900.00	0.00	30,246.38
Governance costs	333.33	333.33	333.34	0.00	1,000.00
Building maintenance costs	0.00	0.00	0.00	0.00	0.00
Total payments	4,679.71	20,333.33	6,233.34	0.00	31,246.38
Transfer between funds	0.00	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	(4,664.71)	(20,252.33)	(6,121.34)	0.00	(31,038.38)

Statement of Balances as at 31st March 2017

As at 31st March 2017							
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Restricted £	Total £	Total £
Cash funds							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	343.55	5,426.48	24,887.44	0.00	0.00	0.00	30,657.47
Surplus / (deficit) for period	(343.55)	(5,426.48)	(24,887.44)	0.00	0.00	0.00	(30,657.47)
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other assets (at current valuation)							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	652,344.16	652,344.16	652,344.16
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	652,344.16	652,344.16	652,344.16

As at 31st March 2016							
	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Restricted £	Total £	Total £
Cash funds							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	5,008.26	25,678.81	31,008.78	0.00	0.00	0.00	61,695.85
Surplus / (deficit) for period	(4,664.71)	(20,252.33)	(6,121.34)	0.00	0.00	0.00	(31,038.38)
	343.55	5,426.48	24,887.44	0.00	0.00	0.00	30,657.47
Other assets (at current valuation)							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	673,090.86	673,090.86	673,090.86
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	673,090.86	673,090.86	673,090.86

Signed

Signed

Date: June 2017
Alan Russell
Director of Finance and Resources

Renfrewshire Council

Date: June 2017
Councillor John Shaw
Convenor – Finance, Resources and Customer Services
Policy Board
Renfrewshire Council

Notes to the Financial Statements

1. ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2017 been prepared in accordance with Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their account in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of "materiality" and "going concern" have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the 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 2015-16 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 15 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 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

No income was received in the year. Details of payments 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 (2015-16 nil).

4. RELATED PARTIES

During the period the Council also acted as the banker for the Trust Funds and all transactions, incoming and outgoing, are made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council.

5. MOVEMENT IN FUNDS

	At 01/04/2016 £	Net movement in funds £	Transfers between funds £	At 31/03/2017 £
Unrestricted funds	30,657.47	(30,657.47)	0.00	0.00
Endowment funds	0.00	0.00	0.00	0.00
Restricted funds :				
Coats Observatory	0.00	0.00	0.00	0.00
	<u>30,657.47</u>	<u>(30,657.47)</u>	<u>0.00</u>	<u>0.00</u>

The restricted funds hold the Coats Observatory building and land asset. The current market value of the Coats Observatory at 31/03/2017 is £652,344.16