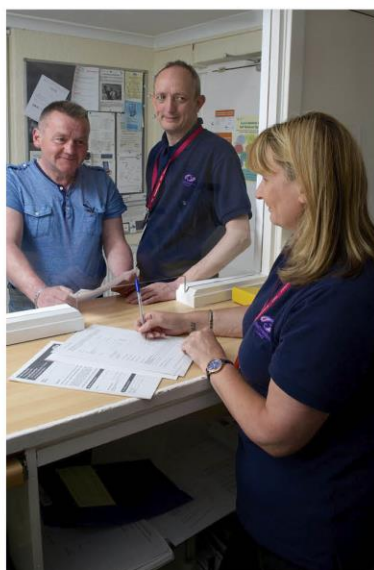


Renfrewshire Council

Audited Accounts

2018–2019



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Management Commentary

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

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



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

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



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

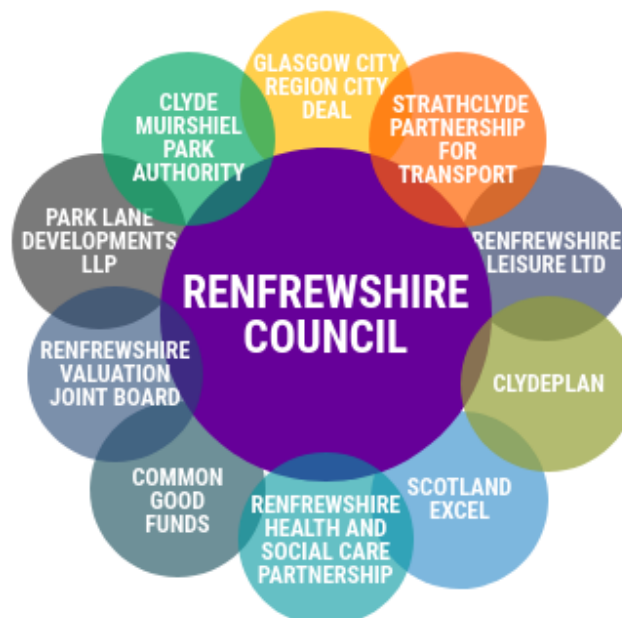


It also works closely with the Renfrewshire Health and Social Care Partnership, which delivers care services across the region.

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



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



Our Aims and Objectives

The Council and its community partners aim to achieve the objectives agreed in the 'Our Renfrewshire Community Plan 2017-2027'

(<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/article/6346/Council-Plan>.

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

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

Financial Strategy

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

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

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

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

Our Performance

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

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

The City Deal Team continues to make significant progress in all projects, which are designed drive innovation and growth and address challenges in the region's labour market. The core Advanced Manufacturing Innovation District Scotland (AMIDS) and the City Deal Glasgow Airport Investment Area (GAIA) Infrastructure contracts have been awarded and construction will commence in July 2019.

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

Strategic Outcome 2: Building strong, safe and resilient communities

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

Revised plans have been developed with the local community for the regeneration of the Tannahill area of Ferguslie Park. These were approved by the Communities, Housing & Planning Policy Board on 30 October 2018 and include proposals to build around 100 new Council homes in the area.

Strategic Outcome 3: Tackling inequality, ensuring opportunities for all

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

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

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

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

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

The Team Up to Clean Up campaign has been hugely successful, with community clean ups increasing by over 130% in the past year, resulting in over 9000 gullies across Renfrewshire have been cleaned this year with over 150

tonnes of waste removed, 5,460 additional litter picking hours undertaken and an increase of 14.5% in street sweeping tonnage collected.



Strategic Outcome 5: Working together to improve outcomes

In October 2018, the organisation implemented the Business World system which represents the biggest single technology project ever undertaken by the Council and provides the platform to transform how the organisation approaches and delivers its key business and financial process. Further functionality is being phased in over a 12-month period and therefore development of the system is still ongoing.

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

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

A Service Improvement Plan (SIP) for each of the Council departments is also agreed annually, detailing how each service will support and deliver the aims and objectives of the Council and Community Plan.

Performance against SIPs is regularly reported to the Council's Policy Boards, the main scrutiny and decision-making committees within the Council. Further information can be found on the Council's website at www.renfrewshire.gov.uk>Your Council> Information, performance and statistics> Council Performance> Our current performance

Key Performance Indicators

Renfrewshire Council publishes a range of performance information to allow interested stakeholders to assess how the Council is performing. The Council Performance section on our website has been updated to provide a number of sources to assess how the Council is performing. Public performance reporting is undertaken to ensure local citizens, businesses and partner organisations are able to track Council performance over time. Please find the link here:

<http://www.renfrewshire.gov.uk/article/2181/Council-performance>. The section provides data on how well we respond to complaints, how we are achieving progress against our Council Plan and Best Value Action Plan, how we compare with other authorities and the Scottish average, across the following pages:

- Our current performance, which includes the latest version of 'it's all about you' as a story map. It provides a ranges of performance data, images and case studies;
- Renfrewshire data, the open data platform and data needs assessments; and
- Benchmarking information such as the latest [Local Government Benchmarking Framework](#) data.

Some examples of the key performance indicators that the Council's Corporate Management Team uses to monitor performance every quarter include the: number of new unemployed people being supported through Renfrewshire Council Employability Programme; percentage of sickness absence of Council employees; percentage of waste recycled; uptake of free school meals; and rent arrears as a percentage of rent due.

For any key performance indicator which is not meeting target or has declined in performance, the responsible service area must provide a full explanation of what corrective actions are being undertaken to get performance back on track. This is also reported to the relevant policy boards through operational performance reports and/or service scorecards, as part of their service improvement plans.

In August 2017 Audit Scotland published the findings of their Best Value review (<http://www.audit-scotland.gov.uk/report/best-value-assurance-report->

renfrewshire-council), which provided an assessment of the Council and its performance and noted that the Council continues to improve and is making encouraging progress in the performance of its services, underpinned by effective financial management and planning.

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

Information System:

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

Key Financial Ratios

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

| Financial Indicator | 2018/19 | | 2017/18 | Commentary |
|--|----------|---------|---------|---|
| | Estimate | Actual | Actual | |
| Reserves | | | | |
| Uncommitted General Fund reserves as a % of budgeted net expenditure | 1.9% | 1.9% | 1.9% | Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7m. |
| Movement in uncommitted General Fund balance | n/a | 0.6% | 0.4% | Reflects the extent to which the Council is using uncommitted reserves. |
| Council Tax | | | | |
| In-year collection rate | 94.5% | 96.0% | 96.0% | Reflects the Council’s effectiveness in collecting council tax debt |
| Council tax income as a proportion of total taxation and non-specific grant income | 18.9% | 18.4% | 18.3% | Reflects the Council’s ability to vary expenditure by raising council tax, the principal local authority controlled source of finance |
| Debt/Long term borrowing | | | | |
| Capital Financing Requirement (CFR) | £413.0m | £344.6m | £347.5m | The information in this section demonstrates that external debt levels are below our capital financing requirement, and that the level of borrowing is affordable, owing to the low proportion of our budget spent on servicing debt. Further information is available in the Treasury Management Annual Report presented to Council on 27 June 2019. |
| External debt | £370.0m | £298.9m | £305.3m | |
| Ratio of financing costs to net revenue stream (General Fund) | 4.8% | 5.4% | 5.7% | |

Financial Performance

Primary Financial Statements

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

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

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

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

Financial Instruments

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

General Fund

The General Fund is funded by government grant and Council Tax revenues and the Council is also able to apply

usable reserves from the General Fund Balance to fund expenditure. After adjusting for planned carry forwards and debt repayments as per the Council's debt smoothing strategy, the General Fund delivered an underspend of £0.043m. This is broadly in line with the forecast breakeven position previously reported to members. During 2018/19, £8.0m was transferred into the General Fund from the Capital Fund to support the Council's transformation agenda.

The main reasons for the variance against the approved budget, as indicated in the following table, was an underspend in employee costs resulting from vacancy management during the year. This was offset by overspends in external residential childcare, fostering and Self-Directed Support payments.

The Council also recovered £0.875m over budget of Council Tax revenue from an excellent 96% collection rate in 2018/19.

| 2018/19 | Budget £m | Actual £m | Variance £m |
|--|------------------|------------------|----------------|
| Employee costs | 261.526 | 259.881 | 1.645 |
| Payments to other bodies | 166.734 | 168.682 | (1.948) |
| Other costs | 140.647 | 141.492 | (0.845) |
| Total Expenditure | 568.907 | 570.055 | (1.148) |
| Revenue Support Grant | (183.015) | (183.015) | 0.000 |
| Council Tax Income | (74.524) | (75.399) | 0.875 |
| Non-Domestic Rates Income* | (120.105) | (120.105) | 0.000 |
| Other Income | (197.156) | (197.472) | 0.316 |
| Total Income | (574.800) | (575.991) | 1.191 |
| Contribution to General Fund Balances | (5.893) | (5.936) | 0.043 |

*The Council was due £120.1m of Non-Domestic Rate Income from the Scottish Government as its share of the national pool.

The Council collected £117.7m directly from local businesses with the excess of £2.4m due from the Scottish Government.

forward to 2019/20. Of this balance, £52.0m has been earmarked for a particular purpose as outlined in Note 7: Usable Reserves.

This leaves unallocated reserves of £7.1m (1.9% of the Council's net annual running costs), which is broadly in line with the Council's financial planning principles.

The Council's Reserves

The Council holds the following balances in reserve. Further details can be found in Note 7: Usable Reserves. The General Fund balance of £59.1m will be carried

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

Housing Revenue Account

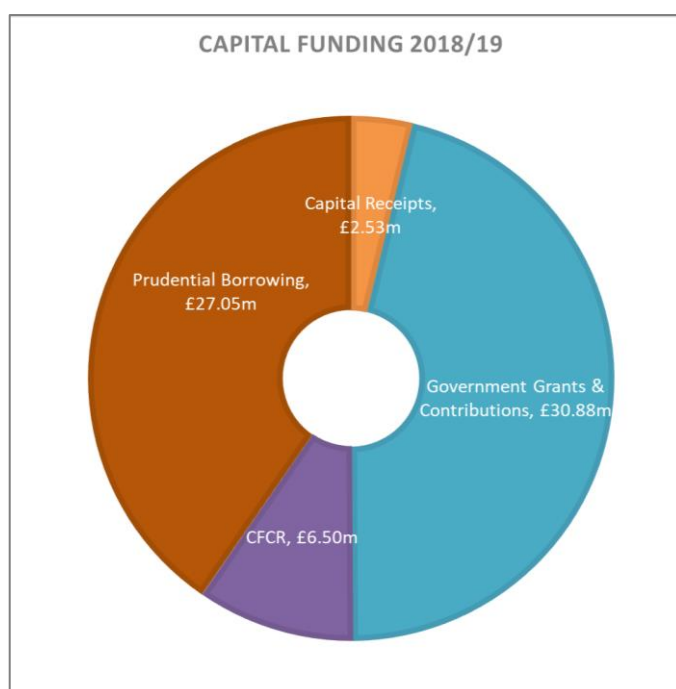
The balance on the Housing Revenue Account (HRA) as at 31st March 2019 has been maintained at £6.8m. This represents a prudent level of unallocated reserves for the HRA that remains available to mitigate the impact of any unforeseen risks. The year-end breakeven position is in line with projections reported during 2018/19 and reflects

the net effect of underspends in support services and transfer payments that have been used to fund a repairs overspend and increased debt repayment as part of the overall housing debt smoothing strategy.

Capital and Borrowing

Renfrewshire Council continues to make significant capital investment in council housing, schools, culture, roads and the town centre estate. On 2 March 2018, the Council approved the housing capital investment programme for 2018/19 of £15.4m; and the general fund capital investment programme of £63.4m.

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



During the course of 2018/19 there was no new external borrowing. The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans. The increase in cash balances compared to 31 March 2018 is attributable to a number of issues, including the delay in settling the 2018/19 pay award and grant received in advance of expenditure being incurred (e.g. early years expansion).

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

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

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

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year in its Treasury Management Strategy Statement (TMSS), approved by the Council on 2 March 2018 and revised on 13 December 2018. The TMSS for 2018/19 can be found on the Council Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>. The CFR is a prudent assessment of the aggregate external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The actual CFR at 31 March 2019 was £346.8m, which is within the approved limit of £370m.

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

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

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 30 and 31. The appointed actuaries, have confirmed an increase of £116.2m in their assessment of the Council's share of the actuarial deficit position of the local government pension fund as at 31 March 2019. This can be attributed to a reduction in

corporate bond yields at 31 March 2019, which increases the value of obligations.

It also reflects an estimate of additional costs following a Court of Appeal ruling (McCloud/Sargeant) that transitional protections on implementation of the new pension benefit structure in 2015 for members close to retirement age were unlawful on the grounds of age discrimination. For the Council, this amounts to an additional £14.212m of pension liability. This is partially offset by investment returns being greater than the 31 March 2018 rate.

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

Provisions, Contingencies and Write-offs

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 22.

In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 7, the Council has also set aside £2.543m for uninsured claims.

The Council 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 £4.178m. Further detail is provided at Note 32.

The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with four subsidiaries - Renfrewshire Leisure Limited (a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire); the Common Good Funds; the Coats

Observatory Trust and Park Lane Developments (Renfrewshire) Limited Liability Partnership. The Group Accounts also consolidate the Council's share of four other entities treated as associates or joint ventures – Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Renfrewshire Valuation Joint Board, and Renfrewshire Health and Social Care Integration Joint Board.

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

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

Financial Outlook and Key Risks

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

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

This uncertain climate, coupled with the Scottish Government's stated commitments as outlined in the 2018 Medium Term Financial Strategy in relation to growing in real terms spending in the NHS and the commitment to almost double the level of free early years nursery hours over the course of this Parliament presents what is likely to

be continuing challenges over the medium-term for core local government grant levels in Scotland.

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

The local government grant settlement for 2019/20 (again only a single year settlement being announced) was initially cut, with Renfrewshire Council facing a reduction in funding of 1.4%. Following the conclusion of the Scottish Parliamentary budget approval process, and subsequent revision to the local government settlement, the final like-for-like comparison reflects a 0.5% reduction in the general revenue grant received in 2019/20 compared to 2018/19. A balanced budget position moving into 2019/20 was agreed by the Council on 28 February 2019, reflecting well on the budget decisions taken to date by the Council towards addressing the medium-term savings requirement it is facing, while also incorporating significant temporary investment in measures to continue to Tackle Poverty and invest in Renfrewshire's infrastructure and communities. The Council also agreed a 4.79% council tax increase for 2019/20, which was the cap set by the Scottish Government.

The Council welcomes the Scottish Government's commitment to providing three-year local government funding settlements from 2020/21 onwards, as this will support the Council to develop sustainable financial plans over the medium term.

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

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

In the face of these challenges, the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. On 28 February 2019, the Council agreed a £40m investment

programme in Renfrewshire's road, cycling and pathways network and a £29m investment in the school estate. These will run alongside the Glasgow and Clyde Valley City Deal programme, which is due to deliver £1.13bn of public sector investment in infrastructure in the region over the next decade, generating 29,000 new jobs.

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

As part of the Council's treasury strategy, it continues to utilise internal cash balances, deferring or minimising external borrowing with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs.

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

Charitable Funds

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

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

The audited annual accounts of the Common Good Funds and Charitable Trusts are reported to the Council on 26 September 2019 and can be found on the Committee Management Information System at:

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

Conclusion and Acknowledgements

We would like to acknowledge the significant effort required to both produce the annual accounts and successfully manage the finances of the Council; and to record our thanks to both the Finance and Resources team and colleagues in other services for their continued hard work and support.

Further information on the annual accounts or on the Council's general finances can be obtained on the Council website (www.renfrewshire.gov.uk), by telephone (0141-618-7363) or by visiting the Customer Service Centre at Renfrewshire House.

Cllr Iain Nicolson
Leader of the Council
26 September 2019

Sandra Black
Chief Executive
26 September 2019

Alan Russell
Director of Finance and Resources
26 September 2019

Annual Governance Statement

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework

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

The overarching strategic priorities and vision of the Council are set out in the Council Plan 2017-2022 and the Renfrewshire Community Plan 2017-2027. The Council Plan is aligned to the Community Plan and sets out 5 strategic outcomes that the organisation will work to achieve over a 5 year period with specific priorities relating to tackling inequality, promoting economic and cultural regeneration, attainment and sustainability. Renfrewshire's Community Plan (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. The Council's scheme of decentralisation was reviewed during 2018 and the five Local Area Committees were replaced with 7 Local Partnerships adopting a more informal and inclusive approach as part of a drive to ensure community voices are heard on local issues and to distribute their delegated resources in accordance with community need identified in their respective local action plans and community plan key priorities.

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

As recommended in the Council's Best Value Review report, the Council has completed a review of the governance arrangements to ensure they provide for a relationship with Renfrewshire Leisure Trust (RLL) that is clear, independent, and more easily understood by the public. The new governance arrangements are in place within Renfrewshire Leisure Limited (RLL) and have been operating throughout the year with reports on performance being provided to the council's Leadership Board.

Each year Audit Scotland publish an Annual Audit Report which reflects the findings from the annual financial audit, and also in relation to best value. Within the 2017/18 report, Audit Scotland specifically refer to the progress that has been achieved by the Council in terms of implementing the improvement plan which was developed following the publication of the Best Value Improvement Plan. In the report Audit Scotland have noted that the "governance arrangements within the Council are operating effectively and support good governance and accountability".

The system of internal financial control

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

- Guidance on financial management supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,

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- Setting targets to measure financial and other performance,
 - The preparation of regular financial reports that indicate actual expenditure against the forecasts,
 - Clearly defined capital expenditure guidelines,
 - As appropriate, formal project management principles,
 - The Chief Finance Officer is the Director of Finance and Resources who complies with the CIPFA Statement on the Role of The CFO in Public Services.

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

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

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

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

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

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

Review of effectiveness and continuous improvement

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

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

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

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

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

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

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities. The following should be noted:

- An enterprise resource planning system (Business World), was implemented in October 2018 which combines finance, HR, payroll and procurement into a single integrated application. The system change was undertaken without any significant issues. There is an optimisation programme, led by the Business World SIRO, is in place to progress the further implementation of Business World, as elements of the system have not yet been brought online (for example procurement) and other parts continue to fully bed in. A Change Advisory Board, consisting of the Business World SIRO and Heads of Service responsible for the Council 'core' Business World services (Finance, HR, CBS, ICT) along with a senior representative from one of the council's partner services has been established to support this programme.
- A management review and an external audit review highlighted the level of payroll overpayments which occurred during the year. The Council has reviewed existing procedures and new guidance was developed for managers on reporting changes to an employee's conditions of service. New recovery procedures have also been put in place and this area will continue to be subject to regular reviewed by Management.

Regular reviews of the Council's arrangements are undertaken by Internal Audit and overall the Council's internal financial control arrangements are sound.

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

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

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

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

The programme of work undertaken by Internal Audit identified 4 occasions where a limited assurance level was given in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. The following areas are those identified as requiring improvement:

- The review of the arrangements for recording salary sacrifice transactions identified that improvements were required in relation to the reconciliation of the suspense account and improvements in the processes for dealing with terminations from the scheme. Management has put in place arrangements to ensure that a regular review of the suspense account is now being undertaken to monitor and reconcile any discrepancies. Appropriate arrangements are in place to ensure that any actions are taken as necessary to clear the account and no further action is required.
- The review of catering services, purchasing and stock control identified the need to ensure that catering employees responsible for purchasing activities are fully trained in their roles and responsibilities and more robust controls were required in relation to stock control. Management has agreed to comprehensively review the service arrangements for purchasing and stock control and provide training to relevant staff on the revised arrangements.
- A review of selected inspection arrangements within Environment and Infrastructure services identified the need for management to undertake a comprehensive service review and ensure that revised policies are in line with the current code of practice.
- A review of the management of software assets identified that management were aware that the current software tool in use at the time of the review, which managed both the licences and deployment of software, was not fit for purpose. Whilst a project was currently underway which aims to transform the way that software is managed, a number of areas required action to be taken to strengthen the control environment. On receipt of the report, management implemented those recommendations which could be addressed immediately and are actively progressing the remainder.

Internal Audit undertake 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 a high proportion of recommendations (87%) have been implemented by the due date and a further 3% have been deemed to be redundant as a result of new or revised processes being in operation. Of the 38 recommendations followed up which were deemed to be critical, only one of these has not yet been implemented and a further two recommendations are 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 Chief Auditor stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

Action Plan

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

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

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

Update on the 2017/2018 Action Plan

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

| Agreed action | Progress Update | Responsible person | Date | Revised Date |
|---|--|-----------------------------------|-------------|--------------|
| Complete Actions | | | | |
| Continue to implement the governance arrangement for community planning. | Governance structure fully implemented, with Improving Life Chance Board established in 2018 | Head of Policy and Commissioning | Spring 2019 | Complete |
| Complete the review of Renfrewshire Leisure Limited's governance arrangements following publication of Audit Scotland national review report. | A number of changes to governance were implemented during 2017 and 2018 in relation to RLL following recommendations made through the 2017 Best Value Assurance Report. These were made ahead of the publication of the national report, rather than awaiting its publication. In the 2017/18/ Annual Audit Report for Renfrewshire Council, the Council's external auditors (Audit Scotland) did not recommend further action in relation to ALEO governance. | Head of Policy and Commissioning | Winter 2018 | Complete |
| Complete the review of the Financial Regulations for approval by the Council and the supporting financial codes. | The review and update of the Financial Regulations and Codes is complete and the Regulations have been approved by Council. | Director of Finance and Resources | Summer 2018 | Complete |
| Review the community lead governance arrangements for approval by the Council. | Following extensive consultation and engagement a new model of local partnerships was approved by full Council in September 2018. The new partnerships are now up and running and have identified local priorities for further progression. | Head of Policy and Commissioning | Summer 2018 | Complete |
| Develop a detailed locality plan focusing on the communities that experience the poorest outcomes. | A locality plan was published in September 2017, the approach is now embedded within community planning arrangements. | Head of Policy and Commissioning | Spring 2019 | Complete |
| Continue to monitor the delivery of the actions contained in the Best Value Improvement Plan. | The implementation of the Best Value Improvement Plan is reported to the Leadership Board every 6 months. Audit Scotland has acknowledged that the Council is making good progress in addressing the recommendations from the 2016/17 BVAR. | Chief Executive | Continuing | Complete |

| Agreed action | Progress Update | Responsible person | Date | Revised Date |
|--|--|---|-------------|--------------|
| Continue to monitor and respond to developments in education reform and the establishment of regional collaboratives. | The regional collaboratives have now been formed and Renfrewshire, as one of the 8 local authorities in the West partnership, plays an active role in the work being taken forward. As part of the acting director's national involvement, Renfrewshire are well placed to help support and inform national policy as appropriate. At the moment, there are no further plans for legislative change. | Director of Children's Services and Head of Corporate Governance | Continuing | Complete |
| Review the governance and operational arrangements for corporate health and safety and formalise the health and safety strategy for approval by Board. | The review of governance and operational arrangements has been completed. A revised health and safety strategy has been approved by Board. | Director of Finance and Resources | Summer 2018 | Complete |
| Improve the corporate oversight of external funding applications. | A single officer contact for all of the Council's external funding applications has now been agreed. The post holder will be responsible for ensuring corporate oversight and compatibility with Council policy of all applications. | Head of Regeneration | Winter 2018 | Complete |
| Improve the procedures for non-residential care charging and payments. | The Charging & Payment Team has been restructured and all care at home invoicing is now dealt with by one team. Improved processes have been introduced to further improve the timeliness of system updates. The HSCP have supported a greater engagement between care providers and Care Managers to resolve any issues identified. | Head of Business and Customer Services and Head of Adult Services | Winter 2018 | Complete |
| Revise the action plan for records management and monitor delivery. | The records management plan has been updated and is monitored by the Records Management Working Group (RMWG) which meets on a quarterly basis and regular updates are provided to the Audit, Risk and Scrutiny Board. | Head of Corporate Governance | Summer 2018 | Complete |
| Review the counter fraud strategy and submit to Board for approval. | A revised counter fraud and corruption policy has been approved by Board. | Chief Auditor | Summer 2018 | Complete |
| Payroll processes, procedures and management information will be reviewed in line with | Payroll processes, procedures and management information have been reviewed in line with the implementation of Business World | Head of Business and Customer Services | Spring 2019 | Complete |

| Agreed action | Progress Update | Responsible person | Date | Revised Date |
|--|---|----------------------------------|-------------|--------------|
| the implementation of Business World ERP system. | ERP system. The review developed a new guidance manual for payroll employees. | | | |
| Develop expenditure monitoring and contract oversight arrangements through the implementation of the Enterprise Resource Planning system and associated monitoring activity. | The implementation of the purchase to pay element now part of the Business World development project which is fully underway. Systems testing has been undertaken and the focus of the implementation is now on business readiness. The approach will be a phased implementation across services. | Head of Policy and Commissioning | Spring 2018 | Complete |
| Ongoing Actions | | | | |
| Pilot the revised Renfrewshire continuous improvement model of self-assessment. | A new model was developed and approved by CMT in Summer 2018. This is currently on hold to allow for the completion of the staff values exercise that is underway. | Head of Policy and Commissioning | Autumn 2018 | March 2020 |
| Continue to complete the recommendations to ensure full compliance with the PCI DSS standards. | Upgrade activities have addressed gaps. An audit is currently underway to re-assess compliance scope in order to confirm that no new gaps have appeared since the previous audit and to prepare the documentation for PCI compliance. | Head of ICT | Autumn 2018 | Summer 2019 |

Assurance

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

Cllr Iain Nicolson
Leader of the Council
26 September 2019

Sandra Black
Chief Executive
26 September 2019

Remuneration Report

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

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

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

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

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to fourteen senior councillors (in addition to the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in 2018-2019 being £297,423 per annum; and whose salaries individually must be on a specified scale, in 2018-2019 £16,994 to £25,493. In May 2017 the Council approved that Renfrewshire would have twelve senior councillors: four Policy Board Conveners (salary of £25,194 per annum in 2018-2019); four Regulatory Board Conveners (salary of £20,778 in 2018-2019); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £20,778 in 2018-2019).

2. Remuneration Policy for Senior Employees

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

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

3. Remuneration of Senior Employees

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

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

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

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

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

[1] The reduction in salary from 2017/18 to 2018/19, despite a flat rate pay increase of £1,600 is due to the lack of elections during financial year 2018/19. Payments for elections held in 2017/18 resulted in a higher salary in that year.

| 2017-18 | Senior Employees of Subsidiary Bodies | | 2018-19 |
|----------------------------|---------------------------------------|--|----------------------------|
| Total Remuneration £ | Name | Post held | Total Remuneration £ |
| 95,709 | Joyce McKellar | Chief Executive, Renfrewshire Leisure until 31/10/2018 | 57,004 |
| 0 | Victoria Hollows | Chief Executive, Renfrewshire Leisure from 03/12/2018 | 29,920 |
| 0 | Fiona Naylor | Acting Chief Executive from 15/10/2018 to 31/12/2018 | 20,284 |
| 95,709 | Total | | 107,208 |

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

4. Remuneration of Senior Councillors

Under the regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Head and any councillor designated a Senior Councillor by the Council. The table below shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2019, whether or not those amounts were actually paid to, or received by, those persons within that period.

| 2017-2018 | | Leader of the Council, Provost, senior councillors | 2018-2019 | | |
|----------------|--|--|-----------------------------|--|----------------|
| Total | Name | Position held | Salary, fees and allowances | Expenses allowance chargeable to UK income tax | Total |
| £ | | | £ | £ | £ |
| 3,147 | Mark Macmillan ⁽¹⁾ | Leader of the Council | 0 | 0 | 0 |
| 2,475 | Anne Hall ⁽¹⁾ | Provost | 0 | 0 | 0 |
| 2,342 | Mike Holmes ⁽¹⁾ | Policy Board Convener | 0 | 0 | 0 |
| 2,342 | Jim Harte ⁽¹⁾ | Policy Board Convener | 0 | 0 | 0 |
| 2,342 | Tommy Williams ⁽¹⁾ | Policy Board Convener | 0 | 0 | 0 |
| 2,342 | Jacqueline Henry ⁽¹⁾ | Policy Board Convener | 0 | 0 | 0 |
| 2,342 | Iain McMillan ⁽¹⁾ | Renfrewshire Health and Social Care Partnership Representative | 0 | 0 | 0 |
| 2,342 | Roy Glen ⁽¹⁾ | Policy Board Convener | 0 | 0 | 0 |
| 2,946 | Eddie Devine ⁽¹⁾ | Policy Board Convener | 0 | 0 | 0 |
| 1,967 | Sam Mullin ⁽¹⁾ | Regulatory Board Convener | 0 | 0 | 0 |
| 1,935 | John Hood ⁽¹⁾ | Regulatory Board Convener | 0 | 0 | 0 |
| 1,935 | Jim Sharkey ⁽¹⁾ | Regulatory Board Convener | 0 | 0 | 0 |
| 1,935 | Alexander Murrin ⁽¹⁾ | Regulatory Board Convener | 0 | 0 | 0 |
| 2,342 | Terry Kelly ⁽¹⁾ | Policy Board Convener | 0 | 0 | 0 |
| 1,935 | Kenny MacLaren ⁽¹⁾ | Leader of the Opposition | 0 | 0 | 0 |
| 29,499 | Iain Nicolson ⁽²⁾ | Leader Of the Council | 33,990 | 0 | 33,990 |
| 22,123 | Lorraine Cameron ⁽²⁾ | Provost | 25,493 | 344 | 25,837 |
| 21,869 | Cathy McEwan ⁽²⁾ | Policy Board Convener | 25,194 | 0 | 25,194 |
| 21,869 | Marie McGurk ⁽²⁾ | Policy Board Convener | 25,194 | 0 | 25,194 |
| 21,869 | Jim Paterson ⁽²⁾ | Policy Board Convener | 25,194 | 0 | 25,194 |
| 21,869 | John Shaw ^{(2) (3)} | Policy Board Convener | 25,194 | 0 | 25,194 |
| 21,869 | Lisa Marie Hughes ⁽²⁾ | Chair Renfrewshire Leisure | 25,194 | 0 | 25,194 |
| 21,869 | Jacqueline Cameron ⁽²⁾ | Chair/Vice Chair IJB | 25,194 | 0 | 25,194 |
| 18,035 | John McNaughtan ⁽²⁾ | Regulatory Board Convener | 20,778 | 0 | 20,778 |
| 18,035 | Bill Binks ⁽²⁾ | Regulatory Board Convener | 20,778 | 0 | 20,778 |
| 18,035 | Jennifer Adams McGregor ⁽²⁾ | Regulatory Board Convener | 20,778 | 0 | 20,778 |
| 16,050 | Andy Steel ⁽²⁾ | Regulatory Board Convener from 21/06/2017 | 20,778 | 0 | 20,778 |
| 15,989 | Audrey Doig ^{(2) (4)} | Convener Renfrewshire Valuation Joint Board from 30/06/2017 | 21,155 | 0 | 21,155 |
| 18,035 | Eddie Devine ⁽²⁾ | Leader of largest opposition group | 20,778 | 0 | 20,778 |
| 18,035 | James MacLaren ⁽²⁾ | Leader of 2nd largest opposition group | 20,778 | 0 | 20,778 |
| 339,719 | Total | | 356,470 | 344 | 356,814 |

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

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

- (1) Appointed until 4 May 2017
- (2) Appointed from 18 May 2017 unless otherwise stated.
- (3) Cllr John Shaw is also Convener of the Scotland Excel Joint Committee and receives no remuneration for this appointment.
- (4) No charge is passed on to the Renfrewshire Valuation Joint Board for the increased cost due to Cllr Audrey Doig's position as Convenor.

5. Pension Entitlement

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

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

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

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

The tiers and members contribution rates are as follows:

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

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

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

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

The pension entitlements for Senior Employees and Senior Councillors for the year to 31 March 2019 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

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

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

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

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

6. Councillors' remuneration

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

| 2017-2018 | 2018-2019 |
|---|----------------|
| £ | £ |
| 786,415 Salaries | 798,473 |
| 3,906 Travel costs – reimbursed | 3,046 |
| 10,949 Travel costs – paid directly by the Council | 13,262 |
| 303 Subsistence expenses - reimbursed | 106 |
| 0 Subsistence expenses -paid directly by the Council | 25 |
| 5,252 Training and Conferences | 890 |
| 153 Telephone and information communication technology expenses – reimbursed | 0 |
| 13,125 Telephone and information communication technology expenses – paid directly by the Council | 4,925 |
| 134 Other allowances and expenses | 344 |
| 820,237 Total | 821,071 |

The public record of members' salaries, allowances and expenses for 2018-2019 is available for inspection during normal working hours at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley. The public record is also available on the "Register of Councillors' Interests" page of the Council's website: www.renfrewshire.gov.uk.

7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2018-2019, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2018-2019. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above. Note that leavers may be included due to retirement or redundancy costs.

| 2017-2018 | | 2018-2019 | 2017-2018 | | 2018-2019 |
|---------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| Number of Employees | Remuneration band | Number of Employees | Number of Employees | Remuneration band | Number of Employees |
| 141 | £50,000 to £54,999 | 141 | 0 | £105,000 to £109,999 | 0 |
| 47 | £55,000 to £59,999 | 95 | 3 | £110,000 to £114,999 | 1 |
| 24 | £60,000 to £64,999 | 42 | 1 | £115,000 to £119,999 | 2 |
| 9 | £65,000 to £69,999 | 5 | 0 | £120,000 to £124,999 | 0 |
| 4 | £70,000 to £74,999 | 8 | 0 | £125,000 to £129,999 | 0 |
| 2 | £75,000 to £79,999 | 5 | 0 | £130,000 to £134,999 | 0 |
| 5 | £80,000 to £84,999 | 3 | 0 | £135,000 to £139,999 | 0 |
| 11 | £85,000 to £89,999 | 9 | 0 | £140,000 to £144,999 | 1 |
| 1 | £90,000 to £94,999 | 2 | 1 | £145,000 to £149,999 | 0 |
| 1 | £95,000 to £99,999 | 5 | 0 | £150,000 to £154,999 | 0 |
| 1 | £100,000 to £104,999 | 0 | 0 | £155,000 to £159,999 | 0 |
| | | | 251 | | 319 |

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

8. Exit Packages

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

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

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

| 2017-2018 | | Exit package cost | 2018-2019 | |
|-----------------------------|--|---------------------|-----------------------------|--|
| Number of departures agreed | Total projected cost of exit packages in each band £m | | Number of departures agreed | Total projected cost of exit packages in each band £m |
| 22 | 0.190 | £0 - £20,000 | 10 | 0.086 |
| 9 | 0.260 | £20,001 - £40,000 | 3 | 0.065 |
| 9 | 0.460 | £40,001 - £60,000 | 2 | 0.098 |
| 11 | 0.703 | £60,001 - £80,000 | 0 | 0.000 |
| 7 | 0.643 | £80,001 - £100,000 | 2 | 0.173 |
| 13 | 1.591 | £100,001 - £150,000 | 10 | 1.256 |
| 4 | 0.663 | £150,001 - £200,000 | 5 | 0.879 |
| 8 | 1.733 | £200,001 - £250,000 | 5 | 1.120 |
| 83 | 6.243 | Total | 37 | 3.677 |

9. Trade Union Facility Time

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

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

Trade Union (TU) representative

2018-2019

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

Percentage of pay bill spent on facility time

2018-2019

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

Percentage of time spent on facility time

2018-2019

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

Paid Trade Union activities

2018-2019

| | |
|--|--------|
| Time spent on paid TU activities as a percentage of total paid facility time hours | 30.17% |
|--|--------|

Cllr Iain Nicolson
Leader of the Council
26 September 2019

Sandra Black
Chief Executive
26 September 2019

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required:

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

I can confirm that these annual accounts were approved for signature by the Council on 26 September 2019.

Signed on behalf of Renfrewshire Council.

Cllr Iain Nicolson
Leader of the Council
26 September 2019

The Director of Finance and Resources' Responsibilities

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

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

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

The Director of Finance and Resources has also:

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

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

Alan Russell CPFA
Director of Finance and Resources
26 September 2019

Comprehensive Income and Expenditure Statement

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

| 2017-2018 (Restated) | | | | 2018-2019 | | | |
|-------------------------|------------------|------------------|---|-----------|-------------------|------------------|-----------------|
| Gross expenditure | Gross income | Net expenditure | | Note | Gross expenditure | Gross income | Net expenditure |
| £m | £m | £m | | | £m | £m | £m |
| 201.019 | (15.264) | 185.755 | Children's Services | | 211.350 | (18.119) | 193.231 |
| 135.576 | (116.264) | 19.312 | Communities, Housing & Planning Services | | 135.723 | (115.715) | 20.008 |
| 92.726 | (32.710) | 60.016 | Environment & Infrastructure | | 89.161 | (30.715) | 58.446 |
| 50.221 | (7.794) | 42.427 | Finance & Resources | | 55.686 | (8.997) | 46.689 |
| 31.297 | (2.761) | 28.536 | Chief Executive's Service | | 31.627 | (8.180) | 23.447 |
| 14.742 | (15.152) | (0.410) | Miscellaneous Services | | 25.738 | (13.577) | 12.161 |
| 187.435 | (119.100) | 68.335 | Adult Services | | 195.171 | (124.484) | 70.687 |
| 713.016 | (309.045) | 403.971 | Net Cost of Services | | 744.456 | (319.787) | 424.669 |
| | | | Other operating expenditure: | | | | |
| 1.189 | 0.000 | 1.189 | (Gains) or losses on the disposal of non-current assets | | 3.007 | 0.000 | 3.007 |
| 29.351 | (1.126) | 28.225 | Financing and investment income and expenditure | 3 | 24.813 | (1.170) | 23.643 |
| | (400.885) | (400.885) | Taxation and non-specific grant income | 4 | 0.000 | (409.399) | (409.399) |
| 743.556 | (711.056) | 32.500 | (Surplus) or deficit on the provision of services | | 772.276 | (730.356) | 41.920 |
| | | (91.530) | (Surplus) or deficit on the revaluation of non-current assets | 8(ii) | | | (16.672) |
| | | 0.000 | Impairment (gains) or losses on non-current assets charged to the revaluation | 8(ii) | | | 0.639 |
| | | 0.047 | (Surplus) or deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income | 8(vi) | | | (0.139) |
| | | (200.788) | Actuarial (gains) or losses on pension assets and liabilities | 31(ii) | | | 79.998 |
| | | (292.271) | Other comprehensive income and expenditure | | | | 63.826 |
| | | (259.771) | Total comprehensive income and expenditure | | | | 105.746 |

The Council restructured its services during 2018-2019 and therefore the presentation of the 2017-2018 results have been restated to show a like-for-like comparison. In addition, the former Trading Operation has now been reclassified; its 2017-2018 net surplus was £1.293m; this is now reflected within Environment & Infrastructure in the Net Cost of Services.

Movement in Reserves Statement

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

| Note | Usable reserves | | | | | | Unusable reserves £m | Total reserves £m |
|--|----------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------------------|-------------------------|----------------------|
| | General Fund Balance £m | Housing Revenue Account £m | Revenue statutory funds £m | Capital Receipts Reserve £m | Capital statutory funds £m | Total usable reserves £m | | |
| Balance at 31 March 2017 carried forward | 48.726 | 9.811 | 2.857 | 7.631 | 81.508 | 150.533 | 597.247 | 747.780 |
| <i>Movement in reserves during 2017-2018:</i> | | | | | | | | |
| Total comprehensive income and expenditure | (21.321) | (11.179) | 0.000 | 0.000 | 0.000 | (32.500) | 292.271 | 259.771 |
| Adjustments between accounting basis and funding basis under regulations | 6 25.030 | 8.175 | 0.000 | (0.014) | (1.817) | 31.374 | (31.374) | 0.000 |
| Net increase or (decrease) before transfers to other statutory reserves | 3.709 | (3.004) | 0.000 | (0.014) | (1.817) | (1.126) | 260.897 | 259.771 |
| Transfers to or (from) other statutory reserves | 7 (7.227) | 0.000 | 0.001 | 0.000 | 7.226 | 0.000 | 0.000 | 0.000 |
| Increase or (decrease) in 2017-2018 | (3.518) | (3.004) | 0.001 | (0.014) | 5.409 | (1.126) | 260.897 | 259.771 |
| Balance at 31 March 2018 carried forward | 45.208 | 6.807 | 2.858 | 7.617 | 86.917 | 149.407 | 858.144 | 1,007.551 |
| <i>Movement in reserves during 2018-2019:</i> | | | | | | | | |
| Total comprehensive income and expenditure | (36.351) | (5.569) | 0.000 | 0.000 | 0.000 | (41.920) | (63.826) | (105.746) |
| Adjustments between accounting basis and funding basis under regulations | 6 44.225 | 5.569 | 0.000 | 0.400 | (3.075) | 47.119 | (47.119) | 0.000 |
| Net increase or (decrease) before transfers to other statutory reserves | 7.874 | 0.000 | 0.000 | 0.400 | (3.075) | 5.199 | (110.945) | (105.746) |
| Transfers to or (from) other statutory reserves | 8.000 | 0.000 | 0.000 | 0.000 | (8.000) | 0.000 | 0.000 | 0.000 |
| Transfers to or (from) other statutory reserves | 7 (1.938) | 0.000 | 0.000 | 0.000 | 1.938 | 0.000 | 0.000 | 0.000 |
| Increase or (decrease) in 2018-2019 | 13.936 | 0.000 | 0.000 | 0.400 | (9.137) | 5.199 | (110.945) | (105.746) |
| Balance at 31 March 2019 carried forward | 59.144 | 6.807 | 2.858 | 8.017 | 77.780 | 154.606 | 747.199 | 901.805 |

Balance Sheet

The balance sheet shows the value as at 31 March 2019 of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **Movement in Reserves Statement**.

| As at 31 March 2018 | | As at 31 March 2019 | |
|------------------------|---------------------------------|------------------------|--------|
| £m | Note | £m | |
| 1,346.473 | Property, plant and equipment | 1,340.737 | 9 |
| 1.587 | Investment property | 1.601 | 10 |
| 39.303 | Heritage assets | 39.303 | 11 |
| 0.405 | Intangible assets | 5.845 | 13 |
| 10.531 | Long-term investments | 3.785 | 23 |
| 2.492 | Long-term debtors | 2.614 | 19 |
| 1,400.791 | Long-term assets | 1,393.885 | |
| 91.238 | Short-term investments | 103.292 | 23 |
| 0.757 | Inventories | 1.120 | 17 |
| 0.266 | Short-term Intangible Assets | 0.037 | 18 |
| 55.374 | Short-term debtors | 44.037 | 19 |
| 12.953 | Cash and cash equivalents | 46.342 | 20 |
| 0.251 | Short-term assets held for sale | 1.500 | 12 |
| 160.839 | Current assets | 196.328 | |
| (48.413) | Short-term borrowing | (72.438) | 23 |
| (66.027) | Short-term creditors | (87.359) | 21 |
| (7.417) | Short-term provisions | (6.718) | 22 |
| (121.857) | Current liabilities | (166.515) | |
| (192.055) | Long-term borrowing | (168.357) | 23 |
| (74.275) | Long-term creditors | (71.442) | 21 |
| (5.426) | Long-term provisions | (5.420) | 22 |
| (160.466) | Other long-term liabilities | (276.674) | 31(vi) |
| (432.222) | Long-term liabilities | (521.893) | |
| 1,007.551 | Net assets | 901.805 | |
| 149.407 | Usable reserves | 154.606 | 7 |
| 858.144 | Unusable reserves | 747.199 | 8 |
| 1,007.551 | Total reserves | 901.805 | |

The unaudited accounts were issued on 27 June 2019 and the audited accounts were authorised for issue on 26 September 2019.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and
Resources

Cashflow Statement

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

| 2017-2018 Restated | 2018-2019 |
|---|-----------------|
| £m | £m |
| Note | |
| 32.500 Net (surplus) or deficit on the provision of services | 41.920 |
| (80.691) Adjust net surplus or deficit on the provision of services for non-cash movements | 26a (149.738) |
| 24.163 Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 33.812 |
| (24.028) Net cash flows from operating activities | (74.006) |
| 30.842 Net cash flows from investing activities | 26b 38.040 |
| 17.865 Net cash flows from financing activities | 26c 2.577 |
| 24.679 Net (increase) or decrease in cash and cash equivalents | (33.389) |
| (37.632) Cash and cash equivalents at the beginning of the reporting period | 20 (12.953) |
| (12.953) Cash and cash equivalents at the end of the reporting period | (46.342) |

Prior year figures have been restated to eliminate capital transactions that were included in the 2017-2018 accounts.

Note 1 Expenditure and Funding Analysis

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

| 2017-2018 | | | 2018-2019 | | |
|--|--|---|--|--|-----------------------------|
| Net expenditure chargeable to the General Fund and HRA | Adjustments between funding and accounting basis (Note 1a) | Net expenditure in the CIES | Net expenditure chargeable to the General Fund and HRA | Adjustments between funding and accounting basis (Note 1a) | Net expenditure in the CIES |
| £m | £m | £m | £m | £m | £m |
| 167.017 | 18.741 | 185.758 | 172.351 | 20.880 | 193.231 |
| 15.109 | 4.258 | 19.367 | 12.514 | 7.494 | 20.008 |
| 46.946 | 14.051 | 60.997 | 47.071 | 11.375 | 58.446 |
| 36.906 | 5.521 | 42.427 | 34.720 | 11.969 | 46.689 |
| 24.826 | 3.709 | 28.535 | 22.131 | 1.316 | 23.447 |
| 32.786 | (34.175) | (1.389) | 23.535 | (11.374) | 12.161 |
| 63.697 | 4.638 | 68.335 | 67.200 | 3.487 | 70.687 |
| 387.287 | 16.743 | 404.030 | 379.522 | 45.147 | 424.669 |
| (380.765) | 9.235 | (371.530) | (385.458) | 2.709 | (382.749) |
| 6.522 | 25.978 | 32.500 | (5.936) | 47.856 | 41.920 |
| (Surplus) or deficit | | | | | |
| (58.537) | | Opening General Fund and HRA balance | (52.015) | | |
| 6.522 | | Less (surplus) or deficit on General Fund and HRA balance in year | (5.936) | | |
| - | | Add other items not charged to the Surplus / Deficit | (8.000) | | |
| (52.015) | | Closing General Fund and HRA at 31 March* | (65.951) | | |

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

1a. Adjustments between funding and accounting basis

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

| 2018-2019 | | | | | Adjustments between funding and accounting basis | | | |
|--|--|---|------------------------------------|----------------------|--|--|--|--|
| | Adjustments for capital purposes (Note i) | Net change for the pensions adjustments (Note ii) | Other differences (Note iii) | Total Adjustments | | | | |
| | £m | £m | £m | £m | | | | |
| Children's Services | 24.080 | 5.307 | (8.507) | 20.880 | | | | |
| Communities, Housing & Planning Services | 10.644 | 2.581 | (5.731) | 7.494 | | | | |
| Environment & Infrastructure | 8.566 | 4.030 | (1.221) | 11.375 | | | | |
| Finance & Resources | 4.880 | 4.052 | 3.037 | 11.969 | | | | |
| Chief Executive's Service | 0.169 | 1.044 | 0.103 | 1.316 | | | | |
| Miscellaneous Services | (16.677) | 10.873 | (5.570) | (11.374) | | | | |
| Adult Services | 0.000 | 3.513 | (0.026) | 3.487 | | | | |
| Net cost of services | 31.662 | 31.400 | (17.915) | 45.147 | | | | |
| Other income and expenditure from the expenditure and funding analysis | (16.879) | 4.810 | 14.778 | 2.709 | | | | |
| Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services | 14.783 | 36.210 | (3.137) | 47.856 | | | | |

| 2017-2018 | | | | | Adjustments between funding and accounting basis | | | |
|--|--|---|------------------------------------|----------------------|--|--|--|--|
| | Adjustments for capital purposes (Note i) | Net change for the pensions adjustments (Note ii) | Other differences (Note iii) | Total Adjustments | | | | |
| | £m | £m | £m | £m | | | | |
| Children's Services | 19.284 | 6.991 | (7.534) | 18.741 | | | | |
| Communities, Housing & Planning Services | 9.260 | 2.671 | (7.673) | 4.258 | | | | |
| Environment & Infrastructure | 8.605 | 3.846 | 1.600 | 14.051 | | | | |
| Finance & Resources | 4.093 | 0.000 | 1.428 | 5.521 | | | | |
| Chief Executive's Service | 3.487 | 0.000 | 0.222 | 3.709 | | | | |
| Miscellaneous Services | (11.156) | (0.877) | (22.142) | (34.175) | | | | |
| Adult Services | 0.000 | 4.801 | (0.163) | 4.638 | | | | |
| Net cost of services | 33.573 | 17.432 | (34.262) | 16.743 | | | | |
| Other income and expenditure from the expenditure and funding analysis | (26.456) | 8.932 | 26.759 | 9.235 | | | | |
| Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services | 7.117 | 26.364 | (7.503) | 25.978 | | | | |

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

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

(iii) Other differences – any other differences between those amounts debited or credited to the 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.

Note 2 Expenditure and income analysed by nature

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

| 2017-2018 Restated | Note | 2018-2019 |
|---|------|------------------|
| £m | | £m |
| Expenditure | | |
| 261.370 Employee benefits expenses | | 295.376 |
| 393.784 Other service expenses | | 285.134 |
| 71.824 Depreciation, amortisation, impairment | | 73.880 |
| 29.351 Interest Payments | 3 | 24.813 |
| 1.189 (Gain)/Loss on the disposal of assets | | 3.007 |
| 757.518 Total expenditure | | 682.210 |
| Income | | |
| (321.714) Fees, charges and other service income | | (229.721) |
| (2.419) Interest and investment income | 3 | (1.170) |
| (172.146) Income from council tax and non-domestic rates | 4 | (195.504) |
| (228.739) Government grants and contributions | 4 | (213.895) |
| (725.018) Total income | | (640.290) |
| 32.500 (Surplus) or deficit on the provision of services | | 41.920 |

Note 3 Financing and investment income and expenditure

| 2017-2018 | Note | 2018-2019 |
|--|------|---------------|
| £m | | £m |
| 20.419 Interest payable and similar charges | | 20.003 |
| 8.932 Net interest on the net defined benefit liability | | 4.810 |
| (0.993) Interest receivable and similar income | | (1.045) |
| (0.133) Income and expenditure in relation to investment properties and changes in their fair values | 10 | (0.125) |
| 28.225 Total financing and investment income and expenditure | | 23.643 |

Note 4 Taxation and non-specific grant income

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

Note 5 Grant income

The Council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2018-2019. Prior year figures have been restated for presentation purposes only.

| 2017-2018 Restated | | 2018-2019 |
|-----------------------|--|---------------|
| £m | | £m |
| 59.801 | Housing benefit | 58.937 |
| 0.844 | Housing benefit and council tax administration | 0.778 |
| 0.334 | Discretionary Housing Payment | 0.347 |
| 0.925 | Private sector housing grant | 0.900 |
| 0.683 | Education Maintenance Allowance | 0.640 |
| 0.022 | Gaelic Education | 0.020 |
| 0.026 | School Milk | 0.018 |
| 4.248 | Pupil Equity Fund | 4.272 |
| 0.000 | Early Years Expansion | 2.667 |
| 4.249 | Other Education | 5.662 |
| 4.003 | Children's Services | 3.172 |
| 14.860 | Adult Services | 12.254 |
| 0.547 | Employability | 2.576 |
| 1.674 | Other grants | 2.131 |
| 92.216 | Total credited to services | 94.374 |

Note 6 Adjustment between accounting basis and funding basis under regulations

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

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

| 2018-2019 | Usable reserves | | | | Unusable reserves |
|---|----------------------|---------------------------------|-------------------------|--------------------------|-------------------|
| | General Fund Balance | Housing Revenue Account Balance | Capital Statutory Funds | Capital Receipts Reserve | |
| | £m | £m | £m | £m | £m |
| <i>Adjustments primarily involving the Capital Adjustment Account:</i> | | | | | |
| Reversal of items relating to capital expenditure debited or credited to the CIES: | | | | | |
| Charges for depreciation and impairment of non-current assets | (45.334) | (28.331) | 0.000 | 0.000 | 73.665 |
| Amortisation of intangible assets | (0.200) | 0.000 | 0.000 | 0.000 | 0.200 |
| Capital grants and contributions applied | 25.249 | 5.631 | 0.000 | 0.000 | (30.880) |
| Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES | (3.289) | 0.282 | 0.000 | 0.000 | 3.007 |
| <i>Insertion of items not debited or credited to the CIES:</i> | | | | | |
| Statutory provision for the repayment of Loans Fund & Finance Lease principal | 9.251 | 18.537 | 0.000 | 0.000 | (27.788) |
| Capital expenditure charged against the General Fund and HRA Balances | 3.421 | 0.000 | 3.075 | 0.000 | (6.496) |
| <i>Adjustments primarily involving the Capital Receipts Reserve:</i> | | | | | |
| Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES | 0.000 | 0.000 | 0.000 | (2.932) | 2.932 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0.000 | 0.000 | 0.000 | 2.532 | (2.532) |
| <i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i> | | | | | |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | 0.263 | 0.234 | 0.000 | 0.000 | (0.497) |
| <i>Adjustments primarily involving the Pension Reserve:</i> | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (61.538) | (2.884) | 0.000 | 0.000 | 64.422 |
| Employer's pension contributions and direct payments to pensioners payable in the year | 27.151 | 1.061 | 0.000 | 0.000 | (28.212) |
| <i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i> | | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 0.801 | (0.099) | 0.000 | 0.000 | (0.702) |
| Total adjustments | (44.225) | (5.569) | 3.075 | (0.400) | 47.119 |

| 2017-2018 | Usable reserves | | | | Unusable reserves |
|---|----------------------|---------------------------------|-------------------------|--------------------------|-------------------|
| | General Fund Balance | Housing Revenue Account Balance | Capital Statutory Funds | Capital Receipts Reserve | |
| | £m | £m | £m | £m | £m |
| <i>Adjustments primarily involving the Capital Adjustment Account:</i> | | | | | |
| Reversal of items relating to capital expenditure debited or credited to the CIES: | | | | | |
| Charges for depreciation and impairment of non-current assets | (42.316) | (29.239) | 0.000 | 0.000 | 71.555 |
| Amortisation of intangible assets | (0.269) | 0.000 | 0.000 | 0.000 | 0.269 |
| Capital grants and contributions applied | 25.763 | 1.825 | 0.000 | 0.000 | (27.588) |
| Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES | (1.102) | (0.057) | 0.000 | 0.000 | 1.159 |
| <i>Insertion of items not debited or credited to the CIES:</i> | | | | | |
| Statutory provision for the repayment of Loans Fund & Finance Lease principal | 12.129 | 20.860 | 0.000 | 0.000 | (32.989) |
| Capital expenditure charged against the General Fund and HRA Balances | 5.288 | 0.000 | 1.817 | 0.000 | (7.105) |
| <i>Adjustments primarily involving the Capital Receipts Reserve:</i> | | | | | |
| Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES | 0.000 | 0.000 | 0.000 | (2.284) | 2.284 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0.000 | 0.000 | 0.000 | 2.298 | (2.298) |
| <i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i> | | | | | |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | 0.260 | 0.229 | 0.000 | 0.000 | (0.489) |
| <i>Adjustments primarily involving the Pension Reserve:</i> | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (51.241) | (3.334) | 0.000 | 0.000 | 54.575 |
| Employer's pension contributions and direct payments to pensioners payable in the year | 26.755 | 1.456 | 0.000 | 0.000 | (28.211) |
| <i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i> | | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (0.297) | 0.085 | 0.000 | 0.000 | 0.212 |
| Total adjustments | (25.030) | (8.175) | 1.817 | 0.014 | 31.374 |

Note 7 Usable reserves

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

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

This note sets out the amounts set aside from the General Fund Balance in statutory funds established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for specific areas of expenditure, and the amounts transferred back from these funds to meet General Fund expenditure in 2018-2019.

| | 2017-2018 | | | | 2018-2019 | | |
|--------------------------------|--------------------------------------|-------------------------------------|---------------------------------|--------------------------------------|-------------------------------------|---------------------------------|--------------------------------------|
| | Balance at 31 March 2017 £m | Transfers out 2017-2018 £m | Transfers in 2017-2018 £m | Balance at 31 March 2018 £m | Transfers out 2018-2019 £m | Transfers in 2018-2019 £m | Balance at 31 March 2019 £m |
| Insurance Fund | 2.543 | 0.000 | 0.000 | 2.543 | 0.000 | 0.000 | 2.543 |
| Reservoir Repair Fund | 0.314 | 0.000 | 0.001 | 0.315 | 0.000 | 0.000 | 0.315 |
| Revenue statutory funds | 2.857 | 0.000 | 0.001 | 2.858 | 0.000 | 0.000 | 2.858 |
| Education Capital Items Fund | 0.766 | (0.220) | 0.586 | 1.132 | (0.331) | 0.246 | 1.047 |
| Investment Capital Fund | 80.742 | (4.320) | 9.363 | 85.785 | (11.075) | 2.023 | 76.733 |
| Capital statutory funds | 81.508 | (4.540) | 9.949 | 86.917 | (11.406) | 2.269 | 77.780 |
| Total | 84.365 | (4.540) | 9.950 | 89.775 | (11.406) | 2.269 | 80.638 |

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

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

The Education Capital Items Fund is earmarked funding for specific schools to be used in 2018-2019 for planned purchases of a capital nature such as computers and information communication technology equipment.

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

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

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

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

Ring-fenced elements of the General Fund Balance

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

| | 2017-2018 | | | | 2018-2019 | | |
|---|--------------------------------|------------------|-----------------|--------------------------------|------------------|-----------------|--------------------------------|
| | Balance at 31 March 2017 | Transfers out | Transfers in | Balance at 31 March 2018 | Transfers out | Transfers in | Balance at 31 March 2019 |
| | £m | £m | £m | £m | £m | £m | £m |
| Service Modernisation and Reform Fund | 5.411 | (1.730) | 0.000 | 3.681 | (1.370) | 8.032 | 10.343 |
| Funding the future availability of the educational establishments to be replaced under the Public Private Partnership | 12.670 | 0.000 | 0.000 | 12.670 | 0.000 | 0.000 | 12.670 |
| M74 Fund | 0.566 | 0.000 | 0.000 | 0.566 | 0.000 | 0.000 | 0.566 |
| Development Contribution – Paisley Town Centre | 1.059 | 0.000 | 0.000 | 1.059 | (0.003) | 0.000 | 1.056 |
| Early Years Change Fund | 2.721 | (0.670) | 0.410 | 2.461 | (1.410) | 0.000 | 1.051 |
| Pupil Equity Fund | 0.000 | 0.000 | 1.613 | 1.613 | (0.187) | 0.000 | 1.426 |
| Waste Management Strategy | 4.245 | (2.462) | 0.000 | 1.783 | (1.783) | 0.000 | 0.000 |
| Invest in Renfrewshire | 2.850 | (2.453) | 0.082 | 0.479 | (0.479) | 0.000 | 0.000 |
| Community Safety | 0.121 | (0.090) | 0.000 | 0.031 | 0.000 | 0.000 | 0.031 |
| Private Sector Housing Grant | 2.135 | 0.000 | 0.264 | 2.399 | 0.000 | 0.288 | 2.687 |
| Tackling Poverty - Credit Union Support | 0.340 | (0.340) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Paisley Town Centre Heritage Asset Strategy | 5.612 | (2.417) | 0.000 | 3.195 | (0.693) | 0.130 | 2.632 |
| Culture Bid Legacy | 0.000 | 0.000 | 1.531 | 1.531 | 0.000 | 0.880 | 2.411 |
| City Deal | 1.561 | (0.080) | 0.000 | 1.481 | (0.208) | 0.000 | 1.273 |
| Renfrewshire Health & Social Care Partnership | 0.000 | 0.000 | 1.656 | 1.656 | (0.424) | 0.000 | 1.232 |
| Town Centre Public WiFi | 0.000 | 0.000 | 0.503 | 0.503 | (0.159) | 0.000 | 0.344 |
| Response to Commission on Tackling Poverty | 1.066 | (0.363) | 0.000 | 0.703 | (0.703) | 4.002 | 4.002 |
| Youth Employment Strategy | 0.082 | (0.082) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Employability | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 4.500 | 4.500 |
| Environment & Place | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.500 | 2.500 |
| Digital Infrastructure | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.440 | 0.440 |
| Community Empowerment Fund | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.472 | 0.472 |
| Kilbarchan AAC | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.250 | 0.250 |
| Welfare Reform | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.603 | 0.603 |
| British Sign Language | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.099 | 0.099 |
| Villages Improvement Fund | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.370 | 0.370 |
| <i>Year end flexibility:</i> | | | | | | | |
| Children's Services | 1.213 | (0.052) | 0.000 | 1.161 | (0.112) | 0.000 | 1.049 |
| Adult Services | 0.009 | (0.009) | 0.010 | 0.010 | (0.010) | 0.000 | 0.000 |
| Total ring-fenced element of the General Fund Balance | 41.661 | (10.748) | 6.069 | 36.982 | (7.541) | 22.566 | 52.007 |
| Additional Scottish Government Grant - related to 2018-19 | 0.000 | 0.000 | 1.132 | 1.132 | (1.132) | 0.000 | 0.000 |
| Unallocated element of the General Fund Balance | 7.065 | (0.010) | 0.039 | 7.094 | 0.000 | 0.043 | 7.137 |
| General Fund Balance | 48.726 | (10.758) | 7.240 | 45.208 | (8.673) | 22.609 | 59.144 |

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

Note 8 Unusable reserves

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

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

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

Summary of unusable reserves

| 31 March 2018 | | | 31 March 2019 |
|------------------|--|-------|------------------|
| £m | | Note | £m |
| 0.459 | Available-for-sale Financial Instruments Reserve | (i) | 0.000 |
| 471.731 | Revaluation Reserve | (ii) | 468.331 |
| (160.466) | Pension Reserve | (iii) | (276.674) |
| 567.159 | Capital Adjustment Account | (iv) | 574.484 |
| (13.415) | Financial Instruments Adjustment Account | (v) | (12.918) |
| 0.000 | Financial Instruments Revaluation Reserve | (vi) | 0.598 |
| (7.324) | Employee Statutory Adjustment Account | (vii) | (6.622) |
| 858.144 | Total unusable reserves | | 747.199 |

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

The Available-for-sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices. The balance is reduced when investments with accumulated gains are (i) revalued downwards or impaired and the gains are lost or (ii) disposed of and the gains are realised. Under IFRS9, implemented with effect from 1 April 2018, financial assets are no longer classified as 'Available for Sale' and consequently this reserve has been wound up by the transfer of its balance to the new Financial Instruments Revaluation Reserve.

| 2017-2018 | | 2018-2019 |
|--------------|---|--------------|
| £m | | £m |
| 0.506 | Opening Balance | 0.459 |
| 0.000 | Transfer to Financial Instruments Revaluation Reserve | (0.459) |
| 0.506 | Revised Opening Balance at 1 April | 0.000 |
| (0.047) | Upward/(downward) revaluation of investments | 0.000 |
| 0.459 | Closing Balance at 31 March | 0.000 |

(ii) Movement in the year: Revaluation Reserve

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

| 2017-2018 | | 2018-2019 | |
|----------------|---|-----------|----------------|
| £m | | £m | £m |
| 395.818 | Balance at 1 April | | 471.731 |
| 91.530 | Upward/(downward) revaluation of non-current assets | 16.033 | |
| (13.825) | Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account | (17.496) | |
| (1.792) | Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account | (1.937) | |
| 75.913 | Amount posted to the Capital Adjustment Account | | (3.400) |
| 471.731 | Balance at 31 March | | 468.331 |

(iii) Movement in the year: Pension Reserve

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

| 2017-2018 | | 2018-2019 | |
|------------------|--|------------------|--|
| £m | | £m | |
| (334.890) | Balance at 1 April | (160.466) | |
| 200.788 | Actuarial gains or (losses) on pension assets and liabilities | (79.998) | |
| (54.575) | Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement | (64.422) | |
| 28.211 | Employer's pension contributions payable in the year | 28.212 | |
| (160.466) | Balance at 31 March | (276.674) | |

(iv) Movement in the year: Capital Adjustment Account

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

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

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

| 2017-2018 | | 2018-2019 | |
|----------------|---|-----------|----------------|
| £m | | £m | £m |
| 556.829 | Balance at 1 April | | 567.159 |
| | <i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</i> | | |
| (71.555) | Charges for depreciation, impairment and revaluation losses of non-current assets | (73.665) | |
| (0.269) | Amortisation of intangible assets | (0.200) | |
| | Revenue expenditure funded from capital under statute | | |
| (2.284) | Non-current assets sale proceeds | (2.932) | |
| (1.159) | Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement | (3.007) | |
| (75.267) | | | (79.804) |
| 15.617 | Adjusting amounts written out of the Revaluation Reserve | | 19.433 |
| (59.650) | Net written out amount of the cost of non-current assets consumed in the year | | (60.371) |
| | <i>Capital financing applied in the year:</i> | | |
| 2.298 | Use of the Capital Receipts Reserve to finance new capital expenditure | 2.532 | |
| 27.588 | Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing | 30.880 | |
| 32.989 | Loans Fund and Finance Lease principal repayments | 27.788 | |
| 7.105 | Capital expenditure charged against the General Fund and Housing Revenue Account balances | 6.496 | |
| 69.980 | | | 67.696 |
| 567.159 | Balance at 31 March | | 574.484 |

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

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

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

March 2007 and, under the statutory arrangements, these will be fully amortised to the General Fund Balance by financial year 2053-2054.

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

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

| 2017-2018 | | 2018-2019 | |
|------------------------|--|-----------|------------------------|
| £m | | £m | £m |
| (13.904) | Balance at 1 April | | (13.415) |
| 0.472 | Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | 0.472 | |
| <u>0.472</u> | | | <u>0.472</u> |
| 0.017 | Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements or regulations | | 0.025 |
| <u>(13.415)</u> | Balance at 31 March | | <u>(12.918)</u> |

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

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are (i) revalued downwards or impaired and the gains are lost; or (ii) disposed of and the gains are realised.

| 2017-2018 | | 2018-2019 | |
|---------------------|--|---------------------|--|
| £m | | £m | |
| 0.000 | Opening Balance | 0.000 | |
| 0.000 | Transfer from Available for Sale Financial Instruments Reserve | 0.459 | |
| 0.000 | Revised Opening Balance at 1 April | 0.459 | |
| 0.000 | Upward revaluation of investments | 0.139 | |
| <u>0.000</u> | Balance at 31 March | <u>0.598</u> | |

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

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

| 2017-2018 | | 2018-2019 | |
|-----------|---|-----------|---------|
| £m | | £m | £m |
| (7.112) | Balance at 1 April | | (7.324) |
| 7.112 | Settlement or cancellation of accrual made at the end of the preceding year | 7.324 | |
| (7.324) | Amounts accrued at the end of the current year | (6.622) | |
| (0.212) | Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | | 0.702 |
| (7.324) | Balance at 31 March | | (6.622) |

Note 9 Property, Plant and Equipment

| 2018-2019 | Council dwellings | Other land and buildings | Vehicles, plant, furniture and equipment | Infrastructure assets | Assets under construction | Surplus assets | Total property, plant and equipment | Of which funded by PPP |
|--|-------------------|--------------------------|--|-----------------------|---------------------------|----------------|-------------------------------------|------------------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross carrying amount at 1 April 2018 | 522.946 | 287.210 | 517.446 | 298.126 | 37.450 | 28.463 | 1,691.641 | 101.265 |
| Assets reclassified (to) or from the "held for sale" category | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | (1.500) | (1.500) | 0.000 |
| Other asset reclassifications | 0.048 | 1.712 | 23.356 | 0.000 | (31.784) | 1.161 | (5.507) | 0.000 |
| Additions | 6.105 | 10.829 | 12.306 | 9.095 | 26.273 | 0.000 | 64.608 | 0.992 |
| Disposals | (0.495) | (1.670) | (8.551) | 0.000 | 0.000 | (1.148) | (11.864) | 0.000 |
| Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve | (23.924) | (1.271) | 8.323 | 0.000 | 0.000 | 2.089 | (14.783) | 7.318 |
| Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services | 0.000 | (6.651) | (8.580) | 0.000 | 0.000 | (0.802) | (16.033) | 1.873 |
| Gross carrying amount at 31 March 2019 | 504.680 | 290.159 | 544.300 | 307.221 | 31.939 | 28.263 | 1,706.562 | 111.448 |
| Accumulated depreciation and impairment losses at 1 April 2018 | 0.000 | 17.130 | 188.203 | 135.585 | 0.000 | 4.250 | 345.168 | 8.083 |
| Assets reclassified (to) or from the "held for sale" category | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Depreciation on other reclassifications | 0.014 | (0.617) | 0.561 | 0.000 | 0.000 | 0.042 | 0.000 | 0.000 |
| Depreciation charge for the year | 17.432 | 6.812 | 34.799 | 6.215 | 0.000 | 0.119 | 65.377 | 3.637 |
| Depreciation and impairment on disposals | (0.016) | (0.239) | (5.914) | 0.000 | 0.000 | (0.005) | (6.174) | 0.000 |
| Depreciation written out to the Revaluation Reserve | (17.430) | (3.440) | (10.503) | 0.000 | 0.000 | (0.081) | (31.454) | (6.534) |
| Depreciation written out to the surplus or deficit on the provision of services | 0.000 | (3.793) | (4.573) | 0.000 | 0.000 | (0.030) | (8.396) | (0.304) |
| Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.639 | 0.639 | 0.000 |
| Impairment losses recognised in the surplus or deficit on the provision of services | 0.000 | 0.000 | 0.000 | 0.000 | 0.278 | 0.387 | 0.665 | 0.000 |
| Accumulated depreciation (including accumulated impairment losses) at 31 March 2019 | 0.000 | 15.853 | 202.573 | 141.800 | 0.278 | 5.321 | 365.825 | 4.882 |
| Balance sheet net carrying amount at 31 March 2019 | 504.680 | 274.306 | 341.727 | 165.421 | 31.661 | 22.942 | 1,340.737 | 106.566 |
| Balance sheet net carrying amount at 1 April 2018 | 522.946 | 270.080 | 329.243 | 162.541 | 37.450 | 24.213 | 1,346.473 | 93.182 |

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

Note 10 Investment properties

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

| 2017-2018 | | 2018-2019 | |
|-----------|--|-----------|--|
| £m | | £m | |
| (0.168) | Rental income from investment property | (0.111) | |
| (0.168) | Net (gain) or loss | (0.111) | |

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

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

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

Fair Value Hierarchy

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

| | Quoted Prices in active markets for identical Assets (level 1) | Other significant observable inputs (level 2) | Other significant unobservable inputs (level 3) | Fair Value as at 31 March 2019 |
|------------------|--|---|---|-----------------------------------|
| | £m | £m | £m | £m |
| Commercial Units | 0.000 | 0.344 | 0.000 | 0.344 |
| Office Units | 0.000 | 0.060 | 0.000 | 0.060 |
| Commercial Sites | 0.000 | 1.027 | 0.000 | 1.027 |
| Other | 0.000 | 0.170 | 0.000 | 0.170 |
| Total | 0.000 | 1.601 | 0.000 | 1.601 |

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

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

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

Note 11 Heritage Assets

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

| 2017-2018 | | 2018-2019 | |
|---------------|------------------------------------|---------------|--|
| £m | | £m | |
| 38.977 | Opening balance at 1 April | 39.303 | |
| 0.326 | Revaluations | 0.000 | |
| 39.303 | Closing balance at 31 March | 39.303 | |

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

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

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

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

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

| | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
|--------------|-----------|-----------|-----------|-----------|-----------|
| | £m | £m | £m | £m | £m |
| Acquisitions | 0.316 | 0.000 | 0.000 | 0.000 | 0.000 |
| Donations | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Disposals | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Revaluations | 0.000 | 0.000 | 0.000 | 0.326 | 0.000 |

Note 12 Assets held for sale

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

| 2017-2018 | | 2018-2019 | |
|--|------------------------------------|--------------|--|
| £m | | £m | |
| 0.988 | Opening balance at 1 April | 0.251 | |
| Assets classified to/from "held for sale": | | | |
| (0.140) | Council Dwellings | 0.000 | |
| 0.000 | Other Land and Buildings | 1.500 | |
| (0.597) | Assets sold | (0.251) | |
| 0.251 | Closing balance at 31 March | 1.500 | |

Note 13 Intangible assets

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

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

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

Note 14 Capital expenditure and capital financing

Capital Expenditure involves the creation of assets, the benefit of which will be available to future Council tax and non-domestic rate payers. It is financed from borrowing and capital income (sales receipts), and so the cost of the asset is effectively borne over a number of years. The Council's overall capital investment programme is sub-divided into two programmes – housing and non-housing. In 2018-2019 total spending on capital projects was £64.672m (£67.463m in 2017-2018) and was within the overall prudential limits approved by Council. £2.532m (£2.298m in 2017-2018) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £24.834m (£30.472m in 2017-2018) was financed from external borrowing and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, and the resources used to finance this expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in the CFR during the year is also analysed in the table below.

| 2017-2018 | 2018-2019 |
|---|----------------|
| £m | £m |
| 349.937 Opening Capital Financing Requirement | 347.471 |
| <i>Capital investment:</i> | |
| 67.437 Property, plant and equipment | 64.608 |
| 0.026 Intangible assets | 0.134 |
| <i>Sources of finance:</i> | |
| (1.469) Capital receipts – sale of council houses | (0.479) |
| (0.829) Capital receipts – sale of other council assets | (2.053) |
| (27.588) Government grants and other contributions | (30.880) |
| (7.105) Sums set aside from revenue – direct revenue contributions | (6.496) |
| (32.938) Loans Fund/Finance Lease principal repayments | (27.738) |
| 347.471 Closing Capital Financing Requirement | 344.567 |
| <i>Explanation of movements during the year</i> | |
| 0.239 Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance) | 0.000 |
| (2.705) Increase/(decrease) in PPP finance lease creditor | (2.904) |
| (2.466) Increase or (decrease) in Capital Financing Requirement during the year | (2.904) |

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

Note 15 Public Private Partnerships

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

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

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

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

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

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

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%.

Note 16 Leases

Renfrewshire Council as Lessee

Operating Leases

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

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

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

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

Renfrewshire Council as Lessor

Operating Leases

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

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

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

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

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

Note 17 Inventories

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

Note 18 Intangible assets (current assets)

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

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

Note 19 Debtors

| 31 March 2018 (restated) | | | 31 March 2019 | | |
|--------------------------|--------------|----------------------|---------------|--------------|--|
| Short | Long | | Short | Long | |
| Term | Term | | Term | Term | |
| £m | £m | | £m | £m | |
| 21.421 | 0.000 | Trade receivables | 11.872 | 0.000 | |
| 7.082 | 0.000 | Prepayments | 4.871 | 0.000 | |
| 26.871 | 2.492 | Other receivables | 27.294 | 2.614 | |
| 55.374 | 2.492 | Total debtors | 44.037 | 2.614 | |

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

Note 20 Cash and cash equivalents

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

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

Note 21 Creditors

The analysis below details the main creditor balances.

| 31 March 2018 (restated) | | | 31 March 2019 | | |
|--------------------------|-----------------|------------------------|-----------------|-----------------|--|
| Short | Long | | Short | Long | |
| Term | Term | | Term | Term | |
| £m | £m | | £m | £m | |
| (17.936) | 0.000 | Trade payables | (17.897) | 0.000 | |
| (48.091) | (74.275) | Other payables | (69.462) | (71.442) | |
| (66.027) | (74.275) | Total creditors | (87.359) | (71.442) | |

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

Note 22 Provisions

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

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

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

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

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

| 2018-2019 | | | | |
|---|-----------------------------|---------------------|--------------|--------------|
| | Holiday pay compensation | Insurance claims | Other | Total |
| | £m | £m | £m | £m |
| Balance at 1 April 2018 | 0.591 | 3.615 | 1.220 | 5.426 |
| Additional provisions and increases/ (decreases) to existing provisions made during the year | (0.030) | 1.170 | 0.000 | 1.140 |
| Amounts used during the year | 0.000 | (1.146) | 0.000 | (1.146) |
| Balance at 31 March 2019 | 0.561 | 3.639 | 1.220 | 5.420 |

Holiday pay compensation payments

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

Insurance claims

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

Other

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

Note 23 Financial Instruments

Categories of financial instruments

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

| 31 March 2018 (restated) | | | 31 March 2019 | |
|-----------------------------|---------|---|---------------|----------------|
| Long-term | Current | Financial Assets | Long-term | Current |
| £m | £m | | £m | £m |
| 7.000 | 91.000 | <i>At amortised cost:</i> | 0.000 | 103.000 |
| 0.000 | 0.238 | Principal | 0.000 | 0.295 |
| 0.000 | 0.000 | Accrued interest | 0.000 | (0.003) |
| 7.000 | 91.238 | Loss allowance | 0.000 | 103.292 |
| 3.531 | 0.000 | | 3.785 | 0.000 |
| 10.531 | 91.238 | <i>At fair value through other comprehensive income - designated equity instruments</i> | 3.785 | 0.000 |
| | | Total Investments | 3.785 | 103.292 |
| | | <i>At amortised cost:</i> | | |
| 0.000 | 1.359 | Principal | 0.000 | 14.496 |
| 0.000 | 0.002 | Accrued interest | 0.000 | 0.007 |
| 0.000 | (0.001) | Loss allowance | 0.000 | (0.007) |
| 0.000 | 1.360 | | 0.000 | 14.496 |
| 0.000 | 11.593 | <i>At fair value through profit or loss</i> | 0.000 | 31.846 |
| 0.000 | 12.953 | Total cash and cash equivalents | 0.000 | 46.342 |
| | | <i>At amortised cost:</i> | | |
| 4.010 | 58.125 | Trade receivables | 3.690 | 56.656 |
| 5.141 | 0.924 | Loans made for service purposes | 4.998 | 0.123 |
| 0.655 | 0.000 | Accrued interest | 0.725 | 0.000 |
| (7.314) | (9.449) | Loss allowance | (6.799) | (19.505) |
| 2.492 | 49.600 | Included in debtors | 2.614 | 37.274 |

| 31 March 2018 (restated) | | | 31 March 2019 | |
|-----------------------------|-----------------|---------------------------------------|------------------|-----------------|
| Long-term £m | Current £m | Financial Liabilities | Long-term £m | Current £m |
| | | At amortised cost: | | |
| | | Public Works Loan Board borrowing | | |
| (171.674) | (3.523) | Principal sum borrowed | (168.357) | (3.317) |
| 0.000 | (2.792) | Accrued interest | 0.000 | (2.620) |
| 0.000 | 0.000 | EIR adjustments | 0.000 | 0.000 |
| (171.674) | (6.315) | | (168.357) | (5.937) |
| | | Non-PWLB borrowing ("market debt") | | |
| (20.000) | (32.916) | Principal sum borrowed | 0.000 | (52.916) |
| 0.000 | (0.876) | Accrued interest | 0.000 | (0.883) |
| (0.381) | (0.563) | EIR adjustments | 0.000 | (0.922) |
| (20.381) | (34.355) | | 0.000 | (54.721) |
| 0.000 | (7.743) | Borrowing from group entities | 0.000 | (11.780) |
| (192.055) | (48.413) | Total borrowing | (168.357) | (72.438) |
| 0.000 | (41.883) | At amortised cost trade payables | 0.000 | (57.830) |
| (74.274) | (2.904) | PFI/PPP and finance lease liabilities | (71.438) | (2.836) |
| (0.001) | 0.000 | Financial guarantees | (0.004) | 0.000 |
| (74.275) | (44.787) | Included in creditors | (71.442) | (60.666) |

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

Equity instruments elected to fair value through other comprehensive income

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

Fair value of financial instruments

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

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

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

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

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

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

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

| 31 March 2018 (restated) | | | | 31 March 2019 | |
|---|------------|--|------------------------|--|------------|
| Balance sheet carrying amount | Fair value | Financial assets | Fair value level | Balance sheet carrying amount | Fair value |
| £m | £m | <i>Financial assets measured at fair value:</i> | | £m | £m |
| 11.593 | 11.593 | Callable deposits in money market funds | 1 | 31.846 | 31.846 |
| 3.531 | 3.531 | Investments in pooled funds (insurance fund) | 1 | 3.785 | 3.785 |
| 15.124 | 15.124 | | | 35.631 | 35.631 |
| <i>Financial assets measured at amortised cost:</i> | | | | | |
| 98.238 | 98.179 | Fixed term deposits with UK local authorities | 2 | 95.279 | 95.346 |
| 0.000 | 0.000 | Fixed term deposits with UK building societies | 1 | 8.013 | 8.013 |
| 1.309 | 1.309 | Callable deposits with UK banks and building societies (including current account balances with the council's | 2 | 14.448 | 14.440 |
| 0.050 | 0.050 | Imprest accounts held at council establishments | 2 | 0.048 | 0.048 |
| 2.587 | 2.703 | Loans made for service purposes | 3 | 1.644 | 1.696 |
| 102.184 | 102.241 | | | 119.432 | 119.543 |
| 117.308 | 117.365 | Total financial assets for which fair value is disclosed | | 155.063 | 155.174 |

| | | | |
|---|--|---|---------------|
| <i>Financial assets measured at amortised cost:</i> | | | |
| 0.828 | | Trade receivables: long-term | 1.091 |
| 48.678 | | Trade receivables: short-term | 37.153 |
| 49.506 | | Total financial assets for which fair value is not disclosed | 38.244 |

| 31 March 2018 (restated) | | | | 31 March 2019 | |
|---|------------------|--|------------------------|--|------------------|
| Balance sheet carrying amount £m | Fair value £m | Financial liabilities | Fair value level | Balance sheet carrying amount £m | Fair value £m |
| Financial liabilities measured at amortised cost: | | | | | |
| (177.989) | (258.418) | Public Works Loan Board borrowing | 2 | (174.294) | (250.972) |
| (54.737) | (82.788) | Non-PWLB borrowing("market debt") | 2 | (54.721) | (82.270) |
| Other liabilities: | | | | | |
| (77.178) | (77.178) | PFI/PPP liabilities | 3 | (74.270) | (74.270) |
| (0.001) | (0.001) | Financial guarantees | 3 | (0.004) | (0.004) |
| (309.905) | (418.385) | Total financial liabilities for which fair value is disclosed | | (303.289) | (407.516) |
| Financial liabilities measured at amortised cost: | | | | | |
| (7.743) | | Borrowing from group entities | | (11.780) | |
| (41.882) | | Trade payables: short-term | | (57.830) | |
| (49.625) | | Total financial liabilities for which fair value is not disclosed | | (69.610) | |

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

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

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

| | Financial Assets Elected to fair value through other comprehensive income | | | Fair value through profit or loss | Financial liabilities at amortised cost | Total 2018-2019 | Total 2017-2018 |
|--|---|----------------|--|---|--|--------------------|--------------------|
| | Amortised cost | | | | | | |
| | £m | £m | | £m | £m | £m | £m |
| Interest expense (including finance lease interest) | 0.000 | 0.000 | | 0.000 | 17.704 | 17.704 | 17.044 |
| Impairment losses | 0.245 | 0.000 | | 0.000 | 0.000 | 0.245 | 0.076 |
| Total expense in the (surplus) or deficit on the provision of services | 0.245 | 0.000 | | 0.000 | 17.704 | 17.949 | 17.120 |
| Interest income | (0.661) | 0.000 | | (0.128) | 0.000 | (0.789) | (0.795) |
| Dividend income | 0.000 | (0.114) | | 0.000 | 0.000 | (0.114) | (0.098) |
| Other income | (0.002) | 0.000 | | 0.000 | 0.000 | (0.002) | (0.001) |
| Total income in the (surplus) or deficit on the provision of services | (0.663) | (0.114) | | (0.128) | 0.000 | (0.905) | (0.894) |
| Net (gain) or loss on revaluation | 0.000 | (0.140) | | 0.000 | 0.000 | (0.140) | (0.052) |
| (Surplus) or deficit on the revaluation of financial assets (in other comprehensive income and expenditure) | 0.000 | (0.140) | | 0.000 | 0.000 | (0.140) | (0.052) |
| Net (gain) or loss for the year (in total comprehensive income and expenditure) | (0.418) | (0.254) | | (0.128) | 17.704 | 16.904 | 16.174 |

Note 24 Nature and extent of risks arising from Financial Instruments

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

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

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

Credit Risk

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

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

| 31 March 2018 | | 31 March 2019 |
|--------------------------|---------------------------|--------------------------|
| £m | | £m |
| 11.593 | AAA (Money Market Funds) | 31.846 |
| 0.000 | AA- | 8.005 |
| 0.000 | A+ | 8.002 |
| 2.002 | A | 9.396 |
| 0.424 | BBB+ | 1.475 |
| 98.238 | Unrated local authorities | 95.280 |
| 112.257 | Total | 154.004 |

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

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

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

Collateral

Renfrewshire Council occasionally provides loans to residents who wish to buy their homes under "right to buy" legislation. In such cases the Council takes a standard security over the property. As at 31 March 2019 the outstanding value of loans advanced by the Council was £0.834 million (£0.919m as at 31 March 2018).

Liquidity risk

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

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

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

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

Market risk: interest rate risk

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

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

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

To illustrate the notional impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher during 2018-2019, with all other variables held constant.

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

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

Market risk: price risk

The Council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the Council by Aberdeen Standard Capital in the Phoenix Fund. The objective of the fund is to achieve long-term growth with low volatility, through a widely diversified portfolio. The benchmark return is LIBOR+2% per annum. During 2018-2019 the book cost of investments increased by £0.114m (£0.098m increase during 2017-2018).

The investment is classified as fair value through other comprehensive income, meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is an accounting requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the Council, an increase or fall of 5% in the general price of shares at 31 March 2019 would have resulted in a £0.057 million gain or loss being recognised in other comprehensive income and expenditure for 2018-2019.

Note 25 Financial Instruments Transition to IFRS9

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

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

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

Note 26 Cash flow statement notes

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

| 2017-2018 Restated £m | 2018-2019 £m |
|---|------------------|
| (71.824) Depreciation, amortisation, impairment and revaluations | (73.865) |
| (0.984) (Increase)/decrease in impairment provision for bad debts | 0.000 |
| 1.949 (increase)/decrease in creditors | (23.205) |
| 10.588 Increase/(decrease) in debtors | (11.444) |
| 0.194 Increase/(decrease) in inventories | 0.363 |
| (26.364) Pension (liability)/asset | (36.210) |
| (3.764) Carrying amount of non-current assets sold | (5.941) |
| 9.514 Other non-cash items charged to the net surplus or deficit on the provision of services | 0.564 |
| (80.691) Adjustment to net (surplus)/deficit on the provision of services for non – cash movements | (149.738) |

Prior year figures have been restated to eliminate capital transactions that were reported in the 2017/18 accounts.

26b. Cash flow statement: investing activities

| 2017-2018 Restated | | 2018-2019 |
|-----------------------|--|---------------|
| £m | | £m |
| 51.082 | Purchase of property, plant and equipment, investment property and intangible assets | 66.544 |
| 3.923 | Purchase of short-term and long-term investments | 5.308 |
| (2.881) | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (2.932) |
| (21.282) | Other receipts from investing activities | (30.880) |
| 30.842 | Net cash flows from investing activities | 38.040 |

Certain 2017/18 figures have been restated to eliminate capital transactions that were reported in the 2017/18 accounts.

26c. Cash flow statement: financing activities

| 2017-2018 | | 2018-2019 |
|---------------|---|--------------|
| £m | | £m |
| 0.000 | Cash receipts of short-term and long-term borrowing | (0.327) |
| 2.705 | Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts | 2.904 |
| 15.160 | Repayment of short-term and long-term borrowing | 0.000 |
| 17.865 | Net cash flows from financing activities | 2.577 |

26d. Cash flow statement: interest paid and received

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

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

Note 27 Agency services

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

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

Note 28 Related parties

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

Central and Scottish Government

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

Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests are available on the Council website, www.renfrewshire.gov.uk. Services totalling £4.566m (£0.350m at 31 March 2018) were commissioned from organisations in which two elected members have a financial interest. The relevant members played no role in the decision relating to services commissioned and contracts were entered into in full compliance with contract standing orders. Payments for services and grants totalling £0.305m were paid to organisations in which three elected members had a non-financial interest. The relevant members did not take part in discussions regarding grant awards or commissioning of services. One elected member was employed by Renfrewshire Leisure Ltd (RLL). This member has declared this interest and recused themselves from any Board or Committee meeting where items pertaining to RLL were under discussion. As the payments above were all made during the financial year, there are no outstanding balances to be disclosed. Transactions between the Council and RLL can be found in Note G5 Adjustments between group accounts and council accounts.

Officers

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

Entities controlled or significantly influenced by the Council

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

Note 29 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2018-2019 were £0.347m (£0.335m in 2017-2018). There were no fees paid to Audit Scotland in respect of any other services.

Note 30 Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher

marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012 which set the contribution rates from 1 April 2015 to 31 March 2019. The next valuation will be based on scheme data as at 31 March 2016 and began in 2016-2017. This will set contribution rates from 1 April 2019. Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

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

Based on the proportion of employer contributions paid in 2017-2018, Renfrewshire Council's level of participation in the scheme is 2.7%. The Council paid £11.451m (£10.834m in 2017-2018) for employer's contributions to the Scottish Public Pensions Agency. £0.436m of expenditure (£0.439m in 2017-2018) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.7% of teachers' pensionable pay (0.7% in 2017-2018). The estimated contribution for 2019/20 is £11.560m.

Note 31 Defined benefit pension schemes

(i) Participation in pension schemes

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

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

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

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

(ii) Transactions relating to post-employment benefits

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

| 2017-2018 | 2018-2019 |
|--|----------------|
| £m | £m |
| <i>Included within net cost of services:</i> | |
| 44.127 Current service cost | 43.492 |
| 1.516 Past service cost/(gain) | 16.120 |
| <i>Included within financing and investment income and expenditure:</i> | |
| 39.678 Interest cost | 38.149 |
| (30.746) Expected return on scheme assets | (33.339) |
| 54.575 Total of LGPS post-employment benefits charged to the surplus or deficit on the provision of services | 64.422 |
| <i>Included within other comprehensive income and expenditure:</i> | |
| <i>Remeasurement of the Net Defined Benefit Liability comprising:</i> | |
| (23.512) Return on Assets excluding amounts included in net interest | (40.039) |
| (3.788) Actuarial gains and losses arising on changes in Demographic Assumptions | 0.000 |
| (78.104) Actuarial gains and losses arising on changes in Financial Assumptions | 116.700 |
| (95.384) Actuarial gains and losses arising on changes in Other Assumptions | 3.337 |
| (146.213) Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement | 144.420 |
| <i>Movement in reserves statement:</i> | |
| (200.788) Actuarial losses or (gains) | 79.998 |
| 54.575 Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement | 64.422 |
| (28.211) Employer contributions and direct payments to pensioners payable in the year | (28.212) |
| (174.424) Movement in the year on the Pension Reserve | 116.208 |

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

Past service cost is the estimated increase in liabilities arising from current year decisions that relates to years of service earned prior to this year. For 2018/19 this includes an estimate for the impact of potential removal of transitional arrangements (McCloud judgement) amounting to £14.212m.

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

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2019, the defined benefit obligation exceeded scheme assets by £276.674m (£160.466m as at 31 March 2019). The defined benefit obligation is valued on an actuarial basis using the "projected unit credit" method, which estimates the pensions that will be payable in future years (dependent on assumptions about mortality rates, salary levels and other factors) discounted to their present value. The discount rate used at 31 March 2019 was 2.4% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2017.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2019, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension position of £276.674m represents an increase in liability of £116.208m between 31 March 2018 and 31 March 2019. The net pension liability has a substantial impact on the net worth of the Council as recorded in the **balance sheet**. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains assured. The deficit on the Strathclyde Pension Fund will be made good by contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

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

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

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

The following is a reconciliation of the 2018-2019 opening and closing balances of the present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation (that is, scheme liabilities).

| 2017-2018 | 2018-2019 |
|--|------------------|
| £m | £m |
| 1,518.330 Opening balance at 1 April | 1,396.320 |
| 44.127 Current service cost | 43.492 |
| 1.516 Past service cost (including curtailments) | 16.120 |
| 39.678 Interest cost | 38.149 |
| 7.067 Member contributions | 6.775 |
| (177.276) Actuarial losses or (gains) | 120.037 |
| <i>Losses or (gains) on curtailment</i> | |
| (4.373) Estimated benefits paid: unfunded | (4.525) |
| (32.749) Estimated benefits paid: other | (32.623) |
| 1,396.320 Closing balance at 31 March | 1,583.745 |

(v) Movement in scheme assets

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

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

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

The actual return on scheme assets from 1 April 2018 to 31 March 2019 was 5.9%.

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

| 31 March 2018 | | | 31 March 2019 | | |
|---------------------------------------|---|------------------|---------------------------------------|---|------------------|
| Quoted Prices in active markets | Prices not quoted in active markets | Total | Quoted Prices in active markets | Prices not quoted in active markets | Total |
| £m | £m | £m | £m | £m | £m |
| 285.085 | 0.747 | 285.832 | 301.513 | 0.791 | 302.304 |
| 38.777 | 0.001 | 38.778 | 41.011 | 0.001 | 41.012 |
| 0.000 | 147.679 | 147.679 | 0.000 | 156.189 | 156.189 |
| 0.000 | 111.895 | 111.895 | 0.000 | 118.343 | 118.343 |
| 405.664 | 121.046 | 526.710 | 429.040 | 128.022 | 557.062 |
| 0.025 | 0.000 | 0.025 | 0.027 | 0.000 | 0.027 |
| 63.621 | 61.314 | 124.935 | 67.287 | 64.847 | 132.134 |
| 793.172 | 442.682 | 1,235.854 | 838.878 | 468.193 | 1,307.071 |
| Fair value of scheme assets | | | | | |

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

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

| 31 March 2018 £m | 31 March 2019 £m |
|--|------------------------|
| Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities: | |
| (647.494) Current employee members | (801.805) |
| (88.792) Pre-local government reorganisation (1996) liabilities | (87.218) |
| (126.741) Deferred pensioners | (142.502) |
| (436.905) Pensioners | (450.960) |
| (1,299.932) Defined benefit obligation - funded liabilities | (1,482.485) |
| Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - <u>un</u> funded liabilities: | |
| (83.113) Retirals from Renfrewshire Council | (88.379) |
| (13.275) Retirals pre-local government reorganisation (1996) | (12.881) |
| (96.388) Defined benefit obligation - <u>un</u> funded liabilities | (101.260) |
| (1,396.320) Present value of defined benefit obligation | (1,583.745) |
| 1,235.854 Fair value of scheme assets | 1,307.071 |
| (160.466) Net liability arising from defined benefit obligation | (276.674) |

Basis for estimating assets and liabilities

The following table shows the principal assumptions used by Hymans Robertson LLP, the Fund's independent actuaries, to estimate the Council's post-employment benefits transactions for 2018-2019, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2019:

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

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

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

Impact on the Defined Benefit Obligation in the Scheme

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

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 2018-2019 to 2020-2021. The total contributions expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2020 is £21.802m. The weighted average duration of the defined benefit obligation is 20.1 years.

Note 32 Contingent assets and liabilities

Following recent Employment Tribunal decisions, the Council recognises a contingent liability for potential historic claims related to enhanced holiday payments. Further tribunal and legal decisions are anticipated, and this will provide clarity with regards to potential costs to the Council. It is not considered practicable at this stage to estimate the financial effect.

The Council has been notified of a number of contractor claims for additional costs incurred on a construction contract. The Council disputes the claims, which may be referred for arbitration. The Council recognises a contingent liability for potential costs, which may be incurred to resolve this dispute. It is not considered practicable at this stage to estimate the financial effect.

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

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster 35 Annual Accounts 2018/19 rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits. Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £4.178m for Renfrewshire Council. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

Note 33 Judgements in Applying Accounting Policies

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

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

Note 34 Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2019 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

A Accruals of Expenditure and Income

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

- i) Revenue from the sale of goods or provision of services is recognised when the 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 2019 or relate to services associated with the prior financial year.

B Business Improvement District

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

C Carbon Reduction Commitment Scheme

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

D Cash and Cash Equivalents

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

E Charges for the Use of Assets

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

F Contingent Assets and Liabilities

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

G Employee Benefits

Benefits payable during employment

All salaries and wages earned up to 31 March 2019 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees, but not taken before the year end and which employees may carry forward into the next financial year; 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 Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy. The Council is only demonstrably committed to a termination when it has a detailed formal plan for the termination and it is without realistic possibility of withdrawal.

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

Post-employment benefits

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

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

H Events after the Balance Sheet date

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

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

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

I Prior Period Adjustments

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

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

J Financial Instruments

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

Where assets are identified as impaired 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 Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

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

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

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

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

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

Where assets are identified as impaired 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 Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

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

Financial Liabilities

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

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

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

Financial Guarantees

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

Loans Fund

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

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

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

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

Financial Instruments - Fair Value Measurement

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

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

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

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

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

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

K Government Grants and other Contributions

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

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

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

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

L Heritage Assets

The Council's heritage assets are held in the museums operated by Renfrewshire Leisure Limited (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and also in a secure store). The purpose of holding these assets according to the Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

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

The collections of heritage assets are accounted for as follows:

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

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

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

M Intangible Assets

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

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

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

N Interests in Companies and Other Entities

The Council has material interests in a charitable company, 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.

O Inventories

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

P Investment Property

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

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

Q Leases

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

R Overheads and Central Support Costs

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

S PFI Schemes – School Buildings Maintenance and Other Facilities

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

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

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

T Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Fair Value Measurement

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

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

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

Impairment

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

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

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

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

Disposals

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive

Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

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

U Provisions

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

V Reserves

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

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

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

W Revenue Expenditure Funded from Capital under Statute

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

X VAT

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

Note 35 Accounting Standards Issued not Adopted

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

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

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

Note 36 Assumptions made about the future

The Annual Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain.

Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

| Item | 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 effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £161.1m. However, the assumptions interact in complex ways. At 31 March 2019, the Council's actuaries advised that the net pensions liability had increased by £3.3m as a result of estimates being corrected as a result of experience and by £116.7m as a result of updating of the assumptions. |
| Debt Impairment | At 31 March 2019, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £45.8m. A review of significant balances suggested that an impairment of doubtful debts of £25.7m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. | If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision. However, based upon experience, the bad debt provision is considered adequate. |

Note 37 Events after the balance sheet date

Events taking place after the authorised date for issue per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no non-adjusting events.

The audited accounts have been updated to reflect an estimate of additional pension costs following a Court of Appeal ruling (McCloud/Sargeant).

Housing Revenue Account

Income and expenditure statement

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

| 2017-2018 | | 2018-2019 | |
|--|---|-----------|--------------|
| £m | | £m | £m |
| <i>Expenditure:</i> | | | |
| 12.116 | Repairs and maintenance | 13.374 | |
| 13.198 | Supervision and management | 13.002 | |
| 29.239 | Depreciation and impairment of non-current assets | 28.331 | |
| 0.091 | Increase or (decrease) in the allowance for bad debts | 0.074 | |
| 0.647 | Other expenditure | 0.732 | |
| 55.291 | | | 55.513 |
| <i>Income:</i> | | | |
| (46.118) | Dwelling rents | (46.397) | |
| (1.479) | Non-dwelling rents | (1.468) | |
| (0.307) | Other income | (0.942) | |
| (47.904) | | | (48.807) |
| 7.387 | Net cost of HRA services as included in the comprehensive income and expenditure statement | | 6.706 |
| <i>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</i> | | | |
| 0.057 | (Gain) or loss on sale of HRA non-current assets | | (0.282) |
| 5.425 | Interest payable and similar charges | | 4.561 |
| (0.130) | Interest and investment income | | 0.000 |
| (0.281) | Income from trading operations | | 0.000 |
| 0.546 | Pensions interest cost and expected return on pensions assets | | 0.215 |
| (1.825) | Taxation and non specific grant income | | (5.631) |
| 11.179 | (Surplus) or deficit for the year on HRA services | | 5.569 |

Movement on the Housing Revenue Account statement

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

| 2017-2018 | | 2018-2019 | | |
|----------------|---|-----------|---------|----------------|
| £m | | £m | £m | £m |
| (9.811) | Balance on the HRA at the end of the previous year | | | (6.807) |
| 11.179 | (Surplus) or deficit for the year on the HRA income and expenditure statement | | | 5.569 |
| | <i>Adjustments between accounting basis and funding basis under regulations:</i> | | | |
| 0.229 | Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements | | 0.234 | |
| (0.057) | Reverse out gain or (loss) on sale of HRA non-current assets | | 0.282 | |
| | <i>HRA share of contributions to or (from) the Pension Reserve:</i> | | | |
| (3.334) | Reverse out net charges made for post-employment benefits in accordance with IAS19 | (2.884) | | |
| 1.456 | Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund | 1.061 | | |
| (1.878) | HRA share of contributions to or (from) the Pension Reserve | | (1.823) | |
| 0.085 | HRA share of contributions to or (from) the Employee Statutory Adjustment Account | | (0.099) | |
| | <i>Transfer to or (from) the Capital Adjustment Account:</i> | | | |
| (29.239) | Reverse out depreciation and impairment losses on non-current assets | (28.331) | | |
| 1.825 | Reverse out credits made for capital grants | 5.631 | | |
| 20.860 | Loans fund principal contribution from the HRA | 18.537 | | |
| (6.554) | Transfer to or (from) the Capital Adjustment Account | | (4.163) | |
| (8.175) | Total of adjustments between accounting basis and funding basis under regulations | | | (5.569) |
| 3.004 | Net (increase) or decrease before transfers to or from reserves | | | 0.000 |
| 3.004 | (Increase) or decrease in the year on the HRA | | | 0.000 |
| (6.807) | Balance on the HRA at the end of the current year | | | (6.807) |

Notes to the Housing Revenue Account income and expenditure statement

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

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

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

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£0.729m in 2018-2019 and £0.715m in 2017-2018), but excludes irrecoverable and bad debts. Average rents were £76.31 per week in 2018-2019 (£75.14 in 2017-2018). The total rent income for 2018-2019 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

3. The amount of rent arrears

At 31 March 2019 total rent arrears amounted to £2.305m (£2.265m at 31 March 2018). This is 4.82% of the total value of rents due at 31 March 2019.

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

In the financial year 2018-2019 the rental bad debt provision has been increased by £0.074m (£0.025m in 2017-2018). The provision to cover the potential loss of income stands at £1.572m at 31 March 2019 (£1.479m at 31 March 2018). This is 3.28% of the total value of annual rents due.

5. The share of corporate costs

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

Council Tax Income Account

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

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

Calculation of the council tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest “A” to the highest “H”. The council tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings. The band D council tax charge is calculated using the council tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2018-2019 was £1,199.63 (£1,164.69 in 2017-2018).

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

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

Annual council tax charges

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

Calculation of the council tax base

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

Non-Domestic Rates Income Account

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

| 2017-2018 Restated | | 2018-2019 |
|-----------------------|--|----------------|
| £m | | £m |
| 145.750 | Gross rates levied | 150.114 |
| (19.370) | Reliefs and other deductions | (20.847) |
| (2.195) | Write-off of uncollectable debts and allowance for impairment | (2.039) |
| 124.185 | Net non-domestic rate income | 127.228 |
| (3.019) | Adjustment to previous years' non-domestic rates | (9.746) |
| (22.258) | Contribution (to) or from the national non-domestic rate pool | 2.623 |
| 0.000 | Non-domestic rate income retained by authority (BRIS) | 0.000 |
| 98.908 | Transfer to comprehensive income and expenditure statement | 120.105 |

The nature and amount of each rate fixed

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

Analysis of Renfrewshire Council's rateable values

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

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**.

| 2017-2018 (restated) | | | | | 2018-2019 | | |
|----------------------|--------------|-----------------|---|------|-------------------|--------------|-----------------|
| Gross expenditure | Gross income | Net expenditure | | Note | Gross expenditure | Gross income | Net expenditure |
| £m | £m | £m | | | £m | £m | £m |
| 201.019 | (15.264) | 185.755 | Children's Services | | 211.350 | (18.119) | 193.231 |
| 135.576 | (116.264) | 19.312 | Communities, Housing & Planning Services | | 135.723 | (115.715) | 20.008 |
| 92.726 | (32.710) | 60.016 | Environment & Infrastructure | | 89.161 | (30.715) | 58.446 |
| 50.221 | (7.794) | 42.427 | Finance & Resources | | 55.686 | (8.997) | 46.689 |
| 41.179 | (11.212) | 29.967 | Chief Executive's Service | | 43.689 | (17.420) | 26.269 |
| 15.079 | (13.656) | 1.423 | Miscellaneous Services | | 26.589 | (14.005) | 12.584 |
| 187.435 | (119.100) | 68.335 | Adult Services | | 195.171 | (124.484) | 70.687 |
| 723.235 | (316.000) | 407.235 | Net cost of services | | 757.369 | (329.455) | 427.914 |
| | | | Other operating expenditure: | | | | |
| 1.189 | 0.000 | 1.189 | (Gains) or losses on the disposal of non-current assets | | 3.007 | 0.000 | 3.007 |
| 29.331 | (2.092) | 27.239 | Financing and investment income and expenditure | G6 | 24.786 | (2.600) | 22.186 |
| 0.000 | (400.885) | (400.885) | Taxation and non-specific grant income | 4 | 0.000 | (409.399) | (409.399) |
| 753.755 | (718.977) | 34.778 | (Surplus) or deficit on the provision of services | | 785.162 | (741.454) | 43.708 |
| | | (6.019) | Share of the (surplus) or deficit on the provision of services by associates and joint ventures | G3 | | | (2.167) |
| | | 28.759 | Group (surplus) or deficit | | | | 41.541 |
| | | (92.557) | (Surplus) or deficit on the revaluation of non-current assets | | | | (16.337) |
| | | 0.000 | Impairment (gains) or losses on non-current assets charged to the revaluation reserve | | | | 0.639 |
| | | 0.535 | (Surplus) or deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income | G15 | | | (0.769) |
| | | (210.100) | Actuarial (gains) or losses on pension assets and liabilities | | | | 83.078 |
| | | (6.065) | Share of other comprehensive income and expenditure of associates and joint ventures | G4 | | | 1.383 |
| | | (308.187) | Other comprehensive income and expenditure | | | | 67.994 |
| | | (279.428) | Total comprehensive income and expenditure | | | | 109.535 |

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 (restated) £m | Total reserves £m |
|--|------|---------------------------------------|---|--------------------------------------|--|-------------------------|
| Balance at 31 March 2017 carried forward | | 150.533 | 597.247 | 747.780 | 40.604 | 788.384 |
| <i>Movement in reserves during 2017-2018:</i> | | | | | | |
| Surplus or (deficit) on the provision of services | | (24.328) | 0.000 | (24.328) | (4.431) | (28.759) |
| Other comprehensive income and expenditure | | 0.000 | 292.271 | 292.271 | 15.916 | 308.187 |
| Total comprehensive income and expenditure | | (24.328) | 292.271 | 267.943 | 11.485 | 279.428 |
| Adjustments between group accounts and council accounts | G5 | (8.172) | 0.000 | (8.172) | 8.172 | 0.000 |
| Net increase or (decrease) before transfers | | (32.500) | 292.271 | 259.771 | 19.657 | 279.428 |
| Adjustments between accounting basis and funding basis under regulations | 6 | 31.374 | (31.374) | 0.000 | 0.000 | 0.000 |
| Net increase or (decrease) before transfers to other statutory reserves | | (1.126) | 260.897 | 259.771 | 19.657 | 279.428 |
| Transfers to or (from) other statutory reserves | 7 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Increase or (decrease) in 2017-2018 | | (1.126) | 260.897 | 259.771 | 19.657 | 279.428 |
| Balance at 31 March 2018 carried forward | | 149.407 | 858.144 | 1,007.551 | 60.261 | 1,067.812 |
| <i>Movement in reserves during 2018-2019:</i> | | | | | | |
| Surplus or (deficit) on the provision of services | | (32.025) | 0.000 | (32.025) | (9.516) | (41.541) |
| Other comprehensive income and expenditure | | 0.000 | (63.826) | (63.826) | (4.168) | (67.994) |
| Total comprehensive income and expenditure | | (32.025) | (63.826) | (95.851) | (13.684) | (109.535) |
| Adjustments between group accounts and council accounts | G5 | (9.895) | 0.000 | (9.895) | 9.895 | 0.000 |
| Net increase or (decrease) before transfers | | (41.920) | (63.826) | (105.746) | (3.789) | (109.535) |
| Adjustments between accounting basis and funding basis under regulations | 6 | 47.119 | (47.119) | 0.000 | 0.000 | 0.000 |
| Net increase or (decrease) before transfers to other statutory reserves | | 5.199 | (110.945) | (105.746) | (3.789) | (109.535) |
| Transfers to or (from) other statutory reserves | 7 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Increase or (decrease) in 2018-2019 | | 5.199 | (110.945) | (105.746) | (3.789) | (109.535) |
| Balance at 31 March 2019 carried forward | | 154.606 | 747.199 | 901.805 | 56.472 | 958.277 |

Group Balance Sheet

The **group balance sheet** shows the value as at 31 March 2019 of the assets and liabilities recognised by the council. The net assets of the council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **group movement in reserves statement**.

| 31 March 2018 (restated) | | | 31 March 2019 |
|-----------------------------|--|-----|------------------|
| £m | Note | | £m |
| 1,362.493 | Property, plant and equipment | G9 | 1,355.691 |
| 2.262 | Investment property | G10 | 2.229 |
| 39.522 | Heritage assets | G11 | 39.522 |
| 0.405 | Intangible assets | 13 | 5.845 |
| 27.679 | Long-term investments | G15 | 22.021 |
| 28.172 | Investments in associates and joint ventures | G3 | 29.630 |
| 2.492 | Long-term debtors | 19 | 2.614 |
| 1,463.025 | Long-term assets | | 1,457.552 |
| 91.238 | Short-term investments | G15 | 103.292 |
| 0.831 | Inventories | | 1.197 |
| 0.266 | Short-term intangible assets | 18 | 0.037 |
| 58.483 | Short-term debtors | G12 | 47.474 |
| 14.289 | Cash and cash equivalents | G15 | 47.423 |
| 0.251 | Short-term assets held for sale | 12 | 1.500 |
| 165.358 | Current assets | | 200.923 |
| (46.219) | Short-term borrowing | G15 | (68.947) |
| (69.709) | Short-term creditors | G13 | (91.058) |
| (7.417) | Short-term provisions | 22 | (6.718) |
| (123.345) | Current liabilities | | (166.723) |
| (192.055) | Long-term borrowing | G15 | (168.357) |
| (78.303) | Long-term creditors | | (75.469) |
| (5.426) | Long-term provisions | 22 | (5.420) |
| (0.842) | Liabilities in associates and joint ventures | G3 | (1.516) |
| (160.600) | Other long-term liabilities | | (282.713) |
| (437.226) | Long-term liabilities | | (533.475) |
| 1,067.812 | Net assets | | 958.277 |
| 173.153 | Usable reserves | G7 | 179.360 |
| 894.659 | Unusable reserves | G8 | 778.917 |
| 1,067.812 | Total reserves | | 958.277 |

The unaudited accounts were issued on 27 June 2019 and the audited accounts were authorised for issue on 26 September 2019.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and
Resources

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.

| 2017-2018 (restated) | | 2018-2019 |
|-------------------------|------|-----------------|
| £m | Note | £m |
| 28.759 | | 41.541 |
| (84.303) | | (149.104) |
| 25.021 | | 33.812 |
| (30.523) | | (73.751) |
| 36.479 | | 38.040 |
| 17.865 | 26c | 2.577 |
| 23.821 | | (33.134) |
| (38.110) | | (14.289) |
| (14.289) | | (47.423) |

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 2019. In addition to the information included in the group accounts on the preceding pages the accounting regulations require specific disclosures about the combining entities and the nature of their business.

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

Renfrewshire Leisure Limited is a company limited by guarantee formed in 2014 and registered as a charity in Scotland. Its principal place of business is the Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB. The charity provides leisure and culture facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within Renfrewshire plus a range of cultural service buildings, libraries and community halls. The objectives of the charity are to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire. Any surplus generated by the charity is applied solely to its continuation and development. The accounts of the charity are published separately and may be obtained from the Chief Executive, Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB.

Park Lane Developments (Renfrewshire) Limited Liability Partnership was formed in 2010 by Renfrewshire Council and Park Lane Real Estate LLP in order to facilitate the regeneration of Paisley town centre through the transformation of the town's former Arnotts store into a mixed use retail, office and residential development. 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** includes total net comprehensive expenditure for the year of £5.881 million (2017-2018 net comprehensive income of £6.726 million) for Renfrewshire Leisure Limited, total net comprehensive income for the year of £1.299 million (2017-2018 net comprehensive income of £0.087 million) for the Paisley, Renfrew and Johnstone Common Good Funds, total net comprehensive income for the year of £0.030 million for Park Lane Developments (Renfrewshire) Limited Liability Partnership (2017-2018 nil) and total net comprehensive expenditure for the year of £0.021 million (2017-2018 net comprehensive expenditure of £0.020 million) for the Coats Observatory Trust.

The **group balance sheet** includes net liabilities of £5.681 million (2017-2018 net liabilities of £0.745 million) for Renfrewshire Leisure Limited, net assets of £36.716 million (2017-2018 net assets of £35.418 million) for the Common Good Funds, net liabilities of £3.288 million for Park Lane Developments (Renfrewshire) Limited Liability Partnership (2017-2018 net liabilities of £3.321) and net assets of £0.611 million (2017-2018 net assets of £0.632 million) 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 2018-2019, Renfrewshire Council contributed £0.320 million or 7.83% of the committee's estimated running costs (2017-2018 £0.328 million or 7.83%) and its share of the year-end net asset was £0.099 million (2017-2018 £0.122 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.876 million (8.01%) to the committee's estimated running costs in 2018-2019 (2017-2018 £2.934 million or 8.01%) and its share of the year-end net asset was £26.794 million (2017-2018 £26.329 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Renfrewshire Valuation Joint Board was formed in 1996 at local government re-organisation by Act of Parliament. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. The board's running costs are met by the three member councils. Surpluses or deficits on the board's operations are shared between the councils. In 2018-2019, Renfrewshire Council contributed £1.251 million or 56.3% of the board's estimated running costs (2017-2018 £1.211 million or 56.1%) and its share of the year-end net liability was £1.516 million (2017-2018 £0.842 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire Council, Renfrewshire House, Paisley PA1 1JB. The following additional disclosures are required under accounting regulations for Renfrewshire Valuation Joint Board because it is a related party to the council.

| Renfrewshire Valuation Joint Board (restated) | Renfrewshire Council's Share (restated) | Renfrewshire Valuation Joint Board | Renfrewshire Valuation Joint Board | Renfrewshire Council's Share |
|--|--|---|--|------------------------------------|
| 31 March 2018 | | | 31 March 2019 | |
| £m | £m | | £m | £m |
| 0.031 | 0.017 | Long-term assets | 0.053 | 0.030 |
| 0.396 | 0.222 | Current assets | 0.381 | 0.215 |
| (0.251) | (0.141) | Current liabilities | (0.295) | (0.166) |
| (1.676) | (0.940) | Long-term liabilities | (2.832) | (1.595) |
| (1.500) | (0.842) | Net assets / (liabilities) | (2.693) | (1.516) |
| 2017-2018 | | | 2018-2019 | |
| £m | £m | | £m | £m |
| 2.365 | 1.327 | Income | 2.384 | 1.342 |
| 2.825 | 1.585 | Expenditure | 2.691 | 1.515 |
| (0.460) | (0.258) | Surplus / (deficit) for the year | (0.307) | (0.173) |

Park Lane Developments (Renfrewshire) Limited Liability Partnership is treated as a subsidiary in Renfrewshire Council's group accounts. Detail with regards the Partnership is outlined above.

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** 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 | Renfrewshire Council's Share | Renfrewshire Health and Social Care Integration Joint Board | Renfrewshire Integration Joint Board | Renfrewshire Council's Share |
|--|------------------------------------|---|--|------------------------------------|
| 31 March 2018 | | | 31 March 2019 | |
| £m | £m | | £m | £m |
| 0.000 | 0.000 | Long-term assets | 0.000 | 0.000 |
| 3.442 | 1.721 | Current assets | 5.473 | 2.737 |
| 0.000 | 0.000 | Current liabilities | 0.000 | 0.000 |
| 0.000 | 0.000 | Long-term liabilities | 0.000 | 0.000 |
| 3.442 | 1.721 | Net assets / (liabilities) | 5.473 | 2.737 |
| 2017-2018 | | | 2018-2019 | |
| £m | £m | | £m | £m |
| 264.726 | 132.363 | Income | 271.216 | 135.608 |
| 266.778 | 133.389 | Expenditure | 269.185 | 134.592 |
| (2.052) | (1.026) | Surplus / (deficit) for the year | 2.031 | 1.016 |

Note G2 Non-material interest in other entities

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

Clyde Muirshiel Park Authority is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Renfrewshire Council contributed £0.381 million (66%) to the authority’s estimated running costs in 2018-2019 (£0.421 million in 2017-2018).

Scotland Excel is formed by agreement among local authorities throughout Scotland and is maintained through a joint committee comprising representatives from all of the member councils. Launched on 1 April 2008 as a centre of procurement expertise for the local government sector, it is the largest non-profit making purchasing agency in Scotland. Its aim is to help improve the efficiency and effectiveness of public sector procurement. Renfrewshire Council contributed £0.113 million (3.2%) to the committee’s estimated running costs in 2018-2019 (£0.113 million in 2017-2018).

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 £0.072 million (12.5%) to the committee’s estimated running costs in 2018-2019 (£0.072 million in 2017-2018).

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

Note G3 Summarised financial information of associates and joint ventures

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

The net asset figure from these two tables combined (£25.377 million asset plus £2.737 million asset = £28.114 million net asset) equates to the net of two figures disclosed in the **group balance sheet** as “investments in associates and joint ventures” (£29.630 million) and “liabilities in associates and joint ventures” (£1.516 million).

| Aggregate of associates' results (restated) | Renfrewshire Council's Share (restated) | Associates | Aggregate of associates' results | Renfrewshire Council's Share |
|--|--|---|---|------------------------------------|
| 31 March 2018 | | | 31 March 2019 | |
| £m | £m | | £m | £m |
| 212.165 | 17.010 | Long-term assets | 249.822 | 20.038 |
| 178.548 | 14.488 | Current assets | 180.656 | 14.651 |
| (22.005) | (1.882) | Current liabilities | (27.396) | (2.335) |
| (39.966) | (4.007) | Long-term liabilities | (70.014) | (6.977) |
| 328.742 | 25.609 | Net assets / (liabilities) | 333.068 | 25.377 |
| 2017-2018 | | | 2018-2019 | |
| £m | £m | | £m | £m |
| 164.502 | 14.307 | Income | 92.407 | 8.546 |
| 73.796 | 7.262 | Expenditure | 76.188 | 7.395 |
| 90.706 | 7.045 | Net surplus / (deficit) for the year | 16.219 | 1.151 |
| Aggregate of joint ventures' results | Renfrewshire Council's Share | Joint ventures | Aggregate of joint ventures' results | Renfrewshire Council's Share |
| 31 March 2018 | | | 31 March 2019 | |
| £m | £m | | £m | £m |
| 0.000 | 0.000 | Long-term assets | 0.000 | 0.000 |
| 3.442 | 1.721 | Current assets | 5.473 | 2.737 |
| 0.000 | 0.000 | Current liabilities | 0.000 | 0.000 |
| 0.000 | 0.000 | Long-term liabilities | 0.000 | 0.000 |
| 3.442 | 1.721 | Net assets / (liabilities) | 5.473 | 2.737 |
| 2017-2018 | | | 2018-2019 | |
| £m | £m | | £m | £m |
| 264.726 | 132.363 | Income | 271.216 | 135.608 |
| 266.778 | 133.389 | Expenditure | 269.185 | 134.592 |
| (2.052) | (1.026) | Net surplus / (deficit) for the year | 2.031 | 1.016 |

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 2019 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 2019, either with the Council itself or with other parties.

Note G4 Material items of group income and expenditure

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

| 2017-2018 (restated) | 2018-2019 |
|---|----------------|
| £m | £m |
| <i>Share of (surplus) or deficit:</i> | |
| Subsidiaries: | |
| 0.452 Paisley, Renfrew and Johnstone Common Good Funds | (1.004) |
| 0.020 Coats' Observatory Trust | 0.021 |
| 1.641 Renfrewshire Leisure Limited | 2.801 |
| 0.165 Park Lane Developments (Renfrewshire) Limited Liability Partnership | (0.030) |
| Associates: | |
| (7.313) Strathclyde Partnership for Transport | (1.347) |
| 0.010 Strathclyde Concessionary Travel Scheme Joint Committee | 0.023 |
| 0.258 Renfrewshire Valuation Joint Board | 0.173 |
| Joint Ventures: | |
| 0.000 Cart Corridor Joint Venture Company Limited | 0.000 |
| 1.026 Renfrewshire Health and Social Care Integration Joint Board | (1.016) |
| 0.000 Park Lane Developments (Renfrewshire) Limited Liability Partnership | 0.000 |
| (3.741) Aggregate share of (surplus) or deficit | (0.379) |
| <i>Share of other comprehensive (income) and expenditure:</i> | |
| Subsidiaries: | |
| (0.539) Paisley, Renfrew and Johnstone Common Good Funds | (0.295) |
| 0.000 Coats' Observatory Trust | 0.000 |
| (9.312) Renfrewshire Leisure Limited | 3.080 |
| (0.165) Park Lane Developments (Renfrewshire) Limited Liability Partnership | 0.000 |
| Associates: | |
| (3.981) Strathclyde Partnership for Transport | 0.882 |
| 0.000 Strathclyde Concessionary Travel Scheme Joint Committee | 0.000 |
| (1.919) Renfrewshire Valuation Joint Board | 0.501 |
| Joint Ventures: | |
| 0.000 Cart Corridor Joint Venture Company Limited | 0.000 |
| 0.000 Renfrewshire Health and Social Care Integration Joint Board | 0.000 |
| 0.000 Park Lane Developments (Renfrewshire) Limited Liability Partnership | 0.000 |
| (15.916) Aggregate share of other comprehensive (income) and expenditure | 4.168 |
| (19.657) Aggregate share of total comprehensive (income) and expenditure | 3.789 |

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:

| 2017-2018 | | 2018-2019 |
|----------------|--|----------------|
| £m | | £m |
| 1.472 | Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects | 0.145 |
| 0.064 | 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 | (0.027) |
| 0.000 | Interest income received from Renfrewshire Council by the charitable trusts administered by Renfrewshire Council | 0.000 |
| (9.688) | Service charge payable by Renfrewshire Council to Renfrewshire Leisure Limited | (10.072) |
| 0.000 | Charges for services, such as accounting and administration, payable by Renfrewshire Leisure Limited to Renfrewshire Council | 0.000 |
| (8.172) | Total adjustments between group accounts and council accounts | (9.895) |

Note G6 Group financing and investment income and expenditure

| 2017-2018 (restated) | | 2018-2019 |
|-------------------------|--|---------------|
| £m | | £m |
| 20.399 | Interest payable and similar charges | 19.976 |
| 8.932 | Pensions net interest expense | 4.810 |
| (0.993) | Interest receivable and similar income | (1.045) |
| (0.453) | Income and expenditure in relation to investment properties and changes in their fair values | (0.440) |
| (0.646) | Other investment income | (1.115) |
| 27.239 | Total financing and investment income and expenditure | 22.186 |

Note G7 Usable reserves

Usable reserves are those reserves the council's group is able to apply to fund expenditure or reduce taxation and comprise both capital and revenue reserves.

Movements in the revenue reserves during the year are outlined in the **group movement in reserves statement**, however a summary is shown below.

| 2017-2018 | | 2018-2019 |
|---|------|----------------|
| £m | Note | £m |
| 45.208 General Fund Balance | 7 | 59.144 |
| 6.807 Housing Revenue Account Balance | 7 | 6.807 |
| 2.858 Revenue statutory funds | 7 | 2.858 |
| 7.617 Capital Receipts Reserve | 7 | 8.017 |
| 86.917 Capital statutory funds | 7 | 77.780 |
| 22.592 Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds | | 23.597 |
| 0.355 Coats' Observatory Trust: usable balances | | 0.334 |
| 0.334 Renfrewshire Leisure Limited: usable reserves | | 0.358 |
| 0.465 Renfrewshire Integration Joint Board | | 0.465 |
| 173.153 Total usable reserves | | 179.360 |

Note G8 Unusable reserves

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

| 2017-2018 (restated) | | 2018-2019 |
|--|------|----------------|
| £m | Note | £m |
| 471.731 Revaluation Reserve | 8 | 468.331 |
| 0.459 Available for sale Financial Instruments Reserve | 8 | 0.000 |
| 567.159 Capital Adjustment Account | 8 | 574.484 |
| (13.415) Financial Instrument Adjustment Account | 8 | (12.918) |
| 0.000 Financial Instruments Revaluation Reserve | 8 | 0.598 |
| (160.466) Pension Reserve | 8 | (276.674) |
| (7.324) Employee Statutory Adjustment Account | 8 | (6.622) |
| 3.412 Paisley, Renfrew and Johnstone Common Good Funds: financial instruments revaluation reserve | | 4.041 |
| 9.413 Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve | | 9.078 |
| 0.277 Coats' Observatory Trust: revaluation reserve | | 0.277 |
| 0.000 Renfrewshire Leisure Limited: revaluation reserve | | 0.000 |
| (0.134) Renfrewshire Leisure Limited: pension reserve | | (6.039) |
| (3.318) Park Lane Development (Renfrewshire) Limited Liability Partnership : revaluation reserve | | (3.288) |
| <i>Renfrewshire Council's share of the reserves of the associates and joint ventures within the group:</i> | | |
| 26.329 Strathclyde Partnership for Transport | | 26.794 |
| 0.122 Strathclyde Concessionary Travel Scheme Joint Committee | | 0.099 |
| (0.842) Renfrewshire Valuation Joint Board | | (1.516) |
| 1.256 Renfrewshire Integration Joint Board | | 2.272 |
| 0.000 Park Lane Developments (Renfrewshire) Limited Liability Partnership | | 0.000 |
| 894.659 Total unusable reserves | | 778.917 |

Note G9 Property, Plant and Equipment

| 2018-2019 | Council dwellings | Other land and buildings | Vehicles, plant, furniture and equipment | Infrastructure assets | Assets under construction | Surplus assets | Total property, plant and equipment | Of which funded by PPP |
|--|-------------------|--------------------------|--|-----------------------|---------------------------|----------------|-------------------------------------|------------------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross carrying amount at 1 April 2018 | 522.946 | 301.671 | 521.594 | 298.126 | 37.450 | 28.753 | 1,710.540 | 101.265 |
| Assets reclassified (to) or from the "held for sale" category | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | (1.500) | (1.500) | 0.000 |
| Other asset reclassifications | 0.048 | 1.712 | 23.356 | 0.000 | (31.784) | 1.161 | (5.507) | 0.000 |
| Additions | 6.105 | 10.836 | 12.369 | 9.095 | 26.273 | 0.000 | 64.678 | 0.992 |
| Disposals | (0.495) | (1.670) | (8.551) | 0.000 | 0.000 | (1.148) | (11.864) | 0.000 |
| Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve | (23.924) | (1.738) | 8.307 | 0.000 | 0.000 | 2.089 | (15.266) | 7.318 |
| Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services | 0.000 | (6.651) | (8.580) | 0.000 | 0.000 | (0.802) | (16.033) | 1.873 |
| Gross carrying amount at 31 March 2019 | 504.680 | 304.160 | 548.495 | 307.221 | 31.939 | 28.553 | 1,725.048 | 111.448 |
| Accumulated depreciation and impairment at 1 April 2018 | 0.000 | 19.482 | 188.730 | 135.585 | 0.000 | 4.250 | 348.047 | 8.083 |
| Depreciation on other reclassifications | 0.014 | (0.712) | 0.656 | 0.000 | 0.000 | 0.042 | 0.000 | 0.000 |
| Depreciation charge for the year | 17.432 | 7.269 | 35.138 | 6.215 | 0.000 | 0.119 | 66.173 | 3.637 |
| Depreciation and impairment on disposals | (0.016) | (0.239) | (5.914) | 0.000 | 0.000 | (0.005) | (6.174) | 0.000 |
| Depreciation written out to the Revaluation Reserve | (17.430) | (3.440) | (10.503) | 0.000 | 0.000 | (0.081) | (31.454) | (6.534) |
| Depreciation written out to the surplus or deficit on the provision of services | 0.000 | (3.793) | (4.573) | 0.000 | 0.000 | (0.030) | (8.396) | (0.304) |
| Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve | 0.000 | (0.029) | (0.114) | 0.000 | 0.000 | 0.639 | 0.496 | 0.000 |
| Impairment losses recognised in the surplus or deficit on the provision of services | 0.000 | 0.000 | 0.000 | 0.000 | 0.278 | 0.387 | 0.665 | 0.000 |
| Accumulated depreciation and impairment at 31 March 2019 | 0.000 | 18.538 | 203.420 | 141.800 | 0.278 | 5.321 | 369.357 | 4.882 |
| Balance sheet net carrying amount at 31 March 2019 | 504.680 | 285.622 | 345.075 | 165.421 | 31.661 | 23.232 | 1,355.691 | 106.566 |
| Balance sheet net carrying amount at 1 April 2018 | 522.946 | 282.189 | 332.864 | 162.541 | 37.450 | 24.503 | 1,362.493 | 93.182 |

| 2017-2018 (restated) | Council dwellings | Other land and buildings | Vehicles, plant, furniture and equipment | Infrastructure assets | Assets under construction | Surplus assets | Total property, plant and equipment | Of which funded by PPP |
|--|-------------------|--------------------------|--|-----------------------|---------------------------|----------------|-------------------------------------|------------------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross carrying amount at 1 April 2017 | 487.605 | 323.433 | 467.718 | 289.013 | 44.504 | 36.267 | 1,648.540 | 100.183 |
| Assets reclassified (to) or from the "held for sale" category | 0.145 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.145 | 0.000 |
| Other asset reclassifications | 0.000 | 9.948 | 25.617 | 0.000 | (38.381) | 2.816 | 0.000 | 0.000 |
| Additions | 6.192 | 7.849 | 13.004 | 9.113 | 31.432 | 0.000 | 67.590 | 1.082 |
| Disposals | (0.409) | (2.802) | (5.542) | 0.000 | (0.105) | (0.080) | (8.938) | 0.000 |
| Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve | 29.413 | (16.921) | 25.587 | 0.000 | 0.000 | (8.713) | 29.366 | 0.000 |
| Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services | 0.000 | (19.836) | (4.790) | 0.000 | 0.000 | (1.537) | (26.163) | 0.000 |
| Gross carrying amount at 31 March 2018 | 522.946 | 301.671 | 521.594 | 298.126 | 37.450 | 28.753 | 1,710.540 | 101.265 |
| Accumulated depreciation and impairment at 1 April 2017 | 0.000 | 46.760 | 183.264 | 129.602 | 0.000 | 11.814 | 371.440 | 4.482 |
| Assets reclassified (to) or from the "held for sale" category | 0.005 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.005 | 0.000 |
| Depreciation on other reclassifications | 0.000 | (0.229) | (0.882) | 0.000 | 0.000 | 1.111 | 0.000 | 0.000 |
| Depreciation charge for the year | 16.254 | 7.142 | 33.129 | 5.983 | 0.000 | 0.107 | 62.615 | 3.601 |
| Depreciation and impairment on disposals | (0.018) | (1.404) | (4.600) | 0.000 | 0.000 | (0.074) | (6.096) | 0.000 |
| Depreciation written out to the Revaluation Reserve | (16.241) | (21.150) | (18.021) | 0.000 | 0.000 | (7.824) | (63.236) | 0.000 |
| Depreciation written out to the surplus or deficit on the provision of services | 0.000 | (11.637) | (4.160) | 0.000 | 0.000 | (0.884) | (16.681) | 0.000 |
| Accumulated depreciation and impairment at 31 March 2018 | 0.000 | 19.482 | 188.730 | 135.585 | 0.000 | 4.250 | 348.047 | 8.083 |
| Balance sheet net carrying amount at 31 March 2018 | 522.946 | 282.189 | 332.864 | 162.541 | 37.450 | 24.503 | 1,362.493 | 93.182 |
| Balance sheet net carrying amount at 1 April 2017 | 487.605 | 276.673 | 284.454 | 159.411 | 44.504 | 24.453 | 1,277.100 | 95.701 |

Note G10 Group investment properties

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

| 2017-2018 | 2018-2019 |
|--|----------------|
| £m | £m |
| (0.488) Rental income from investment properties | (0.426) |
| (0.488) Net (gain) or loss | (0.426) |

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

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

| 2017-2018 | 2018-2019 |
|--|--------------|
| £m | £m |
| 2.297 Opening Balance at 1 April | 2.262 |
| 0.000 Disposals | (0.026) |
| (0.028) Net gains or (losses) from fair value adjustments | 0.000 |
| (0.007) Transfers (to) or from inventories and property, plant and equipment | (0.007) |
| 2.262 Closing balance at 31 March | 2.229 |

Note G11 Group heritage assets

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

| 2017-2018 | 2018-2019 |
|---|---------------|
| £m | £m |
| 39.196 Opening Balance at 1 April | 39.522 |
| 0.326 Revaluations | 0.000 |
| 39.522 Closing balance at 31 March | 39.522 |

Included in the above are the heritage assets of the Paisley, Renfrew and Johnstone Common Good Funds. These comprise civic regalia and equipment which have been externally valued on a present value insurance basis at £0.219 million as at 31 March 2019 (£0.219 at 31 March 2018).

Further information on the heritage assets other than those of the Paisley, Renfrew and Johnstone Common Good Funds can be found at Note 11.

Note G12 Group short-term debtors

The balances detailed below are composed mostly of the debtors of the council, to which the debtors of Renfrewshire Leisure Limited and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

| 2017-2018 (restated) | | 2018-2019 |
|-------------------------|----------------------|---------------|
| £m | | £m |
| 24.530 | Trade receivables | 15.309 |
| 7.082 | Prepayments | 4.871 |
| 26.871 | Other receivables | 27.294 |
| 58.483 | Total debtors | 47.474 |

Note G13 Group short-term creditors

The balances detailed below are composed mostly of the creditors of the council, to which the creditors of Renfrewshire Leisure Limited and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

| 2017-2018 (restated) | | 2018-2019 |
|-------------------------|------------------------|-----------------|
| £m | | £m |
| (21.618) | Trade payables | (21.596) |
| (48.091) | Other payables | (69.462) |
| (69.709) | Total creditors | (91.058) |

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.

| 31 March | | 31 March |
|---|--|----------------|
| £m | | £m |
| <i>Amounts owing to Renfrewshire Council:</i> | | |
| 0.000 | Loans | 0.000 |
| 0.345 | Other balances | 0.737 |
| 0.345 | Total amounts owing to Renfrewshire Council | 0.737 |
| <i>Amounts owed by Renfrewshire Council:</i> | | |
| (0.363) | Loans | (0.181) |
| 0.000 | Other balances | 0.000 |
| (0.363) | Total amounts owed by Renfrewshire Council | (0.181) |

Note G15 Group financial instruments

Balance sheet carrying amounts of group financial instruments

The following categories of financial instrument are carried in the **group balance sheet**. Those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 20 provides details of these. Additional qualitative information on the various categories of financial instruments can be found at Note 23.

| 31 March 2018 (restated) | | | 31 March 2019 | |
|-----------------------------|---------------|---|---------------|----------------|
| Long-term | Current | Financial Assets | Long-term | Current |
| £m | £m | | £m | £m |
| 7.000 | 91.000 | <i>At amortised cost:</i> | 0.000 | 103.000 |
| 0.000 | 0.238 | Principal | 0.000 | 0.295 |
| 0.000 | 0.000 | Accrued interest | 0.000 | (0.003) |
| 7.000 | 91.238 | Loss allowance | 0.000 | 103.292 |
| 20.679 | 0.000 | | 22.021 | 0.000 |
| 27.679 | 91.238 | <i>At fair value through other comprehensive income - designated equity instruments</i> | 22.021 | 103.292 |
| | | Total Investments | | |
| | | <i>At amortised cost:</i> | | |
| 0.000 | 2.695 | Principal | 0.000 | 15.577 |
| 0.000 | 0.002 | Accrued interest | 0.000 | 0.007 |
| 0.000 | (0.001) | Loss allowance | 0.000 | (0.007) |
| 0.000 | 2.696 | | 0.000 | 15.577 |
| 0.000 | 11.593 | <i>At fair value through profit or loss</i> | 0.000 | 31.846 |
| 0.000 | 14.289 | Total cash and cash equivalents | 0.000 | 47.423 |
| | | <i>At amortised cost:</i> | | |
| 4.010 | 61.234 | Trade receivables | 3.690 | 60.093 |
| 5.141 | 0.924 | Loans made for service purposes | 4.998 | 0.123 |
| 0.655 | 0.000 | Accrued interest | 0.725 | 0.000 |
| (7.314) | (9.449) | Loss allowance | (6.799) | (19.505) |
| 2.492 | 52.709 | Included in debtors | 2.614 | 40.711 |

| 31 March 2018 (restated) | | | 31 March 2019 | |
|-----------------------------|-----------------|---------------------------------------|------------------|-----------------|
| Long-term £m | Current £m | Financial Liabilities | Long-term £m | Current £m |
| | | At amortised cost: | | |
| | | Public Works Loan Board borrowing | | |
| (171.674) | (3.523) | Principal sum borrowed | (168.357) | (3.317) |
| 0.000 | (2.792) | Accrued interest | 0.000 | (2.620) |
| (171.674) | (6.315) | | (168.357) | (5.937) |
| | | Non-PWLB borrowing ("market debt") | | |
| (20.000) | (32.916) | Principal sum borrowed | 0.000 | (52.916) |
| 0.000 | (0.876) | Accrued interest | 0.000 | (0.883) |
| (0.381) | (0.563) | EIR adjustments | 0.000 | (0.922) |
| (20.381) | (34.355) | | 0.000 | (54.721) |
| 0.000 | (5.549) | Borrowing from group entities | 0.000 | (8.289) |
| (192.055) | (46.219) | Total borrowing | (168.357) | (68.947) |
| (4.028) | (45.565) | At amortised cost trade payables | (4.027) | (61.528) |
| (74.274) | (2.904) | PFI/PPP and finance lease liabilities | (71.438) | (2.836) |
| (0.001) | 0.000 | Financial guarantees | (0.004) | 0.000 |
| (78.303) | (48.469) | Included in creditors | (75.469) | (64.364) |

Fair value of group financial instruments

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

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

| 31 March 2018 (restated) | | | | 31 March 2019 | |
|---|----------------|---|------------------|-------------------------------|----------------|
| Balance sheet carrying amount | Fair value | Financial assets | Fair value level | Balance sheet carrying amount | Fair value |
| £m | £m | <i>Financial assets measured at fair value:</i> | | £m | £m |
| 11.593 | 11.593 | Callable deposits in money market funds | 1 | 31.846 | 31.846 |
| 20.679 | 20.679 | Investments in pooled funds (insurance fund and Common Good Fund investments) | 1 | 22.021 | 22.021 |
| 32.272 | 32.272 | | | 53.867 | 53.867 |
| <i>Financial assets measured at amortised cost:</i> | | | | | |
| 98.238 | 98.179 | Fixed term deposits with UK local authorities | 2 | 95.279 | 95.346 |
| 0.000 | 0.000 | Fixed term deposits with UK building societies | 1 | 8.013 | 8.013 |
| 2.646 | 2.646 | Callable deposits with UK banks and building societies (including current account balances with the council's | 2 | 15.529 | 15.521 |
| 0.050 | 0.050 | Imprest accounts held at council establishments | 2 | 0.048 | 0.048 |
| 2.587 | 2.703 | Loans made for service purposes | 3 | 1.644 | 1.696 |
| 103.521 | 103.578 | | | 120.513 | 120.624 |
| 135.793 | 135.850 | Total financial assets for which fair value is disclosed | | 174.380 | 174.491 |
| <i>Financial assets measured at amortised cost:</i> | | | | | |
| 0.828 | | Trade receivables: long-term | | 1.091 | |
| 51.787 | | Trade receivables: short-term | | 40.590 | |
| 52.615 | | Total financial assets for which fair value is not disclosed | | 41.681 | |

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

| 31 March 2018 (restated) | | | | 31 March 2019 | | | |
|---|------------------|--|------------------|-------------------------------|------------------|------------------|--|
| Balance sheet carrying amount | Fair value | Financial liabilities | Fair value level | Balance sheet carrying amount | Fair value | | |
| £m | £m | | | £m | £m | | |
| Financial liabilities measured at amortised cost: | | | | | | | |
| (177.989) | (258.418) | Public Works Loan Board borrowing | 2 | (174.294) | (250.972) | | |
| (54.737) | (82.788) | Non-PWLB borrowing("market debt") | 2 | (54.721) | (82.270) | | |
| Other liabilities: | | | | | | | |
| (77.178) | (77.178) | PFI/PPP liabilities | 3 | (74.270) | (74.270) | | |
| (0.001) | (0.001) | Financial guarantees | 3 | (0.004) | (0.004) | | |
| (309.905) | (418.385) | Total financial liabilities for which fair value is disclosed | | | (303.289) | (407.516) | |
| Financial liabilities measured at amortised cost: | | | | | | | |
| (5.549) | | Borrowing from group entities | | (8.289) | | | |
| (4.028) | | Trade payables: long-term | | (4.027) | | | |
| (45.565) | | Trade payables: short-term | | (61.528) | | | |
| (55.142) | | Total financial liabilities for which fair value is not disclosed | | | (73.844) | | |

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

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

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

| | Financial Assets Elected to fair value through other comprehensive income | | | Financial liabilities at amortised cost | Total 2018-2019 | Total 2017-2018 (restated) |
|--|---|---|----------------|--|--------------------|----------------------------------|
| | Amortised cost | Fair value through profit or loss | | | | |
| | £m | £m | £m | £m | £m | £m |
| Interest expense (including finance lease interest) | 0.000 | 0.000 | 0.000 | 17.681 | 17.681 | 17.024 |
| Impairment losses | 0.245 | 0.000 | 0.000 | 0.000 | 0.245 | 0.076 |
| Total expense in the (surplus) or deficit on the provision of services | 0.245 | 0.000 | 0.000 | 17.681 | 17.926 | 17.100 |
| Interest income | (0.661) | 0.000 | (0.128) | 0.000 | (0.789) | (0.795) |
| Dividend income | 0.000 | (0.731) | 0.000 | 0.000 | (0.731) | (0.792) |
| Other income | (0.002) | (0.499) | 0.000 | 0.000 | (0.501) | (0.183) |
| Total income in the (surplus) or deficit on the provision of services | (0.663) | (1.230) | (0.128) | 0.000 | (2.021) | (1.770) |
| Net (gain) or loss on revaluation | 0.000 | (0.769) | 0.000 | 0.000 | (0.769) | 0.437 |
| (Surplus) or deficit on the revaluation of financial assets (in other comprehensive income and expenditure) | 0.000 | (0.769) | 0.000 | 0.000 | (0.769) | 0.437 |
| Net (gain) or loss for the year (in total comprehensive income and expenditure) | (0.418) | (1.999) | (0.128) | 17.681 | 15.136 | 15.767 |

Note G16 Financial Instruments Transition to IFRS9

| | Balance sheet carrying amount brought forward at 1 April | New classifications at 1 April 2018 | | |
|--|---|-------------------------------------|--|---|
| | | Amortised cost | Fair value through other comprehensive income | Fair value through profit or loss |
| | £m | £m | £m | £m |
| Previous classifications | | | | |
| Loans and receivables - fixed term deposits | 98.238 | 98.238 | 0.000 | 0.000 |
| Loans and receivables - loans to other entities and individuals | 2.043 | 2.043 | 0.000 | 0.000 |
| Loans and receivables - charging order debtors within trade receivables | 0.566 | 0.566 | 0.000 | 0.000 |
| Available-for-sale financial assets - insurance fund and Common Good Fund investments | 20.679 | 0.000 | 20.679 | 0.000 |
| Cash and cash equivalents - deposits in money market funds | 11.593 | 0.000 | 0.000 | 11.593 |
| Cash and cash equivalents - other than money market funds | 2.696 | 2.696 | 0.000 | 0.000 |
| Reclassified amounts at 1 April 2018 | | 103.543 | 20.679 | 11.593 |
| Remeasurements impacting on the General Fund Balance at 1 April 2018 (resulting from the adoption of an expected credit losses basis for impairment) | | (0.025) | 0.000 | 0.000 |
| Remeasured carrying amounts at 1 April 2018 | | 103.518 | 20.679 | 11.593 |

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2018-2019 (“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 six other entities:

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

Under accounting standards, the Council requires to include the results of Renfrewshire Leisure Limited and Park Lane Developments (Renfrewshire) Limited Liability Partnership as *subsidiaries* with Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee and Renfrewshire Valuation Joint Board included as *associates* because the Council has a “significant influence” over their financial and operating policies. The Council has no shares in, or ownership of, any of these four organisations, which are entirely independent of the Council under law and for taxation. The Council also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) Limited Liability Partnership. Under the terms of the Partnership Agreement, the council has enhanced voting rights and Park Lane Developments (Renfrewshire) Limited Liability Partnership 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* (rather than *subsidiary*) because the Council does not have a “controlling interest” in the body in terms of the voting rights.

Renfrewshire Council’s share of each associate’s net assets or liabilities is calculated based on the Council’s proportionate contribution to each associate’s annual revenue costs.

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. Scottish Ministers legally established 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.

The Council has effective control over Renfrewshire Leisure 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.

Basis of preparation of group statements and going concern

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

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

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

Consideration for acquisition of associates' net assets or liabilities

The Council has acquired its share of the net assets of its associates for a nil consideration. There is no deferred or contingent purchase consideration. A fair value for its share of the net assets or liabilities of the three joint boards and committees (those numbered 2, 3 and 4 in the preceding list) at the point of acquisition and the post-acquisition results are unable to be accurately determined in view of the length of time since the transfer of these responsibilities at local government re-organisation in 1996 and the change in accounting for pensions under FRS17 in 2003-2004. It is not possible to provide the fair value of the investment in the other combining entities of the Council as there are no published price quotations for these entities. No goodwill has been included in the **group balance sheet** in view of the length of time since acquisition, that no consideration was involved and that a fair value at the date of acquisition cannot now be properly assessed.

Group boundary: non-material interests in other entities

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

Post-employment benefits

In common with Renfrewshire Council, all combining entities, except Park Lane Developments (Renfrewshire) Limited Liability Partnership, participate in the Local Government Pension Scheme, which is administered locally by Glasgow City Council through the Strathclyde Pension Fund. The associates have accounting policies for pensions accounting that are consistent with those of the Council.

Value added tax

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

Property, plant and equipment

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

(i) The Concessionary Travel Scheme Joint Committee has no fixed assets.

(ii) Strathclyde Partnership for Transport holds exceptional types of fixed assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also “third-party” assets that are rolling stock and other public assets used by other transport operators but which the partnership has the power to direct to the benefit of the travelling public within the partnership’s operating area – these are held at historic cost.

(iii) Renfrewshire Leisure Limited uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use on a replacement cost basis. Renfrewshire Leisure Limited also uses depreciated historic cost for its computers, plant, furniture and fittings rather than the Council’s depreciated replacement cost basis, however this is not considered to be material given the small values involved.

Inventories

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

Restrictions on the transfer of funds

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



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