

To: Council

On: 30 June 2022

Report by: Director of Finance and Resources

Heading: Unaudited Annual Accounts 2021/22

1. Summary

- 1.1. The Council's Accounts and Group Accounts for 2021/22 will be submitted for audit by the statutory deadline of 30 June 2022 and a copy is attached for members' approval, along with the accounts of the charities that the Council controls.
 - 1.2. Once approved the unaudited accounts and associated working papers will be passed to the external auditor (Audit Scotland) for their review. Their report on the Accounts will be submitted to a future meeting of the Audit, Risk & Scrutiny Board for consideration prior to the audited accounts being presented to Council for approval.
 - 1.3. Owing to the ongoing Coronavirus pandemic, flexibility in terms of the timescales for approval of the audited annual accounts has been provided under the Coronavirus (Scotland) Act 2020; however Scottish Ministers have indicated their expectation that audited annual accounts are approved by 30 November 2022.
-

2. Recommendations

- 2.1 Consider, subject to audit, the Renfrewshire Council Annual Accounts for 2021/22; and delegate authority to the Director of Finance and Resources to submit the accounts to external audit within the relevant timescales.

- 2.2 Approve the annual governance statement for 2021/22.
 - 2.3 Note the revenue outturn position for the Council and approve the sums earmarked within the General Fund reserves and HRA reserves as outlined in 3.5 below and Appendix 1.
 - 2.4 Approve the transfer of resources outlined in Table 1 and Appendix 1.
 - 2.5 Approve, subject to audit, the annual accounts attached for the Renfrew, Paisley and Johnstone Common Good Funds and the Coats Observatory Trust Fund which under accounting regulations require to be separately prepared and audited from the Council's accounts.
-

3. **Background**

- 3.1 The Council's Accounts and Group Accounts for 2021/22 will be submitted for audit by the statutory deadline of 30 June and a copy is attached for members' consideration. The accounts have been produced to comply with International Financial Reporting Standards (IFRS) and relevant government accounting regulations.
- 3.2 In order to comply with charity accounting requirements, the Council's Accounts do not incorporate statements relating to the Common Good Funds and the Coats' Observatory Trust Fund which the Council controls. In both these instances, separate accounts have been prepared in accordance with registered charities accounting requirements and are also included for members' approval.
- 3.3 The Annual Governance Statement has been incorporated into the annual accounts document and this also requires specific approval by Council.
- 3.4 Owing to the Coronavirus pandemic and the impact associated restrictions may have in terms of allowing the audit of the accounts to progress, additional flexibility in terms of the approval process for the audited accounts has been provided under the Coronavirus (Scotland) Act 2020. Scottish Ministers have indicated that they consider audited accounts should be approved by Council no later than 30 November 2022 and published by 15 December 2022. The external auditor (Audit Scotland) will endeavour to complete the audit process in line with these timescales; however it is possible that in order to meet Scottish Minister's expectations the Council may be required to consider options to support the approval of the audited accounts outwith the normal Council meeting cycles. The external audit report on the Accounts will be made available to all members and will be submitted to a meeting of the Audit,

Risk & Scrutiny Board for consideration prior to the Council meeting where the audited accounts are considered.

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

- (a) As reported to the Council over the course of the year, significant additional spend and income were recorded in relation to the COVID-19 pandemic. Early in the financial year, significant pressures were forecast which throughout the year were mitigated through additional government support to local authorities. General Fund revenue spending has been contained within overall budget limits, and owing to the advanced distribution of COVID-19 funding from the Scottish Government, a net overspend of £0.079m (0.02% of turnover) was incurred after adjusting for planned carry forwards and committed resources.
- (b) This outturn position reported to members at Period 10 was a small underspend against a budgeted break-even position. Unallocated balances have reduced to £10.788m moving into 2022/23, consistent with the recommended level agreed by Council in September 2020. It is forecast that there will continue to be significant costs that the Council will incur over the course of 2022/23 and beyond in relation to both the response to the COVID-19 recovery period and the increasing inflation climate, which remain a risk to the Council's medium-term financial position. In this context both COVID-19 and other specific ringfenced reserves linked to inflation and construction costs have been set aside to be carefully utilised and monitored in order to best support the Council's financial position over the medium term.
- (c) Of the overall General Fund reserves, a significant majority is earmarked as detailed at Appendix 1. This represents funding set aside by the Council to support a wide range of key priorities, investments and long-term funding arrangements; some of which are directly related to ongoing costs of the COVID-19 pandemic and for which funding was allocated in 2021/22. The Council will continue to assess the adequacy and use of ringfenced balances and to ensure that any grant funding carried forward is utilised in accordance with its conditions.
- (d) Unallocated HRA reserves as at 31 March 2022 have been maintained at £6.497m as a result of its break-even position. This balance is still viewed as prudent in terms of risks to the HRA revenue position over the medium term.

- (e) As detailed in Table 1 below, specific reserves now total £95.699m, an increase in year of £5.199m, which relates primarily to resources committed to the Council's capital investment programme and resources related to the provision of schools ICT.

Table 1

| | Opening balance | Contributions to Reserves | Reserves Used / Transferred | Closing balance |
|-------------------------|----------------------------|--------------------------------------|--|----------------------------|
| | £m | £m | £m | £m |
| Insurance Fund | 2.543 | - | 0.110 | 2.653 |
| Reservoir Repair Fund | 0.321 | - | - | 0.321 |
| Education Capital Items | 1.400 | (0.224) | 1.093 | 2.269 |
| Investment Capital Fund | 86.236 | (0.680) | 4.900 | 90.456 |
| Total | 90.500 | (0.904) | 6.103 | 95.699 |

- (f) Capital spending of £61.465m on non-housing projects was managed within the overall expenditure control limits approved by Council. As reported over the course of the year, planned spend was significantly impacted by the restrictions on movement and construction. The 2022/23 capital plan has been adjusted accordingly.
- (g) The Council's in-year council tax collection performance for 2021/22 was 95.5%, returning an over-recovery compared to budget due to prior years arrears being collected over a longer period following pandemic-related delays. It is however anticipated that as a result of the emerging cost of living crisis that council tax income yield and collection performance may be adversely impacted in 2022/23.

4. FINANCIAL PERFORMANCE 2021/22

- 4.1 An overview of the revenue budget performance in Policy Board format is outlined at Appendix 2 to this report, including explanatory narrative in respect of the main budget variances. In summary, the position across operational departments, after adjusting for planned carry forwards and committed resources, is as follows:

| Service | Year-end outturn £000s Under/(over)spend |
|--|---|
| Chief Executives | 2 |
| Children's Services | (1) |
| Adult Services (HSCP) | 0 |
| Environment & Infrastructure | (182) |
| Communities, Housing and Planning | 49 |
| Finance and Resources | 5 |
| Miscellaneous Services (including council tax) | 48 |
| Renfrewshire Council General Fund | (79) |
| | |
| Housing Revenue Account | 0 |

4.2 Housing Revenue Account (HRA) – break-even

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

In line with the debt smoothing strategy of prior years, £2.3m of increased capital contributions were made as part of the HRA Business Plan Strategy to utilise in year underspends to help mitigate the impact of future capital borrowing costs arising from investment in council housing.

Unallocated HRA reserves have therefore been maintained at £6.497m. This still represents a prudent level of unallocated reserves for the HRA, which remain available to mitigate any continuing impact of COVID-19 recovery, inflationary pressure and any other unforeseen risks.

5. BUDGET PERFORMANCE - CAPITAL

5.1 Non-Housing Capital Budget Performance

Non-Housing capital expenditure totalled £61.465m during 2021/22. Capital receipts of £0.779m were generated from asset sales. These receipts are

added to £8.638m of receipts from prior years, which are available within the Useable Capital Receipts Reserve to provide total receipts of £9.417m. From this, £1.823m was utilised to support current year investment leaving a balance of £7.594m that has been committed to support the ongoing investment programme in future years. The capital investment performance was delivered within the approved prudential expenditure and borrowing limits set by the Council.

5.2 Housing Capital Budget Performance

Housing capital expenditure totalled £20.612m during 2021/22. Capital receipts of £0.006m were realised from asset sales during the year. These receipts were fully utilised in 2021/22 to support the agreed investment programme.

6 PRUDENTIAL FRAMEWORK

- 6.1 The Prudential Framework approved by the Council is supported by a number of indicators and the Council's performance against these indicators is reported in the Management Commentary in the Accounts. A further report outlining the treasury management activity undertaken during 2021/22 is also on the agenda for this meeting.

7. GROUP ACCOUNTS

- 7.1 The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"), requires local authorities to consider accounting for their interests in all types of entity e.g. Joint Boards and Committees, Leisure Trusts, companies etc. This includes other local authorities or similar bodies as defined in section 106 of the Local Government (Scotland) Act 1973 e.g. statutory bodies such as Valuation Joint Boards plus all Joint Committees. Under the Code, authorities are required to prepare a full set of Group Accounts in addition to their own Council's Accounts where they have a material interest in such entities.
- 7.2 To comply with the mandatory requirement for such disclosures we have once again reviewed over the last year a number of organisations with which the Council is involved against the accounting guidelines as detailed in the code. We have concluded that the Council is required to prepare Group Accounts and to consolidate the results of the Council with a share of a number of other entities.

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

- Joint Boards encompassing the Strathclyde Concessionary Travel Scheme Joint Committee, Strathclyde Partnership for Transport, the Renfrewshire Valuation Joint Board and the Renfrewshire Integration Joint Board,
- Paisley, Renfrew and Johnstone Common Good Funds and the Observatory Trust administered by the Council,
- OneRen Limited,
- Park Lane Developments (Renfrewshire) LLP,
- Paisley Museum Reimagined Limited.

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

8. Common Good Funds and Coats Observatory Trust Fund Accounts

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

8.2 Enclosed therefore for members approval for submission for audit are the annual accounts for both the Common Good Funds and the Coats' Observatory Trust which have been prepared in line the Charities Statement of Recommended Accounting Practice (Charities SORP).

Implications of the Report

1. **Financial** – the report provides an overview of the Council's financial performance over the course of 2021/22 and as at 31 March 2022. The annual accounts will be presented for audit with the audit findings being reported to the Audit, Risk and Scrutiny Board. The report outlines continued sound budgetary control and management of Council expenditure within available resources, but also indicates the likelihood of ongoing pressures on Council finances driven by the response to and recovery from the Coronavirus pandemic.
2. **HR & Organisational Development** – none arising from this report.
3. **Community/Council Planning** – the report outlines continued sound financial management, which supports the Council to deliver on its key community and council plan objectives.
4. **Legal** – subject to approval by Council, the annual accounts will be released to external audit within the statutory timescales.
5. **Property/Assets** - none
6. **Information Technology** - none
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - none arising from this report.
9. **Procurement** – none arising from this report.
10. **Risk** - none arising from this report.
11. **Privacy Impact** - none arising from this report.
12. **Cosla Policy Position** – none arising from this report.
13. **Climate Risk** – none arising from this report.

Author: Alastair MacArthur, Director of Finance & Resources

Appendix 1

| | Balance at 1 April 2020 £m | Transfers out £m | Transfers in £m | Balance at 31 March 2021 £m | Transfers out £m | Transfers in £m | Balance at 31 March 2022 £m |
|--|-------------------------------------|------------------------|-----------------------|--------------------------------------|------------------------|-----------------------|--------------------------------------|
| Alcohol and Drugs Commission | 1.000 | 0.000 | 1.000 | 2.000 | (0.196) | 0.000 | 1.804 |
| British Sign Language | 0.095 | (0.014) | 0.000 | 0.081 | (0.080) | 0.000 | 0.001 |
| City Deal | 1.181 | (0.522) | 0.000 | 0.659 | (1.094) | 2.185 | 1.750 |
| Climate Change Action Fund | 0.000 | 0.000 | 0.742 | 0.742 | (0.131) | 0.000 | 0.611 |
| Community Empowerment Fund | 0.432 | (0.057) | 0.000 | 0.375 | (0.036) | 0.000 | 0.339 |
| Community Safety | 0.031 | (0.031) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| COVID-19 Construction Recovery Fund | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 10.000 | 10.000 |
| COVID-19 Education Recovery | 0.000 | 0.000 | 6.149 | 6.149 | (3.534) | 3.713 | 6.328 |
| COVID-19 General Recovery Fund | 0.000 | 0.000 | 11.390 | 11.390 | (16.412) | 14.182 | 9.160 |
| Culture Bid Legacy | 2.920 | 0.000 | 0.612 | 3.532 | (0.225) | 0.260 | 3.567 |
| Development Contribution – Paisley Town Centre | 1.057 | 0.000 | 0.000 | 1.057 | 0.000 | 0.000 | 1.057 |
| Digital Infrastructure | 0.410 | (0.035) | 0.000 | 0.375 | 0.000 | 2.014 | 2.389 |
| Discretionary business grants | 0.000 | 0.000 | 2.303 | 2.303 | (1.911) | 0.000 | 0.392 |
| Early Years Change Fund | 1.900 | 0.000 | 0.000 | 1.900 | 0.000 | 0.000 | 1.900 |
| Employability | 4.704 | 0.000 | 3.391 | 8.095 | (1.704) | 3.090 | 9.481 |
| Environment & Infrastructure | 2.000 | (0.500) | 0.000 | 1.500 | (0.500) | 0.015 | 1.015 |
| Inflation Mitigation | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 4.990 | 4.990 |
| Invest in Renfrewshire | 1.829 | (3.237) | 1.984 | 0.576 | (0.576) | 0.000 | 0.000 |
| Leisure: Inclusive Play Facility | 0.050 | 0.000 | 0.000 | 0.050 | 0.000 | 0.000 | 0.050 |
| Memorial Headstone Safety | 0.000 | 0.000 | 0.987 | 0.987 | (0.362) | 0.000 | 0.625 |
| Paisley Town Centre Heritage Asset Strategy | 1.895 | 0.000 | 1.100 | 2.995 | (1.895) | 0.154 | 1.254 |
| PPP Schools Replacement Fund | 12.670 | 0.000 | 0.000 | 12.670 | 0.000 | 0.000 | 12.670 |
| Private Sector Housing Grant | 2.573 | 0.000 | 0.059 | 2.632 | (0.851) | 0.425 | 2.206 |
| Pupil Equity Fund | 1.470 | (0.245) | 0.000 | 1.225 | 0.000 | 0.034 | 1.259 |
| Response to Commission on Tackling Poverty | 3.004 | (0.773) | 0.190 | 2.421 | (1.019) | 0.000 | 1.402 |
| School Music Participation Funding | 0.375 | 0.000 | 0.000 | 0.375 | (0.125) | 0.035 | 0.285 |
| Service Modernisation and Reform Fund | 6.828 | 0.000 | 0.153 | 6.981 | (0.124) | 4.202 | 11.059 |
| Social Renewal Plan | 0.000 | 0.000 | 2.706 | 2.706 | (0.911) | 0.000 | 1.795 |
| Town Centre Public WiFi | 0.202 | (0.109) | 0.000 | 0.093 | (0.060) | 0.000 | 0.033 |
| Villages Improvement Fund | 0.370 | (0.078) | 0.000 | 0.292 | (0.159) | 0.000 | 0.133 |
| Welfare Reform | 0.198 | (0.010) | 0.424 | 0.612 | (0.291) | 0.712 | 1.033 |
| <i>Year end flexibility:</i> | | | | | | | |
| Children's Services | 1.018 | 0.000 | 1.780 | 2.798 | (0.220) | 2.713 | 5.291 |
| General Fund Ring-fenced Total | 48.212 | (5.611) | 34.970 | 77.571 | (32.416) | 48.724 | 93.879 |
| Unallocated element of the General Fund Balance | 6.599 | 0.000 | 4.288 | 10.887 | (0.099) | 0.000 | 10.788 |
| Total General Fund Balance | 54.811 | (5.611) | 39.258 | 88.458 | (32.515) | 48.724 | 104.667 |
| Housing Revenue Account | 6.807 | (0.310) | 0.000 | 6.497 | 0.000 | 0.000 | 6.497 |

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2021/22

COUNCIL OVERVIEW

| Policy Board | Revised Annual Budget | Outturn Core Business | Outturn COVID-19 | Total Outturn | Budget Variance (Adverse) or Favourable | | Projected Outturn Variance at P10 | Movement |
|---|-----------------------|-----------------------|------------------|----------------|---|-------------|-----------------------------------|--------------|
| | £000 | £000 | £000 | £000 | £000 | % | £000 | £000 |
| Leadership Board: Adult Services | 79,974 | 79,974 | 0 | 79,974 | 0 | 0.0% | 944 | (944) |
| Leadership Board: Chief Executive's | 27,721 | 25,567 | 2,133 | 27,700 | 21 | 0.1% | (256) | 277 |
| Communities and Housing Policy Board | 13,024 | 12,885 | 169 | 13,054 | (30) | (0.2%) | (76) | 46 |
| Education and Children's Services Policy Board | 214,801 | 213,642 | 1,140 | 214,782 | 19 | 0.0% | (238) | 257 |
| Finance, Resources and Customer Services Policy Board | 89,443 | 89,186 | 280 | 89,466 | (23) | 0.0% | 3,587 | (3,610) |
| Infrastructure, Land and Environment Policy Board | 36,207 | 32,349 | 3,920 | 36,269 | (62) | (0.2%) | (3,505) | 3,443 |
| GENERAL SERVICES NET EXPENDITURE | 461,170 | 453,603 | 7,642 | 461,245 | (75) | 0.0% | 456 | (531) |
| Council Tax | (86,467) | (86,464) | 0 | (86,464) | (3) | 0.0% | (400) | 397 |
| GENERAL SERVICES NET OUTTURN | 374,703 | 367,139 | 7,642 | 374,781 | (78) | 0.0% | 56 | (134) |

| Policy Board | Key Reasons for Significant Outturn Variance |
|--------------------------------------|---|
| Leadership Board: Chief Executive's | The outturn position of a £21k underspend reflects the net position of a reduction in employee costs due to staff turnover and staff on parenting leave, offset by costs of £249k for supporting OneRen with a revised level of requisition resulting from the continued limitations on service delivery over the year (in following the Scottish Government route map out of the pandemic). That support was funded from the Council's COVID-19 General Reserve and this drawdown of funds was the principal reason for the movement between the Period 10 projection and the final position. |
| Communities and Housing Policy Board | The final year-end overspend of £30k is after incurring £159k of COVID-19 related costs. Communities and Public Protection underspent by £136k after absorbing £150k of COVID-19 related costs, owing to staff being diverted to COVID-funded activity, such as Mobile Testing Units. Non-HRA Housing was overspent by £125k, after incurring £9k of additional COVID-19 related overtime. The overspend arose from an increase in void rent loss, bed & breakfast costs and Supporting People contract payments. The Criminal Justice Service overspent by £18k, mainly due to reactive building repairs. The Economy and Development Service overspent by £23k. An under-recovery in planning application fee income was partly offset by underspends in contractor payments and transport costs. There is a positive movement of £46k from the projected outturn at Period 10. This is largely due to Building Standards recharges being higher than forecast. |

| Policy Board | Key Reasons for Significant Outturn Variance |
|---|---|
| Education and Children's Services Policy Board | <p>The outturn position of a £19k underspend reflects the net position across a number of divisions, after accounting for £1.140m of COVID-19 related costs. Underspends in employee costs are offset by overspends in premises costs and third party payments. The underspend in employee costs arises mainly within Early Years from delays in recruitment due to the impacts of COVID-19. The overspend in premises costs arises across a number of lines, including janitorial supplies in relation to COVID-19 related additional PPE requirements in schools. The overspend in third party payments relates to residential placements for Childcare, again following the impact of the pandemic.</p> |
| Finance, Resources and Customer Services Policy Board | <p>The year-end overspend is £83k within Facilities Management, partially offset by a £12k underspend in Finance and Resource Directorate and £48k underspend in Miscellaneous, resulting in a net outturn for services reporting to the FRCS Policy Board of £23k overspend. Within Finance and Resource Directorate, there were one-off underspends on software costs, however these were largely offset by telephony overspends and reduced income in Property Services.</p> <p>After the use of COVID reserves, there was a small underspend within Soft FM as a result of vacancies being partially offset by overspends in COVID-19 related costs, such as cleaning materials, loss of income from the Atrium and car parking.</p> <p>Further overspends in the repair and maintenance of street lighting columns arise from the increased cost of materials.</p> <p>Within Building Services an increase to the previously reported level of overspend was incurred due to additional overtime related to housing void repairs, in addition to significantly increased building materials costs and vehicle maintenance costs. As in previous years, the deficit at the end of the year (£1.066m) was reallocated in proportion to works completed to both the HRA (72%) and Public Building Repairs (28%).</p> <p>At Period 10 the forecast underspend of £3.5m related to uncommitted COVID funding that was subsequently transferred to earmarked balances.</p> |
| Infrastructure, Land and Environment Policy Board | <p>The outturn position of £62k overspend reflects the net position after taking into account £4m of COVID-19 related funding. The projected year-end overspend was £3.5m at Period 10 (before this funding drawdown), mainly due to overspends in Refuse Collection and Disposal. The pandemic continued to result in increased costs of absence and holiday cover, and additional employee and vehicle costs for adherence to social distancing measures. There was also an overspend on the supply of household waste bins, partly due to increased prices, and an under-recovery of commercial waste income.</p> <p>During 2021/22, there continued to be a significant increase in household waste for both residual and recycling tonnages, resulting in increased costs of disposal compared to pre-pandemic years. In addition, there was a loss of income from both scrap metal and textile contracts.</p> <p>There was an under-recovery of income relating to parking; however, despite off-street parking charges being reintroduced during the year, on- and off-street parking and fine recovery income remained significantly lower for 2021/22.</p> <p>These overspends were partially offset by underspends in Social Care Transport with increased income recovery, and in Sustainability and Place, due to vacancy management.</p> |

**RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2021/22**

COUNCIL OVERVIEW

| Subjective Summary | Revised Annual Budget | Outturn Core Business | Outturn COVID-19 | Total Outturn | Budget Variance (Adverse) or Favourable | | Projected Outturn Variance at P10 | Movement |
|--|-----------------------|-----------------------|------------------|----------------|---|---------------|-----------------------------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 | % | £000 | £000 |
| Employees | 318,182 | 310,181 | 4,530 | 314,711 | 3,471 | 1.1% | (1,107) | 4,578 |
| Premises Related | 21,685 | 21,212 | 0 | 21,212 | 473 | 2.2% | (2,806) | 3,279 |
| Transport Related | 13,658 | 14,250 | 384 | 14,634 | (976) | (7.1%) | (1,292) | 316 |
| Supplies and Services | 68,569 | 75,330 | 949 | 76,279 | (7,710) | (11.2%) | (1,230) | (6,480) |
| Third Party Payments | 94,453 | 79,338 | 1,140 | 80,478 | 13,975 | 14.8% | (3,027) | 17,002 |
| Transfer Payments | 83,123 | 114,619 | 1,911 | 116,530 | (33,407) | (40.2%) | (1,393) | (32,014) |
| Support Services | 6,964 | 4,416 | 0 | 4,416 | 2,548 | 36.6% | 26 | 2,522 |
| Depreciation and Impairment Losses | 22,875 | 39,684 | 0 | 39,684 | (16,809) | (73.5%) | 1,069 | (17,878) |
| GROSS EXPENDITURE | 629,509 | 659,030 | 8,914 | 667,944 | (38,435) | (6.1%) | (9,760) | (28,675) |
| Income | (168,339) | (205,427) | (1,272) | (206,699) | 38,360 | 22.8% | 10,216 | 28,144 |
| NET EXPENDITURE (excluding Council Tax) | 461,170 | 453,603 | 7,642 | 461,245 | (75) | 0.0% | 456 | (531) |



Renfrewshire Council
Unaudited Accounts
2021–2022

Contents

| | | | |
|---|----|---|-----|
| Management Commentary..... | 1 | Note 18: Inventories | 54 |
| Statement of Responsibilities | 15 | Note 19: Cash and cash equivalents | 54 |
| Annual Governance Statement..... | 16 | Note 20: Debtors..... | 55 |
| Remuneration Report | 23 | Note 21: Creditors..... | 55 |
| Comprehensive Income and Expenditure Statement ... | 30 | Note 22: Provisions | 56 |
| Movement in Reserves Statement | 31 | Note 23: Financial Instruments..... | 56 |
| Balance Sheet..... | 32 | Note 24: Nature and extent of risks arising from Financial Instruments..... | 60 |
| Cashflow Statement..... | 33 | Note 25: External audit costs | 63 |
| Note 1: Expenditure and Funding Analysis | 34 | Note 26: Agency services | 63 |
| Note 2: Prior Year Restatement..... | 36 | Note 27: Related parties | 64 |
| Note 3: Financing and investment income and expenditure..... | 36 | Note 28: Pension schemes accounted for as defined contribution schemes | 65 |
| Note 4: Taxation and non-specific grant income | 36 | Note 29: Defined benefit pension schemes..... | 66 |
| Note 5: Expenditure and income analysed by nature .. | 37 | Note 30: Contingent liabilities | 71 |
| Note 6: Grant income | 37 | Note 31: Events after the balance sheet date | 71 |
| Note 7: Adjustment between accounting basis and funding basis under regulations..... | 38 | Note 32: Accounting Standards Issued not Adopted.... | 72 |
| Note 8: Usable reserves..... | 39 | Note 33: Accounting Policies – Renfrewshire Council .. | 72 |
| Note 9: Unusable reserves..... | 42 | Note 34: Judgements in Applying Accounting Policies . | 84 |
| Note 10: Property, Plant and Equipment..... | 47 | Note 35: Assumptions made about the future | 85 |
| Note 11: Heritage Assets | 49 | Housing Revenue Account | 86 |
| Note 12: Investment properties | 49 | Council Tax Income Account | 88 |
| Note 13: Assets held for sale | 50 | Non-Domestic Rates Income Account | 90 |
| Note 14: Intangible assets..... | 50 | Group Accounts..... | 91 |
| Note 15: Capital expenditure and capital financing | 51 | Notes to the Group Accounts..... | 94 |
| Note 16: Service Concession Arrangements..... | 52 | Group Accounting Policies | 107 |
| Note 17: Leases..... | 53 | | |

Management Commentary

The purpose of the Management Commentary is to present an overview of Renfrewshire Council's performance during the 2021/22 financial year and to help readers understand its financial position at 31 March 2022. In addition, it outlines the main issues and risks that may impact the performance of the Council in the future.

The Council also works closely with the Renfrewshire Health and Social Care Partnership, which delivers care services across the region; and with OneRen, which delivers leisure and cultural services.

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

- 
CHIEF EXECUTIVE'S SERVICE
 Responsible for the development of corporate policy, particularly in the areas of social inclusion, equalities, best value and efficient government.
- 
CHILDREN'S SERVICES
 Responsible for education services, children's social work services and criminal justice social work services.
- 
COMMUNITIES AND HOUSING
 Services include housing services (including our landlord function) public protection and community learning and development.
- 
ENVIRONMENT AND INFRASTRUCTURE
 Services include the management of roads and transportation, fleet, StreetScene and land services, waste and facilities management.
- 
FINANCE AND RESOURCES
 Core activities are geared towards providing services to the Council and its elected members, other council services and the general public.

Renfrewshire Council, one of 32 local authorities in Scotland, was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996.

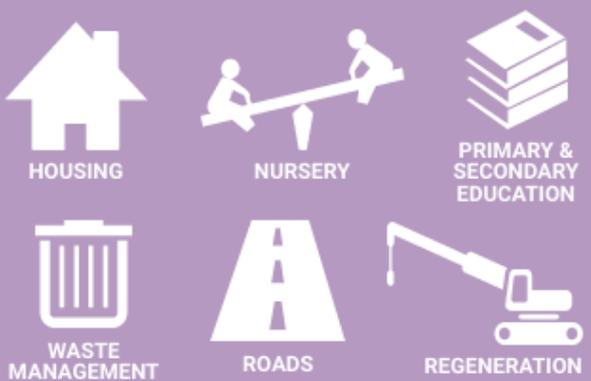
It provides services to around 179,000 residents in the entire Renfrewshire area, which has a mixed geography, with many villages complementing its three main towns of Johnstone, Paisley and Renfrew.

Local Government elections take place every five years. Polling for the most recent local government election took place on Thursday 5 May 2022, resulting in 43 councillors being elected to Renfrewshire Council across 12 electoral wards, comprised as follows:

| SNP | LAB | CON | LD | IND |
|-----|-----|-----|----|-----|
| 21 | 15 | 5 | 1 | 1 |

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

The kind of services that the Council provides includes:



- HOUSING
- NURSERY
- PRIMARY & SECONDARY EDUCATION
- WASTE MANAGEMENT
- ROADS
- REGENERATION

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



Our Aims and Objectives

The Council and its community partners aim to achieve the objectives agreed in the 'Our Renfrewshire Community Plan 2017-2027' (<http://www.renfrewshire.gov.uk/communityplan>), with the overriding vision of:

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

Performance against the Plan outcomes and objectives is monitored by the Community Planning Partnership Board, chaired by the Leader of the Council. The specific responsibilities and actions the Council will undertake to support the delivery of the Community Plan are detailed in the Council Plan 2017-2022, which can be found on the Council's website at: <http://www.renfrewshire.gov.uk>Your Council>Our key priorities>Council Plan>. The Community and Council Plans will be updated over the course of 2022.

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

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

COVID-19

The COVID19 pandemic has had a continued impact on the Council over the course of 2021/22, as with every individual, community and business across Renfrewshire. In terms of service delivery, governance, financial management and outlook, the pandemic fundamentally affected how the Council operates and is likely to operate in the coming years.

The Annual Governance Statement outlines the key issues faced by the Council from a governance perspective during 2021/22.

Many of the measures taken in March 2020 to support the Council's workforce and residents were still in force during 2021/22, including home-working for office-based staff; and additional protective measures in place for frontline staff. Support was also provided to staff who tested positive or who were self-isolating.

The Council continued to support businesses, communities and vulnerable individuals with measures such as free school meal payments during school holidays, self-isolation support and discretionary grants.

The Council budget agreed for 2021/22 continued to be affected by additional costs and income losses; though as the year progressed the impact was mitigated by sound financial management and further financial support provided by the Scottish Government. Regular reporting of the financial position was provided to each Policy Board; including specific reporting of COVID-19 related pressures.

In order to manage the financial risks as they unfolded, the Council agreed a range of measures including the use of financial flexibilities agreed by the Scottish Government and COSLA, and the use of reserve balances as required.

Substantial additional funding was provided in 2020/21 and 2021/22 by the Scottish Government to support councils and the communities they serve. The funding provided was largely one-off and in many

cases was allocated for specific purposes. The ad-hoc nature of funding announcements and associated grant conditions increased the complexity of monitoring the in-year financial position. Additional funding of £40m was received from the Scottish Government to address service pressures and support communities over the past two years and, where appropriate and to continue to support services and communities, funding has been carried forward to 2022/23 through the use of ringfenced reserves.

The Council supported the administration of a large number of business support grants, low income pandemic payments and self-isolation support grants on behalf of the Scottish Government, further adding to the complexity of financial monitoring and the associated cash management. While adding to the administrative burden for councils, the funding was vital in supporting local businesses to remain viable. The Council administered such funding of £24m to families and businesses, as detailed in Note 26: Agency services.

Capital investment plans were also significantly affected, owing to ongoing social distancing on construction sites over the year, as well as the availability and increasing cost of commodities, particularly in the latter half of the year.

Capital investment of £141.2m was agreed across both housing and non-housing programmes for 2021/22; however, a total of only £82.1m was spent. Future years' capital programmes will continue to be adjusted to reflect the rephasing of projects as required.

Financial Strategy

The financial strategy and plans of the Council support the delivery of the Council's priorities as outlined in the 2017-2022 Council Plan. In order to achieve this, the financial strategy must ensure resources are effectively and efficiently used in line with overall objectives; and ensure that resources are managed sustainably and in a way that continues to ensure the stability of service delivery.

The medium-term Financial Outlook 2022-25 was reported to the Council on 30 September 2021, with updates in December 2021 and March 2022, and the following range of financial planning principles from previous financial strategies persist:

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

The Financial Outlook 2022-25 highlighted that the Council was in a financially stable position in 2021/22, due mainly to additional and carried forward COVID-19 funding to support service delivery and recovery from the pandemic. However, it also highlighted the fact that the 2021/22 budget was approved with a recurring budget deficit of £1.7m and an estimate of pay inflation that has subsequently been exceeded by the pay settlement.

The Council continues to monitor the impact of the pandemic on its services and residents.

Our Performance

Progress in delivering the Council Plan is reported biannually to the Council's Leadership Board; the latest report will be considered on 22 June 2022 and will be available on the Council Committee Management Information System at:

<https://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>. The report details progress against actions under the five Council Plan outcomes as well as providing the latest data for a suite of 49 performance indicators.

The current Council Plan covers the period 2017-2022 and therefore is nearing the end of its term. Of the 55 actions within it, 48 have been completed. The remaining actions will be carried forward into the new Council Plan and are linked to longer-term strategic priorities. Of the 49 performance indicators reported in June 2022, 36 have a target set and, of those, 64% (23 indicators) met or exceeded their target for 2021/22.

A summary of activity against the five outcomes is given below:

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

Good progress continues to be made on the Advanced Manufacturing Innovation District Scotland (AMIDS) at Inchinnan. The two anchor facilities will open in 2022 and £38.7m of Levelling Up funding has been secured to support the AMIDS South project.

The Cultural Infrastructure programme is also making good progress, with contractors on site at Paisley Town Hall, the new Paisley Learning and Cultural Hub and Paisley Museum. All three facilities are scheduled to open in 2023.

The Employability Service has delivered on ambitious targets. Renfrewshire has the second highest youth employment rate in Scotland, and the Kickstart Gateway placed just over 400 young people into roles across Renfrewshire.

Following an easing of restrictions, work on new build council housing has restarted with new homes being completed in Johnstone and Bishopton and works commencing in Ferguslie Park and at another site in Johnstone. Work on the new Paisley Grammar campus is also underway, with the design team and main contractor being recently appointed.

The major events programme was disrupted by the pandemic and a hybrid programme was delivered in 2021. In 2022, a number of successful in-person events, including Unboxed 2022 and the Paisley Food Festival, have already taken place.

Outcome 2: Building strong, safe and resilient communities

During 2021/22, local authorities continued to provide a COVID-19 response as well as focusing on recovery. This response included assisting Public Health Scotland with contact tracing in educational settings, delivering community testing sites, supporting vaccination programmes, providing support to local businesses on compliance, and running the Local Assistance Team (which handled more than 26,000 calls in 18 months).

The Neighbourhood Hub model operated in partnership with other public sector and third sector organisations, supported by a network of local volunteers, and provided a wide range of support to residents having to shield or self-isolate during the pandemic.

A participatory budgeting process ran in autumn 2021 and awarded funding to groups for activities for 12-25 year olds. This has been followed by the #youdecide programme, which generated almost 3,000 ideas from local residents, and a pilot in schools. A framework for mainstreaming participatory budgeting is in development.

A new multi-agency service, Ren10, has launched and is designed to improve families' access to health and wellbeing support. It is intended to bridge the gap between universal and highly specialist services. To

date, over 1,000 children and young people have been directly supported.

Early intervention work on health improvement has continued in schools and covered areas such as emotional literacy, substance misuse, relationships, harmful language, alcohol, consent and coercive control, tailored as appropriate to age.

Outcome 3: Tackling inequality, ensuring opportunities for all

Actions identified in the Social Renewal Plan have been progressed, with particular focus on food and fuel insecurity. Activity includes the allocation of Community Food Funding through the third sector, the establishment of a Fair Work service to provide employment advice, running affordable credit sessions, and agreeing funding for a Digital Champions programme.

Renfrewshire Council has continued to support the Connecting Scotland programme, with services across the council applying on behalf of individuals and organisations resulting in 999 devices secured for service users and 1,602 devices for public sector and community-based organisations, to help them access the benefits of getting online.

Although the pandemic has been shown to have an effect on attainment across the whole country, Renfrewshire continues to perform well in comparison with the national average and areas with a similar demographic profile. We continue to deliver successful outcomes in literacy, numeracy and health and wellbeing.

There has been a continued drive towards meeting the aims of The Promise for care experienced young people and their families. Engagement has taken place with a wide range of staff teams and partners, and a dedicated Promise Manager is being recruited to lead and co-ordinate the council's work in this area.

The Alcohol and Drugs Change Programme is making good progress and current activity is focused on recognising and responding to trauma, and on tackling stigma.

Outcome 4: Creating a sustainable Renfrewshire for all to enjoy

The climate emergency remains a key priority for the Council and work is continuing on the Plan for Net Zero. Alongside this, the Climate Change Action Fund has allocated £978,000 to 14 projects, each of them aiming to reduce or mitigate the impact of climate change.

The Council's climate goals are also evident in broader policies and initiatives, such as the creation of a district heating network, the development and delivery of zero energy social housing, and switching part of the Council's fleet to electric vehicles.

The Team Up to Clean Up programme grew considerably during the pandemic and remains highly successful. Almost 9,000 volunteers took part during 2021, collecting over 18,000 bags of litter.

Outcome 5: Working together to improve outcomes

Supporting staff wellbeing has been a key priority during the course of the pandemic, and during 2021/22 there were a number of enhancements to this support. This included additional mental health training, the launch of an Employee Benefits portal, and a renewed focus on health promotion.

Service redesigns identified in Phase 1 of the Right for Renfrewshire transformation programme were progressed during the pandemic. The remainder of the programme is currently being reviewed to ensure that planned work remains appropriate in a post-pandemic context and aligns with the Council's approach to financial sustainability.

Council Services Key Performance Indicators

As well as reporting against measures in the Council Plan, each service also reports on a suite of actions and performance indicators highlighted in its Service Improvement Plan. These are three year plans outlining upcoming improvement activity and detailing how progress will be assessed through action

planning and performance targets. The latest Service Improvement Plans cover the period 2022/23 to 2024/25 and will be approved by the relevant Policy Boards during June 2022. Each service will report on progress in the autumn and again at the end of the financial year. The mid-year reports will also reflect on any changed priorities identified in the new Council and Community Plans.

Local Government Benchmarking Framework

Each year the Audit, Risk and Scrutiny Board considers the latest data available through the Local Government Benchmarking Framework (LGBF). The latest report was approved in March 2022 and provided updated data on 75 of the 101 indicators that make up the LGBF.

Detailed commentary is provided for those indicators where Renfrewshire's performance against other local authorities is ranked in the bottom 25% or where there has been a significant shift in the ranking.

The 2020/21 LGBF data showed that Renfrewshire Council had:

- 24 indicators in the top 25% of councils in terms of performance;
- 11 indicators in the bottom 35% of councils in terms of performance;
- 8 indicators where the ranked position was static;
- 35 indicators that had improved their ranked position since the previous year; and
- 32 indicators where the ranked position had declined since the previous year.

Public Performance Reports

One of the Council's approaches to Public Performance Reporting is the 'It's all about you' story map, which provides an overview of performance for the LGBF indicators and the key priority areas for the Council. It includes case studies, infographics, and performance indicators. Performance information can be found on the Council's website at the following path: [Your Council>Information, performance and statistics>Council Performance](#).

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

LGBF data can be found at: <https://www.improvementservice.org.uk/benchmarking/explore-the-data>

Key Financial Ratios

The following tables provide information regarding the financial performance of the Council in 2021/22 and the affordability of its ongoing commitments:

| Financial Indicator | 2021/22 | | 2020/21 | Commentary |
|--|----------|---------|---------|--|
| | Estimate | Actual | Actual | |
| Reserves | | | | |
| Uncommitted General Fund reserves as a % of budgeted net expenditure | 2.2% | 2.3% | 2.5% | Reflects the level of funding available to meet unplanned expenditure and manage financial risk. |
| Movement in uncommitted General Fund balance | n/a | -0.9% | 65.0% | Reflects maintenance of the 20/21 commitment to increase uncommitted reserves to £10m per the Financial Strategy. |
| Council Tax | | | | |
| In-year collection rate | 95.9% | 95.5% | 95.0% | Reflects the Council's effectiveness in collecting Council Tax debt |
| Council Tax income as a proportion of total taxation and non-specific grant income | 19.3% | 19.5% | 19.1% | Reflects the Council's ability to vary expenditure by raising Council Tax, the principal local authority controlled source of finance |
| Debt/Long term borrowing | | | | |
| Capital Financing Requirement (CFR) | £375.0m | £361.3m | £347.1m | The information in this section demonstrates that the level of external debt (driven by the capital programme) is affordable, owing to the low proportion of our budget spent on servicing debt. Further information, including descriptions of these terms and their significance, is available in the Treasury Management Annual Report, presented to Council on 30 June 2022. |
| External debt | £375.0m | £320.5m | £329.1m | |
| Ratio of financing costs to net revenue stream (General Fund) | 3.9% | 3.1% | 4.7% | |

Financial Performance

Primary Financial Statements

The annual accounts summarise the Council's transactions for the year, its financial position at 31 March 2022 and its cashflows. The annual accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

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

The Comprehensive Income and Expenditure Statement (CIES) presents the total cost of providing Council services in 2021/22 along with the income available to fund those services.

The outturn explained in the following section differs from the accounting deficit of £31.3m shown in the CIES due to accounting adjustments required to comply with proper accounting practice, but which under statute should not impact on local taxpayers. A reconciliation of these figures can be found in the Note 1: Expenditure and Funding Analysis.

General Fund

The General Fund is funded by government grant and Council Tax revenues and the Council is also able to apply usable reserves from the General Fund Balance to fund expenditure. After adjusting for planned carry forwards, the General Fund had a surplus of income over expenditure in 2021/22 of £15.9m. The budgeted position was a surplus of £16.0m, which results in an overspend of £0.1m compared to budget.

The main reasons for the variance against the approved budget were unsurprisingly related to the response and subsequent recovery actions for COVID-19, as well as the increasing cost of materials.

The Right for Renfrewshire transformation programme recommenced in 2021/22, predominantly continuing earlier reviews that were paused during 2020/21. Over the course of the year significant additional revenue support totalling £40m was provided to the Council by the Scottish Government. This support was generally targeted to address specific cost pressures; however this support was crucial in allowing the Council to deliver the financial outturn reported. Further detail on budget variances can be found in the Unaudited Annual Accounts 2021/22 report to Council on 30 June 2022.

The Council fell just short of its target in-year council tax collection rate of 95.9% in 2021/22, instead returning a creditable 95.5% in light of the pandemic impact and emerging cost of living crisis on household finances. Income from Council Tax actually over-recovered owing to prior years arrears being collected over a longer period following delayed collection during 2020. The result was almost £3m being earmarked to provide for future cost of living impacts on collection and debt.

| 2021/22 | Revised Budget £m | Actual £m | Variance £m |
|-------------------------------------|----------------------|------------------|----------------|
| Chief Executive's Service | 28.011 | 28.009 | 0.002 |
| Children's Services | 217.870 | 217.871 | (0.001) |
| Communities and Housing | 11.158 | 11.109 | 0.049 |
| Environment and Infrastructure | 55.698 | 55.880 | (0.182) |
| Finance and Resources | 40.050 | 40.045 | 0.005 |
| Miscellaneous Services | 28.145 | 28.094 | 0.051 |
| Adult Services | 79.974 | 79.974 | 0.000 |
| Net Expenditure | 460.906 | 460.982 | (0.076) |
| Revenue Support Grant | (309.064) | (309.064) | 0.000 |
| Council Tax Income | (86.467) | (86.464) | (0.003) |
| Non-Domestic Rates Income* | (81.663) | (81.663) | 0.000 |
| Funding | (477.194) | (477.191) | (0.003) |
| | | | |
| Use of General Fund Balances | (16.288) | (16.209) | (0.079) |

*The Council was originally due £102.8m of Non-Domestic Rate Income from the Scottish Government as its share of the national pool; however, this figure was reduced to £81.7m (with a corresponding uplift in general revenue grant) to mitigate the impact of the COVID-19 pandemic on businesses.

The Council collected £84.9m directly from local businesses with £3.2m due back to the Scottish Government's National Non-Domestic Rates Pool.

The Council's Reserves

The Council holds the following balances in reserve. Further details can be found in Note 8: Usable reserves.

| As at 31 March 2021 £m | Usable Reserves | As at 31 March 2022 £m |
|---------------------------|--------------------------|---------------------------|
| 88.458 | General Fund Balance | 104.667 |
| 6.497 | Housing Revenue Account | 6.497 |
| 8.638 | Capital Receipts Reserve | 7.594 |
| 90.500 | Other Statutory Funds | 95.699 |
| 194.093 | Total | 214.457 |

The General Fund balance of £104.7m will be carried forward to 2022/23. Of this balance, £93.9m has been earmarked for a particular purpose, as outlined in Note 7: Usable Reserves. This leaves unallocated reserves of £10.8m (2.3% of the Council's net annual running costs), which is in line with levels agreed by the Council under its revised financial planning principles.

It is viewed that this balance is appropriate to the financial risk environment the Council is facing both in light of the ongoing response and recovery from the pandemic, but also to mitigate adverse risks anticipated in public finances generally over the medium to longer term.

Housing Revenue Account

The balance on the Housing Revenue Account (HRA) as at 31 March 2022 has been maintained at £6.5m. This remains a prudent level of unallocated reserves for the HRA to mitigate the impact of any unforeseen risks and to provide an element of mitigation against forecast pressures related to Coronavirus. The year-end deficit position is in line with projections reported during 2021/22 and reflects the net effect of

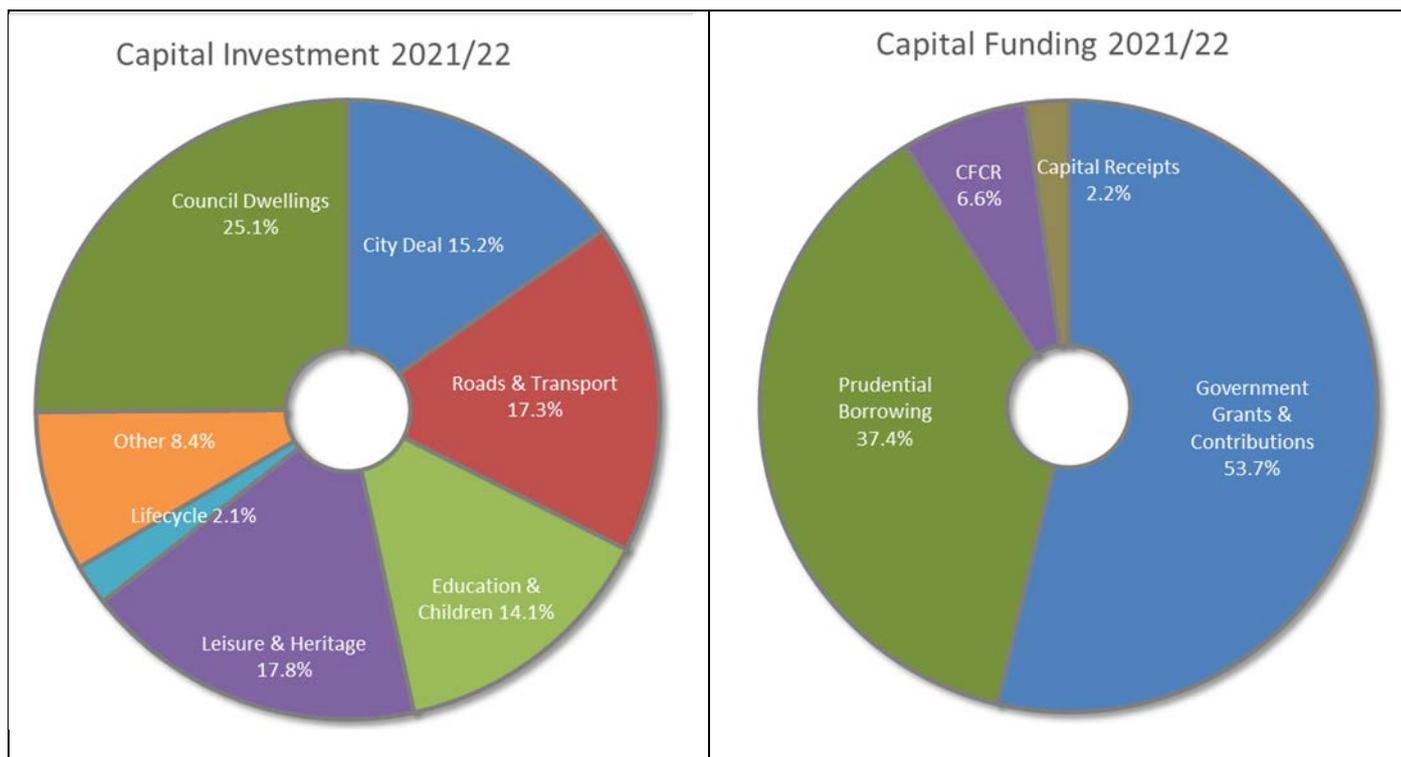
underspends in employee and transport costs that have been used to fund an overspend related to COVID-19 driven response and recovery costs and increased debt repayment as part of the overall housing debt smoothing strategy.

Capital and Borrowing

Renfrewshire Council continues to make significant capital investment in council housing, schools, culture, roads and the town centre estate. On 4 March 2021, the Council approved the housing capital investment programme for 2021/22 of £25.6m; and the General Fund capital investment programme of £115.7m.

The capital investment programmes were still affected by the pandemic in 2021/22, mainly related to requirements to maintain social distancing on building sites. There was also significant delay due to global supply chain issues, as well as increasing cost pressures arising from the price of materials. Programmes have therefore been re-profiled during the year to reflect the planned expenditure timescales of individual projects or where project completion dates have been delayed, resulting in actual capital spend for the year of £20.6m for housing capital investment and £61.5m for the General Fund. Further detail is provided in Note 15: Capital expenditure and capital financing.

The following charts show the actual expenditure incurred and income received in relation to the 2021/22 capital programme.



During the course of 2021/22 there was no new external borrowing (excluding Group transactions). The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans. The increase in cash balances compared to 31 March 2021 is attributable to COVID-19 specific funding received from the Scottish Government, some of which will be carried forward for use in 2022/23.

The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities.

The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided in Note 23: Financial Instruments.

For a number of years an important element of the Council's medium-term financial planning has been the strategy of debt smoothing, which ensures the Council's debt profile remains appropriate and sustainable over the medium term. This process involves the planned repayment of debt over the medium term as part of the Council's planned budget, capital investment and treasury management

strategies. During 2021/22 debt repayments of £2.3m were accelerated within Housing. There was no General Fund debt smoothing in 2021/22. The Council will continue to explore options to deliver short-term financial capacity, including employing the financial flexibilities permitted by the Scottish Government specifically in relation to COVID-19. The Council did not utilise these flexibilities in 2021/22 given the additional funding secured and the limited additional benefit these flexibilities would derive.

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year in its Treasury Management Strategy Statement (TMSS), approved by the Council on 4 March 2021 and revised on 16 December 2021. The TMSS for 2021/22 can be found on the Council Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

The CFR is a prudent assessment of the aggregate external borrowings for capital investment purposes that are affordable and sustainable over the longer-

term. The actual CFR at 31 March 2022 was £361.3m, which is within the approved limit of £375.0m. The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £320.5m at 31 March 2022 compared to the operational boundary of £375.0m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable and match the Council's medium to long-term financial strategy.

The Council's non-housing financing costs were 3.1% as a proportion of the Council's non-housing net revenue stream, including an element of additional debt repayment. Housing related financing costs as at 31 March 2022 were 43.1% of net housing revenues, higher than the forecast of 39.9% again due to additional debt repaid in the year. Excluding these repayments, the actual position was 38.2%.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 28 and 29. The appointed actuaries, have confirmed a decrease of £170.5m in their assessment of the Council's share of the actuarial deficit position of the local government pension fund as at 31 March 2022. This can be attributed to a higher level of investment returns and a higher discount rate of inflation, which serves to reduce the value placed on pension obligations.

The assessment provides only a snapshot as at 31 March 2022 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

Provisions and Contingencies

The Council has provided for eventualities which may have a material effect on the financial position of the

Council. The reasons for the provisions made are outlined in Note 22: Provisions.

In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 7, the Council has also set aside £2.6m for uninsured claims. While the Council has financial monitoring arrangements in place with regards costs being incurred in response to and recovery from the Coronavirus pandemic, the Council cannot know with certainty the full costs and income loss which may arise over the medium term.

The Council has been made aware of an issue relating to Guaranteed Minimum Pension that could increase the future value of pension liability recognised in the balance sheet by around £4.1m. Further detail is provided at Note 30.

The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with five subsidiaries:

- Renfrewshire Leisure Limited, trading as OneRen, a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire;
- the Common Good Funds;
- the Coats Observatory Trust;
- Park Lane Developments (Renfrewshire) LLP; and
- Paisley Museum Reimagined Limited.

The Group Accounts also consolidate the Council's share of four other entities treated as associates or joint ventures:

- Strathclyde Partnership for Transport;
- Strathclyde Concessionary Travel Scheme Joint Committee;
- Renfrewshire Valuation Joint Board; and

- Renfrewshire Health and Social Care Integration Joint Board.

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

Financial Outlook and Key Risks

The Financial update report to Council in September 2021 outlined continued and considerable uncertainty for local government finances. In 2020, the Council agreed to replenish unallocated reserves to a threshold of £10m in order to address the risks of significant and unplanned cost pressures which may emerge over the medium term and this has been maintained in 2021/22.

The impact to the Scottish and UK economies of the COVID-19 pandemic is still being felt, with continued support to businesses, communities and individuals resulting in government borrowing levels which have reached a peacetime high. The impact of this level of debt on public finances will take many years to unwind. However, borrowing has been undertaken at historically low interest rates, mitigating some of the impact of the borrowing required.

On the cost of materials and particularly construction costs following the height of the pandemic, what is now unfolding is a level of demand that the construction industry is struggling to keep pace with and where labour and skill shortages within the industry are now impacting on overall capacity. Coupled with this, supply chain issues initially linked to the UK's exit from the EU have now escalated globally following Russia's invasion of Ukraine.

The Scottish Government published its Resource Spending Review on 31 May 2022, which outlines at a high level its revenue spending programme over the next five years to 2026/27. It indicates a flat cash position for the local government core settlement from 2022/23 to 2025/26, with a £100m increase in 2026/27. Given current heightened levels of inflation,

this is forecast to amount to a real-terms reduction in revenue funding for local government, estimated at 7-8% over the review period.

The Resource Spending Review also emphasised key priority areas for the Scottish Government spending programme, such as the commitment to increase the NHS front line budget by 20% over the course of this Parliament; and to create a new National Care Service, with an increase of 25% in social care investment.

A significantly increased level of spend on social security is also outlined, with spend anticipated to increase from £3.9bn in 22/23 to £6.4bn in 26/27, reflecting increased spend in relation to the Scottish Child Payment and adult disability payments.

In addition and as has been highlighted in previous commentaries, as the transition of powers moves the Scottish budget towards almost 50% of spending being supported by devolved tax raising powers, the economic performance of the Scottish economy relative to that of the UK becomes a key determinant in the overall level of resources that will be available to the Scottish Government's budget each year.

It is expected that growth in the Scottish economy will mirror, but lag slightly, that of the UK. Decisions by the Scottish Government to provide continuing support to some areas of the economy eg through business rates relief over the course of 2022/23 will continue to put pressure on Scottish Government finances.

The local government grant settlement for 2022/23 (a single year settlement) reflects a 0.4% decrease on a like-for-like basis in the general revenue grant received in 2022/23 compared to 2021/22. The Council decided to increase Council Tax by 3% in 2022/23.

A balanced budget position moving into 2022/23 was agreed by the Council on 4 March 2021, reflecting well on the previous budget decisions taken by the Council towards addressing the medium-term savings requirement it is facing. Minimal savings decisions were included in the agreed budget for 2022/23,

reflecting the temporary pause of the Council's Right for Renfrewshire programme in 2021/22.

Existing service and cost pressures arising from pay settlements, demographic and socio-economic factors will continue to play a major role in driving spending pressures for the Council, however the predominant focus of the Council in the short term will be fully understanding and assessing the financial impact of pandemic recovery, cost pressures arising from Brexit, the war in Ukraine and other global supply issues, as well as the emerging cost of living crisis, also expected to drive increased levels of pay claims.

This is expected to manifest itself in additional costs of supplies and contracts, as well as the cost of services adapting to pandemic recovery models and related behavioural changes, such as homeworking for both staff and residents. While reduced levels of council tax income were anticipated, actual income levels in 2021/22 were healthier than expected. This is likely, however, to become more challenging to maintain as the cost of living crisis unfolds.

In the face of these challenges, it remains critical that the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. The Council has agreed a capital programme including spend of £160m in 2022/23 across public infrastructure, schools, nurseries, public buildings and council housing. These will run alongside the Glasgow and Clyde Valley City Deal programme that is planned to be delivered during the course of this decade, generating 29,000 new jobs.

The Council continues to mitigate treasury risks, including those associated with the security of cash deposits, by actively considering debt restructuring as outlined in the Council's agreed Treasury Management Strategy. The Council also continually reviews, in consultation with its treasury advisors, the criteria for placing deposits with financial institutions on the Council's approved counterparty list.

As part of the Council's treasury strategy, it continues to utilise internal cash balances, deferring or

minimising external borrowing with the dual objectives of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in net interest costs.

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

The Council's most recent Financial Outlook, reported to Council on 30 June 2022, indicates increased levels of cost and uncertainty driven by pandemic recovery, high levels of inflation and a forecast real-terms reduction in local government funding as outlined in the Scottish Government's Resource Spending Review. Additional earmarked balances have been set aside to support inflation and construction cost pressures, and new measures to improve the Council's financial sustainability will be investigated during 2022/23 to help mitigate these risks.

Charitable Funds

The Council administers the Common Good Funds for the areas of Paisley, Renfrew and Johnstone. Each of these Funds is a registered charity. In addition, the Council controls the Coats Observatory Charitable Trust. In order to comply with the Code, Audit Scotland and OSCR requirements, the Council separately prepares the financial statements of the three Common Good Funds and the Coats Observatory Trust, with the balances included in the Group Accounts. Audit Scotland is the appointed auditor for the Council's charitable funds.

Overall, the Common Good Funds incurred a combined in-year surplus of £0.4m which is added to the previous surplus brought forward. The total net asset value increased by £1.7m, with investments increasing by £4.5m. Both the market values of investments and income generated from dividends are likely to be subject to ongoing volatility as the economy recovers from the pandemic and is subject to increased inflationary risk.

The total net asset value of the Observatory Trust decreased by £0.073m owing to depreciation and the revaluation of one of the assets at Oakshaw Street. There were no other transactions in the year.

The unaudited annual accounts of the Common Good Funds and Observatory Trust are reported to the Council on 30 June 2022 and can be accessed on the Committee Management Information System at: <https://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>.

Conclusion and Acknowledgements

We would like to acknowledge the tremendous effort by the whole finance team in both producing the

annual accounts and successfully managing the finances of the Council over an unprecedented year in difficult circumstances; and to record our thanks to both the Finance and Resources team and colleagues in other services for their continued hard work and support.

Further information on the annual accounts or on the Council's general finances can be obtained on the Council website (www.renfrewshire.gov.uk), or by telephoning 0141 618 7363.

Cllr Iain Nicolson
Leader of the Council

Alan Russell
Chief Executive

Alastair MacArthur
Director of Finance and Resources

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

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

I can confirm that these annual accounts were approved for signature by the Council at its meeting on 30 June 2022.

Signed on behalf of Renfrewshire Council.

Cllr Iain Nicolson
Leader of the Council

The Director of Finance and Resources' Responsibilities

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

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

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

The Director of Finance and Resources has also:

- kept adequate accounting records that were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2022.

Alastair MacArthur
Director of Finance and Resources

Annual Governance Statement

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework

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

The overarching strategic priorities and vision of the Council are set out in the Council Plan 2017-2022 and the Renfrewshire Community Plan 2017-2027. The Council Plan is aligned to the Community Plan and sets out 5 strategic outcomes that the organisation will work to achieve over a 5-year period with specific priorities relating to tackling inequality, promoting economic and cultural regeneration, attainment and sustainability. Renfrewshire's Community Plan (which also acts as Renfrewshire's Local Outcome Improvement Plan as required by the Community Empowerment (Scotland) Act 2015) details how community planning partners will work together to achieve the key priorities identified for Renfrewshire.

- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan;
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under regular review by the Council;
- The Council facilitates policy and decision making through a policy board structure;

- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly including six monthly updates to the Leadership Board on progress against the implementation of the Council Plan;
- Prior to COVID-19, the Corporate Management Team monitored a quarterly scorecard of performance information which is now being refreshed to ensure this is fit for purpose. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually. An annual benchmarking report on the performance of the Council is submitted to the Audit, Risk and Scrutiny Board;
- The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol for Relationships between Political Groups, Elected Members and Officers;
- The Council's approach to risk management is set out in the risk management strategy and is well embedded. Risks are reported regularly to the Audit, Risk and Scrutiny Board;
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups. The Managing Solicitor, Information Governance is the statutory Data Protection Officer;
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development;
- Registers of interests for elected members and senior officers are maintained and published on the Council's website;
- The Council complies with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and the Council's arrangements for fraud prevention, detection and investigation are managed through the corporate counter fraud service;
- The Council's approach to 'whistleblowing' is outlined in the policy for expressing concerns outwith line management;
- A range of multi layered Cyber Security controls are in place and are tested annually to check standards in line with Government guidance. Industry cyber security standards are followed and explicitly those belonging to Public Sector Network (PSN), National Cyber Security Centre (NCSC) guidance, Scottish Government Public Sector Cyber Resilience Plan and Payment Card Industry (PCI) data security standards. The O365 security and compliance toolset provides a wide range of protection against cyber-attacks including identity theft and phishing. The Council holds a current Certificate of Compliance for PSN standards. ICT network and digital services are monitored monthly through our cyber security partner. These are all monitored and managed through the Cyber Security team which is headed up by a CISM qualified Cyber Security Architect (Cyber Information Security Manager);
- Clear and independent governance arrangements are in place with One Ren and the Renfrewshire Health and Social Care Partnership with oversight from the Head of Policy and Commissioning (Council's Designated Monitoring Officer) and the Council's Leadership Board.
- Seven Local Partnerships have been established and have identified initial local priorities. Decision making including that relating to relevant grants is delegated to each Local Partnership through a Lead Officer appointed by the Council.

This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2022, subject to the impact of the COVID-19 pandemic, as disclosed in the section on review of effectiveness and continuous improvement below.

Within the 2020/21 report, Audit Scotland concluded that "The Council has appropriate governance

arrangements in place. We recognise that in responding to the COVID-19 pandemic the Council revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability. There is effective scrutiny, challenge and informed decision making.”

The system of internal financial control

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

- Guidance on financial management supported by comprehensive financial regulations and codes;
- Comprehensive budgeting systems, and detailed guidance for budget holders;
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- The preparation of regular financial reports that indicate actual expenditure against the forecasts;
- Clearly defined capital expenditure guidelines;
- As appropriate, formal project management principles;
- The Chief Finance Officer is the Director of Finance and Resources who complies with the CIPFA Statement on the Role of The CFO in Public Services.

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

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

- to approve the internal audit charter and annual internal audit plans;
- to review internal and external audit reports and the main issues arising, including those relating to

the annual accounts and seek assurance that action has been taken and make recommendations to the Council where appropriate;

- to receive and consider the Chief Auditor’s annual report, summarising internal audit activity and the level of assurance this provides over the arrangements for internal control, risk management and governance within the Council;
- monitor the performance of internal audit;
- to consider the annual review of the Local Code of Corporate Governance.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Risk and Scrutiny Board. Internal audit undertakes an annual programme of work, approved by the Board, based on a strategic risk assessment. The Council’s Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control. The Council conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

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

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

Review of effectiveness and continuous improvement

Renfrewshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team 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 an annually updated self-assessment tool covering six key areas of governance (including the impact on governance of the coronavirus pandemic), as follows:

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

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

The Council has a well embedded approach to continuous improvement through self-assessment. Registered services within education, social care and housing undertake regular self-assessment as part of the delivery of their services, including aspects such as multi agency file reading and practice and improvement groups in place. Staff from across services are also invited to participate in improvement sessions linked to the service improvement plans on

an annual basis, or in relation to specific exercises such as the "Our Values" staff engagement process in 2019. The Council previously utilised the Public Services Improvement Framework and is considering options for a future self-assessment activity.

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities, and has robust financial control and financial planning processes in place. The CIPFA Financial Management (FM) Code was adopted in June 2021 and work is underway to disseminate the results and establish an action plan to address any required improvements.

Throughout this year, there continued to be unprecedented challenges facing the Council in responding to the ongoing COVID-19 pandemic which significantly altered the way in which the organisation operates and significantly changed the delivery of services. Reduced capacity and competing priorities as well as an upturn in demand in some areas due to the easing of restrictions continue to be actively managed on a daily basis. The following should be specifically noted:

- emergency governance arrangements remained in operation throughout 2021/22 and amended regularly to take account of the prevailing COVID-19 regulations. These amendments were approved by Council. A protocol was established during the year to facilitate the conduct of hybrid meetings which were broadcast live with the option available to the Convenor of each Board to hold the meeting remotely by teams if they wish and this protocol continues to be in operation;
- the Council is progressing with its economic and social renewal and recovery plans in recent months, along with partners in response to the COVID-19 pandemic over the short to medium term. The Corporate Management Team continue to have a specific focus on recovery from the COVID-19 pandemic;
- regular performance reports have been prepared for policy boards throughout the period of the pandemic in the form of service update reports.

Each service has developed a Service Delivery Plan for 2021/22 in place of the usual service improvement plans, in order to focus on activities linked to recovery over this year in particular. Services are currently preparing 3 year Service Improvement Plans for approval by policy boards prior to Summer 2022;

- tranche 2 of the Right for Renfrewshire programme was commenced over the second half of 2021. This was on a smaller scale than originally planned and the service redesigns progressed were in those areas where it was anticipated that there would be potentially less direct impact from the pandemic recovery process and where the greatest opportunity exists for appropriate management and service capacity to be directed towards the Right for Renfrewshire agenda;
- financial management across the Council has remained strong, with continued additional reporting in place to clearly distinguish COVID-19 related costs and income losses from core operating costs. Over the course of the year significant amounts of additional non-recurring income has been secured from the Scottish Government in order to ensure local government continues to provide support to local communities and businesses. Funding has been provided both to support Council expenditure, but also on an “agency” basis whereby the Council administers grant schemes designed by the Scottish Government. Ensuring compliance with the various grant conditions has entailed considerable work by Council officers throughout 2021/22. Any potential fraudulent grant applications were referred to the Council’s Corporate Fraud Team for investigation and referral on to the Procurator Fiscal or Police, as appropriate;
- all essential services have continued to be delivered throughout the pandemic and business continuity arrangements are in place and operating highly effectively. Some areas of service activity were stopped or deferred; others were delivered through different processes. There have been no significant changes to internal controls although significant numbers of new and

amended processes and services have been put in place to allow the Council to appropriately respond to the impact of the pandemic and to support local communities and businesses. The Council has now developed service recovery programmes to reopen services and catch up on deferred work, moving towards more normal levels of service activity and service priority. This is a process and programme of work that is likely to continue into 2022/23 and beyond;

- although the Council’s cyber security arrangements are considered to be robust and are regularly tested, recognition of the ever increasing criminal cyber activity and the recognition that cyber- attacks are becoming more and more frequent and sophisticated and that there is an increased reliance on electronic systems resulted in a focused review of the Council’s cyber environment being undertaken. This led to the decision that the cyber -related elements within the Organisation Resilience risk would benefit from being a separate corporate risk for a period of time, with the further scrutiny that this affords;
- the Council commenced planning for Brexit during 2019/20 and identified risks have been incorporated into the Strategic and Corporate Risk Registers. A number of significant areas of risk remain for the organisation and for communities that have been deferred due to a combination of COVID-19 impacts, particularly in relation to employment constraints related to closure of hospitality and retail establishments masking the impact of the end of freedom of movement and the deferral of the introduction of required import checks and restrictions which when introduced will lead to increased restrictions, delays and cost increases on products and services from the European Union and a significant and ongoing regulatory burden for Environmental Health Officers and Trading Standards Officers. Some of these risks will be further exacerbated by the ongoing conflict in Ukraine and the associated sanctions on Russia which will place additional cost and supply pressures on some products and materials that are likely to increase and continue into 2022/23.

Regular reviews of the Council's arrangements are undertaken by internal audit and overall, the Council's internal financial control arrangements are considered to be sound.

As part of the ongoing relationship which is in place under the new best value methodology, Audit Scotland continuously engage with the Council in relation to the improvement plan, regularly attending Council and board meetings and reviewing information provided. Each year Audit Scotland provide an assessment of the ongoing position in relation to best value, within the Annual Audit Report. The Annual Audit Report for 2020/21 was published in November 2021 noted that the Council continues to make positive progress addressing the recommendations contained in our 2016/17 Best Value Assurance Report.

Audit Scotland provided an unqualified and unmodified audit opinion on the 2020/21 annual accounts.

The programme of work undertaken by internal audit identified 2 occasions where a limited assurance level was given in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. The following areas are those identified as requiring improvement:

- A review of the procedures in place for identifying and dealing with unsafe memorials in cemeteries was undertaken and it was identified that insufficient progress had been made in this area due to capacity issues, mainly as a result of the service having other priorities arising from the pandemic. Management agreed to allocate additional resource to this area and progress will be monitored through the internal audit follow-up process. Although this area requires to be

addressed there is no significant impact on the Council's overall system of internal control.

- The operation of Purchase Cards was reviewed to ensure that the correct procedures were being followed during the pandemic and whilst there were adequate procedures in place covering the purchase of goods with Purchase Cards, issues were identified regarding compliance and the timeliness of approval of transactions. Management agreed to implement the improvement actions required and progress will be monitored through the internal audit follow-up process.

Internal Audit undertakes an annual exercise to ensure that recommendations arising from internal audit engagements have been implemented by service management and the results are reported to the Audit, Risk and Scrutiny Board (ARSB). This work highlighted that 82% of recommendations were implemented by the due date. 17% had passed their original due date and revised implementation dates have now been set and 1% were superseded. Of the 21 recommendations followed up that were deemed to be critical, 18 have been fully implemented and 3 have been partially implemented. Revised implementation dates have been agreed for each of these recommendations.

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

Action Plan

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

| Agreed action | Responsible person | Date |
|---|---------------------------------------|------------------|
| Prepare 3-year Improvement Plans for each service | Service Director | August 2022 |
| Review and refresh quarterly scorecard of performance information | Head of Policy and Commissioning | September 2022 |
| Establish an action plan arising from the CIPFA FM Code | Head of Finance and Business Services | 31 December 2022 |

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

Update on the 2020/21 Action Plan

The 2020/21 Governance Statement identified areas of continuous improvement activities to be taken forward to improve the overall governance, risk management and internal control environment. Progress over the last 12 months against the agreed action plan is detailed below.

| Agreed action | Progress Update | Responsible person | Date | Revised Date |
|--|---|----------------------------------|----------------|--------------|
| Ongoing Actions | | | | |
| Review and update where necessary the policy for expressing concerns outwith line management 'whistleblowing' for approval by Board. | The update was delayed due to other priorities, but the policy is now in its final draft and has been submitted for consultation to senior management and other appropriate parties, prior to being submitted to Board for approval | Chief Auditor | September 2021 | August 2022 |
| Review and refresh the Council Plan. | The work on the new Council Plan has commenced | Head of Policy and Commissioning | September 2022 | N/A |

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2021/22 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

CLlr Iain Nicolson
Leader of the Council

Alan Russell
Chief Executive

Remuneration Report

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) and requires local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. All information disclosed in sections three to eight in this Remuneration Report has been audited by the Council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

1. Remuneration Policy for 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 and Resources Policy Board on 14 May 2014. Senior employees received a flat £800 pay award in 2021/22 and no other benefits.

2. 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 2021. The salary for the Leader of the Council in 2021/22 was £37,111 per annum (£35,617 in 2020/21) and the salary for the Provost was £27,834 per annum (£26,713 in 2020/21).

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to 14 senior councillors (in addition to

the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in 2021/22 being £325,593 per annum; and whose salaries individually must be on a specified scale, in 2021/22 £18,604 to £27,910. In May 2017, the Council approved that Renfrewshire would have 12 senior councillors: four Policy Board Conveners (salary of £27,512 per annum in 2021/22); four Regulatory Board Conveners (salary of £22,690 in 2021/22); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £22,690 in 2021/22).

3. Remuneration of Senior Employees

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

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

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

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 2022, whether or not those amounts were actually paid to, or received by, those persons within that period. There were no non-consolidated bonuses or performance-related payments made to any senior officer in 2021/22.

| 2020/21 | Senior employees | | 2021/22 | | |
|-------------------------|--------------------|---|--------------------|--------------------------|-------------------------|
| Total Remuneration £ | Name | Post held | Annual Salary £ | Election Allowances £ | Total Remuneration £ |
| 150,438 | Sandra Black | Chief Executive until 15 December | 107,317 | 13,613 | 120,930 |
| 122,540 | Alan Russell | Director of Finance and Resources until 15 December 2021; Chief Executive from 16 December 2021; | 131,520 | 5,445 | 136,965 |
| 122,540 | Mary Crearie | <i>(full year equivalent : £151,328)</i> Director of Communities and Housing Services | 123,340 | 0 | 123,340 |
| n/a | Alastair MacArthur | Acting Director of Finance and Resources from 16 December 2021 to 15 February 2022; Director of Finance and Resources from 16 February 2022: | 40,985 | 0 | 40,985 |
| 122,540 | Gordon McNeil | <i>(full year equivalent : £116,870)</i> Director of Environment and Infrastructure Services | 123,340 | 380 | 123,720 |
| 122,540 | Steven Quinn | Director of Children's Services | 123,340 | 0 | 123,340 |
| 640,598 | Total | | 649,842 | 19,438 | 669,280 |

| 2020/21 | Senior Employees of Subsidiary Bodies | | 2021/22 |
|-------------------------|---------------------------------------|-------------------------|-------------------------|
| Total Remuneration £ | Name | Post held | Total Remuneration £ |
| 103,235 | Victoria Hollows | Chief Executive, OneRen | 104,035 |
| 103,235 | Total | | 104,035 |

In 2021/22, some Senior Employees received remuneration connected to election activities; this was nil in 2020/21. There were no non-consolidated bonuses or performance-related payments made to any senior officer in 2021/22.

4. Remuneration of Senior Councillors

Under the regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Head and any councillor designated a Senior Councillor by the Council. The table below shows the relevant amounts, before tax and other deductions, due to each of the persons named for the year to 31 March 2022, whether or not those amounts were actually paid or received within that period and relate only to the Senior Councillor posts indicated.

| 2020/21 | Senior Councillors | | 2021/22 |
|----------------------|------------------------|--|----------------------|
| Total Remuneration £ | Name | Position held | Total Remuneration £ |
| 35,617 | Iain Nicolson | Leader Of the Council | 37,111 |
| 26,713 | Lorraine Cameron | Provost | 27,834 |
| 26,405 | Cathy McEwan | Policy Board Convener | 27,512 |
| 26,405 | Marie McGurk | Policy Board Convener | 27,512 |
| 26,405 | Jim Paterson | Policy Board Convener | 27,512 |
| 26,405 | John Shaw | Policy Board Convener | 27,512 |
| 21,776 | John McNaughtan | Regulatory Board Convener | 22,690 |
| 21,776 | Bill Binks | Regulatory Board Convener | 22,690 |
| 21,776 | Jennifer Adam-McGregor | Regulatory Board Convener | 22,690 |
| 21,776 | Andy Steel | Regulatory Board Convener | 22,690 |
| 26,405 | Lisa-Marie Hughes | Chair Renfrewshire Leisure | 27,512 |
| 26,405 | Jacqueline Cameron | Chair/Vice Chair IJB | 27,512 |
| 21,776 | Eddie Devine | Leader of largest opposition group | 22,690 |
| 10,588 | Neill Graham | Leader of 2nd largest opposition group from 6 Oct | 22,690 |
| 11,188 | James MacLaren | Leader of 2nd largest opposition group until 5 Oct | 0 |
| 351,416 | Total | | 366,157 |

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

5. Pension Entitlement

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

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

From 1 April 2015 benefits for local government employees are based on career average pay. Pension benefits are based on the pay received for each year

in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age of each member.

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

| Tiered contribution rates on whole time pay 2021/22 | | Equivalent bandings for 2020/21 |
|---|-------|---------------------------------|
| Up to £22,300 | 5.5% | Up to £22,200 |
| £22,301 to £27,300 | 7.25% | £22,201 to £27,100 |
| £27,301 to £37,400 | 8.5% | £27,101 to £37,200 |
| £37,401 to £49,900 | 9.5% | £37,201 to £49,600 |
| Over £49,901 | 12% | Over £49,601 |

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

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

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that

age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension entitlements for Senior Employees and Senior Councillors for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

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

| Name | Post held | In-year pension contributions by Renfrewshire Council | | Accrued pension benefits as at 31 March 2022 | | Change in accrued pension benefits since 31 March 2021 | |
|-------------------------|--|---|----------------|--|------------------|--|------------------|
| | | 2021/22 £ | 2020/21 £ | Pension £000 | Lump Sum £000 | Pension £000 | Lump Sum £000 |
| Senior Employees | | | | | | | |
| Sandra Black | Chief Executive until 15 | 20,750 | 28,955 | 86 | 159 | 3 | 11 |
| Alan Russell | Director of Finance and Resources until 15 December 2021; Chief Executive from 16 December 2021 | 25,784 | 23,586 | 64 | 91 | 12 | 17 |
| Mary Crearie | Director of Communities and Housing Services | 23,778 | 23,586 | 70 | 82 | 16 | 1 |
| Alastair MacArthur | Acting Director of Finance and Resources from 16 December 2021 to 15 February 2022; Director of Finance and Resources from 16 February 2022 | 19,893 | n/a | 48 | 66 | n/a | n/a |
| Gordon McNeil | Director of Environment and Infrastructure Services | 23,778 | 23,586 | 38 | 32 | 3 | 0 |
| Steven Quinn | Director of Children's Services | 23,778 | 23,586 | 20 | 0 | 3 | 0 |
| Total | | 137,761 | 123,299 | 326 | 430 | 37 | 29 |

| Senior Employees of Subsidiary Bodies | | | | | | | |
|--|-------------------------|---------------|---------------|-----------|-----------|----------|----------|
| Victoria Hollows | Chief Executive, OneRen | 20,062 | 19,870 | 37 | 46 | 2 | 1 |
| Total | | 20,062 | 19,870 | 37 | 46 | 2 | 1 |

| Leader of the Council, Provost, Senior Councillors | | | | | | | |
|--|--|---|---------------|--|------------------|--|------------------|
| Name | Post held | In-year pension contributions by Renfrewshire Council | | Accrued pension benefits as at 31 March 2022 | | Change in accrued pension benefits since 31 March 2021 | |
| | | 2021/22 £ | 2020/21 £ | Pension £000 | Lump Sum £000 | Pension £000 | Lump Sum £000 |
| Iain Nicolson | Leader Of the Council | 7,162 | 6,874 | 9 | 3 | 1 | 1 |
| Cathy McEwan | Policy Board Convener | 5,310 | 5,096 | 5 | 0 | 1 | 0 |
| Marie McGurk | Policy Board Convener | 5,310 | 5,096 | 3 | 0 | 0 | 0 |
| Jim Paterson | Policy Board Convener | 5,310 | 5,096 | 3 | 0 | 1 | 0 |
| John Shaw | Policy Board Convener | 5,310 | 5,096 | 3 | 0 | 1 | 0 |
| Lisa-Marie Hughes | Chair Renfrewshire Leisure | 5,310 | 5,096 | 3 | 0 | 1 | 0 |
| Jacqueline Cameron | Chair/Vice Chair Integration Joint Board | 5,310 | 5,096 | 3 | 0 | 1 | 0 |
| John McNaughtan | Regulatory Board Convener | 4,379 | 4,203 | 2 | 0 | 0 | 0 |
| Jennifer Adam-McGregor | Regulatory Board Convener | 4,379 | 4,203 | 2 | 0 | 0 | 0 |
| Andy Steel | Regulatory Board Convener | 4,379 | 4,203 | 2 | 0 | 0 | 0 |
| Eddie Devine | Leader of largest opposition group | 4,379 | 4,203 | 7 | 1 | 1 | 0 |
| Neill Graham | Leader of 2nd largest opposition group from 6 Oct | 4,379 | 3,809 | 2 | 0 | 0 | 0 |
| James MacLaren | Leader of 2nd largest opposition group until 5 Oct | n/a | 3,830 | 0 | 0 | n/a | n/a |
| Total | | 60,917 | 61,901 | 44 | 4 | 7 | 1 |

6. Councillors' remuneration

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

| 2020/21 £ | | 2021/22 £ |
|----------------|--|----------------|
| 872,251 | Salaries | 892,271 |
| 970 | Travel costs – reimbursed | 1,187 |
| 0 | Travel costs – paid directly by the Council | 1,420 |
| 174 | Subsistence expenses - accommodation | 0 |
| 0 | Training and Conferences | 230 |
| 167 | Telephone and information technology expenses – reimbursed | 0 |
| 5,351 | Telephone and information technology expenses – paid directly by the Council | 6,030 |
| 878,913 | Total | 901,138 |

The public record of members' salaries, allowances and expenses for 2021/22 is available for inspection on the Register of Councillors' Interests page of the Council's website and navigating to: [Your Council>Councillors> Record of councillor salaries, allowances, expenses and training register.](#)

7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2021/22, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2021/22. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above. Note that leavers may be included due to retirement or redundancy costs. Bands with nil employees for both years are not shown.

| 2020/21 | | | Remuneration band | 2021/22 | | |
|------------|--------------|------------|----------------------|------------|--------------|------------|
| Teachers | Non-teachers | Total | | Teachers | Non-teachers | Total |
| 151 | 64 | 215 | £50,000 to £54,999 | 146 | 73 | 219 |
| 84 | 63 | 147 | £55,000 to £59,999 | 97 | 55 | 152 |
| 58 | 20 | 78 | £60,000 to £64,999 | 56 | 22 | 78 |
| 16 | 24 | 40 | £65,000 to £69,999 | 17 | 32 | 49 |
| 3 | 15 | 18 | £70,000 to £74,999 | 2 | 8 | 10 |
| 4 | 2 | 6 | £75,000 to £79,999 | 3 | 4 | 7 |
| 4 | 6 | 10 | £80,000 to £84,999 | 1 | 3 | 4 |
| 1 | 3 | 4 | £85,000 to £89,999 | 1 | 1 | 2 |
| 2 | 11 | 13 | £90,000 to £94,999 | 1 | 8 | 9 |
| 0 | 2 | 2 | £95,000 to £99,999 | 0 | 2 | 2 |
| 0 | 3 | 3 | £100,000 to £104,999 | 0 | 4 | 4 |
| 0 | 1 | 1 | £105,000 to £109,999 | 0 | 1 | 1 |
| 0 | 4 | 4 | £120,000 to £124,999 | 0 | 3 | 3 |
| 0 | 0 | 0 | £130,000 to £134,999 | 0 | 1 | 1 |
| 0 | 0 | 0 | £140,000 to £144,999 | 0 | 1 | 1 |
| 0 | 1 | 1 | £150,000 to £154,999 | 0 | 0 | 0 |
| 323 | 219 | 542 | | 324 | 218 | 542 |

Of the staff noted above, five left during the year and their termination payments are included in the above analysis; however, they would have been included as an over-£50k earner in a normal year. In 2020/21, eight people were only included because they left, and their termination payments pushed their remuneration over the £50k threshold.

8. Exit Packages

The Council has agreed a number of exit packages in 2021/22 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:

| | 2021/22 | 2020/21 |
|--|------------|------------|
| Future Life expectancy at age 65 – males | 21.0 years | 21.2 years |
| Future Life expectancy at age 65 – females | 24.5 years | 24.7 years |
| Pension increase rate | 3.2% | 2.9% |
| Discount Rate | 2.7% | 2.0% |

| Exit Package Cost | 2021/22 | | 2020/21 | |
|---------------------|---------------------|--------------|---------------------|--------------|
| | Number of Employees | Value £m | Number of Employees | Value £m |
| £0 - £20,000 | 10 | 0.120 | 8 | 0.089 |
| £20,001 - £40,000 | 3 | 0.093 | 2 | 0.050 |
| £40,001 - £60,000 | 6 | 0.285 | 0 | 0.000 |
| £60,001 - £80,000 | 4 | 0.270 | 0 | 0.000 |
| £80,001 - £100,000 | 1 | 0.092 | 1 | 0.083 |
| £100,001 - £150,000 | 4 | 0.479 | 5 | 0.578 |
| £150,001 - £200,000 | 3 | 0.668 | 0 | 0.000 |
| £200,001 - £250,000 | 6 | 1.140 | 0 | 0.000 |
| £250,001 - £300,000 | 3 | 0.815 | 1 | 0.258 |
| £300,001 - £350,000 | 2 | 0.632 | 0 | 0.000 |
| Total | 42 | 4.594 | 17 | 1.058 |

9. Trade Union Facility Time

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

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

| Trade Union (TU) representative | |
|---|------|
| Number of employees who were relevant union officials during the period | 42 |
| FTE employee number | 41.3 |

| Percentage of pay bill spent on facility time | |
|---|--------------|
| Total cost of facility time | £279,517 |
| Total pay bill | £306,592,048 |
| Percentage of the total pay bill spent on facility time | 0.09% |

| Percentage of time spent on facility time | |
|---|-----------|
| Number of representatives | % time |
| 7.00 | 0% |
| 28.00 | 1% - 50% |
| 4.00 | 51% - 99% |
| 3.00 | 100% |

| Paid Trade Union activities | |
|--|--------|
| Time spent on paid TU activities as a percentage of total paid facility time hours | 41.47% |

Cllr Iain Nicolson
Leader of the Council

Alan Russell
Chief Executive

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.

| 2020/21 (restated) | | | Note | 2021/22 | | |
|--------------------|------------------|-----------------|--|-------------------|------------------|------------------|
| Gross expenditure | Gross income | Net expenditure | | Gross expenditure | Gross income | Net expenditure |
| £m | £m | £m | | £m | £m | £m |
| 246.606 | (38.531) | 208.075 | Children's Services | 266.039 | (41.446) | 224.593 |
| 56.764 | (53.414) | 3.350 | Communities and Housing Services | 57.024 | (54.169) | 2.855 |
| 90.889 | (14.265) | 76.624 | Environment and Infrastructure | 104.227 | (12.804) | 91.423 |
| 105.499 | (53.203) | 52.296 | Finance and Resources | 106.841 | (48.250) | 58.590 |
| 34.624 | (8.808) | 25.816 | Chief Executive's Service | 27.312 | 6.323 | 33.635 |
| 15.103 | (14.887) | 0.216 | Miscellaneous Services | 8.529 | (13.850) | (5.321) |
| 222.661 | (148.864) | 73.797 | Adult Services | 233.939 | (147.843) | 86.097 |
| 772.146 | (331.972) | 440.174 | Cost of Services | 803.910 | (312.038) | 491.872 |
| 0.136 | 0.000 | 0.136 | (Gain)/Loss on the disposal of non-current assets | (0.175) | 0.000 | (0.175) |
| 24.027 | (0.565) | 23.462 | Financing and investment income and expenditure | 25.222 | (0.631) | 24.591 |
| 0.000 | (481.232) | (481.232) | Taxation and non-specific grant income | 0.000 | (486.210) | (486.210) |
| 796.309 | (813.769) | (17.460) | Deficit/(Surplus) on the Provision of Services | 828.957 | (798.879) | 30.078 |
| | | (47.608) | (Surplus)/Deficit on the revaluation of non-current assets | | 9 | (109.158) |
| | | (0.452) | (Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income | | 9 | (0.058) |
| | | 37.341 | Actuarial (gain)/loss on pension assets and liabilities | | 29 | (214.582) |
| | | (10.719) | Other comprehensive (income) and expenditure | | | (323.798) |
| | | (28.179) | Total comprehensive (income) and expenditure | | | (293.720) |

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

For details of the 2020/21 restatement, please refer to Note 2: Prior Year Restatement.

Movement in Reserves Statement

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

| Note | General Fund Balance £m | Housing Revenue Account £m | Revenue statutory funds £m | Capital Funds £m | Total Usable Reserves £m | Unusable Reserves £m | Total reserves £m |
|--|----------------------------|-------------------------------|-------------------------------|---------------------|-----------------------------|-------------------------|----------------------|
| Balance at 1 April 2021 | 88.458 | 6.497 | 2.864 | 96.274 | 194.093 | 940.631 | 1,134.724 |
| Movement in reserves during the year | | | | | | | |
| Total Comprehensive Income and Expenditure | (24.484) | (5.594) | 0.000 | 0.000 | (30.078) | 323.798 | 293.720 |
| Transfers to / (from) other statutory reserves | 8 (0.110) | 0.000 | 0.110 | 0.000 | 0.000 | 0.000 | 0.000 |
| Adjustments between accounting basis and funding basis under regulations | 7 40.803 | 5.594 | 0.000 | 4.045 | 50.442 | (50.442) | 0.000 |
| Increase / (Decrease) in year | 16.209 | 0.000 | 0.110 | 4.045 | 20.364 | 273.356 | 293.720 |
| Balance at 31 March 2022 | 104.667 | 6.497 | 2.974 | 100.319 | 214.457 | 1,213.987 | 1,428.444 |

| Note | General Fund Balance £m | Housing Revenue Account £m | Revenue statutory funds £m | Capital Funds £m | Total usable reserves £m | Unusable reserves £m | Total reserves £m |
|--|----------------------------|-------------------------------|-------------------------------|---------------------|-----------------------------|-------------------------|----------------------|
| Balance at 1 April 2020 | 54.811 | 6.807 | 2.858 | 95.145 | 159.621 | 946.924 | 1,106.545 |
| Movement in reserves during the year | | | | | | | |
| Total Comprehensive Income and Expenditure | 24.618 | (7.158) | 0.000 | 0.000 | 17.460 | 10.719 | 28.179 |
| Transfers to / (from) other statutory reserves | 8 (0.006) | 0.000 | 0.006 | 0.000 | 0.000 | 0.000 | 0.000 |
| Adjustments between accounting basis and funding basis under regulations | 7 9.035 | 6.848 | 0.000 | 1.129 | 17.012 | (17.012) | 0.000 |
| Increase / (Decrease) in year | 33.647 | (0.310) | 0.006 | 1.129 | 34.472 | (6.293) | 28.179 |
| Balance at 31 March 2021 | 88.458 | 6.497 | 2.864 | 96.274 | 194.093 | 940.631 | 1,134.724 |

Balance Sheet

The balance sheet shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category comprises usable reserves, which are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold differences shown as 'adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement.

| As at 31 March 2021 £m | | Note | As at 31 March 2022 £m |
|------------------------------|-------------------------------|------|------------------------------|
| 1,484.243 | Property, plant and equipment | 10 | 1,594.482 |
| 39.303 | Heritage assets | 11 | 44.186 |
| 1.467 | Investment property | 12 | 1.479 |
| 4.177 | Intangible assets | 14 | 3.349 |
| 4.344 | Long-term investments | 23 | 9.513 |
| 2.682 | Long-term debtors | 19 | 2.622 |
| 1,536.216 | Long-term assets | | 1,655.631 |
| 0.625 | Assets held for sale | 13 | 0.922 |
| 135.881 | Short-term investments | 23 | 183.583 |
| 0.879 | Inventories | 18 | 1.032 |
| 81.940 | Short-term debtors | 19 | 81.669 |
| 46.271 | Cash and cash equivalents | 20 | 18.817 |
| 265.596 | Current assets | | 286.023 |
| (91.021) | Short-term borrowing | 23 | (92.034) |
| (74.685) | Short-term creditors | 21 | (75.843) |
| (0.212) | Short-term provisions | 22 | (0.240) |
| (165.918) | Current liabilities | | (168.117) |
| (73.261) | Long-term creditors | 21 | (69.152) |
| (5.078) | Long-term provisions | 22 | (5.117) |
| (201.297) | Long-term borrowing | 23 | (219.781) |
| (221.534) | Other long-term liabilities | 29 | (51.043) |
| (501.170) | Long-term liabilities | | (345.093) |
| 1,134.724 | Net assets | | 1,428.444 |
| (194.093) | Usable reserves | 8 | (214.457) |
| (940.631) | Unusable reserves | 9 | (1,213.987) |
| (1,134.724) | Total reserves | | (1,428.444) |

Alastair MacArthur
Director of Finance
and Resources

The unaudited accounts were issued on 30 June 2022.

Cashflow Statement

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

| 2020/21 £m | | 2021/22 £m |
|---------------|---|---------------|
| 17.460 | Net surplus/(deficit) on the provision of services | (30.078) |
| | Adjustment for non-cash movements: | |
| 76.736 | Depreciation, amortisation, impairment and revaluations | 76.023 |
| 12.448 | Increase/(decrease) in creditors | 15.164 |
| (32.848) | (Increase)/decrease in debtors | 0.331 |
| 0.110 | (Increase)/decrease in inventories | (0.153) |
| 21.670 | Pension (liability)/asset | 44.091 |
| 0.594 | Carrying amount of non-current assets sold | 0.610 |
| 0.826 | Other non-cash items charged to the net surplus or deficit on the provision of services | 0.233 |
| (46.299) | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (42.875) |
| 50.697 | Net cash flows from operating activities | 63.346 |
| | Net cash flows from investing activities : | |
| (69.125) | Purchase of property, plant and equipment, investment property and intangible assets | (97.453) |
| (0.458) | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (0.785) |
| (43.095) | Proceeds from short-term and long-term investments | (52.871) |
| 46.757 | Other receipts from investing activities | 43.660 |
| | Net cash flows from financing activities | |
| (2.795) | Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts | (2.847) |
| 51.594 | Repayment of short-term and long-term borrowing | 19.497 |
| 33.575 | Net increase/(decrease) in cash and cash equivalents | (27.453) |
| 12.696 | Cash and cash equivalents at the beginning of the reporting period | 46.271 |
| 46.271 | Cash and cash equivalents at the end of the reporting period | 18.818 |

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

| 2020/21 £m | Interest Paid and Received | 2021/22 £m |
|---------------|--|---------------|
| (0.565) | Interest received | (0.631) |
| 10.588 | Interest paid | 10.895 |
| 5.525 | Interest element of finance lease and PPP payments | 5.525 |
| 15.548 | | 15.789 |

Note 1: Expenditure and Funding Analysis

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

| 2021/22 | Net Expenditure chargeable to the General Fund and HRA £m | Adjustments between Funding and Accounting basis £m | Net Expenditure in the CIES £m |
|---|--|--|-----------------------------------|
| Children's Services | 217.871 | 6.722 | 224.593 |
| Communities and Housing Services | 11.109 | (8.254) | 2.855 |
| Environment & Infrastructure | 55.880 | 35.543 | 91.423 |
| Finance & Resources | 40.045 | 18.545 | 58.590 |
| Chief Executive's Service | 28.009 | 5.626 | 33.635 |
| Miscellaneous Services | 28.094 | (33.415) | (5.321) |
| Adult Services | 79.974 | 6.123 | 86.097 |
| Net cost of services | 460.982 | 30.890 | 491.872 |
| Other income and expenditure | (477.191) | 15.507 | (461.794) |
| (Surplus) / Deficit | (16.209) | 46.397 | 30.078 |
| Opening General Fund and HRA balance | (94.955) | | |
| Less (Surplus) / Deficit in the year | (16.209) | | |
| Closing General Fund and HRA at 31 March* | (111.164) | | |

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

| 2021/22 | Adjustments for capital purposes £m | Net change for the pensions adjustments £m | Other differences £m | Total Adjustments £m |
|--|--|---|-------------------------|-------------------------|
| Children's Services | 25.118 | 12.728 | (31.125) | 6.721 |
| Communities and Housing Services | 11.544 | 3.497 | (23.295) | (8.254) |
| Environment & Infrastructure | 10.505 | 9.319 | 15.719 | 35.543 |
| Finance & Resources | 4.232 | 7.771 | 6.542 | 18.545 |
| Chief Executive's Service | 3.743 | 2.677 | (0.794) | 5.626 |
| Miscellaneous Services | (8.121) | (3.701) | (21.592) | (33.414) |
| Adult Services | 0.000 | 6.893 | (0.770) | 6.123 |
| Net cost of services | 47.021 | 39.184 | (55.315) | 30.890 |
| Other income and expenditure | (43.835) | 4.907 | 54.435 | 15.507 |
| Total adjustments between accounting basis and funding basis | 3.186 | 44.091 | (0.880) | 46.397 |

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

- Net change for the pensions adjustments: removes employer pension contributions as allowed by statute and replaces with the current and past service costs within the IAS 19 employee benefits pension related expenditure and income. The net interest on the defined benefit liability is also included as charged to the CIES.
- Other differences: any other differences between those amounts debited or credited to the CIES and amounts payable or receivable to be recognised under statute, including those primarily involved in the financial instruments adjustment account, the employee statutory adjustment account and other statutory funds. Any other non-statutory adjustments would also be included here.

| 2020/21 | Net Expenditure chargeable to the General Fund and HRA £m | Adjustments between Funding and Accounting basis £m | Net Expenditure in the CIES £m |
|--|--|--|-----------------------------------|
| Children's Services | 203.835 | 4.240 | 208.075 |
| Communities, Housing & Planning | 11.615 | (8.265) | 3.350 |
| Environment & Infrastructure | 52.053 | 20.972 | 76.624 |
| Finance & Resources | 39.198 | 13.098 | 52.296 |
| Chief Executive's Service | 21.640 | 4.176 | 25.816 |
| Miscellaneous Services | 28.598 | (28.382) | 0.216 |
| Adult Services | 72.251 | 1.546 | 73.797 |
| Net cost of services | 429.190 | 7.385 | 440.174 |
| Other income and expenditure | (462.533) | 8.498 | (454.035) |
| (Surplus) / Deficit | (33.343) | 15.883 | (13.861) |
| Opening General Fund and HRA balance | (61.618) | | |
| Less (Surplus) / Deficit in the year | (33.343) | | |
| Add other items not charged to the Surplus / (Deficit) | 0.006 | | |
| Closing General Fund and HRA at 31 March* | (94.955) | | |

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

| 2020/21 | Adjustments for capital purposes £m | Net change for the pensions adjustments £m | Other differences £m | Total Adjustments £m |
|--|--|---|-------------------------|-------------------------|
| Children's Services | 26.465 | 5.247 | (27.472) | 4.240 |
| Communities, Housing & Planning Services | 8.072 | 1.684 | (18.021) | (8.265) |
| Environment & Infrastructure | 11.469 | 3.550 | 5.953 | 20.972 |
| Finance & Resources | 3.984 | 3.491 | 5.623 | 13.098 |
| Chief Executive's Service | 3.340 | 1.069 | (0.233) | 4.176 |
| Miscellaneous Services | (12.493) | (0.629) | (15.260) | (28.382) |
| Adult Services | 0.000 | 2.985 | (1.439) | 1.546 |
| Net cost of services | 40.837 | 17.397 | (50.849) | 7.385 |
| Other income and expenditure | (46.615) | 4.273 | 50.840 | 8.498 |
| Total adjustments between accounting basis and funding basis | (5.778) | 21.670 | (0.009) | 15.883 |

Note 2: Prior Year Restatement

The Council overstated interest payable in 2020/21 and understated the Net Cost of Services in the CIES by £3.599m. This occurred due to a miscoded contingent rental that forms part of the Service Concession Agreement for the Bargeddie waste facility. The result is that the charge to the Net Cost of Services has increased by £3.599m and the charge to Financing and Investment Income and Expenditure has reduced by £3.599m. There has been no change to the overall total Deficit/(Surplus) on the Provision of Services.

The following table shows the relevant extracted lines from the CIES that have been affected by the restatement. No other primary statements are affected by the restatement. Note 3 is also restated on the interest payable line.

Effect on the CIES

| | Originally Stated 2020/21 £m | Restated 2020/21 £m | Amount of Restatement £m |
|---|------------------------------------|---------------------------|--------------------------------|
| Environment and Infrastructure | 73.025 | 76.624 | 3.599 |
| Net Cost of Services | 436.575 | 440.174 | 3.599 |
| Financing and investment income and expenditure | 27.061 | 23.462 | (3.599) |
| Deficit/(Surplus) on the Provision of Services | (17.460) | (17.460) | (0.000) |

Note 3: Financing and investment income and expenditure

| 2020/21 (restated) £m | | 2021/22 £m |
|-----------------------------|---|---------------|
| 19.754 | Interest payable and similar charges | 20.315 |
| 4.273 | Net interest on the net defined benefit liability | 4.907 |
| (0.565) | Interest receivable and similar income | (0.631) |
| 23.462 | Total | 24.591 |

Note 4: Taxation and non-specific grant income

| 2020/21 £m | | 2021/22 £m |
|---------------|---|---------------|
| (83.037) | Income from Council Tax and community charge | (86.464) |
| (73.841) | Distribution from the national non-domestic rate pool | (81.663) |
| (277.597) | General Revenue Grant from the Scottish Government | (274.423) |
| (46.757) | Capital grants and contributions | (43.660) |
| (481.232) | Total | (486.210) |

Note 5: Expenditure and income analysed by nature

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

| 2020/21 (restated) £m | | Note | 2021/22 £m |
|-----------------------------|--|------|------------------|
| | Expenditure | | |
| 321.450 | Employee benefits expenses | | 356.167 |
| 373.960 | Other service expenses | | 371.720 |
| 76.736 | Depreciation, amortisation, impairment | | 76.023 |
| 24.027 | Interest Payments | 3 | 25.222 |
| 0.136 | Loss on the disposal of assets | 9 | (0.175) |
| 796.309 | Total expenditure | | 828.957 |
| | Income | | |
| (331.972) | Fees, charges and other service income | | (312.038) |
| (0.565) | Interest and investment income | 3 | (0.631) |
| (156.878) | Income from council tax and non-domestic rates | 4 | (168.127) |
| (324.354) | Government grants and contributions | 4 | (318.083) |
| (813.769) | Total income | | (798.879) |
| | | | |
| (17.460) | (Surplus) or deficit on the provision of services | | 30.078 |

Note 6: Grant income

The Council credited the following grants, contributions and donations direct to services in the CIES during 2021/22.

| 2020/21 £m | | 2021/22 £m |
|----------------|--|----------------|
| 48.162 | Housing benefit | 43.434 |
| 0.700 | Housing benefit and Council Tax administration | 0.549 |
| 0.215 | Discretionary Housing Payment | 1.203 |
| 0.500 | Private sector housing grant | 0.200 |
| 0.685 | Education Maintenance Allowance | 0.579 |
| 0.017 | Gaelic Education | 0.016 |
| 0.000 | School Milk | 0.015 |
| 4.360 | Pupil Equity Fund | 4.276 |
| 19.528 | Early Years Expansion | 21.860 |
| 8.681 | Other Education | 9.265 |
| 3.078 | Children's Services | 3.163 |
| 12.254 | Adult Services | 12.322 |
| 3.173 | Employability | 1.436 |
| 3.105 | Other grants | 8.011 |
| 104.458 | Total | 106.329 |

Note 7: Adjustment between accounting basis and funding basis under regulations

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

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

| 2021/22 | Usable reserves | | | | Unusable reserves £m |
|---|----------------------------|---------------------------------------|-------------------------------|--------------------------------|-------------------------|
| | General Fund Balance £m | Housing Revenue Account Balance £m | Capital Statutory Funds £m | Capital Receipts Reserve £m | |
| Adjustments primarily involving the Capital Adjustment Account: | | | | | |
| Reversal of items charged to the CIES: | | | | | |
| Charges for depreciation and impairment of non-current assets | (48.811) | (26.336) | 0.000 | 0.000 | 75.147 |
| Amortisation of intangible assets | (0.876) | 0.000 | 0.000 | 0.000 | 0.876 |
| Capital grants and contributions applied | 36.513 | 7.147 | 0.000 | 0.000 | (43.660) |
| Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES | 0.169 | 0.006 | 0.000 | 0.000 | (0.175) |
| Insertion of items not charged to the CIES: | | | | | |
| Statutory provision for the repayment of Loans Fund & Finance Lease principal | 3.009 | 15.529 | 0.000 | 0.000 | (18.538) |
| Capital expenditure charged against the General Fund and HRA Balances | 10.464 | 0.000 | (5.089) | 0.000 | (5.375) |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | | |
| Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES | 0.000 | 0.000 | 0.000 | (0.785) | 0.785 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0.000 | 0.000 | 0.000 | 1.829 | (1.829) |
| Adjustment primarily involving the Financial Instruments Adjustment Account: | | | | | |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | 0.289 | 0.203 | 0.000 | 0.000 | (0.492) |
| Adjustments primarily involving the Pension Reserve: | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (76.134) | (0.215) | 0.000 | 0.000 | 76.349 |
| Employer's pension contributions and direct payments to pensioners payable in the year | 34.168 | (1.910) | 0.000 | 0.000 | (32.258) |
| Adjustment primarily involving the Employee Statutory Adjustment Account: | | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 0.406 | (0.018) | 0.000 | 0.000 | (0.388) |
| Total adjustments | (40.803) | (5.594) | (5.089) | 1.044 | 50.442 |

| 2020/21 | Usable reserves | | | | Unusable reserves £m |
|---|----------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------|
| | General Fund Balance £m | Housing Revenue Account £m | Capital Statutory Funds £m | Capital Receipts Reserve £m | |
| Adjustments primarily involving the Capital Adjustment Account: | | | | | |
| Reversal of items charged to the CIES: | | | | | |
| Charges for depreciation and impairment of non-current assets | (49.290) | (26.540) | 0.000 | 0.000 | 75.830 |
| Amortisation of intangible assets | (0.906) | 0.000 | 0.000 | 0.000 | 0.906 |
| Capital grants and contributions applied | 45.332 | 1.425 | 0.000 | 0.000 | (46.757) |
| Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES | (0.150) | 0.014 | 0.000 | 0.000 | 0.136 |
| Insertion of items not charged to the CIES: | | | | | |
| Statutory provision for the repayment of Loans Fund & Finance Lease principal | 10.933 | 19.217 | 0.000 | 0.000 | (30.150) |
| Capital expenditure charged against the General Fund and HRA Balances | 5.743 | 0.000 | (1.944) | 0.000 | (3.799) |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | | |
| Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES | 0.000 | 0.000 | 0.000 | (0.458) | 0.458 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0.000 | 0.000 | 0.000 | 1.273 | (1.273) |
| Adjustment primarily involving the Financial Instruments Adjustment Account: | | | | | |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | 0.271 | 0.222 | 0.000 | 0.000 | (0.493) |
| Adjustments primarily involving the Pension Reserve: | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (55.368) | (0.188) | 0.000 | 0.000 | 55.556 |
| Employer's pension contributions and direct payments to pensioners payable in the year | 34.856 | (0.970) | 0.000 | 0.000 | (33.886) |
| Adjustment primarily involving the Employee Statutory Adjustment Account: | | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (0.456) | (0.028) | 0.000 | 0.000 | 0.484 |
| Total adjustments | (9.035) | (6.848) | (1.944) | 0.815 | 17.012 |

Note 8: 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 and a summary is shown in below.

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

| As at 31 March 2021 £m | Usable Reserves | As at 31 March 2022 £m |
|------------------------------|---------------------------------|------------------------------|
| (88.458) | General Fund Balance | (104.667) |
| (6.497) | Housing Revenue Account Balance | (6.497) |
| (8.638) | Capital Receipts Reserve | (7.594) |
| (90.500) | Other Statutory Funds | (95.699) |
| (194.093) | Total | (214.457) |

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 2021/22.

| | Balance at 1 April 2020 £m | Transfers out £m | Transfers in £m | Balance at 31 March 2021 £m | Transfers out £m | Transfers in £m | Balance at 31 March 2022 £m |
|------------------------------|-------------------------------------|------------------------|-----------------------|---|------------------------|-----------------------|---|
| Insurance Fund | 2.543 | 0.000 | 0.000 | 2.543 | 0.000 | 0.110 | 2.653 |
| Reservoir Repair Fund | 0.315 | 0.000 | 0.006 | 0.321 | 0.000 | 0.000 | 0.321 |
| Revenue statutory funds | 2.858 | 0.000 | 0.006 | 2.864 | 0.000 | 0.110 | 2.974 |
| Education Capital Items Fund | 1.057 | (0.213) | 0.556 | 1.400 | (0.224) | 1.093 | 2.269 |
| Investment Capital Fund | 84.635 | (0.987) | 2.588 | 86.236 | (0.680) | 4.900 | 90.456 |
| Capital statutory funds | 85.692 | (1.200) | 3.144 | 87.636 | (0.904) | 5.993 | 92.725 |
| Total | 88.550 | (1.200) | 3.150 | 90.500 | (0.904) | 6.103 | 95.699 |

- The Insurance Fund is the funding mechanism for the control of insurable risk and covers the main classes of insurance. It is earmarked for premiums and self-funded insurance costs.
- The Reservoir Repair Fund is funding received from a contractor for repairs in perpetuity to the Thornly Dam.
- The Education Capital Items Fund is earmarked funding for specific schools to be used in future years for planned purchases of a capital nature, such as computers and information communication technology equipment.
- The Investment Capital Fund represents planned funding earmarked to support the Council's investment programme and the wider strategic management of the Council's associated debt profile.
- In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. The Capital Receipts Reserve holds cash receipts from asset sales and is used to fund planned capital expenditure.

| | Balance at 1 April 2020 £m | Sale proceeds £m | Capital exp funded £m | Balance at 31 March 2021 £m | Sale proceeds £m | Capital exp funded £m | Balance at 31 March 2022 £m |
|--------------------------|-------------------------------------|------------------------|--------------------------------|---|------------------------|--------------------------------|---|
| Capital Receipts Reserve | 9.453 | 0.458 | (1.273) | 8.638 | (1.829) | 0.785 | 7.594 |

Ring-fenced elements of the General Fund Balance

The following note sets out the amounts within the General Fund Balance that the Council has ring-fenced for future expenditure plans. The unallocated balance of £10.788m represents 2.3% of the Council's net annual running costs.

| | Balance at 1 April 2020 £m | Transfers out £m | Transfers in £m | Balance at 31 March 2021 £m | Transfers out £m | Transfers in £m | Balance at 31 March 2022 £m |
|--|-------------------------------------|------------------------|-----------------------|--------------------------------------|------------------------|-----------------------|--------------------------------------|
| Alcohol and Drugs Commission | 1.000 | 0.000 | 1.000 | 2.000 | (0.196) | 0.000 | 1.804 |
| British Sign Language | 0.095 | (0.014) | 0.000 | 0.081 | (0.080) | 0.000 | 0.001 |
| City Deal | 1.181 | (0.522) | 0.000 | 0.659 | (1.094) | 2.185 | 1.750 |
| Climate Change Action Fund | 0.000 | 0.000 | 0.742 | 0.742 | (0.131) | 0.000 | 0.611 |
| Community Empowerment Fund | 0.432 | (0.057) | 0.000 | 0.375 | (0.036) | 0.000 | 0.339 |
| Community Safety | 0.031 | (0.031) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| COVID-19 Construction Recovery Fund | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 10.000 | 10.000 |
| COVID-19 Education Recovery | 0.000 | 0.000 | 6.149 | 6.149 | (3.534) | 3.713 | 6.328 |
| COVID-19 General Recovery Fund | 0.000 | 0.000 | 11.390 | 11.390 | (16.412) | 14.182 | 9.160 |
| Culture Bid Legacy | 2.920 | 0.000 | 0.612 | 3.532 | (0.225) | 0.260 | 3.567 |
| Development Contribution – Paisley Town Centre | 1.057 | 0.000 | 0.000 | 1.057 | 0.000 | 0.000 | 1.057 |
| Digital Infrastructure | 0.410 | (0.035) | 0.000 | 0.375 | 0.000 | 2.014 | 2.389 |
| Discretionary business grants | 0.000 | 0.000 | 2.303 | 2.303 | (1.911) | 0.000 | 0.392 |
| Early Years Change Fund | 1.900 | 0.000 | 0.000 | 1.900 | 0.000 | 0.000 | 1.900 |
| Employability | 4.704 | 0.000 | 3.391 | 8.095 | (1.704) | 3.090 | 9.481 |
| Environment & Infrastructure | 2.000 | (0.500) | 0.000 | 1.500 | (0.500) | 0.015 | 1.015 |
| Inflation Mitigation | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 4.990 | 4.990 |
| Invest in Renfrewshire | 1.829 | (3.237) | 1.984 | 0.576 | (0.576) | 0.000 | 0.000 |
| Leisure: Inclusive Play Facility | 0.050 | 0.000 | 0.000 | 0.050 | 0.000 | 0.000 | 0.050 |
| Memorial Headstone Safety | 0.000 | 0.000 | 0.987 | 0.987 | (0.362) | 0.000 | 0.625 |
| Paisley Town Centre Heritage Asset Strategy | 1.895 | 0.000 | 1.100 | 2.995 | (1.895) | 0.154 | 1.254 |
| PPP Schools Replacement Fund | 12.670 | 0.000 | 0.000 | 12.670 | 0.000 | 0.000 | 12.670 |
| Private Sector Housing Grant | 2.573 | 0.000 | 0.059 | 2.632 | (0.851) | 0.425 | 2.206 |
| Pupil Equity Fund | 1.470 | (0.245) | 0.000 | 1.225 | 0.000 | 0.034 | 1.259 |
| Response to Commission on Tackling Poverty | 3.004 | (0.773) | 0.190 | 2.421 | (1.019) | 0.000 | 1.402 |
| School Music Participation Funding | 0.375 | 0.000 | 0.000 | 0.375 | (0.125) | 0.035 | 0.285 |
| Service Modernisation and Reform Fund | 6.828 | 0.000 | 0.153 | 6.981 | (0.124) | 4.202 | 11.059 |
| Social Renewal Plan | 0.000 | 0.000 | 2.706 | 2.706 | (0.911) | 0.000 | 1.795 |
| Town Centre Public WiFi | 0.202 | (0.109) | 0.000 | 0.093 | (0.060) | 0.000 | 0.033 |
| Villages Improvement Fund | 0.370 | (0.078) | 0.000 | 0.292 | (0.159) | 0.000 | 0.133 |
| Welfare Reform | 0.198 | (0.010) | 0.424 | 0.612 | (0.291) | 0.712 | 1.033 |
| Year end flexibility: | | | | | | | |
| Children's Services | 1.018 | 0.000 | 1.780 | 2.798 | (0.220) | 2.713 | 5.291 |
| General Fund Ring-fenced Total | 48.212 | (5.611) | 34.970 | 77.571 | (32.416) | 48.724 | 93.879 |
| Unallocated element of the General Fund Balance | 6.599 | 0.000 | 4.288 | 10.887 | (0.099) | 0.000 | 10.788 |
| Total General Fund Balance | 54.811 | (5.611) | 39.258 | 88.458 | (32.515) | 48.724 | 104.667 |

Note 9: Unusable reserves

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

- Reserves that hold unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment and financial instruments, where amounts will only become available to provide services (or limit resources in the case of losses) once the gains or losses are realised as the assets are disposed of. This category of reserves comprises the Revaluation Reserve and the Financial Instruments Revaluation Reserve.
- Adjustment accounts that deal with situations where income and expenditure are recognised according to statutory regulations against the General Fund Balance and the Housing Revenue Account Balance on a different basis from that expected by generally accepted accounting practices. These adjustment accounts will carry either a debit balance (showing that the Council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the Council has set resources aside under statute earlier than accounting standards require). The adjustment accounts effectively offset the General Fund Balance and the Housing Revenue Account Balance to give the Council more or less spending power in the short term than proper accounting practices would allow. The adjustment accounts comprise the Capital Adjustment Account, the Financial Instruments Adjustment Account, the Capital Receipts Reserve, the Pension Reserve and the Employee Statutory Adjustment Account.

| As at 31 March 2021 (restated) £m | Unusable Reserves | As at 31 March 2022 £m |
|--|---|------------------------------|
| (565.557) | Revaluation Reserve | (648.877) |
| 221.533 | Pension Reserve | 51.042 |
| (615.667) | Capital Adjustment Account | (634.274) |
| 11.929 | Financial Instruments Adjustment Account | 11.437 |
| (0.939) | Financial Instruments Revaluation Reserve | (0.997) |
| 8.070 | Employee Statutory Adjustment Account | 7.682 |
| (940.631) | Total Unusable Reserves | (1,213.987) |

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.

| As at 31 March 2021 (restated) £m | Revaluation Reserve | As at 31 March 2022 £m |
|--|---|------------------------------|
| (540.348) | Balance at 1 April | (565.557) |
| (47.608) | Upward revaluation of non-current assets | (109.158) |
| 22.299 | Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account | 25.473 |
| 0.100 | Accumulated (gains) / losses on disposal of non-current assets transferred to the Capital Adjustment Account | 0.365 |
| (25.209) | Amount posted to the Capital Adjustment Account | (83.320) |
| (565.557) | Balance at 31 March | (648.877) |

Pension Reserve

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

| As at 31 March 2021 £m | Pension Reserve | As at 31 March 2022 £m |
|------------------------------|--|------------------------------|
| 162.522 | Balance at 1 April | 221.533 |
| 37.341 | Actuarial (gains) / losses on pension assets and liabilities | (214.582) |
| 55.556 | Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES | 76.349 |
| (33.886) | Employer's pension contributions payable in the year | (32.258) |
| 221.533 | Balance at 31 March | 51.042 |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Capital Adjustment Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

| As at 31 March 2021 £m | Capital Adjustment Account | As at 31 March 2022 £m |
|------------------------------|---|------------------------------|
| (588.619) | Balance at 1 April | (615.667) |
| | Reversal of items relating to capital expenditure charged to the CIES: | |
| 75.830 | Charges for depreciation, impairment and revaluation losses of non-current assets | 75.147 |
| 0.906 | Amortisation of intangible assets | 0.876 |
| 0.458 | Non-current assets sale proceeds | 0.785 |
| 0.136 | (Gain)/Loss on disposal of non-current assets charged to the CIES | (0.175) |
| (22.399) | Adjusting amounts written out of the Revaluation Reserve | (25.838) |
| 54.931 | Net written out amount of non-current assets consumed in the year | 50.795 |
| | Capital financing applied in the year: | |
| (1.273) | Use of the Capital Receipts Reserve to finance new capital expenditure | (1.829) |
| (46.757) | Capital grants and contributions credited to the CIES that have been applied to capital financing | (43.660) |
| (30.150) | Loans Fund and Finance Lease principal repayments | (18.538) |
| (3.799) | Capital expenditure charged against the General Fund and Housing Revenue Account balances | (5.375) |
| (81.979) | | (69.402) |
| | | |
| (615.667) | Balance at 31 March | (634.274) |

Financial Instruments Adjustment Account

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

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

- Manage borrowings that were on the Council's balance sheet at 31 March 2007 and that have a stepped interest rate feature. These borrowings comprise five 'lender option borrower option' (LOBO) loans for which the interest rate was fixed for an initial period, and at a pre-agreed later date the interest rate changed. Generally accepted accounting practices require that interest charges relating to borrowings that have a stepped interest rate feature are debited to the CIES on the basis of a single effective interest rate (EIR) over the expected life of the loans, rather than based on the contractual cash outflows of interest. However, statutory arrangements [or regulations] allow such borrowings that were on the Council's balance sheet at 31 March 2007 to be charged to the General Fund Balance in accordance with the accounting treatment prior to 1 April 2007, which did not require the use of the effective interest rate as the basis for the interest charge.
- Manage 'soft loans' that were on the Council's balance sheet at 31 March 2007. Soft loans are loans advanced by the Council at nil or below prevailing interest rates. Generally accepted accounting practices require that the discounted interest rate is recognised as a reduction in the fair value of the loan, with the difference being debited to the CIES as service expenditure. However, statutory arrangements [or regulations] require that, for soft loans on the Council's balance sheet at 31 March 2007, the reduction in value and corresponding charge to be reversed, so that there is no impact on the General Fund Balance. As at 31 March 2007 interest free loans amounting to £0.156m had been advanced to employees who had had changes implemented to their pay cycle. These loans are repayable when employees leave the Council's employment.

| Financial Instruments Adjustment Account | Refinancing premiums and discounts £m | Borrowing on stepped interest rate loans £m | Loans to third parties at less than market rate £m | Total £m |
|---|--|--|---|-------------|
| Balance at 1 April 2021 | 11.022 | 0.883 | 0.024 | 11.929 |
| Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | (0.472) | 0.000 | 0.000 | (0.472) |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | 0.000 | (0.017) | (0.003) | (0.020) |
| Balance at 31 March 2022 | 10.550 | 0.866 | 0.021 | 11.437 |

Financial Instruments Revaluation Reserve

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

The balance is reduced when investments with accumulated gains are:

- i) revalued downwards or impaired and the gains are lost; or
- ii) disposed of and the gains are realised.

| As at 31 March 2021 £m | Financial Instruments Revaluation Reserve | As at 31 March 2022 £m |
|------------------------------|--|------------------------------|
| (0.487) | Balance at 1 April | (0.939) |
| (0.452) | Downward/(Upward) revaluation of investments | (0.058) |
| (0.939) | Balance at 31 March | (0.997) |

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.

| As at 31 March 2021 £m | Employee Statutory Adjustment Account | As at 31 March 2022 £m |
|------------------------------|---|------------------------------|
| 7.586 | Balance at 1 April | 8.070 |
| (7.586) | Settlement or cancellation of accrual made at the end of the prior year | (8.070) |
| 8.070 | Amounts accrued at the end of the current year | 7.682 |
| 8.070 | Balance at 31 March | 7.682 |

Note 10: Property, Plant and Equipment

| 2021/22 | Council dwellings £m | Other land and buildings £m | Vehicles, plant, furniture and equipment £m | Infrastructure assets £m | Assets under construction £m | Surplus assets £m | Total £m | Of which funded by PFI £m |
|---|-------------------------|--------------------------------|--|-----------------------------|---------------------------------|----------------------|------------------|------------------------------|
| Gross carrying amount at 1 April 2021 | 579.608 | 315.396 | 588.965 | 327.975 | 63.152 | 26.746 | 1,901.842 | 120.580 |
| Assets reclassified (to)/ from the "held for sale" category | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | (0.822) | (0.822) | 0.000 |
| Other asset reclassifications | 2.018 | 2.938 | 7.964 | 35.218 | (48.797) | 0.659 | 0.000 | 0.064 |
| Additions | 5.168 | 4.485 | 14.953 | 12.933 | 44.490 | 0.000 | 82.029 | 2.122 |
| Disposals | 0.000 | 0.000 | (2.050) | 0.000 | 0.000 | 0.000 | (2.050) | 0.000 |
| Revaluation increases/(decreases) taken to the Revaluation Reserve | 32.010 | 16.677 | 12.821 | 0.000 | 0.000 | 0.856 | 62.364 | 10.156 |
| Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services | 0.000 | 4.954 | (14.539) | 0.000 | 0.000 | (0.149) | (9.734) | 0.404 |
| Gross carrying amount at 31 March 2022 | 618.804 | 344.450 | 608.114 | 376.126 | 58.845 | 27.290 | 2,033.629 | 133.326 |
| Accumulated depreciation and impairment at 1 April 2021 | 0.000 | 18.726 | 238.584 | 154.963 | 0.278 | 5.048 | 417.599 | 13.528 |
| Depreciation on other reclassifications | 0.000 | (0.128) | 0.089 | 0.000 | 0.000 | 0.039 | 0.000 | 0.014 |
| Depreciation charge for the year | 19.320 | 8.137 | 37.627 | 6.995 | 0.000 | 0.099 | 72.178 | 4.723 |
| Depreciation and impairment on disposals | 0.000 | 0.000 | (1.965) | 0.000 | 0.000 | 0.000 | (1.965) | 0.000 |
| Depreciation written out to the Revaluation Reserve | (19.320) | (4.991) | (17.436) | 0.000 | 0.000 | (0.118) | (41.865) | (8.303) |
| Depreciation written out to the surplus or deficit on the provision of services | 0.000 | (1.181) | (5.583) | 0.000 | 0.000 | (0.036) | (6.800) | (2.055) |
| Accumulated depreciation and impairment at 31 March 2022 | 0.000 | 20.563 | 251.316 | 161.958 | 0.278 | 5.032 | 439.147 | 7.907 |
| | | | | | | | | |
| Balance sheet net carrying amount at 31 March 2022 | 618.804 | 323.887 | 356.798 | 214.168 | 58.567 | 22.258 | 1,594.482 | 125.419 |
| Balance sheet net carrying amount at 1 April 2021 | 579.608 | 296.670 | 350.381 | 173.012 | 62.874 | 21.698 | 1,484.243 | 107.052 |

Note 10: Property, Plant and Equipment (continued)

| 2020/21 | Council dwellings £m | Other land and buildings £m | Vehicles, plant, furniture and equipment £m | Infrastructure assets £m | Assets under construction £m | Surplus assets £m | Total £m | Of which funded by PFI £m |
|---|-------------------------|--------------------------------|--|-----------------------------|---------------------------------|----------------------|------------------|------------------------------|
| Gross carrying amount at 1 April 2020 | 570.519 | 306.663 | 572.577 | 317.986 | 57.153 | 27.227 | 1,852.125 | 118.671 |
| Assets reclassified (to)/from the "held for sale" category | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.075 | 0.075 | 0.000 |
| Other asset reclassifications | 14.600 | 2.211 | 2.389 | 0.000 | (19.488) | 0.288 | 0.000 | 0.000 |
| Additions | 4.300 | 4.102 | 9.823 | 9.989 | 25.487 | 0.000 | 53.701 | 1.909 |
| Disposals | (0.189) | (0.317) | (0.255) | 0.000 | 0.000 | (0.093) | (0.854) | 0.000 |
| Revaluation increases/(decreases) taken to the Revaluation Reserve | (9.622) | 5.767 | 8.560 | 0.000 | 0.000 | 0.242 | 4.947 | 0.000 |
| Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services | 0.000 | (3.030) | (4.129) | 0.000 | 0.000 | (0.993) | (8.152) | 0.000 |
| Gross carrying amount at 31 March 2021 | 579.608 | 315.396 | 588.965 | 327.975 | 63.152 | 26.746 | 1,901.842 | 120.580 |
| Accumulated depreciation and impairment at 1 April 2020 | 0.000 | 17.993 | 221.199 | 148.243 | 0.278 | 5.169 | 392.882 | 9.020 |
| Depreciation on other reclassifications | 0.000 | (0.141) | 0.092 | 0.000 | 0.000 | 0.049 | 0.000 | 0.000 |
| Depreciation charge for the year | 19.017 | 7.753 | 37.291 | 6.720 | 0.000 | 0.087 | 70.868 | 4.508 |
| Depreciation and impairment on disposals | (0.006) | 0.000 | (0.254) | 0.000 | 0.000 | 0.000 | (0.260) | 0.000 |
| Depreciation written out to the Revaluation Reserve | (19.011) | (6.469) | (17.060) | 0.000 | 0.000 | (0.121) | (42.661) | 0.000 |
| Depreciation written out to the surplus or deficit on the provision of services | 0.000 | (0.410) | (2.684) | 0.000 | 0.000 | (0.136) | (3.230) | 0.000 |
| Accumulated depreciation and impairment at 31 March 2021 | 0.000 | 18.726 | 238.584 | 154.963 | 0.278 | 5.048 | 417.599 | 13.528 |
| | | | | | | | | |
| Balance sheet net carrying amount at 31 March 2021 | 579.608 | 296.670 | 350.381 | 173.012 | 62.874 | 21.698 | 1,484.243 | 107.052 |
| Balance sheet net carrying amount at 1 April 2020 | 570.519 | 288.670 | 351.378 | 169.743 | 56.875 | 22.058 | 1,459.243 | 109.651 |

Note 11: Heritage Assets

| 2020/21 £m | Heritage Assets | 2021/22 £m |
|---------------|-------------------------------------|---------------|
| 39.303 | Balance at 1 April | 39.303 |
| 0.000 | Revaluations to CIES | (0.046) |
| 0.000 | Revaluations to Revaluation Reserve | 4.929 |
| 39.303 | Balance at 31 March | 44.186 |

A valuation of the fair value of the Council's Heritage Assets was carried out by an external valuer between October 2021 and March 2022, resulting in the revaluations shown above.

In the four years prior to 2021/22, there were no acquisitions, donations, or disposals of Heritage Assets. The only revaluations over this period (in 2017/18) amounted to £0.326m.

The combined collections managed by the Renfrewshire Arts and Museums Service number in excess of 350,000 objects and it is impractical to undertake a full valuation of all the items in the collection. The balances above reflect the valuation of materials examined by the external valuer during 2021/22.

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

- Archaeology items
- Natural history and science book collections
- Art collection
- Ceramics
- Natural history and Numismatics
- Science and social history collections
- Special collections
- Textiles
- Transport collection
- World cultures

Note 12: Investment properties

The following items of income and expense have been accounted for in the 'Financing and Investment income and expenditure' line in the CIES.

| 2020/21 £m | Investment Properties | 2021/22 £m |
|---------------|--|---------------|
| (0.141) | Rental income from investment property | (0.118) |
| (0.141) | Net Loss / (Gain) | (0.118) |

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:

| 2020/21 £m | Fair Value of Investment Properties | 2021/22 £m |
|---------------|--|---------------|
| 1.502 | Opening balance at 1 April | 1.467 |
| (0.035) | Net gains or (losses) from fair value adjustments | 0.012 |
| 0.000 | Transfers from inventories and property, plant and equipment | 0.000 |
| 1.467 | Closing balance at 31 March | 1.479 |

Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2022 are as follows:

| | Quoted Prices in active markets for identical assets (level 1) £m | Other significant observable inputs (level 2) £m | Other significant unobservable inputs (level 3) £m | Fair Value as at 31 March 2022 £m |
|------------------|--|---|---|--------------------------------------|
| Commercial Units | 0.000 | 0.400 | 0.000 | 0.400 |
| Office Units | 0.000 | 0.085 | 0.000 | 0.085 |
| Commercial Sites | 0.000 | 0.866 | 0.000 | 0.866 |
| Other | 0.000 | 0.128 | 0.000 | 0.128 |
| Total | 0.000 | 1.479 | 0.000 | 1.479 |

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

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

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

Note 13: Assets held for sale

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

| 2020/21 £m | Assets Held for Sale | 2021/22 £m |
|---------------|---------------------------------------|---------------|
| 0.700 | Opening balance at 1 April | 0.625 |
| (0.075) | Assets reclassified as held for sale: | |
| | Surplus Assets | 0.822 |
| 0.000 | Assets sold | (0.525) |
| 0.625 | Closing balance at 31 March | 0.922 |

Note 14: 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 shown in the following table.

| 2020/21 £m | Purchased Software Licences | 2021/22 £m |
|---------------|--|---------------|
| | Balance at 1 April | |
| 6.082 | Gross carrying amount | 6.124 |
| (1.045) | Accumulated amortisation | (1.947) |
| 5.037 | Net carrying amount at 1 April | 4.177 |
| 0.048 | Additions: purchases | 0.048 |
| (0.006) | Disposals | (0.111) |
| 0.004 | Disposal amortisation | 0.111 |
| (0.906) | Amortisation for the year | (0.876) |
| 4.177 | Net carrying amount at 31 March | 3.349 |
| | Comprising: | |
| 6.124 | Gross carrying amount | 6.061 |
| (1.947) | Accumulated amortisation | (2.712) |
| 4.177 | Balance at 31 March | 3.349 |

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 15: 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 2021/22 total spending on capital projects was £82.077m (£53.749m in 2020/21) and was within the overall prudential limits approved by Council.

Capital receipts of £1.829m (£1.273m in 2020/21) were used to fund spending on capital projects.

The net capital expenditure for the year of £31.213m (£12.730m in 2020/21) was financed from external borrowing, credit arrangements and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, including the value of assets acquired under finance leases and Service Concession Arrangements.

Also shown are the resources that have been used to finance this capital expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in the CFR during the year is also analysed in the table below.

| As at 31 March 2021 £m | | As at 31 March 2022 £m |
|------------------------------|---|------------------------------|
| 375.262 | Opening Capital Financing Requirement | 347.082 |
| | Capital investment: | |
| 0.000 | Opening Balance adjustment | 1.509 |
| 53.694 | Property, plant and equipment | 82.029 |
| 0.007 | Credit Arrangements (Finance Lease/PPP) | 0.000 |
| 0.048 | Intangible assets | 0.048 |
| | Sources of finance: | |
| (0.197) | Capital receipts – sale of council houses | 0.000 |
| (1.076) | Capital receipts – sale of other council assets | (1.829) |
| (46.757) | Government grants and other contributions | (43.660) |
| (3.799) | Sums set aside from revenue – direct revenue contributions | (5.375) |
| (30.100) | Loans Fund/Finance Lease principal repayments | (18.538) |
| 347.082 | Closing Capital Financing Requirement | 361.266 |
| | Explanation of movements in year: | |
| (25.307) | Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance) | 17.035 |
| (0.108) | Reduction in finance leases obligations | (0.111) |
| (2.765) | Increase/(decrease) in PPP finance lease creditor | (2.740) |
| (28.180) | Increase/(Decrease) in Capital Financing Requirement | 14.184 |

At 31 March 2022 the Council had commitments on capital contracts for non-housing projects of £58.987m (£140.251m in 2020/21) and for housing projects of £25.933m (£35.263m in 2020/21). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 16: Service Concession Arrangements

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

When the agreement ends in 2038, the buildings will be handed to the Council at nil consideration with a guarantee of no major maintenance requirements for a five-year period. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the course of the remainder of the contract. The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are shown in the movement on the Property, Plant and Equipment balance in Note 10.

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards. Under the agreement the Council is committed to paying the following sums (assuming an average inflation rate of 2.5% per annum and excluding any performance/availability deductions). The discount rate used in this calculation is the interest rate implicit in the PFI agreement, which was fixed at the outset at 7.6%.

| Future Repayment Periods - Schools | Service Charges £m | Liability Repayment £m | Interest Repayment £m | Contingent Rentals £m | Total £m |
|------------------------------------|-----------------------|---------------------------|--------------------------|--------------------------|----------------|
| Payable within 1 year | 6.044 | 2.947 | 4.924 | 4.227 | 18.142 |
| Payable within 2-5 years | 27.204 | 12.224 | 17.420 | 18.791 | 75.639 |
| Payable within 6-10 years | 35.101 | 20.447 | 16.046 | 30.267 | 101.861 |
| Payable within 11-15 years | 41.903 | 26.215 | 7.109 | 35.410 | 110.637 |
| Payable within 16-20 years | 6.473 | 4.464 | 0.228 | 5.753 | 16.918 |
| Total | 116.725 | 66.297 | 45.727 | 94.448 | 323.197 |

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

Five councils, including Renfrewshire, have an inter-authority agreement with North Lanarkshire Council. Renfrewshire Council's share of the contract is 20%.

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

| Future Repayment Periods - Waste Facility | Service Charges £m | Liability Repayment £m | Interest Repayment £m | Total £m |
|---|-----------------------|---------------------------|--------------------------|----------------|
| Payable within 1 year | 3.650 | 0.158 | 0.285 | 4.093 |
| Payable within 2-5 years | 15.645 | 0.601 | 1.055 | 17.301 |
| Payable within 6-10 years | 22.061 | 0.777 | 1.101 | 23.939 |
| Payable within 11-15 years | 25.082 | 0.893 | 0.921 | 26.896 |
| Payable within 16-20 years | 28.201 | 1.570 | 0.567 | 30.338 |
| Payable within 21-25 years | 16.677 | 1.018 | 0.113 | 17.808 |
| Total | 111.316 | 5.017 | 4.042 | 120.375 |

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

| Outstanding Service Concession Arrangements | Schools £m | Waste Facility £m | Total £m |
|---|-----------------|----------------------|-----------------|
| Balance at 1 April 2020 | (71.438) | (5.294) | (76.732) |
| Additions during the year | 0.000 | (0.007) | (0.007) |
| Payments during the year | 2.543 | 0.144 | 2.687 |
| Balance at 31 March 2021 | (68.895) | (5.157) | (74.052) |
| Additions during the year | 0.000 | 0.000 | 0.000 |
| Payments during the year | 2.598 | 0.141 | 2.739 |
| Balance at 31 March 2022 | (66.297) | (5.016) | (71.313) |

Note 17: Leases

Renfrewshire Council as Lessee

Operating Leases

The Council has 32 properties and 6 vehicles classed as operating leases, with average lives of 13 years. The future minimum lease payments due under non-cancellable leases in future years are:

| As at 31 March 2021 £m | | As at 31 March 2022 £m |
|---------------------------|----------------------------|---------------------------|
| 0.862 | Not later than one year | 0.897 |
| 2.341 | Between one and five years | 1.873 |
| 3.620 | Later than five years | 3.146 |
| 6.823 | | 5.916 |

During 2021/22, there was £0.975m expenditure charged to the CIES in relation to these leases (£1.023m in 2020/21).

Finance Leases

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

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under creditors. The lease rentals comprise capital and interest elements; the capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue over the terms of the lease. The Council has 44 electric vehicles under a finance lease agreement over a period of 5 years

beginning during 2019/20. As at 31 March 2022, outstanding obligations to make payments under finance leases are as follows:

| As at 31 March 2021 £m | | As at 31 March 2022 £m |
|---------------------------|----------------------------|---------------------------|
| 0.111 | Not later than one year | 0.115 |
| 0.270 | Between one and five years | 0.155 |
| 0.381 | | 0.270 |

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

Note 18: Inventories

| 2020/21 £m | Inventories | 2021/22 £m |
|---------------|--|---------------|
| 0.989 | Balance at 1 April | 0.879 |
| 6.341 | Additions during the year | 7.454 |
| (6.443) | Recognised as an expense during the year: inventories sold, exchanged or distributed | (7.294) |
| (0.028) | Recognised as an expense during the year: inventories written down | (0.025) |
| 0.020 | Reversals during the year of previous inventory write-downs | 0.018 |
| 0.879 | Balance at 31 March | 1.032 |

Note 19: Cash and cash equivalents

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

| 2020/21 £m | | 2021/22 £m |
|---------------|---|---------------|
| (5.781) | Current account balances with the council's banker | (11.049) |
| 0.000 | Euro account balances with the council's banker - sterling equivalent | 2.954 |
| 12.998 | Callable deposits with UK banks and building societies | 1.561 |
| 39.000 | Callable deposits in money market funds and ultra-short bond funds | 25.299 |
| 0.054 | Imprest accounts held at council establishments | 0.052 |
| 46.271 | Total cash and cash equivalents | 18.817 |

- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

| As at 31 March 2021 £m | | As at 31 March 2022 £m |
|---------------------------|----------------------------|---------------------------|
| 0.178 | Not later than one year | 0.169 |
| 0.655 | Between one and five years | 0.611 |
| 6.464 | Later than five years | 6.339 |
| 7.297 | | 7.119 |

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

Note 20: Debtors

Amounts due to be received by the Council at 31 March are set out below. This is analysed by type of debtor to provide greater transparency of the sums due.

| As at 31 March 2021 | | | As at 31 March 2022 | |
|---------------------|-----------------|-------------------------------------|---------------------|-----------------|
| Short-term £m | Long-term £m | | Short-term £m | Long-term £m |
| 33.033 | 0.000 | Central government bodies (non-NHS) | 20.790 | 0.000 |
| 21.580 | 1.170 | Central government bodies (NHS) | 30.832 | 1.080 |
| 1.865 | 0.000 | Other local authorities | 2.939 | 0.000 |
| 3.546 | 0.000 | HM Revenue and Customs | 4.564 | 0.000 |
| 0.002 | 0.034 | Employees | 0.061 | 0.032 |
| 17.102 | 0.000 | Council Tax arrears | 18.056 | 0.000 |
| (10.353) | 0.000 | less impairment | (10.973) | 0.000 |
| 3.773 | 0.000 | Rent arrears | 4.757 | 0.000 |
| (1.964) | 0.000 | less impairment | (2.214) | 0.000 |
| 32.659 | 5.830 | Other entities and individuals | 30.383 | 5.921 |
| (19.303) | (4.352) | less impairment | (17.526) | (4.411) |
| 81.940 | 2.682 | Total Debtors | 81.669 | 2.622 |

Note 21: Creditors

Amounts due to be paid by the Council as at 31 March are set out below. This is analysed by type of creditor to provide greater transparency of the sums due.

| As at 31 March 2021 | | | As at 31 March 2022 | |
|---------------------|-----------------|---|---------------------|-----------------|
| Short-term £m | Long-term £m | | Short-term £m | Long-term £m |
| (15.786) | (1.169) | Central government bodies (non-NHS) | (8.943) | (0.157) |
| (0.439) | 0.000 | Central government bodies (NHS) | (0.430) | 0.000 |
| (0.955) | 0.000 | Other local authorities | (2.629) | 0.000 |
| (5.738) | 0.000 | HM Revenue and Customs | (6.231) | 0.000 |
| (5.889) | 0.000 | Strathclyde Pension Fund and Scottish Public Pensions Agency | (5.677) | 0.000 |
| (11.156) | 0.000 | Employees | (12.150) | 0.000 |
| (2.598) | (66.297) | Service concession arrangements: schools | (2.947) | (63.350) |
| (0.141) | (5.016) | Service concession arrangements: waste facility | (0.158) | (4.859) |
| (0.111) | (0.270) | Finance lease liabilities | (0.115) | (0.155) |
| (4.206) | 0.000 | Council Tax refundable to taxpayers | (4.182) | 0.000 |
| (0.877) | 0.000 | Council Tax receipts in advance | (0.795) | 0.000 |
| 0.000 | (0.008) | Financial guarantees | 0.000 | (0.005) |
| (26.789) | (0.501) | Other entities and individuals | (31.586) | (0.626) |
| (74.685) | (73.261) | Total Creditors | (75.843) | (69.152) |

Note 22: Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Teacher's maternity pay is a short-term provision, made to reflect the changes in European legislation that allow teachers to accrue all holidays during parental leave.

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

| Short-term Provisions | Teachers' maternity pay £m | Other £m | Total £m |
|--|-------------------------------|-------------|-------------|
| Balance at 1 April 2021 | (0.112) | (0.100) | (0.212) |
| Additional provisions made during the year | (0.120) | (0.120) | (0.240) |
| Reversal of existing provisions | 0.112 | 0.100 | 0.212 |
| As at 31 March 2022 | (0.120) | (0.120) | (0.240) |

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

| Long-term Provisions | Holiday pay compensation £m | Insurance claims £m | Total £m |
|--|--------------------------------|------------------------|-------------|
| Balance at 1 April 2021 | (0.445) | (4.633) | (5.078) |
| Additional provisions made during the year | 0.000 | (1.307) | (1.307) |
| Amounts used during the year | 0.000 | 1.268 | 1.268 |
| As at 31 March 2022 | (0.445) | (4.672) | (5.117) |

Holiday pay compensation payments

The Council has received a number of claims arising from a European Court of Justice ruling in relation to holiday pay. A provision has been made to reflect the potential outcome of known claims. A contingent liability is recognised in Note 30 for potential claims that have not yet materialised.

Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The Council has increased its net assessment by £1.307m on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

Note 23: Financial Instruments

Categories of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer-term investments. The following categories of financial instrument are carried in the balance sheet.

| As at 31 March 2021 | | Financial Liabilities | As at 31 March 2022 | |
|---------------------|---------------|--|---------------------|-----------------|
| Long-term £m | Current £m | | Long-term £m | Current £m |
| (201.297) | (0.834) | Principal sum borrowed | (199.427) | (1.869) |
| 0.000 | (2.708) | Accrued interest | 0.000 | (2.698) |
| (201.297) | (3.542) | Total Public Works Loan Board (PWLB) borrowing | (199.427) | (4.567) |
| 0.000 | (52.916) | Principal sum borrowed | (20.000) | (32.916) |
| 0.000 | (0.884) | Accrued interest | 0.000 | (0.871) |
| 0.000 | (0.883) | EIR adjustments | (0.354) | (0.512) |
| 0.000 | (54.683) | Total non-PWLB borrowing ("market debt") | (20.354) | (34.299) |
| 0.000 | (32.796) | Borrowing from group entities | 0.000 | (53.168) |
| (201.297) | (91.021) | Total Borrowing | (219.781) | (92.034) |
| 0.000 | (43.969) | At amortised cost trade payables | 0.000 | (43.590) |
| (71.581) | (2.851) | Service Concession and Finance Lease liabilities | (68.362) | (3.219) |
| (0.008) | 0.000 | Financial guarantees | (0.005) | 0.000 |
| (71.589) | (46.820) | Financial Liabilities included in Creditors | (68.367) | (46.809) |

| As at 31 March 2021 | | Financial Assets | As at 31 March 2022 | |
|---------------------|---------------|--|---------------------|----------------|
| Long-term £m | Current £m | | Long-term £m | Current £m |
| 0.000 | 135.720 | At amortised cost: | | |
| 0.000 | 0.161 | Principal | 5.001 | 183.499 |
| 4.344 | 0.000 | Accrued interest | 0.000 | 0.084 |
| | | At fair value through other comprehensive income - designated equity instruments | 4.512 | 0.000 |
| 4.344 | 135.881 | Total Investments | 9.513 | 183.583 |
| 0.000 | 7.273 | At amortised cost: | | |
| 0.000 | 0.001 | Principal | 0.000 | (9.437) |
| 0.000 | (0.003) | Accrued interest | 0.000 | 0.002 |
| 0.000 | 39.000 | Loss allowance | 0.000 | (0.001) |
| | | At fair value through profit or loss | 0.000 | 28.253 |
| 0.000 | 46.271 | Total Cash and cash equivalents | 0.000 | 18.817 |
| 1.184 | 92.825 | At amortised cost: | | |
| 4.996 | 0.087 | Trade receivables | 1.093 | 89.640 |
| 0.854 | 0.000 | Loans made for service purposes | 5.027 | 0.065 |
| (4.352) | (21.267) | Accrued interest | 0.913 | 0.000 |
| | | Loss allowance | (4.411) | (19.740) |
| 2.682 | 71.645 | Financial Assets included in Debtors | 2.622 | 69.965 |

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275m (2020/21 £0.275m), a loan to Kilbarchan Amateur Athletic Club of £0.076m (2020/21 £0.077), home loans of £0.413m (2020/21 £0.551m), soft loans to service users of £0.030m (2020/21 £0.030m), soft loans to employees of £0.022m (2020/21 £0.023m),

social care charging order debtors of £0.749m (2020/21 £0.587m) and property charging order debtors of £0.027m (2020/21 £0.040m). Note that these balances are not principle amounts owed, rather valued at amortised cost based on a notional (effective) interest rate.

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the Insurance Fund at fair value through other comprehensive income because it is a long-term strategic holding and changes in its fair value is not considered to be part of the Council's annual financial performance. The Insurance Fund is invested in the Phoenix Fund, managed on behalf of the Council by abrDN Capital Limited.

The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The fair value of the investment is £4.512m at 31 March 2022 (£4.344m as at 31 March 2021). Income from the Fund is reinvested.

Fair value of financial instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including money market funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022.

The Council's 'Fair value through other comprehensive income' assets comprise its insurance fund investments. The fair value of the insurance fund investments equates to the market value of those investments, and this valuation has been provided by the Council's investment manager, abrDN Capital Limited.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- For 'lender option borrower option' (LOBO) loans, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt

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

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of service concession (PFI) scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

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

| As at 31 March 2021 | | Financial Liabilities | Fair value level | As at 31 March 2022 | |
|-----------------------|--------------------------------|--|------------------|-----------------------|------------------|
| Carrying Amount £m | Fair value (restated) £m | | | Carrying Amount £m | Fair value £m |
| (204.839) | (280.699) | Financial liabilities measured at amortised cost: | | | |
| (54.683) | (80.525) | Public Works Loan Board borrowing | 2 | (203.994) | (254.715) |
| | | Non-PWLB borrowing ("market debt") | 2 | (54.653) | (73.852) |
| | | Other liabilities: | | | |
| (74.432) | (121.485) | Service Concession and Finance Lease liabilities | 3 | (71.581) | (102.940) |
| (0.008) | (0.008) | Financial guarantees | 3 | (0.005) | (0.005) |
| (333.962) | (482.717) | Total financial liabilities for which fair value is disclosed | | (330.233) | (431.512) |
| | | Financial liabilities measured at amortised cost: | | | |
| (32.796) | n/a | Borrowing from group entities | | (53.168) | n/a |
| (43.969) | n/a | Trade payables: short-term | | (43.590) | n/a |
| (76.765) | | Total financial liabilities for which fair value is not disclosed | | (96.758) | |

Fair Values for 2020/21 have been restated for Service Concessions (specifically the Bargeddie waste facility), as this information is only now available. This is a presentational change only and does not affect the carrying values in the Balance Sheet.

| As at 31 March 2021 | | Financial Assets | Fair value level | As at 31 March 2022 | |
|-----------------------|------------------|--|------------------|-----------------------|------------------|
| Carrying Amount £m | Fair value £m | | | Carrying Amount £m | Fair value £m |
| 39.000 | 39.000 | Callable deposits in money market funds and ultra-short bond funds | 1 | 25.299 | 25.299 |
| 0.000 | 0.000 | Euro current account balances with the council's banker | 2 | 2.954 | 2.954 |
| 4.344 | 4.344 | Investments in pooled funds (insurance fund) | 1 | 4.512 | 4.512 |
| 43.344 | 43.344 | Total Financial assets measured at fair value | | 32.765 | 32.765 |
| 135.881 | 135.989 | Fixed term deposits with UK local authorities | 2 | 188.584 | 187.713 |
| 7.217 | 7.217 | Callable deposits with UK banks and building societies (including sterling current account balances with the Council's banker) | 2 | (9.488) | (9.488) |
| 0.054 | 0.054 | Imprest accounts held at council establishments | 2 | 0.052 | 0.052 |
| 1.583 | 1.687 | Loans made for service purposes | 3 | 1.592 | 1.707 |
| 144.735 | 144.947 | Total Financial assets measured at amortised cost | | 180.740 | 179.984 |
| 188.079 | 188.291 | Total financial assets for which fair value is disclosed | | 213.505 | 212.749 |
| | | Financial assets measured at amortised cost: | | | |
| 1.183 | n/a | Trade receivables: long-term | | 1.093 | n/a |
| 71.561 | n/a | Receivables and prepayments: short-term | | 69.902 | n/a |
| 72.744 | | Total financial assets for which fair value is not disclosed | | 70.995 | |

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

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

| 2020/21 £m | | Financial Assets | | | Financial liabilities at amortised cost £m | 2021/22 £m |
|---------------|---|----------------------|--|---|---|---------------|
| | | Amortised cost £m | Elected to Fair Value through Other Comprehensive Income £m | Fair Value through Profit or Loss £m | | |
| 15.897 | Interest expense | 0.000 | 0.000 | 0.000 | 16.420 | 16.420 |
| 2.565 | Impairment losses | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.012 | Fee expense | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 18.474 | Total expense in the Surplus / Deficit on the Provision of Services | 0.000 | 0.000 | 0.000 | 16.420 | 16.420 |
| (0.691) | Interest income | (0.337) | 0.000 | (0.016) | 0.000 | (0.353) |
| (0.103) | Dividend income | 0.000 | (0.110) | 0.000 | 0.000 | (0.110) |
| (0.003) | Other income | (0.260) | 0.000 | 0.000 | 0.000 | (0.260) |
| (0.797) | Total income in the Surplus/Deficit on the Provision of Services | (0.597) | (0.110) | (0.016) | 0.000 | (0.723) |
| (0.452) | Net (gain) or loss on revaluation | 0.000 | (0.057) | 0.048 | 0.000 | (0.009) |
| (0.452) | (Surplus)/Deficit on the revaluation of financial assets | 0.000 | (0.057) | 0.048 | 0.000 | (0.009) |
| 17.225 | Net (Gain)/Loss for the year | (0.597) | (0.167) | 0.032 | 16.420 | 15.688 |

Note 24: Nature and extent of risks arising from Financial Instruments

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

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy

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

The Treasury Management Strategy includes an Investment Strategy in compliance with Scottish Government guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield.

The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Credit Risk

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

The Treasury Management Strategy outlines the limits placed on investments with any counterparty.

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

| 2020/21 £m | Total Investment Portfolio by Credit Rating | 2021/22 £m |
|----------------|--|----------------|
| 39.000 | AAA (money market funds and and ultra-short bond funds) | 25.299 |
| 5.001 | A+ | 0.000 |
| 8.000 | A | 0.500 |
| 0.000 | A- | 1.062 |
| 135.881 | UK local authorities | 188.584 |
| 187.882 | Total | 215.445 |

The Council does not generally allow credit for customers such that, at 31 March 2022, £8.131m of sundry income debt is past its due date for payment (£21.249m as at 31 March 2021). The past due amount can be analysed by age as follows:

| 2020/21 £m | Sundry Income Debt Past Due | 2021/22 £m |
|---------------|--------------------------------|---------------|
| 14.999 | Less than three months | 2.125 |
| 0.500 | Three to six months | 1.019 |
| 0.660 | Six months to one year | 0.429 |
| 5.090 | More than one year | 4.558 |
| 21.249 | Total | 8.131 |

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default, adjusted for current and

forecast economic conditions. Receivables are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due. Receivables are written off to the Surplus or Deficit on the Provision of Services when there is no reasonable prospect of payment, or when they become prescribed; but steps are still taken to collect sums owing when information becomes available which suggests the debtor can make payment.

Collateral

Renfrewshire Council occasionally provides loans to residents who wish to buy their homes under Right to Buy legislation. In such cases the Council takes a standard security over the property. As at 31 March 2022 the outstanding value of home loans advanced by the Council was £0.413m (£0.551m as at 31 March 2021).

Liquidity risk

The Council's main source of borrowing is HM Treasury's Public Works Loan Board, but the Council also has loans classed as 'lender option borrower option' (LOBO). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

The Council's policy is to ensure that not more than 15% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

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

| As at 31 March 2021 | | Principal Borrowing Maturity Analysis | As at 31 March 2022 | |
|---------------------|---------|---------------------------------------|---------------------|---------|
| £m | % | | £m | % |
| 53.750 | 21.08% | Less than one year* | 34.785 | 13.68% |
| 1.869 | 0.73% | Between one and two years | 20.835 | 8.20% |
| 10.851 | 4.25% | Between two and five years | 10.023 | 3.94% |
| 188.577 | 73.94% | More than five years | 188.569 | 74.18% |
| 255.047 | 100.00% | Total | 254.212 | 100.00% |

*The principal maturing in less than one year exceeded the 15% target in 2020/21 due to the technical possibility that the call option on LOBO loans could have been called by the lender.

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 2021/22, with all other variables held constant.

| Interest rate risk | As at 31 March 2022 £m |
|---|---------------------------|
| Increase in interest receivable on deposits placed during the year | (2.879) |
| Notional impact on the Surplus/Deficit on the Provision of Services | (2.879) |
| Share of this impact which would be attributable to the Housing Revenue Account | (1.195) |
| <i>Other changes that would have no impact on the Surplus/Deficit on the Provision of Services or Other Comprehensive Income and Expenditure:</i> | |
| Decrease in the fair value of fixed rate loans and deposits | 0.739 |
| Decrease in the fair value of fixed rate borrowing | 62.952 |

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 abrdn Capital 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 SONIA+2% per annum. During 2021/22 the book cost of investments increased by £0.110m (£0.103m increase during 2020/21). The investment is classified as fair value through other comprehensive income, meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is an accounting requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the Council, an increase or fall of 5% in the general price of shares at 31 March 2022 would have resulted in a £0.070m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2021/22.

Market risk: foreign exchange risk

As at 31 March 2022 the Council had a foreign currency deposit of €3.500m with the Council's banker (nil as at 31 March 2021). This sum was being held in order to mitigate the foreign exchange risk associated with a contract being entered into as part of the Glasgow and Clyde Valley City Deal programme. The sterling valuation of this deposit as at 31 March 2022, based on the euro to sterling exchange rate at that time, was £2.953m. To illustrate the impact of changes in foreign exchange rates upon the Council, a relative increase or decrease of 1% in the euro to sterling exchange rate at 31 March 2022 would have resulted in a £0.030m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2021/22.

Note 25: External audit costs

| 2020/21 £m | Audit Fees | 2021/22 £m |
|---------------|---|---------------|
| 0.362 | Fees payable with regard to external audit services carried out by the appointed auditor for the year | 0.369 |
| 0.362 | Total | 0.369 |

Note 26: Agency services

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Renfrewshire Council and East Renfrewshire Council. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water. In addition, the Council received a number of funding streams from the Scottish Government in 2021/22 to support third parties (individuals and businesses) impacted by the COVID-19 pandemic. The Council had no discretion over the terms of the funding and could not use it for service delivery. This means the Council acted as agent only and the grant funding received and paid out are not included in the Council's reserves, CIES or Balance Sheet. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

| 2020/21 £m | Agency Services | 2021/22 £m |
|---------------|--|---------------|
| 73.841 | Scottish Government - Contributions (to)/from the non-domestic rates pool | 81.663 |
| 5.008 | Non-domestic rates collected: East Renfrewshire | 10.434 |
| 0.061 | Service income from East Renfrewshire Council for collection of non-domestic rates | 0.063 |
| (5.069) | Cost of collection of Non-domestic rates from East Renfrewshire | (10.497) |
| 30.472 | Domestic water and sewerage charges collected | 32.136 |
| (30.472) | Domestic water and sewerage charges paid over to Scottish Water | (32.136) |
| 0.637 | Service income from Scottish Water for collection of domestic water and sewerage | 0.637 |
| 1.674 | COVID-19 PPE and Testing kits issued to external providers | 3.318 |
| (1.674) | COVID-19 PPE and Testing kits received from Scottish Government | (3.318) |
| 1.069 | Financial Hardship and Self-Isolation grants paid out | 8.437 |
| 0.000 | Financial Hardship and Self-Isolation funding received from Scottish Government as part of Revenue Support Grant | (4.372) |
| 0.000 | Financial Hardship and Self-Isolation funding received from Scottish Government (specific funding) | (4.065) |
| 0.000 | Additional payments to Health and Social Care staff (£500) | 0.933 |
| 0.000 | Additional payments to Secondary Teachers (£400) | 0.375 |
| (1.069) | Additional payments to Health and Social Care staff and Teachers funding received from Scottish Government | (1.308) |
| 27.227 | Business Grant Scheme paid out | 0.000 |
| (27.227) | Business Grant Scheme funding received from Scottish Government | 0.000 |
| 14.861 | Strategic Framework grants paid out | 8.122 |
| (14.861) | Strategic Framework funding received from Scottish Government | (8.122) |
| 3.646 | Other support for businesses (including furlough support) paid out | 5.984 |
| (3.646) | Other support for businesses (including furlough support) funding received from Scottish Government | (5.984) |

Note 27: 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.

Scottish Government

The Scottish Government has 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 4: Taxation and non-specific grant income.

Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests can be accessed from each councillor's page on the Council website, at: www.renfrewshire.gov.uk/councillors. Services totalling £0.496m (£0.416m* at 31 March 2021) were commissioned from organisations in which three elected members had a financial interest. The relevant members played no role in the decision relating to services commissioned and contracts were entered into in full compliance with contract standing orders. Payments for services and grants totalling £0.512m (£0.740m* at 31 March 2021) were paid to organisations in which five elected members had a non-financial interest. The relevant members did not take part in discussions regarding grant awards or commissioning of services.

* Both of these totals include £0.347m relating to an organisation in which one elected member had a financial interest and another elected member had a non-financial interest.

Officers

The Chief Executive holds a position of director of Park Lane Developments (Renfrewshire) LLP. There is no remuneration associated with this post.

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

For further details of Officers' interests, please check the register of interests on the Council website at: www.renfrewshire.gov.uk > [Your Council](#) > [Information, performance and statistics](#) > [Council structure](#).

Entities controlled or significantly influenced by the Council

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

Note 28: Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020, which set the contribution rate payable from 1 April 2020 to 31 March 2023.

Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. While the employee rate applied is variable, it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3bn was identified in the notional fund, which will be repaid by the increased rate of employers' pension contribution, effective from 1 September 2019, of 23%.

Based on the proportion of employer contributions paid in 2020/21, Renfrewshire Council's level of participation in the scheme is 2.8%. The Council paid £18.487m (£17.546m in 2020/21) for employer's contributions to the Scottish Public Pensions Agency. £0.349m of expenditure (£0.404m in 2020/21) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.4% of teachers' pensionable

pay (0.5% in 2020/21). The estimated contribution for 2022/23 is £17.385m.

Note 29: Defined benefit pension schemes

29a: Participation in pension schemes

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

29b: Transactions relating to post-employment benefits

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

The following transactions have been made in the CIES and the General Fund Balance via the movement in reserves statement during the year:

| 2020/21 £m | | 2021/22 £m |
|---------------|--|------------------|
| | Included within net cost of services: | |
| 47.102 | Current service cost | 70.497 |
| 4.182 | Past service cost/(gain) | 0.945 |
| | Included within Financing and Investment income and expenditure: | |
| 33.052 | Interest cost | 35.942 |
| (28.779) | Expected return on scheme assets | (31.035) |
| 55.557 | Total of Post-employment benefits charged to the Surplus/Deficit on the Provision of Services | 76.349 |
| | Included within Other Comprehensive Income and Expenditure: | |
| (284.985) | Return on Assets excluding amounts included in net interest | (88.246) |
| (37.247) | Actuarial gains and losses arising on changes in Demographic Assumptions | (10.729) |
| 361.101 | Actuarial gains and losses arising on changes in Financial Assumptions | (122.672) |
| (1.528) | Actuarial gains and losses arising on changes in Other Assumptions | 7.065 |
| 92.898 | Total of LGPS post-employment benefits charged to the CIES | (138.233) |
| | Movement in reserves statement: | |
| 37.341 | Actuarial losses or (gains) | (214.582) |
| 0.000 | Effect of business combinations and disposals | 0.264 |
| 55.557 | Reversal of items relating to post-employment benefits debited or credited to the Surplus/Deficit on the Provision of Services | 76.349 |
| (33.886) | Employer contributions and direct payments to pensioners payable in the year | (32.522) |
| 59.012 | Movement in the year on the Pension Reserve | (170.491) |

The cumulative amount of actuarial gains and losses recognised in the CIES as at 31 March 2022 is a gain of £124.849m (£89.733m loss as at 31 March 2021).

29c: 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 2022, the defined benefit obligation exceeded scheme assets by £51.034m (£221.534m as at 31 March 2021). 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 2022 was 2.7% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2020.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2022, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension position of £51.043m represents a decrease in liability of £170.491m between 31 March 2021 and 31 March 2022. The net pension liability has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position

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

Local government legislation provides that local authorities have an obligation to meet the expenditure of the joint boards of which they are constituent members. As a consequence, Renfrewshire Council has additional liabilities arising from the pension scheme deficits of the Renfrewshire Valuation Joint Board. In accordance with accounting regulations, the group accounts include a share of the post-employment benefits transactions, defined

benefit obligations and scheme assets of this joint board. Further information can be found in the annual report and accounts of each joint board. The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

29d: Movement in defined benefit obligation (scheme liabilities)

The following is a reconciliation of the 2021/22 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).

| 2020/21 £m | | 2021/22 £m |
|---------------|---|---------------|
| 1,414.424 | Balance at 1 April | 1,767.336 |
| 47.102 | Current service cost | 70.497 |
| 4.182 | Past service cost (including curtailments) | 0.945 |
| 33.052 | Interest cost | 35.942 |
| 8.234 | Member contributions | 8.426 |
| 0.000 | Effect of business combinations and disposals | 6.649 |
| 303.739 | Actuarial losses or (gains) | (126.336) |
| | <i>Losses or (gains) on curtailment</i> | |
| (4.627) | Estimated benefits paid: unfunded | (4.605) |
| (38.770) | Estimated benefits paid: other | (37.171) |
| 1,767.336 | Balance at 31 March | 1,721.683 |

29e: Movement in scheme assets

The following is a reconciliation of the 2021/22 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

| 2020/21 £m | | 2021/22 £m |
|---------------|---|---------------|
| 1,251.902 | Balance at 1 April | 1,545.802 |
| 28.779 | Expected return on scheme assets | 31.035 |
| 8.234 | Member contributions | 8.426 |
| 29.259 | Employer contributions | 27.917 |
| 4.627 | Contributions in respect of unfunded benefits | 4.605 |
| 0.000 | Effect of business combinations and disposals | 6.385 |
| 266.398 | Actuarial (losses) or gains | 88.246 |
| (4.627) | Estimated benefits paid: unfunded | (4.605) |
| (38.770) | Estimated benefits paid: other | (37.171) |
| 1,545.802 | Balance at 31 March | 1,670.640 |

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 2021 to 31 March 2022 was 7.7%.

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

| As at 31 March 2021 | | | | As at 31 March 2022 | | |
|---------------------------------------|---|-------------|-----------------------------|---------------------------------------|---|-------------|
| Quoted Prices in active markets £m | Prices not quoted in active markets £m | Total £m | | Quoted Prices in active markets £m | Prices not quoted in active markets £m | Total £m |
| 361.033 | 1.662 | 362.695 | Equity instruments | 367.318 | 0.794 | 368.112 |
| 0.000 | 276.483 | 276.483 | Private Equity | 0.000 | 327.050 | 327.050 |
| 0.000 | 125.243 | 125.243 | Real Estate | 0.000 | 140.891 | 140.891 |
| 14.548 | 740.603 | 755.151 | Investment Funds | 9.268 | 782.810 | 792.078 |
| 0.279 | 0.000 | 0.279 | Derivatives | 0.000 | 0.000 | 0.000 |
| 24.903 | 1.048 | 25.951 | Cash and cash equivalents | 41.946 | 0.563 | 42.509 |
| 400.763 | 1,145.039 | 1,545.802 | Fair value of scheme assets | 418.532 | 1,252.108 | 1,670.640 |

29f: Scheme history: analysis of defined benefit obligation and scheme assets

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

| As at 31 March 2021 £m | | As at 31 March 2022 £m |
|---------------------------|--|---------------------------|
| (884.966) | Current employee members | (893.051) |
| (75.644) | Pre-local government reorganisation (1996) liabilities | (68.897) |
| (194.861) | Deferred pensioners | (182.087) |
| (517.516) | Pensioners | (486.883) |
| (1,672.987) | Total Present Value of the Defined Benefit Obligation - Funded liabilities | (1,630.917) |
| (84.227) | Retirals from Renfrewshire Council | (82.127) |
| (10.122) | Retirals pre-local government reorganisation (1996) | (8.639) |
| (94.349) | Total Present Value of the Defined Benefit Obligation - Unfunded liabilities | (90.766) |
| (1,767.336) | Present value of defined benefit obligation | (1,721.683) |
| 1,545.802 | Fair value of scheme assets | 1,670.640 |
| (221.534) | Net liability arising from defined benefit obligation | (51.043) |

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 2021/22, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2022:

| 2020/21 | | 2021/22 |
|---------|---|---------|
| 2.0% | Discount rate for defined benefit obligation | 2.7% |
| 2.0% | Long-term expected rate of return on scheme assets* | 2.7% |
| 3.6% | Rate of increase in salaries | 3.9% |
| 2.9% | Rate of increase in pensions | 3.2% |
| 2.9% | Rate of inflation | 3.2% |
| | Mortality assumptions (years): | |
| | <i>Longevity at age 65 for current pensioners:</i> | |
| 19.8 | Men | 19.6 |
| 22.6 | Women | 22.4 |
| | <i>Longevity at age 65 for future pensioners:</i> | |
| 21.2 | Men | 21.0 |
| 24.7 | Women | 24.5 |
| | Take up of option to convert annual pension into retirement lump sum | |
| 50% | For Pre-April 2009 service | 50% |
| 75% | For Post-April 2009 service | 75% |

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

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

| Impact on the Defined Benefit Obligation on the Scheme | % | £m |
|--|----|--------|
| 0.1% decrease in the Real Discount Rate | 2% | 33.013 |
| 1 year increase in the member life expectancy | 4% | 69.034 |
| 0.1% increase in the Salary Increase Rate | 0% | 4.408 |
| 0.1% increase in the Pension Increase Rate | 2% | 28.322 |

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

Impact on the Authority's cash flows

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

The rate for employer contributions has been set at 19.3% for 2021/22 to 2022/23. The total contribution expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2023 is £26.678m. The weighted average duration of the defined benefit obligation is 19 years.

Note 30: Contingent liabilities

- i) The Coronavirus pandemic has had a global impact in health, economic and financial terms. The Council has incurred significant costs in relation to the initial response to the pandemic and is likely to incur considerable further costs as the full implications of the pandemic become clear. The Council recognises a contingent liability in terms of the costs of ongoing additional services which have been put in place to support individuals, communities and businesses; the reconfiguration of services to enable new and emerging delivery models. It is amplified by resulting global supply chain issues and very high inflation levels and is likely to result in continued loss of income to both the Council and its subsidiaries, and the increased costs of capital projects. It is not considered practicable at this stage to estimate the financial effect.
- ii) The Council has been notified of a number of contractor claims for additional costs incurred on construction contracts. The Council disputes the claims, which may be referred for arbitration. The Council recognises a contingent liability for potential costs, which may be incurred to resolve this dispute. It is not considered practicable at this stage to estimate the financial effect.
- iii) The Limitation (Childhood Abuse) (Scotland) Act is intended to remove the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. The Council recognises a contingent liability for possible obligations which may arise from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the authority. It is not considered practicable at this stage to estimate the financial effect.
- iv) Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for

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

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

Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £4.178m for Renfrewshire Council. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

- v) Following two court cases, including *Mrs Goodwin v Department for Education*, it is expected that proposed changes to public service pension schemes will be required, to ensure that surviving same-sex spouses and civil partners receive benefits equivalent to those received by the surviving spouses of opposite-sex marriages.

Strathclyde Pension Fund's actuary estimates that the potential impact may be in the range of 0.1%-0.2% of gross obligations, which equates to between £1.767m and £3.535m for the Council. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

Note 31: Events after the balance sheet date

Events taking place after the authorised date for issue per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information

Note 32: Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following new or amended standards are adopted within the 2022/23 Code:

- IFRS 16 *Leases*
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes the following relevant standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code; however during the Code consultation process, CIPFA/LASAAC did not envisage a significant effect on local authority financial statements.

The Code allows implementation from 1 April 2022 and there is therefore no impact on the 2021/22 accounts. There is no material impact anticipated in future years from the implementation of these standards, other than IFRS 16 *Leases*. The impact of this standard is that many long-term rented assets will now be disclosed in the Balance Sheet along with their associated liability, and be subject to depreciation.

Note 33: Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2022 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

A Accruals of Expenditure and Income

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

- i) Revenue from the sale of goods or provision of services is recognised when the performance obligation relating to the transaction has been satisfied, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- ii) Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.

- iii) Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- iv) Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v) Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by 31 March 2022 or relate to services associated with the prior financial year.

B Business Improvement District

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

C Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are defined as call accounts, money market funds and instant deposits. Fixed term deposits are not classified as cash or cash equivalents

as these are held for investment purposes rather than for meeting short-term cash commitments.

D Charges for the Use of Assets

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

E Contingent Assets and Liabilities

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

F Employee Benefits

Benefits payable during employment

All salaries and wages earned up to 31 March 2022 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees, but not taken before the year end and which employees may carry forward into the next financial year; along with any pay inflation agreed for the year and not yet paid.

Termination benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the

year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

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

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

G Events after the Balance Sheet date

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

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

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

H Prior Period Adjustments

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

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

I Financial Instruments

Financial Assets

Financial assets are classified into three categories of valuation:

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and

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

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

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

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

When the asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services. The Council has made an irrevocable election to designate these assets as FVOCI on the basis that they are held for non-contractual benefits, not for trading, but for strategic purposes.

Financial assets measured at fair value through profit and loss

Assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured

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

Assets values are based on the following principles:

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

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the CIES. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Expected Credit Loss Model

Where assets are identified as impaired as a result of an expected credit loss, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate

is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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

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

Financial Guarantees

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

Loans Fund

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

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

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

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

Financial Instruments - Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or

transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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

Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

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

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

J Government Grants and other Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

K Heritage Assets

The Council's heritage assets are held in the museums operated by OneRen (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and The Secret Collection).

The purpose of holding these assets according to the Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. Purchased acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the approved Acquisition and Disposal Policy. The collections of heritage assets are accounted for as follows:

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

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

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general

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

L Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

M Interests in Companies and Other Entities

The Council has material interests in two charitable companies, a limited liability partnership and Joint Boards and Committees that have the nature of subsidiaries and associates under accounting conventions, requiring it to prepare group accounts. In the Council's own single-entity accounts, these interests are not recorded as the Council has no shares in, or ownership of, any of these organisations. Reflected in the Council's single-entity balance sheet is a 50% share in an Integration Joint Board, which is recorded as an investment.

N Inventories

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

O Investment Property

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

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

P Leases

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured

at the lease's inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

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

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

Operating Leases

Rentals paid under operating leases are charged to the CIES. Title to the property, plant or equipment remains with the lessor.

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received); and
- finance income (credited to the CIES).

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the CIES.

Q Overheads and Central Support Costs

Where internal costs are allocated to user departments, the basis of allocation varies by originating department, for example the cost of Payroll Services may be allocated on the number of payslips per service. In many instances the allocation is time-based. Internal transactions are no longer present in the income and expenditure figures reported in the CIES.

R Service Concession Arrangements – School Buildings and Other Facilities

The Council carries the assets used under PFI or Service Concession contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The accounting treatment of the contractual arrangements are in accordance with IFRIC12 *Service Concession Arrangements*.

S Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de-minimis level does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

Donated assets are measured initially at fair value.

The difference between fair value and any consideration paid is credited to the CIES. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

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

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

value in existing use. Non-operational assets are shown at the lower of net current replacement cost or net realisable value.

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

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

Fair Value Measurement

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

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

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

Impairment

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

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

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

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

Disposals

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant

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

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

T Provisions

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

U Reserves

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

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

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

V Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the

Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

W Value Added Tax

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

Note 34: Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Where a judgement has been made this is referred to in the relevant note to the core financial statements; however, a summary of those with the most significant effect is detailed below.

| Item | Judgement |
|--|--|
| Public Sector Funding | The Council has assessed that anticipated levels of local government funding over the medium term do not provide sufficient 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. This is discussed further in the Management Commentary. |
| Service Concession Arrangements | The Council is deemed to control the services provided under the agreement for the provision of schools. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Bargeddie Waste Facility is shared by a number of Scottish councils with North Lanarkshire Council taking the lead. The apportionment of costs and liabilities over the life of the facility, which was funded by a service concession agreement, has been agreed between the councils involved and the local external audit team. Note 16 provides further details. |
| Determination of Contingent Liabilities and Provisions | A Provision is defined by the Code as a liability of uncertain timing or amount. A Contingent Liability is a possible obligation whose timing or value cannot be reliably measured and the Council makes a judgement on which is appropriate based on information available at the Balance Sheet date. |
| Council acting as Agent, not Principal | 'Agent' is where the Council is acting as an intermediary and 'Principal' is where the Council is acting on its own behalf. In 2020/21 and 2021/22, the Council received funding from the Scottish Government relating to grants and subsidies in support of hardship experienced by third parties from the impact COVID-19. In many cases, the Council had no discretion over the terms of the grants awarded and any unspent grant was repaid to the Scottish Government; these have been treated as Agent transactions and excluded from the CIES, Balance Sheet and related Notes. Cashflows have, however, been included in the Cashflow Statement. CIPFA and the Local Authority (Scotland) Accounts Advisory Committee issued guidance in relation to the funding streams administered by Scottish local authorities in terms of their treatment as Agent or Principal activities and this guidance has been followed. Further detail on the sums involved can be found in Note 26. |
| Impairment of financial assets | In line with IFRS9: Financial Instruments, the approach to impairment of financial assets depends on the type of asset being assessed, either using a 'historic loss rate' approach, or a 'probability of default' approach, whereby historical experience of default rates across a similar class of instrument and credit rating is used to estimate 12-month expected credit losses. Further detail can be found at Note 23: Financial Instruments. |

Note 35: Assumptions made about the future

The Annual Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainty | Effect if results differ from assumption |
|--------------------|--|---|
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The carrying value of the pension liability was £51.0m as at 31 March 2022. Further detail can be found in Note 29: Defined Benefit Pension Schemes. | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £33.0m. However, the assumptions interact in complex ways. At 31 March 2022, the Council's actuaries advised that the net pensions liability had increased by £7.1m as a result of estimates being corrected as a result of experience; decreased by £10.7m as a result of updating demographic assumptions; and decreased by £122.7m as a result of updating financial assumptions. |
| Debt Impairment | At 31 March 2022, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £84.3m. A review of significant balances suggested that an impairment of doubtful debts of £30.7m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. Over 2021/22, the principal debt impairment increase has been related to Council Tax arrears, which increased by £0.6m. | Based on experience, the bad debt provision is considered adequate; however, if collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional £3.1m to be set aside as an allowance. |

Housing Revenue Account

Income and expenditure statement

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

| 2020/21 £m | | 2021/22 £m |
|---------------|---|---------------|
| 13.743 | Repairs and maintenance | 16.244 |
| 14.318 | Supervision and management | 17.618 |
| 26.540 | Depreciation and impairment of non-current assets | 26.336 |
| (0.460) | Increase/(Decrease) in the allowance for bad debts | (0.229) |
| 0.829 | Other expenditure | 1.300 |
| 54.970 | Total Expenditure | 61.269 |
| (47.945) | Dwelling rents | (48.622) |
| (1.448) | Non-dwelling rents | (1.438) |
| (1.520) | Other income | (2.996) |
| (50.913) | Total Income | (53.056) |
| 4.057 | Net Cost of HRA services as included in the CIES | 8.213 |
| | HRA share of the operating income and expenditure included in the CIES: | |
| (0.014) | (Gain)/Loss on sale of HRA non-current assets | (0.006) |
| 4.435 | Interest payable and similar charges | 4.478 |
| (0.083) | Interest and investment income | (0.159) |
| 0.188 | Pensions interest cost and expected return on pensions assets | 0.215 |
| (1.425) | Taxation and non specific grant income | (7.147) |
| 7.158 | Deficit for the year on HRA services | 5.594 |

Movement on the Housing Revenue Account statement

This statement shows the movement in the year on the Housing Revenue Account (HRA) Balance. The surplus or deficit for the year on the HRA income and expenditure statement represents the true economic cost of providing the Council's HRA services, more details of which are shown in the HRA income and expenditure statement itself.

The adjustments between accounting basis and funding basis under regulations detail the adjustments that are made to the HRA income and expenditure, as recognised by the Council in the year in accordance with proper accounting practice, to the statutory amounts required to be charged to the HRA Balance for dwellings rent setting purposes. An analysis of these adjustments can be found in Note 7: Adjustment between accounting basis and funding basis under regulations on page 38.

| 2020/21 £m | | 2021/22 £m |
|---------------|--|---------------|
| (6.807) | Balance on the HRA at 1 April | (6.497) |
| 7.158 | Deficit for the year on the HRA income and expenditure statement | 5.594 |
| (6.848) | Adjustments between accounting basis and funding basis under statute | (5.594) |
| 0.310 | Net (Increase)/Decrease before transfers to or from reserves | (0.000) |
| (6.497) | Balance on the HRA at 31 March | (6.497) |

Notes to the Housing Revenue Account income and expenditure statement

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

The Council was responsible for managing 12,216 dwellings during 2021/22 (12,212 in 2020/21). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

| As at 31 March 2021 | | | As at 31 March 2022 | | |
|---------------------|---------------------|------------------|---------------------|---------------------|--|
| Number | Average weekly rent | Type of dwelling | Number | Average weekly rent | |
| 416 | £63.46 | One-apartment | 416 | £64.48 | |
| 3,684 | £71.73 | Two-apartment | 3,685 | £72.84 | |
| 5,863 | £81.12 | Three-apartment | 5,864 | £82.37 | |
| 2,038 | £90.65 | Four-apartment | 2,040 | £92.06 | |
| 211 | £97.50 | Five-apartment | 211 | £98.94 | |
| 12,212 | | Total | 12,216 | | |

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£1.142m in 2021/22 and £0.895m in 2020/21), but excludes irrecoverable and bad debts. Average rents were £81.01 per week in 2021/22 (£79.72 in 2020/21). The total rent income for 2021/22 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

3. Amount of rent arrears

At 31 March 2022 total rent arrears amounted to £4.367m (£3.604m at 31 March 2022). This is 8.84% of the total value of rents due at 31 March 2022.

4. Provision for uncollectable rent arrears

In 2021/22 the rents bad debt provision was increased by £0.250m (£0.460m in 2020/21). The provision to cover the potential loss of income stands at £2.214m at 31 March 2022 (£1.964m at 31 March 2022). This is 4.48% of the total value of annual rents due.

5. Share of corporate costs

In the financial year 2021/22 the HRA share of Corporate and Democratic Core costs amounted to £0.056m (£0.035m in 2020/21).

Council Tax Income Account

The Council Tax income account shows the gross income raised from Council Taxes levied and deductions made under statute. Councils raise taxes from residents through Council Tax, which is a tax linked to property values. The Council Tax Reduction Scheme represents a discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's Welfare Reform programme. The resultant net income is transferred to the Council's CIES.

| 2020/21 £m | | 2021/22 £m |
|---------------|--|---------------|
| 116.525 | Gross council tax levied | 118.049 |
| (16.382) | Other discounts and reductions | (16.199) |
| (14.404) | Council tax reduction scheme | (13.433) |
| (2.783) | Write-off of uncollectable debts and allowance for impairment | (2.476) |
| 0.081 | Adjustment to previous years' community charge and council tax | 0.523 |
| 83.037 | Transfer to the Comprehensive Income and Expenditure Statement | 86.464 |

Calculation of the Council Tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest "A" to the highest "H".

The band D Council Tax charge is calculated using the Council Tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2021/22 was £1,354.88 (£1,315.42 in 2020/21).

| 2020/21 £ | Council Tax Band | 2021/22 £ |
|--------------|------------------|--------------|
| 876.95 | A | 903.25 |
| 1,023.11 | B | 1,053.80 |
| 1,169.27 | C | 1,204.34 |
| 1,315.42 | D | 1,354.88 |
| 1,728.32 | E | 1,780.16 |
| 2,137.55 | F | 2,201.68 |
| 2,576.04 | G | 2,653.31 |
| 3,222.79 | H | 3,319.46 |

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

Since 15 July 2016, unoccupied and unfurnished properties have been exempted from Council Tax for the first six months. A discount of 10% is then available for the next six months and 100% additional Council Tax levy is then payable for as long as the property remains empty, although the 10% discount may be extended by a further 12 months if the property is being actively marketed for sale or let.

Certain persons are disregarded for Council Tax purposes, including students, people who are in detention and those who are severely mentally impaired. Reductions in Council Tax are available for people with disabilities.

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

Calculation of the Council Tax base

The Council Tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings.

| Band | Number of dwellings | Number of exemptions | Disabled relief | Discounts | Council Tax Reduction | Total equivalent dwellings | Ratio to Band D | 2021/22 Band D equivalent | 2020/21 Band D equivalent |
|------|---------------------|----------------------|-----------------|---|-----------------------|----------------------------|-----------------|---------------------------|---------------------------|
| A | 13,503 | 2,122 | 8 | 1,966 | 3,638 | 5,849 | 0.67 | 3,899 | 3,690 |
| B | 25,880 | 1,604 | 80 | 3,330 | 5,551 | 15,375 | 0.78 | 11,958 | 11,548 |
| C | 15,123 | 486 | 60 | 1,599 | 1,961 | 11,063 | 0.89 | 9,834 | 9,640 |
| D | 12,972 | 309 | 46 | 1,172 | 694 | 10,820 | 1.00 | 10,820 | 10,528 |
| E | 11,472 | 185 | 69 | 712 | 417 | 10,137 | 1.31 | 13,319 | 13,061 |
| F | 6,826 | 75 | 48 | 289 | 123 | 6,309 | 1.63 | 10,252 | 9,888 |
| G | 4,108 | 80 | 18 | 133 | 52 | 3,825 | 1.96 | 7,491 | 7,231 |
| H | 216 | 11 | 0 | 9 | 2 | 194 | 2.45 | 475 | 483 |
| | 90,100 | | | Band A dwellings subject to disabled relief | | | | 8 | 7 |
| | | | | Class 17 and 24 dwellings | | | | 79 | 77 |
| | | | | | | Sub-total | | 68,135 | 66,153 |
| | | | | Less: Provision for non-payment and future award of discounts and reliefs | | | | (4,675) | (2,836) |
| | | | | | | Council Tax Base | | 63,460 | 63,317 |

Non-Domestic Rates Income Account

This account is an agent's statement that reflects the statutory obligation for those councils who issue bills to non-domestic rate payers to maintain a separate non-domestic rate account. The account shows the rates collected from non-domestic rate payers during the year. Any difference between the rates collected and the amount the Council is guaranteed to receive under the national pooling arrangements is adjusted via the Scottish Government's general revenue grant to the Council. Non-domestic rate income is redistributed from the national non-domestic rate pool in proportions based on the prior year mid-year income returns net of prior year adjustments. In 2012/13 the Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) which allows councils, where an agreed target income figure is exceeded, to retain 50% of the 'above target' income.

| 2020/21 £m | | 2021/22 £m |
|---------------|--|---------------|
| 145.690 | Gross rates levied | 145.727 |
| (65.753) | Reliefs and other deductions | (55.765) |
| (5.226) | Write-off of uncollectable debts and allowance for impairment | (4.306) |
| 74.711 | Net Non-Domestic Rates income | 85.656 |
| (8.029) | Adjustment to previous years' non-domestic rates | (0.759) |
| 7.159 | Contribution (to)/from the National Non-Domestic Rate pool | (3.234) |
| 0.000 | Non-domestic rate income retained by authority (BRIS) | 0.000 |
| 73.841 | Transfer to the Comprehensive Income and Expenditure Statement | 81.663 |

The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the Scottish Government. For 2021/22 the charge was 49.0 pence in the pound, with a 1.3 pence supplement for properties with a rateable value over £51,000 and a 2.6 pence supplement for properties with a rateable value above £95,000.

Under the Small Business Bonus Scheme (SBBS) relief is available to businesses where the combined rateable value of all business premises is £35,000 or less and the rateable value of individual premises is £18,000 or less. Properties with a total rateable value up to and including £15,000 are entitled to a 100% reduction in their business rates on each individual property and properties with a rateable value of between £15,001 to £35,000 receive a 25% reduction on each individual property with a rateable value of £18,000 or less.

Analysis of Renfrewshire Council's rateable values

| Analysis of Rateable Values | 2021/22 £m |
|--|---------------|
| Commercial | 109.720 |
| Industrial and freight transport | 48.804 |
| Education and public service | 32.314 |
| Communications | 0.010 |
| Others | 111.110 |
| Rateable Value at 1 April | 301.958 |
| Adjustments (Full Year Rateable Value) | (16.153) |
| Rateable Value at 31 March | 285.805 |
| Less: Wholly Exempt Subjects | (1.375) |
| Net Rateable Value at 31 March | 284.430 |

Group Accounts

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing operations during the year. It includes, on an accruals basis, all day-to-day expenses and related income. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that councils need to take into account when setting the annual council tax charge. The required adjustments between accounting basis and funding basis under regulations are shown in the group movement in reserves statement.

| 2020/21 (restated) | | | Note | 2021/22 | | |
|-------------------------|--------------------|-----------------------|--|-------------------------|--------------------|-----------------------|
| Gross expenditure £m | Gross income £m | Net expenditure £m | | Gross expenditure £m | Gross income £m | Net expenditure £m |
| 246.606 | (38.531) | 208.075 | Children's Services | 266.414 | (41.821) | 224.593 |
| 56.764 | (53.414) | 3.350 | Communities and Housing | 57.024 | (54.169) | 2.855 |
| 90.889 | (14.265) | 76.624 | Environment and Infrastructure | 104.227 | (12.804) | 91.423 |
| 105.499 | (53.203) | 52.296 | Finance and Resources | 106.841 | (48.250) | 58.591 |
| 38.794 | (11.518) | 27.276 | Chief Executive's Service | 49.619 | (12.458) | 37.161 |
| 15.965 | (14.616) | 1.349 | Miscellaneous Services | 17.393 | (17.588) | (0.195) |
| 222.661 | (148.864) | 73.797 | Adult Services | 238.190 | (152.094) | 86.096 |
| 777.178 | (334.411) | 442.767 | Cost of Services | 839.708 | (339.184) | 500.524 |
| 0.136 | 0.000 | 0.136 | (Gain)/Loss on the disposal of non-current assets | (0.175) | 0.000 | (0.175) |
| 24.007 | (1.888) | 22.119 | Financing and investment income and expenditure | 25.219 | (1.612) | 23.607 |
| 0.000 | (481.232) | (481.232) | Taxation and non-specific grant income | 0.000 | (490.582) | (490.582) |
| 801.321 | (817.531) | (16.210) | Deficit/(Surplus) on the Provision of Services | 864.752 | (831.378) | 33.374 |
| | | (9.723) | Share of the (surplus) / deficit on the provision of services by associates and joint ventures | | G3 | (12.454) |
| | | (25.933) | Group Deficit/(Surplus) | | | 20.920 |
| | | (48.460) | (Surplus)/Deficit on the revaluation of non-current assets | | | (109.545) |
| | | (3.584) | (Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income | | G15 | (0.873) |
| | | 44.983 | Actuarial (gain)/loss on pension assets and liabilities | | | (226.812) |
| | | (0.393) | Share of other comprehensive (income) and expenditure of associates and joint ventures | | G4 | (4.215) |
| | | (7.454) | Other comprehensive (income) and expenditure | | | (341.445) |
| | | (33.387) | Total comprehensive (income) and expenditure | | | (320.525) |

For details of the 2020/21 restatement, please refer to Note 2: Prior Year Restatement.

Group Movement in Reserves Statement

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

| Note | Council's Usable Reserves £m | Council's Unusable Reserves £m | Council's Total Reserves £m | Council's share of Reserves of Subsidiaries, Associates and Joint Ventures £m | Total Reserves £m |
|--|---------------------------------|-----------------------------------|--------------------------------|--|----------------------|
| Balance at 1 April 2021 | 194.093 | 940.631 | 1,134.724 | 77.589 | 1,212.313 |
| Movement in reserves during the year | | | | | |
| Total Comprehensive Income and Expenditure | (17.181) | 323.798 | 306.617 | 13.908 | 320.525 |
| Adjustments between Group accounts and Council accounts G5 | (12.897) | 0.000 | (12.897) | 12.897 | 0.000 |
| Adjustments between accounting basis and funding basis under regulations 7 | 50.454 | (50.454) | 0.000 | 0.000 | 0.000 |
| Increase / (Decrease) in year | 20.376 | 273.344 | 293.720 | 26.805 | 320.525 |
| Balance at 31 March 2022 | 214.469 | 1,213.975 | 1,428.444 | 104.394 | 1,532.838 |

| Note | Council's Usable Reserves £m | Council's Unusable Reserves £m | Council's Total Reserves £m | Council's share of Reserves of Subsidiaries, Associates and Joint Ventures £m | Total Reserves £m |
|--|---------------------------------|-----------------------------------|--------------------------------|--|----------------------|
| Comparative movements in 2020/21 (restated) | | | | | |
| Balance at 1 April 2020 | 159.621 | 946.924 | 901.805 | 72.381 | 974.186 |
| Movement in reserves during the year | | | | | |
| Total Comprehensive Income and Expenditure | 31.117 | 10.719 | 41.836 | (8.449) | 33.387 |
| Adjustments between Group accounts and Council accounts G5 | (13.657) | 0.000 | (13.657) | 13.657 | 0.000 |
| Adjustments between accounting basis and funding basis under regulations 7 | 17.012 | (17.012) | 0.000 | 0.000 | 0.000 |
| Increase / (Decrease) in year | 34.472 | (6.293) | 28.179 | 5.208 | 33.387 |
| Balance at 31 March 2021 | 194.093 | 940.631 | 1,134.724 | 77.589 | 1,212.313 |

Group Balance Sheet

The group balance sheet shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the Council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the group movement in reserves statement.

| As at 31 March 2021 (restated) £m | | Note | As at 31 March 2022 £m |
|--|--|------|------------------------------|
| 1,498.582 | Property, plant and equipment | G11 | 1,608.885 |
| 39.522 | Heritage assets | G10 | 44.405 |
| 1.993 | Investment property | G9 | 1.906 |
| 4.177 | Intangible assets | 14 | 3.349 |
| 25.180 | Long-term investments | G15 | 34.848 |
| 49.034 | Investments in associates and joint ventures | G3 | 64.835 |
| 2.407 | Long-term debtors | 19 | 2.347 |
| 1,620.895 | Long-term assets | | 1,760.575 |
| 0.625 | Assets held for sale | 13 | 0.922 |
| 135.881 | Short-term investments | G15 | 183.583 |
| 0.953 | Inventories | | 1.106 |
| 81.707 | Short-term debtors | G12 | 80.885 |
| 47.163 | Cash and cash equivalents | G15 | 19.819 |
| 266.329 | Current assets | | 286.315 |
| (87.793) | Short-term borrowing | G15 | (92.005) |
| (73.628) | Short-term creditors | G13 | (74.206) |
| (0.212) | Short-term provisions | 22 | (0.240) |
| (161.633) | Current liabilities | | (166.451) |
| (73.261) | Long-term creditors | 21 | (69.152) |
| (5.078) | Long-term provisions | 22 | (5.117) |
| (201.297) | Long-term borrowing | G15 | (219.781) |
| (0.868) | Liabilities in associates and joint ventures | G3 | 0.000 |
| (232.774) | Other long-term liabilities | | (53.551) |
| (513.278) | Long-term liabilities | | (347.601) |
| 1,212.313 | Net assets | | 1,532.838 |
| (221.219) | Usable reserves | G7 | (241.905) |
| (991.094) | Unusable reserves | G8 | (1,290.933) |
| (1,212.313) | Total reserves | | (1,532.838) |

Alastair MacArthur
Director of Finance
and Resources

The unaudited accounts were issued on 30 June 2022.

Group Cashflow Statement

The group cash flow statement shows the changes in cash and cash equivalents of the Council's group during the year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Council. The Council's share of the cash flows of its associates and joint ventures is disregarded for the purpose of this statement because the Council's share of the associates' and joint ventures' reserves is unusable and cannot be used to fund services.

| 2020/21 (restated) £m | | 2021/22 £m |
|-----------------------------|---|---------------|
| 25.933 | Group surplus/(deficit) | (20.920) |
| 71.510 | Adjustment for non-cash movements | 127.250 |
| (46.299) | Adjustments for items included in the group surplus/deficit that are investing and financing activities | (42.875) |
| 51.144 | Net cash flows from operating activities | 63.455 |
| (65.921) | Net cash flows from investing activities | (107.449) |
| 48.799 | Net cash flows from financing activities | 16.650 |
| 34.022 | Net increase/(decrease) in cash and cash equivalents | (27.344) |
| 13.141 | Cash and cash equivalents at the beginning of the reporting period | 47.163 |
| 47.163 | Cash and cash equivalents at the end of the reporting period | 19.819 |

Notes to the Group Accounts

Note G1: Details of the group's combining entities

Renfrewshire Council is represented on the board of a number of organisations. The extent of the Council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the group accounts. Those organisations, which have a significant impact on the Council's operations, are listed below. The accounting period for all of these bodies is the year to 31 March 2022. 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.

OneRen, the Paisley, Renfrew and Johnstone Common Good Funds, Paisley Museum Reimagined Limited,

Park Lane Developments (Renfrewshire) LLP and the Coats Observatory Trust administered by Renfrewshire Council (as sole trustee) are treated as subsidiaries in the Council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Renfrewshire Leisure Limited, trading as **OneRen**, 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. During 2021/22

Renfrewshire Council provided additional funding of £0.249m to OneRen to mitigate the financial impact of reduced revenue arising from national and local restrictions implemented by the Scottish Government in response to the COVID-19 crisis. The accounts of the charity are published separately and may be obtained from the Chief Executive, Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB.

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

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

The **group comprehensive income and expenditure statement (CIES)** includes total net comprehensive income for the year of £8.732m (2020/21 net comprehensive expenditure of £9.081m) for OneRen, total net comprehensive income for the year of £1.681m (2020/21 £4.158m) for the Paisley, Renfrew and Johnstone Common Good Funds, total net comprehensive expenditure for the year of £0.052m (2020/21 £0.016m restated) for Park Lane Developments (Renfrewshire) LLP, total net comprehensive expenditure for the year of £0.152m (2020/21 £0.149m) for Paisley Museum Reimagined Limited and total net comprehensive expenditure for the year of £0.073m (2020/21 net comprehensive income of £0.180m) for the Coats Observatory Trust.

The **group balance sheet** includes net liabilities of £2.140m (2020/21 £10.872m) for OneRen, net assets of £41.461m (2020/21 £39.780m) for the Common Good Funds, net assets of £0.114m (2020/21 £0.166m restated) for Park Lane Developments (Renfrewshire) LLP, net liabilities of £0.573m (2020/21 £0.421m) for Paisley Museum Reimagined Limited and net assets of £0.697m (2020/21 £0.770m) for the Coats Observatory Trust.

Strathclyde Concessionary Travel Scheme Joint Committee comprises the twelve councils in the west of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the twelve constituent councils and by direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the scheme on behalf of the committee. In 2021/22, Renfrewshire Council contributed £0.325m or 7.99% of the committee's estimated running costs (2020/21 £0.322m or 7.96%) and its share of the year-end net asset was £0.367m (2020/21 £0.276m) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.861m or 8.00% to the committee's estimated running costs in 2021/22 (2020/21 £2.828m or 7.97%) and its share of the year-end net asset was £38.643m (2020/21 £35.255m) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

| Strathclyde Partnership for Transport £m | Renfrewshire Council's Share £m | | Strathclyde Partnership for Transport £m | Renfrewshire Council's Share £m |
|---|------------------------------------|--------------------------------|---|------------------------------------|
| As at 31 March 2021 | | Balance Sheet Summary | As at 31 March 2022 | |
| 283.824 | 22.633 | Long-term assets | 321.591 | 25.713 |
| 180.712 | 14.410 | Current assets | 181.166 | 14.485 |
| (22.420) | (1.788) | Current liabilities | (19.454) | (1.555) |
| 0.000 | 0.000 | Long-term liabilities | 0.000 | 0.000 |
| 442.116 | 35.255 | Net assets | 483.303 | 38.643 |
| 2020/21 | | Income and Expenditure Summary | 2021/22 | |
| 74.012 | 5.902 | Income | 76.706 | 6.133 |
| 65.328 | 5.210 | Expenditure | 69.538 | 5.560 |
| 8.684 | 0.692 | Surplus for the year | 7.168 | 0.573 |

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 2021/22, Renfrewshire Council contributed £1.561m or 56.3% of the board's estimated running costs (2020/21 £1.467m restated, 56.4%) and its share of the year-end net asset was £0.300m (2020/21 net liability of £0.868m restated) 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 (restated) £m | Renfrewshire Council's Share £m | | Renfrewshire Valuation Joint Board £m | Renfrewshire Council's Share £m |
|--|------------------------------------|--------------------------------|--|------------------------------------|
| As at 31 March 2021 | | Balance Sheet Summary | As at 31 March 2022 | |
| 0.214 | 0.121 | Long-term assets | 0.182 | 0.102 |
| 0.881 | 0.497 | Current assets | 0.693 | 0.390 |
| (0.285) | (0.161) | Current liabilities | (0.087) | (0.049) |
| (2.349) | (1.325) | Long-term liabilities | (0.255) | (0.143) |
| (1.539) | (0.868) | Net assets/(liabilities) | 0.533 | 0.300 |
| 2020/21 | | Income and Expenditure Summary | 2021/22 | |
| 2.972 | 1.677 | Income | 2.802 | 1.577 |
| 2.849 | 1.608 | Expenditure | 3.215 | 1.809 |
| 0.123 | 0.069 | Surplus/(deficit) for the year | (0.413) | (0.232) |

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

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

| Renfrewshire Integration Joint Board (restated) £m | Renfrewshire Council's Share £m | | Renfrewshire Integration Joint Board £m | Renfrewshire Council's Share £m | |
|---|------------------------------------|--------------------------------|--|------------------------------------|--|
| As at 31 March 2021 | | Balance Sheet Summary | | As at 31 March 2022 | |
| 27.006 | 13.503 | Current assets | 51.049 | 25.525 | |
| 27.006 | 13.503 | Net assets | 51.049 | 25.525 | |
| 2020/21 | | Income and Expenditure Summary | | 2021/22 | |
| 350.078 | 175.039 | Income | 367.251 | 183.626 | |
| 332.589 | 166.295 | Expenditure | 343.208 | 171.604 | |
| 17.489 | 8.744 | Surplus for the year | 24.043 | 12.022 | |

Note G2: Non-material interest in other entities

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

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 £0.122m (3.2%) to the committee's estimated running costs in 2021/22 (£0.118m in 2020/21).

Glasgow and the Clyde Valley Strategic Development Planning Authority. The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.052m (12.5%) to the committee's estimated running costs in 2021/22 (£0.072m in 2020/21).

Glasgow City Region – City Deal Cabinet is a Joint Committee, the purpose of which is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member

authorities and the UK and Scottish Governments. The City Deal programme aims to deliver a £1.13 billion investment programme through 20 infrastructure projects and will drive innovation and growth through the support of the key sectors, including delivery of labour market and innovation programmes.

The committee operates in an administrative / project management capacity and does not hold any assets or liabilities developed from the City Deal programme.

Note G3: Associates and joint ventures

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

The net asset figure from these two tables combined (£25.525m + £39.310m = £64.835m) equates to the figure disclosed in the group balance sheet as 'Investments in associates and joint ventures.

| Aggregate of Joint Venture results (restated) £m | Renfrewshire Council's Share £m | Joint ventures | Aggregate of Joint Venture results £m | Renfrewshire Council's Share £m |
|--|---------------------------------|--------------------------------|---------------------------------------|---------------------------------|
| As at 31 March 2021 | | Balance Sheet Summary | As at 31 March 2022 | |
| 27.006 | 13.503 | Current assets | 51.049 | 25.525 |
| 27.006 | 13.503 | Net assets | 51.049 | 25.525 |
| 2020/21 | | Income and Expenditure Summary | 2021/22 | |
| 350.078 | 175.039 | Income | 367.251 | 183.626 |
| 332.589 | 166.295 | Expenditure | 343.208 | 171.604 |
| 17.489 | 8.744 | Surplus for the year | 24.043 | 12.022 |

| Aggregate of Associate results (restated) £m | Renfrewshire Council's Share £m | Associates | Aggregate of Associate results £m | Renfrewshire Council's Share £m |
|--|---------------------------------|--------------------------------|-----------------------------------|---------------------------------|
| As at 31 March 2021 | | Balance Sheet Summary | As at 31 March 2022 | |
| 284.038 | 22.754 | Long-term assets | 321.773 | 25.815 |
| 185.252 | 15.199 | Current assets | 186.993 | 15.285 |
| (22.904) | (1.965) | Current liabilities | (20.079) | (1.647) |
| (2.349) | (1.325) | Long-term liabilities | (0.255) | (0.143) |
| 444.037 | 34.663 | Net assets | 488.432 | 39.310 |
| 2020/21 | | Income and Expenditure Summary | 2021/22 | |
| 81.030 | 7.902 | Income | 83.591 | 8.036 |
| 69.490 | 6.923 | Expenditure | 75.700 | 7.604 |
| 11.540 | 0.979 | Surplus for the year | 7.891 | 0.432 |

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 2022 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 2022, either with the Council itself or with other parties.

Note G4: Material items of group income and expenditure

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

| 2020/21 (restated) £m | Material items of group income and expenditure | 2021/22 £m |
|-----------------------------|--|-----------------|
| | Share of (surplus) or deficit: | |
| | Subsidiaries: | |
| (0.375) | Paisley, Renfrew and Johnstone Common Good Funds | (0.434) |
| 0.021 | Coats Observatory Trust | 0.028 |
| 1.439 | OneRen | 3.498 |
| 0.016 | Park Lane Developments (Renfrewshire) LLP | 0.052 |
| 0.149 | Paisley Museum Reimagined Limited | 0.152 |
| | Associates: | |
| (0.692) | Strathclyde Partnership for Transport | (0.573) |
| (0.218) | Strathclyde Concessionary Travel Scheme Joint Committee | (0.091) |
| (0.069) | Renfrewshire Valuation Joint Board | 0.232 |
| | Joint Ventures: | |
| (8.744) | Renfrewshire Health and Social Care Integration Joint Board | (12.022) |
| (8.473) | Aggregate share of (surplus) or deficit | (9.158) |
| | Share of other comprehensive (income) and expenditure: | |
| 3.658 | Subsidiaries: | (13.432) |
| (3.783) | Paisley, Renfrew and Johnstone Common Good Funds | (1.247) |
| (0.201) | Coats Observatory Trust | 0.045 |
| 7.642 | OneRen | (12.230) |
| (0.393) | Associates: | (4.215) |
| (0.608) | Strathclyde Partnership for Transport | (2.815) |
| 0.000 | Strathclyde Concessionary Travel Scheme Joint Committee | 0.000 |
| 0.215 | Renfrewshire Valuation Joint Board | (1.400) |
| 3.265 | Aggregate share of other comprehensive (income) and expenditure | (17.647) |
| (5.208) | Aggregate share of total comprehensive (income) and expenditure | (26.805) |

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:

| 2020/21 £m | Adjustments between Group accounts and Council accounts | 2021/22 £m |
|---------------|--|-----------------|
| 0.120 | Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects | 0.148 |
| 0.059 | Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council | 0.059 |
| (0.020) | Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds | (0.003) |
| (14.279) | Service charge and other expenditure payable by Renfrewshire Council to OneRen | (13.542) |
| 0.292 | Expenditure payable by OneRen to Renfrewshire Council | 0.297 |
| 0.171 | Expenditure payable by Paisley Museum Reimagined Limited to Renfrewshire Council | 0.144 |
| (13.657) | Total adjustments between Group accounts and Council accounts | (12.897) |

Note G6: Group financing and investment income and expenditure

| 2021/22 (restated) £m | Group financing and investment income and expenditure | 2021/22 £m |
|-----------------------------|--|---------------|
| 19.734 | Interest payable and similar charges | 20.312 |
| 4.273 | Net interest on the net defined benefit liability | 4.907 |
| (0.565) | Interest receivable and similar income | (0.631) |
| (0.329) | Income and expenditure in relation to investment properties and changes in their fair values | (0.208) |
| (0.994) | Other investment income | (0.773) |
| 22.119 | Total financing and investment income and expenditure | 23.607 |

Note G7: Group Usable reserves

| 2020/21 £m | Group Usable Reserves | 2021/22 £m |
|---------------|--|------------------|
| (194.093) | Council Usable Reserves - Note 7 | (214.457) |
| | Group Usable Reserves: | |
| (23.996) | Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds | (24.524) |
| (0.292) | Coats Observatory Trust: usable balances | (0.238) |
| (0.368) | OneRen | (0.368) |
| 0.421 | Paisley Museum Reimagined Limited | 0.573 |
| (2.891) | Renfrewshire Health and Social Care Integration Joint Board | (2.891) |
| (221.219) | Total Group Usable Reserves | (241.905) |

Note G8: Group Unusable reserves

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

| 2020/21 (restated) £m | Group Unusable Reserves | 2021/22 £m |
|-----------------------------|---|--------------------|
| (940.631) | Council Unusable Reserves - Note 8 | (1,213.987) |
| | Group Unusable Reserves: | |
| (6.146) | Paisley, Renfrew and Johnstone Common Good Funds: financial instruments revaluation reserve | (6.960) |
| (9.638) | Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve | (9.977) |
| (0.478) | Coats Observatory Trust: revaluation reserve | (0.459) |
| 11.240 | OneRen: pension reserve | 2.508 |
| (0.166) | Park Lane Developments (Renfrewshire) LLP | (0.114) |
| | Council share of the Reserves of associates and joint ventures: | |
| (35.255) | Strathclyde Partnership for Transport | (38.643) |
| (0.276) | Strathclyde Concessionary Travel Scheme Joint Committee | (0.367) |
| 0.868 | Renfrewshire Valuation Joint Board | (0.300) |
| (10.612) | Renfrewshire Health and Social Care Integration Joint Board | (22.634) |
| (991.094) | Total Group Unusable Reserves | (1,290.933) |

Note G9: Group investment properties

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

| 2020/21 £m | Group Investment Properties | 2021/22 £m |
|----------------|--|----------------|
| (0.456) | Rental income from investment property | (0.419) |
| (0.456) | Net (gain) or loss | (0.419) |

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

| 2020/21 £m | Group Investment Properties | 2021/22 £m |
|---------------|--|---------------|
| 2.020 | Balance at 1 April | 1.993 |
| (0.021) | Net losses from fair value adjustments | (0.081) |
| (0.006) | Other changes | (0.006) |
| 1.993 | Balance at 31 March | 1.906 |

Note G10: Group Property, plant and equipment

| 2021/22 | Council PPE (Note 9) £m | Council share of Group PPE £m | Total Group PPE £m |
|---|-------------------------------|--|--------------------------|
| Gross carrying amount at 1 April 2021 | 1,901.842 | 18.809 | 1,920.651 |
| Assets reclassified (to) or from the "held for sale" category | (0.822) | 0.000 | (0.822) |
| Additions | 82.029 | 0.000 | 82.029 |
| Disposals | (2.050) | 0.000 | (2.050) |
| Revaluation increases/(decreases) taken to the Revaluation Reserve | 62.364 | 0.208 | 62.572 |
| Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services | (9.734) | 0.000 | (9.734) |
| Gross carrying amount at 31 March 2022 | 2,033.629 | 19.017 | 2,052.646 |
| Accumulated depreciation and impairment at 1 April 2021 | 417.599 | 4.470 | 422.069 |
| Depreciation charge for the year | 72.178 | 0.750 | 72.928 |
| Depreciation and impairment on disposals | (1.965) | 0.000 | (1.965) |
| Depreciation written out to the Revaluation Reserve | (41.865) | (0.606) | (42.471) |
| Depreciation written out to the surplus or deficit on the provision of services | (6.800) | 0.000 | (6.800) |
| Accumulated depreciation and impairment at 31 March 2022 | 439.147 | 4.614 | 443.761 |
| Balance sheet net carrying amount at 31 March 2022 | 1,594.482 | 14.403 | 1,608.885 |
| Balance sheet net carrying amount at 1 April 2021 | 1,484.243 | 14.339 | 1,498.582 |

| 2020/21 (restated) | Council PPE (Note 9) £m | Council share of Group PPE £m | Total Group PPE £m |
|---|-------------------------------|--|--------------------------|
| Gross carrying amount at 1 April 2020 | 1,852.125 | 18.509 | 1,870.634 |
| Assets reclassified (to) or from the "held for sale" category | 0.075 | 0.000 | 0.075 |
| Additions | 53.701 | 0.000 | 53.701 |
| Disposals | (0.854) | 0.000 | (0.854) |
| Revaluation increases/(decreases) taken to the Revaluation Reserve | 4.947 | 0.300 | 5.247 |
| Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services | (8.152) | 0.000 | (8.152) |
| Gross carrying amount at 31 March 2021 | 1,901.842 | 18.809 | 1,920.651 |
| Accumulated depreciation and impairment at 1 April 2020 | 392.882 | 4.281 | 397.163 |
| Depreciation charge for the year | 70.868 | 0.741 | 71.609 |
| Depreciation and impairment on disposals | (0.260) | 0.000 | (0.260) |
| Depreciation written out to the Revaluation Reserve | (42.661) | (0.552) | (43.213) |
| Depreciation written out to the surplus or deficit on the provision of services | (3.230) | 0.000 | (3.230) |
| Accumulated depreciation and impairment at 31 March 2021 | 417.599 | 4.470 | 422.069 |
| Balance sheet net carrying amount at 31 March 2021 | 1,484.243 | 14.339 | 1,498.582 |
| Balance sheet net carrying amount at 1 April 2020 | 1,459.243 | 14.228 | 1,473.471 |

Note G11: Group heritage assets

There were no movements in the fair value of the Group's Heritage Assets during 2021/22 or 2020/21. The value at 31 March 2022 was £39.522m. Included in this value are the civic regalia and equipment of the Paisley, Renfrew and Johnstone Common Good Funds, which have been externally valued on a present value insurance basis at £0.219m as at 31 March 2022 (£0.219 at 31 March 2021).

Note G12: Group short-term debtors

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

| As at 31 March 2021 £m | Group Short-term Debtors | As at 31 March 2022 £m |
|---------------------------------|-----------------------------|---------------------------------|
| 6.244 | Trade receivables | 5.532 |
| 4.480 | Prepayments | 4.861 |
| 70.983 | Other receivables | 70.492 |
| 81.707 | Total | 80.885 |

| As at 31 March 2021 £m | | As at 31 March 2022 £m |
|------------------------------|--|------------------------------|
| | Amounts owing to Renfrewshire Council: | |
| 0.737 | Other balances | 0.737 |
| 0.737 | Total | 0.737 |
| | Amounts owed by Renfrewshire Council: | |
| (27.032) | Liability for Renfrewshire Integration Joint Board's retained underspend | (51.076) |
| (0.841) | Other balances | (0.655) |
| (27.873) | Total | (51.731) |

Note G13: Group short-term creditors

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

| As at 31 March 2021 (restated) £m | Group Short-term Creditors | As at 31 March 2022 £m |
|---|-------------------------------|---------------------------------|
| (15.269) | Trade payables | (14.909) |
| (58.359) | Other payables | (59.297) |
| (73.628) | Total | (74.206) |

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

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

Note G15: Group financial instruments

Balance sheet carrying amounts of group financial instruments

The following categories of financial instrument are carried in the group balance sheet. Additional qualitative information on the various categories of financial instruments can be found in Note 23: Financial Instruments.

| As at 31 March 2021 | | Financial Assets | As at 31 March 2022 | |
|---------------------|----------------|--|---------------------|----------------|
| Long-term £m | Current £m | | Long-term £m | Current £m |
| 0.000 | 135.720 | At amortised cost: Principal | 5.001 | 183.499 |
| 0.000 | 0.161 | At amortised cost: Accrued interest | 0.000 | 0.084 |
| 25.180 | 0.000 | At fair value through other comprehensive income - designated equity instruments | 29.847 | 0.000 |
| 25.180 | 135.881 | Total Investments | 34.848 | 183.583 |
| 0.000 | 8.165 | At amortised cost: Principal | 0.000 | (8.435) |
| 0.000 | 0.001 | At amortised cost: Accrued interest | 0.000 | 0.002 |
| 0.000 | (0.003) | At amortised cost: Loss allowance | 0.000 | (0.001) |
| 0.000 | 39.000 | At fair value through profit or loss | 0.000 | 28.253 |
| 0.000 | 47.163 | Total Cash and cash equivalents | 0.000 | 19.819 |
| 0.909 | 92.592 | At amortised cost: Trade receivables | 0.818 | 88.856 |
| 4.996 | 0.087 | At amortised cost: Loans made for service purposes | 5.027 | 0.065 |
| 0.854 | 0.000 | At amortised cost: Accrued interest | 0.913 | 0.000 |
| (4.352) | (21.267) | At amortised cost: Loss allowance | (4.411) | (19.740) |
| 2.407 | 71.412 | Financial Assets included in Debtors | 2.347 | 69.181 |

| As at 31 March 2021 (restated) | | Financial Liabilities | As at 31 March 2022 | |
|-----------------------------------|-----------------|---|---------------------|-----------------|
| Long-term £m | Current £m | | Long-term £m | Current £m |
| (201.297) | (0.834) | Principal sum borrowed | (199.427) | (1.869) |
| 0.000 | (2.708) | Accrued interest | 0.000 | (2.698) |
| (201.297) | (3.542) | Total Public Works Loan Board (PWLB) borrowing | (199.427) | (4.567) |
| 0.000 | (52.916) | Principal sum borrowed | (20.000) | (32.916) |
| 0.000 | (0.884) | Accrued interest | 0.000 | (0.871) |
| 0.000 | (0.883) | EIR adjustments | (0.354) | (0.512) |
| 0.000 | (54.683) | Total non-PWLB borrowing ("market debt") | (20.354) | (34.299) |
| 0.000 | (29.568) | Borrowing from group entities | 0.000 | (53.139) |
| (201.297) | (87.793) | Total Borrowing | (219.781) | (92.005) |
| 0.000 | (42.838) | At amortised cost: Trade payables | 0.000 | (41.849) |
| (71.581) | (2.851) | Service concession and finance lease liabilities | (68.362) | (3.219) |
| (0.008) | 0.000 | Financial guarantees | (0.005) | 0.000 |
| (71.589) | (45.689) | Financial Liabilities included in Creditors | (68.367) | (45.068) |

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

Fair value of group financial instruments

The fair value through other comprehensive income financial assets carried on the group balance sheet comprise the Council's insurance fund investments and the investments of the Paisley and Renfrew Common Good Funds. The fair value of these investments equates to the market value of the investments as provided by the Council's investment manager, abrdn Capital 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, Level 2 being inputs other than quoted prices that can be accessed at the measurement date, or Level 3 being unobservable inputs e.g. cashflow forecasts or estimated creditworthiness (see table below).

| As at 31 March 2021 (restated) | | Financial Liabilities | Fair value level | As at 31 March 2022 | |
|-----------------------------------|------------------|--|------------------|-----------------------|------------------|
| Carrying Amount £m | Fair value £m | | | Carrying Amount £m | Fair value £m |
| (204.839) | (280.699) | Financial liabilities measured at amortised cost: | | | |
| (54.683) | (80.525) | Public Works Loan Board borrowing [Ⓜ] | 2 | (203.994) | (254.715) |
| | | Non-PWLB borrowing ("market debt") | 2 | (54.653) | (73.852) |
| | | Other liabilities: | | | |
| (74.432) | (121.485) | Service concession and finance lease liabilities | 3 | (71.581) | (102.940) |
| (0.008) | (0.008) | Financial guarantees [Ⓜ] | 3 | (0.005) | (0.005) |
| (333.962) | (482.717) | Total financial liabilities for which fair value is disclosed | | (330.233) | (431.512) |
| | | Financial liabilities measured at amortised cost: | | | |
| (29.568) | n/a | Borrowing from group entities [Ⓜ] | | (53.139) | n/a |
| (42.838) | n/a | Trade payables: short-term [Ⓜ] | | (41.849) | n/a |
| (72.406) | | Total financial liabilities for which fair value is not disclose | | (94.988) | |

| As at 31 March 2021 | | Financial Assets | Fair value level | As at 31 March 2022 | |
|-----------------------|------------------|--|------------------|-----------------------|------------------|
| Carrying Amount £m | Fair value £m | | | Carrying Amount £m | Fair value £m |
| 39.000 | 39.000 | Callable deposits in money market funds [Ⓜ] | 1 | 25.299 | 25.299 |
| 0.000 | 0.000 | Euro account balances with the Council's banker | 2 | 2.954 | 2.954 |
| 25.180 | 25.180 | Investments in pooled funds [Ⓜ] | 1 | 29.847 | 29.847 |
| 64.180 | 64.180 | Total Financial assets measured at fair value | | 58.100 | 58.100 |
| 135.881 | 135.989 | Fixed term deposits with UK local authorities [Ⓜ] | 2 | 188.584 | 187.713 |
| 8.109 | 8.109 | Callable deposits with UK banks & building societies* | 2 | (8.486) | (8.486) |
| 0.054 | 0.054 | Imprest accounts held at council establishments [Ⓜ] | 2 | 0.052 | 0.052 |
| 1.583 | 1.687 | Loans made for service purposes [Ⓜ] | 3 | 1.592 | 1.707 |
| 145.627 | 145.839 | Total Financial assets measured at amortised cost | | 181.742 | 180.986 |
| 209.807 | 210.019 | Total financial assets for which fair value is disclosed | | 239.842 | 239.086 |
| | | Financial assets measured at amortised cost: | | | |
| 0.908 | n/a | Trade receivables: long-term | | 0.818 | n/a |
| 71.328 | n/a | Receivables and prepayments: short-term | | 69.118 | n/a |
| 72.236 | | Total financial assets for which fair value is not disclosed | | 69.936 | |

*includes current account balances with the Council's banker.

The short-term nature of cash and cash equivalents means that their fair value equates to their balance sheet carrying amount. Further qualitative information on the fair value of financial instruments can be found in Note 23.

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

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

| 2020/21 £m | | Financial Assets | | | Financial liabilities at amortised cost £m | 2021/22 £m |
|---------------|---|----------------------|--|---|---|---------------|
| | | Amortised cost £m | Elected to Fair Value through OCI* £m | Fair Value through Profit or Loss £m | | |
| 15.877 | Interest expense | 0.000 | 0.000 | 0.000 | 16.417 | 16.417 |
| 2.505 | Impairment losses | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.012 | Fee expense | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 18.394 | Total expense in the Surplus / Deficit on the Provision of Services | 0.000 | 0.000 | 0.000 | 16.417 | 16.417 |
| (0.631) | Interest income | (0.278) | 0.000 | (0.016) | 0.000 | (0.294) |
| (0.655) | Dividend income | 0.000 | (0.794) | 0.000 | 0.000 | (0.794) |
| (0.446) | Other income | (0.319) | (0.090) | 0.000 | 0.000 | (0.409) |
| (1.732) | Total income in the Surplus/Deficit on the Provision of Services | (0.597) | (0.884) | (0.016) | 0.000 | (1.497) |
| (3.584) | Net (gain) or loss on revaluation | 0.000 | (0.872) | 0.048 | 0.000 | (0.824) |
| (3.584) | (Surplus)/Deficit on the revaluation of financial assets | 0.000 | (0.872) | 0.048 | 0.000 | (0.824) |
| 13.078 | Net (Gain)/Loss for the year | (0.597) | (1.756) | 0.032 | 16.417 | 14.096 |

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (“the Code”) requires local authorities to consider their interests in all types of entity.

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

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

Combining entities

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

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

The Council has effective control over OneRen, Paisley Museum Reimagined Limited, the Paisley, Renfrew and Johnstone Common Good Funds and the Coats Observatory Trust administered by Renfrewshire Council (as sole trustee) and, as such, these are treated as subsidiaries in the Council’s group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line. The Council also holds 50% (£50) of the share capital of Park Lane

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

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

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

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

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

Basis of preparation of group statements and going concern

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

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

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

Consideration for acquisition of associates' net assets or liabilities

The Council has acquired its share of the net assets of its associates for a nil consideration. There is no deferred or contingent purchase consideration. A fair value for its share of the net assets or liabilities of the three joint boards and committees at the point of

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

Group boundary: non-material interests in other entities

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

Inventories

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

Post-employment benefits

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

accounting policies for pensions accounting that are consistent with those of the Council.

Property, plant and equipment

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

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

Restrictions on the transfer of funds

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

Value Added Tax

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



Renfrewshire
Council

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

RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY SC019478
RENFREW SC019479
JOHNSTONE SC019480

TRUSTEES' UNAUDITED ANNUAL REPORT AND
FINANCIAL STATEMENTS
1 APRIL 2021 to 31 MARCH 2022



TABLE OF CONTENTS

| | |
|---|----|
| TRUSTEES' ANNUAL REPORT..... | 1 |
| STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS7 | |
| STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2022..... | 8 |
| BALANCE SHEET AS AT 31 MARCH 2022 | 10 |
| CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2022 | 11 |
| NOTES TO THE FINANCIAL STATEMENTS | 12 |
| 1: ACCOUNTING POLICIES | 12 |
| 2: INCOME AND ENDOWMENTS..... | 14 |
| 3: EXPENDITURE | 15 |
| 4: TANGIBLE FIXED ASSETS..... | 15 |
| 5: FIXED ASSET INVESTMENTS..... | 17 |
| 6: RESERVES COVER..... | 18 |
| 7: CASH FLOW STATEMENT..... | 18 |
| 8: TRUSTEES' REMUNERATION AND EXPENSES | 19 |
| 9: RELATED PARTIES | 19 |
| 10: COMMITMENTS | 19 |
| 11: STAFF COSTS AND EMOLUMENTS | 19 |
| 12: AUDIT COSTS..... | 19 |
| 13: SHORT-TERM DEPOSITS | 19 |
| 14: DEBTORS..... | 20 |
| 15: CREDITORS..... | 20 |
| 16: EVENTS AFTER THE BALANCE SHEET DATE | 20 |

Trustees' Annual Report

INTRODUCTION

Renfrewshire Council acts as sole trustee for the Common Good Funds listed below, which currently 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 Service
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.

The Common Good Fund accounts 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, or on the Council's website at www.renfreshire.gov.uk.

Auditors:

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

Investment Managers:

abrdn plc
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. Guidance provided by OSCR advises that those who have general control and management of the charity are the charity's Trustees. Decisions regarding the general control and management of the Common Good Funds are made by the Finance, Resources and Customer Services Policy Board, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. The guidance is therefore interpreted as all elected members of Renfrewshire Council being charity Trustees.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council during the 2021/22 financial year:

| | |
|-------------------------------|------------------------------|
| Alison Ann-Dowling | John Hood |
| Alistair Mackay | John McIntyre |
| Andrew Doig | John McNaughtan |
| Andrew Steel | John Shaw |
| Audrey Doig | Karen Devine-Kennedy |
| Carolann Davidson | Kenneth MacLaren |
| Catherine McEwan | Kevin Montgomery |
| Colin McCulloch | Lisa-Marie Hughes |
| Derek Bibby | Lorraine Cameron |
| Edward Devine | Margaret MacLaren |
| Edward Grady | Marie McGurk |
| Eileen McCartin | Michelle Campbell |
| Emma Rodden | Natalie Don |
| Iain Nicolson | Neill Graham |
| Jacqueline Cameron | Paul Mack (until 9 May 2021) |
| James MacLaren | Scott Kerr |
| James Sheridan | Stephen Burns |
| Jane Strang | Tom Begg |
| Jennifer Marion Adam-McGregor | William Binks |
| Jim Harte | William Brown |
| Jim Paterson | William Mylet |
| Jim Sharkey | |

Day-to-day management of the Common Good Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All Trustees 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. The list above does not reflect any changes following the most recent local government election on 5 May 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Each Common Good Fund is a fund of money and assets for 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 Funds are administered separately from mainstream local authority funding, they are owned outright by the Council (s222 of the Local Government (Scotland) Act 1973) and do not have an identity separate from the Council, nor a constitutional form distinct from the Council.

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

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

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

In March 2022, OSCR advised that, following enquiry, the Common Good Funds do not meet the charity test and agreed that they should be removed from the OSCR charitable register. Further information is provided under 'Future Plans'.

HISTORY

The Common Good Funds comprise 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 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 that 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 that 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 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 that are up to date and 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 five 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, all elected members are kept 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 members of the Investment Review Board through the information sessions at each meeting.

RISK

The Trustees have overall responsibility for the Common Good Funds' system of internal control. The 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.

The main risk for the Common Good Funds relates to investment income available for disbursement through grants. As mentioned above, investment performance is monitored quarterly by officers of the Council and they receive specialist advice in this regard from Hymans Robertson LLP, appointed investment advisors. It is acknowledged that this particular risk has been heightened because of the coronavirus pandemic; however, the potential impact on income levels is closely monitored in discussion with the investment manager and advisors, and tactical changes in investment holdings are actioned as required.

An Investment Policy Statement was agreed by the Investment Review Board on 9 June 2021, incorporating strengthened restrictions with regards climate change risks. The policy is regularly reviewed to ensure the benchmark, against which performance is monitored, remains relevant and appropriate.

OBJECTIVES AND ACTIVITIES

There is no governing document for the Common Good. The assets were gifted for the common good of the inhabitants of the burghs. 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, the aims of the Common Good cannot be narrowed down from that detailed above, i.e. that the funds are used for the benefit of the inhabitants of the burgh to which they are related.

GRANT MAKING

There are two types of grant 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 Finance, Resources and Customer Service Policy Board.

The Finance, Resources and Customer Service Policy Board also agrees the budget available to Local Partnerships for awards to community groups. Local Partnerships were set up in an effort to involve communities more directly in the decision-making of the Council, and they are comprised of elected members of the relevant wards, along with representatives from local community groups e.g. Community Councils, Elderly Forums, Youth Groups, etc. Each Local Partnership is allocated an annual budget, and considers at public meetings the grant requests they have received. Only eligible grants may be considered; further information on the eligibility criteria can be obtained from the Council's website at www.renfrewshire.gov.uk/localpartnershipfunding.

ACHIEVEMENTS AND PERFORMANCE

In 2021/22 grants totalling £135,175 (£185,655 in 2020/21) were awarded by Local Partnerships to a wide variety of community organisations. Other grant expenditure totalling £147,510 (£119,435 in 2020/21) was made throughout the year. Despite the ongoing restrictions in place due to the COVID19 pandemic, the operation of the charities continued with minimal impact. Funds continued to be disbursed and investment performance was monitored through regular reporting and remote meetings as required.

INVESTMENT PERFORMANCE

The Common Good Funds have adopted a total return policy for investment income and have agreed income targets, which the Investment Manager exceeded in the year. During the year the total return on investments was 7.7% (23.9% in 2020/21). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.11% (0.37% in 2020/21).

Overall, the Common Good Funds reported a combined net increase in funds of £1.681m (£4.158m in 2020/21), which will increase the previous fund balance brought forward. The total funds held by Paisley Common Good increased by £0.173m and the funds held by Renfrew Common Good increased by £1.508m.

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 are dividend and investment income (69.5%) [64.5% in 2020/21] and property rental income (30.5%) [35.5% in 2020/21]. The Investment Review Board has agreed an Investment Policy Statement, which regulates the relationship between the Council and the Investment Manager. It details benchmark asset class holdings and also the restrictions that the Council has agreed, e.g. no direct holdings in tobacco or fossil fuel stocks, or companies involved in the manufacture of armaments; and a minimum holding of 15% of the total funds to be held in fixed interest stocks.

FUTURE PLANS

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

The Council has contacted OSCR to start the process of de-registration, and progress will be reported to the Finance, Resources and Customer Service Policy Board. This is expected to be concluded within the next 12 months. Regardless of their charitable registration status, the Common Good Funds will continue to make grants available to local organisations through Local Partnerships 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 the recording and use of Common Good assets. As required by the Act, the Council has published a register of all Common Good properties and will assess any responses received. The Act also requires local authorities to publish any proposals and consult with community bodies before disposing of or changing the use of Common Good assets. The asset register can be found by searching for ‘Common Good Property’ on the Council’s website, at: www.renfrewshire.gov.uk.

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

Signed:

On behalf of the
Trustees:

Date:

Date:

Alastair MacArthur

Councillor John Shaw

Director of Finance and Resources,
Renfrewshire Council

Convener, Finance, Resources and Customer
Services Policy Board, Renfrewshire Council

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

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 (SoRP) 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 that 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.

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 that 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:

Date:

Councillor John Shaw

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

Statement of Financial Activities for Year Ended 31 March 2022

The Financial Statements summarise 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. It also includes the Statement of Total Recognised Gains and Losses, which brings together all of the gains and losses of the Funds for the year and shows the aggregate movement in their net worth. All Common Good Funds have unrestricted funds only; there were no restricted or endowment funds during 2021/22 or in 2020/21.

| | Year to 31 March 2022 | | | | Year to 31 March 2021 | | | |
|--|---------------------------|-----------------------------|---------------------------|--------------|---------------------------|-----------------------------|---------------------------|----------------|
| | Paisley SC019478 £m | Johnstone SC019480 £m | Renfrew SC019479 £m | Total £m | Paisley SC019478 £m | Johnstone SC019480 £m | Renfrew SC019479 £m | Total £m |
| Income and Endowments from: | | | | | | | | |
| Grants, Interest & Dividend Income (Note 2A) | 0.146 | 0.000 | 0.541 | 0.687 | 0.128 | 0.000 | 0.443 | 0.571 |
| Rental and Other Income (Note 2B) | 0.042 | 0.000 | 0.259 | 0.301 | 0.049 | 0.000 | 0.266 | 0.315 |
| Total Income and Endowments | 0.188 | 0.000 | 0.800 | 0.988 | 0.177 | 0.000 | 0.709 | 0.886 |
| Expenditure on: | | | | | | | | |
| Raising Funds | | | | | | | | |
| Fundraising Trading | 0.000 | 0.000 | 0.009 | 0.009 | 0.000 | 0.000 | 0.014 | 0.014 |
| Investment Management Costs | 0.021 | 0.000 | 0.082 | 0.103 | 0.019 | 0.000 | 0.062 | 0.081 |
| Total Raising Funds | 0.021 | 0.000 | 0.091 | 0.112 | 0.019 | 0.000 | 0.076 | 0.095 |
| Charitable Activities | | | | | | | | |
| Charitable Activities (Note 3A) | 0.101 | 0.000 | 0.181 | 0.282 | 0.121 | 0.000 | 0.184 | 0.305 |
| Governance Costs (Note 3B) | 0.015 | 0.000 | 0.049 | 0.064 | 0.015 | 0.000 | 0.049 | 0.064 |
| Depreciation and Impairment | 0.082 | 0.000 | 0.010 | 0.092 | 0.071 | 0.000 | 0.433 | 0.504 |
| Total Charitable Activities | 0.198 | 0.000 | 0.240 | 0.438 | 0.207 | 0.000 | 0.666 | 0.873 |
| Total Expenditure | 0.219 | 0.000 | 0.331 | 0.550 | 0.226 | 0.000 | 0.742 | 0.968 |
| Net Income / (Expenditure) and net movement in funds before gains and losses on investments | (0.031) | 0.000 | 0.469 | 0.438 | (0.049) | 0.000 | (0.033) | (0.082) |
| Gains/(losses) on Investment Assets (Note 5) | 0.204 | 0.000 | 0.700 | 0.904 | 0.816 | 0.000 | 2.759 | 3.575 |
| Net Income/(Expenditure) | 0.173 | 0.000 | 1.169 | 1.342 | 0.767 | 0.000 | 2.726 | 3.493 |

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

| | Year to 31 March 2022 | | | | Year to 31 March 2021 | | | |
|---|---------------------------|-----------------------------|---------------------------|---------------|---------------------------|-----------------------------|---------------------------|---------------|
| | 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 |
| Total after funds transfer | 0.173 | 0.000 | 1.169 | 1.342 | 0.767 | 0.000 | 2.726 | 3.493 |
| Other Gains or Losses | | | | | | | | |
| Gains/(Losses) on Revaluation of Fixed Assets | 0.000 | 0.000 | 0.339 | 0.339 | 0.459 | 0.000 | 0.206 | 0.665 |
| Total Other Recognised Gains or Losses | 0.000 | 0.000 | 0.339 | 0.339 | 0.459 | 0.000 | 0.206 | 0.665 |
| Net Movement in Funds | 0.173 | 0.000 | 1.508 | 1.681 | 1.226 | 0.000 | 2.932 | 4.158 |
| Total Funds Brought Forward | 6.473 | 0.052 | 33.255 | 39.780 | 5.247 | 0.052 | 30.323 | 35.622 |
| Total Funds Carried Forward | 6.646 | 0.052 | 34.763 | 41.461 | 6.473 | 0.052 | 33.255 | 39.780 |

The notes on pages 12 onward form part of these Financial Statements.

Balance Sheet as at 31 March 2022

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

| | Note | At 31 March 2022 | | | | At 31 March 2021 | | | | |
|----------------------------------|------|------------------|--------------|----------------|----------------|------------------|--------------|----------------|----------------|--|
| | | Paisley | Johnstone | Renfrew | Total | Paisley | Johnstone | Renfrew | Total | |
| | | SC019478 | SC019480 | SC019479 | | SC019478 | SC019480 | SC019479 | | |
| | | £m | £m | £m | £m | £m | £m | £m | £m | |
| Fixed Assets | | | | | | | | | | |
| Tangible | | | | | | | | | | |
| Fixed | 4 | 1.009 | 0.000 | 12.611 | 13.620 | 1.090 | 0.000 | 12.283 | 13.373 | |
| Assets | | | | | | | | | | |
| Heritage | 4 | 0.063 | 0.047 | 0.109 | 0.219 | 0.063 | 0.047 | 0.109 | 0.219 | |
| Assets | | | | | | | | | | |
| Investments | 5 | 5.260 | 0.000 | 20.075 | 25.335 | 4.757 | 0.000 | 16.079 | 20.836 | |
| | | 6.332 | 0.047 | 32.795 | 39.174 | 5.910 | 0.047 | 28.471 | 34.428 | |
| Current Assets | | | | | | | | | | |
| Debtors | 14 | 0.000 | 0.000 | 0.026 | 0.026 | 0.000 | 0.000 | 0.040 | 0.040 | |
| Short term | 13 | 0.320 | 0.005 | 2.021 | 2.346 | 0.568 | 0.005 | 4.852 | 5.425 | |
| deposits | | | | | | | | | | |
| | | 0.320 | 0.005 | 2.047 | 2.372 | 0.568 | 0.005 | 4.892 | 5.465 | |
| Less: Current Liabilities | | | | | | | | | | |
| Creditors: | | | | | | | | | | |
| Amounts | | | | | | | | | | |
| Falling Due | 15 | (0.005) | 0.000 | (0.080) | (0.085) | (0.005) | 0.000 | (0.108) | (0.113) | |
| Within One | | | | | | | | | | |
| Year | | | | | | | | | | |
| | | (0.005) | 0.000 | (0.080) | (0.085) | (0.005) | 0.000 | (0.108) | (0.113) | |
| Net Current Assets | | 0.315 | 0.005 | 1.967 | 2.287 | 0.563 | 0.005 | 4.784 | 5.352 | |
| Net Assets | | 6.647 | 0.052 | 34.762 | 41.461 | 6.473 | 0.052 | 33.255 | 39.780 | |
| Funds of the Charities: | | | | | | | | | | |
| <u>Unrestricted Funds</u> | | | | | | | | | | |
| Income Funds | | 3.629 | 0.036 | 20.859 | 24.524 | 3.622 | 0.036 | 20.338 | 23.996 | |
| Revaluation | | | | | | | | | | |
| reserve:Investments | | 1.581 | 0.000 | 5.379 | 6.960 | 1.415 | 0.000 | 4.731 | 6.146 | |
| Revaluation | | | | | | | | | | |
| reserve: Other | | 1.437 | 0.016 | 8.524 | 9.977 | 1.436 | 0.016 | 8.186 | 9.638 | |
| Fixed Assets | | | | | | | | | | |
| | | 6.647 | 0.052 | 34.762 | 41.461 | 6.473 | 0.052 | 33.255 | 39.780 | |

Signed:

Signed:

Date:

Date:

Alastair MacArthur

Councillor John Shaw

Director of Finance and Resources,
Renfrewshire Council

Convener, Finance, Resources and Customer
Services Policy Board, Renfrewshire Council

Cash Flow Statement for Year Ended 31 March 2022

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

| | Year ended 31 March 2022 | | | | Year ended 31 March 2021 | | | |
|---|--------------------------|-----------------|----------------|----------------|--------------------------|-----------------|----------------|----------------|
| | Paisley £m | Johnstone £m | Renfrew £m | Total £m | Paisley £m | Johnstone £m | Renfrew £m | Total £m |
| Net Cash Inflow from Operating Activities (Note 7) | 0.051 | 0.000 | 0.465 | 0.516 | (0.007) | 0.000 | 0.400 | 0.393 |
| Capital Expenditure and Financial Investment | | | | | | | | |
| Cash paid for fixed asset investment | (1.425) | 0.000 | (7.477) | (8.902) | (0.641) | 0.000 | (2.168) | (2.809) |
| Receipts from sales of fixed asset: investments | 1.212 | 0.000 | 4.557 | 5.769 | 0.606 | 0.000 | 2.073 | 2.679 |
| 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 | (0.213) | 0.000 | (2.920) | (3.133) | (0.035) | 0.000 | (0.095) | (0.130) |
| (Increase) / decrease in cash held for investments | (0.086) | 0.000 | (0.376) | (0.462) | 0.037 | 0.000 | 0.100 | 0.137 |
| Increase / (decrease) in cash held in the year | (0.248) | 0.000 | (2.831) | (3.079) | (0.005) | 0.000 | 0.405 | 0.400 |
| Reconciliation of net cash flow to movement in net funds | | | | | | | | |
| (Decrease) / increase in cash in year | (0.248) | 0.000 | (2.831) | (3.079) | (0.005) | 0.000 | 0.405 | 0.400 |
| Net funds at 1 April | 0.568 | 0.005 | 4.852 | 5.425 | 0.573 | 0.005 | 4.447 | 5.025 |
| Net funds at 31 March | 0.320 | 0.005 | 2.021 | 2.346 | 0.568 | 0.005 | 4.852 | 5.425 |

Notes to the Financial Statements

1: ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2022 have been compiled in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice 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. This is not affected by the charitable status of the Funds, as the activities that benefit the inhabitants of the three burghs will continue.

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 reported 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 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 Statement of Financial Activities when the charity has unconditional entitlement to the resources.

Gifts in Kind

Gifts in kind are not reflected in the Statement of Receipts and Payments, but are referred to when necessary in the Trustees Annual Report.

Investment Income

This is included in the Financial Statements when receivable.

Investment Gains and Losses

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

EXPENDITURE

Liability Recognition

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

Charitable Activities

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

Governance Costs

Governance costs include the:

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

Grants Payable without Performance Conditions

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

ASSETS

Valuation

Land and buildings have been valued on the basis of market value in relation to existing use, assessed either on a comparative basis or on a depreciated replacement cost basis. The valuations have been compiled by the Council valuer, who is qualified as a Member of the Royal Institute of Chartered Surveyors (MRICS). 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 level of £9,000 is applied for the 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 Statement of Financial Activities.

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 Code of Practice on Local Authority Accounting to apply a depreciated replacement cost valuation basis, and it is under this Code that the Common Good Fund Accounts have been audited.

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 Financial 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 Financial Statements are adjusted to reflect such events; and
- Non-adjusting events: those that are indicative of conditions that arose after the reporting period, and for which the Financial 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

| | 2021/22 | | | | 2020/21 | | | |
|--|---------------|-----------------|---------------|--------------|---------------|-----------------|---------------|--------------|
| | Paisley £m | Johnstone £m | Renfrew £m | Total £m | Paisley £m | Johnstone £m | Renfrew £m | Total £m |
| Grant income | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Dividend income | 0.146 | 0.000 | 0.538 | 0.684 | 0.126 | 0.000 | 0.426 | 0.552 |
| Interest income | 0.000 | 0.000 | 0.003 | 0.003 | 0.002 | 0.000 | 0.017 | 0.019 |
| Total grant and investment income | 0.146 | 0.000 | 0.541 | 0.687 | 0.128 | 0.000 | 0.443 | 0.571 |

B RENTAL AND OTHER INCOME

| | 2021/22 | | | | 2020/21 | | | |
|--------------------------------------|---------------|-----------------|---------------|--------------|---------------|-----------------|---------------|--------------|
| | Paisley £m | Johnstone £m | Renfrew £m | Total £m | Paisley £m | Johnstone £m | Renfrew £m | Total £m |
| Rental income from properties | 0.042 | 0.000 | 0.259 | 0.301 | 0.049 | 0.000 | 0.266 | 0.315 |
| Other Income | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total rental and other income | 0.042 | 0.000 | 0.259 | 0.301 | 0.049 | 0.000 | 0.266 | 0.315 |

3: EXPENDITURE

A CHARITABLE ACTIVITIES

| | 2021/22 | | | | 2020/21 | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Paisley | Johnstone | Renfrew | Total | Paisley | Johnstone | Renfrew | Total |
| | £m |
| Voluntary organisation grants | 0.030 | 0.000 | 0.105 | 0.135 | 0.050 | 0.000 | 0.136 | 0.186 |
| Civic related grants | 0.071 | 0.000 | 0.076 | 0.147 | 0.071 | 0.000 | 0.048 | 0.119 |
| Total charitable activities grants | 0.101 | 0.000 | 0.181 | 0.282 | 0.121 | 0.000 | 0.184 | 0.305 |

B GOVERNANCE COSTS

| | 2021/22 | | | | 2020/21 | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Paisley | Johnstone | Renfrew | Total | Paisley | Johnstone | Renfrew | Total |
| | £m |
| Accountancy and Administrative Services | 0.011 | 0.000 | 0.034 | 0.045 | 0.011 | 0.000 | 0.034 | 0.045 |
| Property Services | 0.004 | 0.000 | 0.015 | 0.019 | 0.004 | 0.000 | 0.015 | 0.019 |
| Total Governance Costs | 0.015 | 0.000 | 0.049 | 0.064 | 0.015 | 0.000 | 0.049 | 0.064 |

4: TANGIBLE FIXED ASSETS

A PAISLEY COMMON GOOD FUND

| | Operational Land and Buildings | Non-Operational Assets: Surplus Assets | Total Tangible Fixed Assets | Heritage Assets |
|--|--------------------------------|--|-----------------------------|-----------------|
| | £m | £m | £m | £m |
| Gross Book Value | | | | |
| At 1 April 2021 | 0.816 | 0.275 | 1.091 | 0.063 |
| Additions | 0.000 | 0.000 | 0.000 | 0.000 |
| Disposals | 0.000 | 0.000 | 0.000 | 0.000 |
| Revaluations | 0.000 | 0.000 | 0.000 | 0.000 |
| At 31 March 2022 | 0.816 | 0.275 | 1.091 | 0.063 |
| Depreciation | | | | |
| At 1 April 2021 | 0.001 | 0.000 | 0.001 | 0.000 |
| Depreciation for Year | 0.081 | 0.000 | 0.081 | 0.000 |
| Depreciation writeback on Revaluation | 0.000 | 0.000 | 0.000 | 0.000 |
| At 31 March 2022 | 0.082 | 0.000 | 0.082 | 0.000 |
| Net Book Value at 31 March 2022 | 0.734 | 0.275 | 1.009 | 0.063 |
| Net Book Value at 31 March 2021 | 0.815 | 0.275 | 1.090 | 0.063 |

B RENFREW COMMON GOOD FUND

| | Operational Land and Buildings £m | Plant and Equipment £m | Non- operational Assets: Investment Properties £m | Non- Operational Assets: Surplus Assets £m | Total Tangible Fixed Assets £m | Heritage Assets £m |
|--|--|------------------------------|--|---|--|--------------------------|
| Gross Book Value | | | | | | |
| At 1 April 2021 | 9.642 | 3.284 | 0.540 | 0.015 | 13.481 | 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 | 0.298 | 0.000 | (0.113) | 0.000 | 0.185 | 0.000 |
| At 31 March 2022 | 9.940 | 3.284 | 0.427 | 0.015 | 13.666 | 0.109 |
| Depreciation | | | | | | |
| At 1 April 2021 | 0.586 | 0.598 | 0.014 | 0.000 | 1.198 | 0.000 |
| Depreciation for year | 0.197 | 0.235 | 0.006 | 0.000 | 0.438 | 0.000 |
| Impairment | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Depreciation writeback on revaluations | (0.561) | 0.000 | (0.020) | 0.000 | (0.581) | 0.000 |
| Impairment losses written out on revaluation | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| At 31 March 2022 | 0.222 | 0.833 | 0.000 | 0.000 | 1.055 | 0.000 |
| Net Book Value at 31 March 2022 | 9.718 | 2.451 | 0.427 | 0.015 | 12.611 | 0.109 |
| Net Book Value at 31 March 2021 | 9.056 | 2.686 | 0.526 | 0.015 | 12.283 | 0.109 |

C JOHNSTONE COMMON GOOD FUND

| | Heritage Assets £m |
|--|-----------------------|
| Gross Book Value | |
| At 1 April 2021 | 0.047 |
| Additions | 0.000 |
| Disposals | 0.000 |
| Revaluations | 0.000 |
| At 31 March 2022 | 0.047 |
| Depreciation | |
| At 1 April 2021 | 0.000 |
| Depreciation for year | 0.000 |
| At 31 March 2022 | 0.000 |
| Net Book Value at 31 March 2022 | 0.047 |
| Net Book Value at 31 March 2021 | 0.047 |

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.

ANALYSIS OF MARKET VALUES

| | 2021/22 | | | 2020/21 | | |
|---|--------------|---------------|---------------|--------------|---------------|---------------|
| | Paisley | Renfrew | Total | Paisley | Renfrew | Total |
| Market Value | £m | £m | £m | £m | £m | £m |
| At 1 April 2021 | 4.757 | 16.079 | 20.836 | 3.943 | 13.326 | 17.269 |
| Additions | 1.425 | 7.477 | 8.902 | 0.642 | 2.168 | 2.810 |
| Disposals | (1.212) | (4.557) | (5.769) | (0.606) | (2.073) | (2.679) |
| Net gain/(loss) on revaluation | 0.204 | 0.700 | 0.904 | 0.815 | 2.759 | 3.574 |
| Increase/(decrease) in cash in bank awaiting investment | 0.086 | 0.376 | 0.462 | (0.037) | (0.101) | (0.138) |
| At 31 March 2022 | 5.260 | 20.075 | 25.335 | 4.757 | 16.079 | 20.836 |

ASSET ALLOCATION ANALYSIS

| | 2021/22 | | | 2020/21 | | |
|--------------------------------|--------------|---------------|---------------|--------------|---------------|---------------|
| | Paisley | Renfrew | Total | Paisley | Renfrew | Total |
| | £m | £m | £m | £m | £m | £m |
| Bonds: | | | | | | |
| UK Government Bonds | 0.275 | 0.950 | 1.225 | 0.247 | 0.833 | 1.080 |
| Other UK Bonds | 0.277 | 1.169 | 1.446 | 0.342 | 1.098 | 1.440 |
| Overseas Bonds | 0.104 | 0.395 | 0.499 | 0.134 | 0.510 | 0.644 |
| Equities: | | | | | | |
| UK Equities | 1.632 | 6.547 | 8.179 | 1.633 | 5.505 | 7.138 |
| Overseas Equities | 2.725 | 10.341 | 13.066 | 2.261 | 7.628 | 9.889 |
| Non-Region Specific | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Property Investments | 0.083 | 0.000 | 0.083 | 0.061 | 0.206 | 0.267 |
| Cash | 0.161 | 0.664 | 0.825 | 0.075 | 0.287 | 0.362 |
| Accrued Interest | 0.003 | 0.009 | 0.012 | 0.004 | 0.012 | 0.016 |
| Total Investment Assets | 5.260 | 20.075 | 25.335 | 4.757 | 16.079 | 20.836 |

All investments were held in unrestricted funds during 2021/22 and 2020/21.

6: RESERVES COVER

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

| | 2021/22 | | | | 2020/21 | | | |
|---|----------------|-----------------|---------------|----------------|----------------|-----------------|---------------|---------------|
| | Paisley £m | Johnstone £m | Renfrew £m | Total £m | Paisley £m | Johnstone £m | Renfrew £m | Total £m |
| Free Reserves | | | | | | | | |
| Unrestricted Funds | 3.629 | 0.036 | 20.859 | 24.524 | 3.622 | 0.036 | 20.340 | 23.998 |
| Allocation Adjustment | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Unrestricted Funds from SOFA | (0.031) | 0.000 | 0.469 | 0.438 | (0.049) | 0.000 | (0.032) | (0.081) |
| Total Unrestricted Funds | 3.598 | 0.036 | 21.328 | 24.962 | 3.573 | 0.036 | 20.308 | 23.917 |
| Less Funds tied up in fixed assets | (5.260) | 0.000 | (20.076) | (25.336) | (4.757) | 0.000 | (16.079) | (20.836) |
| Total Free Reserves | (1.662) | 0.036 | 1.252 | (0.374) | (1.184) | 0.036 | 4.229 | 3.081 |
| Annual Running Costs exclude impairment | 0.227 | 0.000 | 0.773 | 1.000 | 0.226 | 0.000 | 0.756 | 0.982 |
| Number of months held in reserve | 0 | 0 | 19 | | 0 | 0 | 67 | |

7: CASH FLOW STATEMENT

A RECONCILIATION OF NET INCOME/EXPENDITURE TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

| | Year to 31 March 2022 | | | Year to 31 March 2021 | | |
|---|-----------------------|-----------------|---------------|-----------------------|-----------------|---------------|
| | Paisley £m | Johnstone £m | Renfrew £m | Paisley £m | Johnstone £m | Renfrew £m |
| Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments | (0.031) | 0.000 | 0.469 | (0.049) | 0.000 | (0.033) |
| Depreciation and impairment | 0.082 | 0.000 | 0.010 | 0.071 | 0.000 | 0.433 |
| Decrease/(increase) in debtors | 0.000 | 0.000 | 0.014 | 0.000 | 0.000 | (0.032) |
| Increase/(decrease) in creditors | 0.000 | 0.000 | (0.028) | (0.029) | 0.000 | 0.032 |
| Net cash (inflow)/outflow from operating activities | 0.051 | 0.000 | 0.465 | (0.007) | 0.000 | 0.400 |

B ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 April 2021 | Movement in net funds | At 31 March 2022 | At 1 April 2020 | Movement in net funds | At 31 March 2021 |
|----------------------------|--------------------|-----------------------------|------------------------|--------------------|-----------------------------|------------------------|
| | £m | £m | £m | £m | £m | £m |
| Short term deposits | | | | | | |
| Paisley | 0.568 | (0.248) | 0.320 | 0.573 | (0.005) | 0.568 |
| Johnstone | 0.005 | 0.000 | 0.005 | 0.005 | 0.000 | 0.005 |
| Renfrew | 4.852 | (2.831) | 2.021 | 4.447 | 0.405 | 4.852 |
| | 5.425 | (3.079) | 2.346 | 5.025 | 0.400 | 5.425 |

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 2021/22 (nil 2020/21).

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 3B: Governance Costs. The Council also acts as banker for the Common Good Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor, as detailed in the respective Funds' balance sheets. There are no outstanding balances due to or from Renfrewshire Council other than those that appear in the balance sheet.

10: COMMITMENTS

As at 31 March 2022, 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 by the Common Good Funds during 2021/22 (2020/21 nil). All costs were incurred by Renfrewshire Council and recharged as detailed in note 3B: Governance Costs. There are therefore no employees with emoluments above £60,000 (2020/21 nil).

12: AUDIT COSTS

Costs of £5,000 were incurred in relation to the audit of the 2021/22 financial statements (£4,660 for 2020/21).

13: SHORT-TERM DEPOSITS

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

14: DEBTORS

| | Year to 31 March 2022 | | | | Year to 31 March 2021 | | | |
|----------------------|-----------------------|-----------------|---------------|--------------|-----------------------|-----------------|---------------|--------------|
| | Paisley £m | Johnstone £m | Renfrew £m | Total £m | Paisley £m | Johnstone £m | Renfrew £m | Total £m |
| Accrued Income | 0.000 | 0.000 | 0.026 | 0.026 | 0.000 | 0.000 | 0.040 | 0.040 |
| Grant | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Debtors | 0.000 | 0.000 | 0.026 | 0.026 | 0.000 | 0.000 | 0.040 | 0.040 |

15: CREDITORS

| | Year to 31 March 2022 | | | | Year to 31 March 2021 | | | |
|------------------------|-----------------------|-----------------|---------------|--------------|-----------------------|-----------------|---------------|--------------|
| | Paisley £m | Johnstone £m | Renfrew £m | Total £m | Paisley £m | Johnstone £m | Renfrew £m | Total £m |
| Trade Creditors | 0.005 | 0.000 | 0.067 | 0.072 | 0.005 | 0.000 | 0.104 | 0.109 |
| Rents in Advance | 0.000 | 0.000 | 0.013 | 0.013 | 0.000 | 0.000 | 0.004 | 0.004 |
| Total Creditors | 0.005 | 0.000 | 0.080 | 0.085 | 0.005 | 0.000 | 0.108 | 0.113 |

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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events.

RENFREWSHIRE COUNCIL

COATS OBSERVATORY TRUST FUND

SC019454

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

1 APRIL 2021 to 31 MARCH 2022



Table of Contents

| | |
|---|---|
| TRUSTEES' REPORT | 1 |
| TRUST ACCOUNTS FINANCIAL STATEMENTS OVERVIEW | 5 |
| STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022 . | 6 |
| STATEMENT OF BALANCES AS AT 31 MARCH 2022..... | 6 |
| NOTES TO THE FINANCIAL STATEMENTS | 7 |

Trustees' Report

INTRODUCTION

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

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

The principal address of the Trust Fund is:

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

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

The Trust Accounts do not form part of Renfrewshire Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trust Fund "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, or on the Council's website at www.renfreshire.gov.uk.

Independent Auditors:

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

TRUSTEES

Guidance provided by OSCR advises that those who have general control and management of the charity are the charity's Trustees. Decisions regarding the general control and management of the Trust Fund are made by the Finance, Resources and Customer Services Policy Board (FRCSPB), which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members at Renfrewshire Council. The guidance is therefore interpreted as all elected members of Renfrewshire Council being charity Trustees.

The following individuals were Trustees of the Coats Observatory Trust Fund in their capacity as elected members of Renfrewshire Council during the 2021/22 financial year:

| | |
|-------------------------------|------------------------------|
| Alison Ann-Dowling | John Hood |
| Alistair Mackay | John McIntyre |
| Andrew Doig | John McNaughtan |
| Andrew Steel | John Shaw |
| Audrey Doig | Karen Devine-Kennedy |
| Carolann Davidson | Kenneth MacLaren |
| Catherine McEwan | Kevin Montgomery |
| Colin McCulloch | Lisa-Marie Hughes |
| Derek Bibby | Lorraine Cameron |
| Edward Devine | Margaret MacLaren |
| Edward Grady | Marie McGurk |
| Eileen McCartin | Michelle Campbell |
| Emma Rodden | Natalie Don |
| Iain Nicolson | Neill Graham |
| Jacqueline Cameron | Paul Mack (until 9 May 2021) |
| James MacLaren | Scott Kerr |
| James Sheridan | Stephen Burns |
| Jane Strang | Tom Begg |
| Jennifer Marion Adam-McGregor | William Binks |
| Jim Harte | William Brown |
| Jim Paterson | William Mylet |
| Jim Sharkey | |

Day-to-day management of the Trust Fund is delegated to the Director of Finance and Resources of Renfrewshire Council. All Trustees 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. The list above does not reflect any changes following the most recent local government election on 5 May 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council, as Trustees, owns the buildings comprising the Coats Observatory. These buildings are leased to OneRen Ltd for nil consideration.

HISTORY

The original purpose of the Trust Fund when it was set up was: “for the upkeep of Coats Observatory equipment”. This purpose was relevant while cash funds were available; however, these funds have now 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 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 that the Trust Fund is controlled by the Council, these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring that 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 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 that are up to date and 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 (SoRP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014.

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

RISK

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

FINANCIAL REVIEW

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

FUTURE PLANS

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

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

Signed:

Date:

Alastair MacArthur
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

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

Trust Accounts Financial Statements Overview

INTRODUCTION

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

STATEMENT OF RECEIPTS AND PAYMENTS

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

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.

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 31 March 2022

| 2021 Total £ | | Unrestricted £ | Restricted £ | 2022 Total £ |
|--------------------|---------------------------------------|-------------------|-----------------|--------------------|
| 0 | Total receipts | 0 | 0 | 0 |
| 0 | Total payments | 0 | 0 | 0 |
| 0 | Surplus / (deficit) for period | 0 | 0 | 0 |

Statement of Balances as at 31 March 2022

| 2021 Total £ | | Unrestricted £ | Restricted £ | 2022 Total £ |
|--------------------|---|-------------------|-----------------|--------------------|
| | Cash funds | | | |
| | <i>Balances held with Renfrewshire Council:</i> | | | |
| 0 | Opening balance | 0 | 0 | 0 |
| 0 | Surplus / (deficit) for period | 0 | 0 | 0 |
| 0 | | 0 | 0 | 0 |
| | Other assets (at current valuation) | | | |
| | <i>Land and buildings:</i> | | | |
| 770,227 | Coats Observatory, Paisley | 0 | 697,208 | 697,208 |
| 0 | Long Term Investments | 0 | 0 | 0 |
| 770,227 | | 0 | 697,208 | 697,208 |

Signed:

Signed:

Date:

Date:

Alastair MacArthur

Councillor John Shaw

Director of Finance and Resources

Convenor, Finance, Resources and Customer
Services Policy Board

Renfrewshire Council

Renfrewshire Council

Notes to the Financial Statements

ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2022 have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust Fund and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

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

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

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The accounting policies reported 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.

Audited 2020/21 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 when the money is actually received.

Recognition of expenditure

Expenditure is recognised and included in the Statement of Receipts and Payments when it is paid out.

Charitable Activities

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

Costs of Generating Funds

The cost of administering the Trust Fund, including the audit fee of £340, is borne entirely by Renfrewshire Council.

Governance Costs

Governance costs, where applicable, include the:

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

ASSETS

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

ANALYSIS OF RECEIPTS/PAYMENTS

No income was received in the year.

TRUSTEES' REMUNERATION AND EXPENSES

Neither the trustees of the Trust Fund, nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during the year (2020/21 nil).

RELATED PARTIES

During the year, Renfrewshire Council acted as banker for the Trust Fund, and all transactions, incoming and outgoing, were made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council at 31 March 2022, nor were there any cash transactions during the year.