

# Renfrewshire Council

## Audited accounts 2019–2020



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## Management Commentary

The purpose of the Management Commentary is to present an overview of Renfrewshire Council's performance during the 2019/20 financial year and to help readers understand its financial position at 31 March 2020. In addition, it outlines the main issues and risks that may impact the performance of the Council in the future.



**270** square km

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 179,000 residents in the entire Renfrewshire

area, which has a mixed geography, with many villages complementing its three main towns of Johnstone, Paisley and Renfrew.

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



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

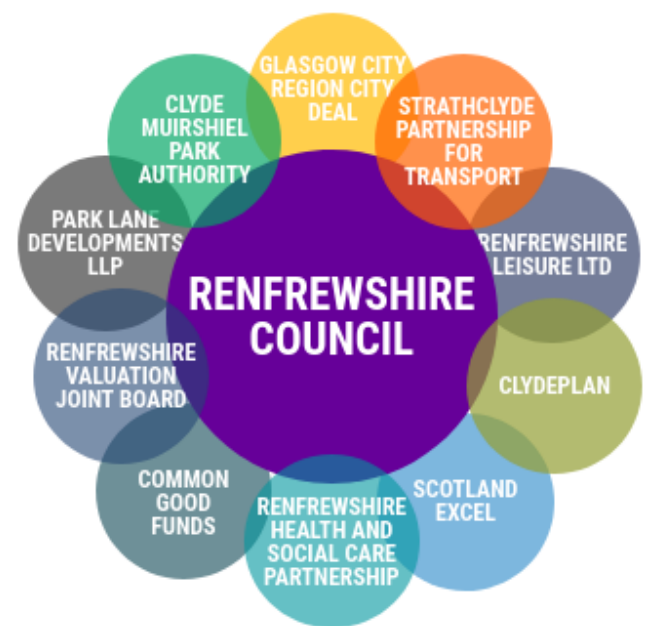


It also works closely with the Renfrewshire Health and Social Care Partnership, which delivers care services across the region.

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>Your Council>Our key priorities>Council Plan>.

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

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

## Financial Strategy

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

The medium-term Financial Outlook 2021-23 was reported to the Council on 24 September 2020, and the following range of financial planning principles from the existing Financial Strategy were confirmed:

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

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

## 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 4 December 2019. Owing to COVID-19, the Board planned for May 2020 did not take place; the next report will be presented in winter 2020.

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.

During August and September 2020, service updates were provided to the relevant Policy Boards on:

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

Following this, a further service update was provided to Boards in October and November.

## Key Performance Indicators

In the most recent service updates, an appendix on the performance indicators and actions as outlined in the Service Improvement Plan (SIP) for 2019/20 was provided. Analysis across the five service SIP scorecards shows that 58% of indicators achieved their target for 2019/20.

The annual performance report to Audit, Risk and Scrutiny Board was presented on 16 March 2020. This provided the Board and the public with a full assessment of all 90 indicators in the Local Government Benchmarking Framework (LGBF) for 2018/19, highlighting those indicators in the top and bottom quartile, trend data and ranked position over the two years, Scottish average and the family group range for all indicators. This year for those indicators

that had significant movement (i.e. moved nine or more places in the rankings since 2017/18) an explanation was also provided.

LGBF data for 2019/20 will be available in early 2021 alongside the Public Performance Report for 2019/20.

The local KPIs included in the Council Plan are reported bi-annually, however due to the COVID-19 pandemic and the suspension of all Boards, the scheduled update in May did not go ahead. During the initial lockdown, regular updates were provided to the Emergencies Board on service status. This included an appendix of all the key performance and activity measures which the Council reported to Scottish Government/COSLA on a weekly basis. An update will be provided on progress against the Council Plan in the winter of 2020 and will be made available on the Performance section of the Council's website.

These Performance section pages have been updated to reflect the most up-to-date data available. One of the approaches to Public Performance Reporting is the 'It's all about you' story map, which provides an overview of performance for the LGBF indicators and the key priority areas for the Council. It includes case studies, infographics, performance indicators and even videos this year. 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](http://www.renfrewshire.gov.uk/Your-Council/Information-performance-and-statistics/Council-Performance/Our-current-performance)

Board reports can be found on the Council Committee Management Information System at:  
<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

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

## Key Financial Ratios

The following tables provide information regarding the financial performance of the Council in 2019/20 and the affordability of its ongoing commitments:

Financial Indicator	2019/20		2018/19	Commentary
	Estimate	Actual	Actual	
<b>Reserves</b>				
Uncommitted General Fund reserves as a % of budgeted net expenditure	1.9%	1.6%	1.9%	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. Lower than anticipated due to one-off transformation activity during the year.
Movement in uncommitted General Fund balance	n/a	-7.5%	0.6%	Reflects the extent to which the Council is using uncommitted reserves.
<b>Council Tax</b>				
In-year collection rate	96.0%	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	20.0%	20.1%	19.9%	Reflects the Council's ability to vary expenditure by raising council tax, the principal local authority controlled source of finance
<b>Debt/Long term borrowing</b>				
Capital Financing Requirement (CFR)	£392.0m	£375.3m	£344.6m	The information in this section demonstrates that the level of external debt (driven by the capital programme) is affordable, owing to the low proportion of our budget spent on servicing debt. Further information, including descriptions of these terms and their significance, is available in the Treasury Management Annual Report presented to Council on 25 June 2020.
External debt	£330.3m	£292.7m	£298.9m	
Ratio of financing costs to net revenue stream (General Fund)	4.0%	4.0%	5.4%	

## Financial Performance

### Primary Financial Statements

The annual accounts summarise the Council's transactions for the year, its financial position at 31 March 2020 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 2019/20 along with the income available to fund those services.

The outturn explained in the following section differs from the accounting deficit of £25.5m shown in the CIES due to accounting adjustments required to comply with proper accounting practice, but which under statute should not impact on local taxpayers. A reconciliation of these figures can be found in the Note 1: Expenditure and Funding Analysis.

## General Fund

The General Fund is funded by government grant and Council Tax revenues and the Council is also able to apply usable reserves from the General Fund Balance to fund expenditure. After adjusting for planned carry forwards and debt repayments, the General Fund had a deficit of expenditure over income in 2019/20 of £4.3m. The budgeted position was a deficit of £3.8m, which results in an overspend of £0.5m against budget.

The main reasons for the variance against the approved budget, as indicated in the following table, was an overspend in employee costs resulting, in part, from exit costs associated with the Right for

Renfrewshire transformation programme, as outlined in the Remuneration Report, along with various overspends in supplies and services during the year and an increase in the provisions required in anticipation of increased levels of bad debt write-off being required in future. This was offset by a one-off over-recovery of income due to a higher level of planning fees than anticipated. Further detail on budget variances can be found in the [Unaudited Annual Accounts 2019/20](#) report to Council on 25 June 2020.

The Council met its target 96% collection rate in 2019/20 and also recovered £0.4m over budget, partly owing to a more prudent bad debt provision in light of the COVID-19 pandemic.

2019/20	Budget £m	Actual £m	Variance £m
Children's Services	193.235	193.278	(0.043)
Communities, Housing & Planning	13.246	12.702	0.544
Environment & Infrastructure	48.026	48.073	(0.047)
Finance & Resources	36.031	36.030	0.001
Chief Executive's Service	21.249	21.249	0.000
Miscellaneous Services	31.038	32.402	(1.364)
Adult Services	70.685	70.685	0.000
<b>Net Expenditure</b>	<b>413.510</b>	<b>414.419</b>	<b>(0.909)</b>
Revenue Support Grant	(226.987)	(226.985)	(0.002)
Council Tax Income	(78.311)	(78.684)	0.373
Non-Domestic Rates Income*	(104.417)	(104.417)	0.000
<b>Funding</b>	<b>(409.715)</b>	<b>(410.086)</b>	<b>0.371</b>
<b>Use of General Fund Balances</b>	<b>3.795</b>	<b>4.333</b>	<b>(0.538)</b>

\*The Council was due £104.4m of Non-Domestic Rate Income from the Scottish Government as its share of the national pool.

The Council collected £113.3m directly from local businesses with the excess of £8.9m due back to the Scottish Government.

## The Council's Reserves

The Council holds the following balances in reserve. Further details can be found in Note 7: Usable Reserves. The General Fund balance of £54.8m will be

carried forward to 2020/21. Of this balance, £48.2m has been earmarked for a particular purpose as outlined in Note 7: Usable Reserves.

This leaves unallocated reserves of £6.6m (1.6% of the Council's net annual running costs), which is slightly below the level recommended in the Council's financial planning principles. It is anticipated that this full balance will be required in order to support costs incurred in response to Coronavirus in 2020/21, and a strategy to rebuild general reserves over the medium term will require to be developed.

As at 31 March 2019 £m	Usable Reserves	As at 31 March 2020 £m
59.144	General Fund Balance	54.811
6.807	Housing Revenue Account	6.807
8.017	Capital Receipts Reserve	9.453
80.638	Other Statutory Funds	88.550
<b>154.606</b>	<b>Total</b>	<b>159.621</b>

## Housing Revenue Account

The balance on the Housing Revenue Account (HRA) as at 31 March 2020 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 and to provide an element of mitigation against forecast pressures related to Coronavirus.

The year-end breakeven position is in line with projections reported during 2019/20 and reflects the net effect of underspends in employee costs and transfer payments that have been used to fund a

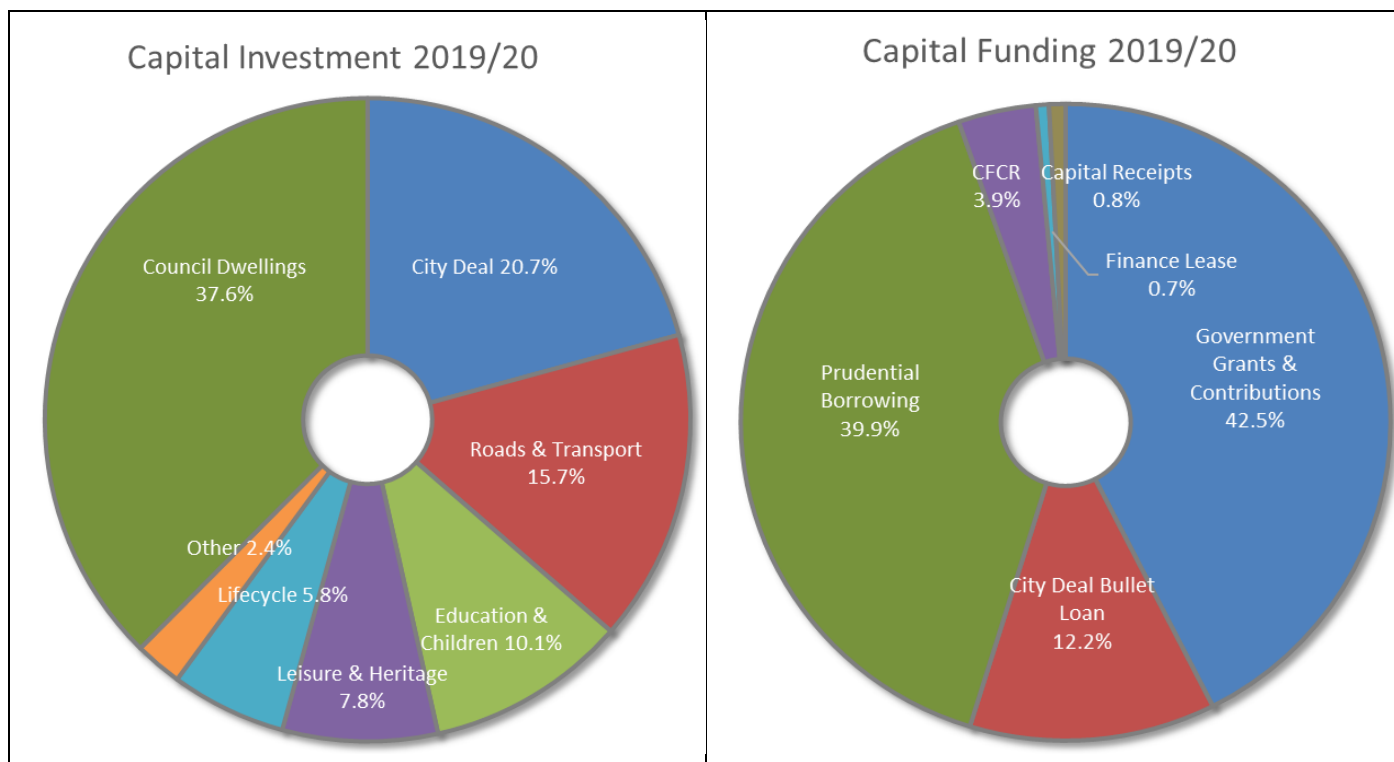
repairs overspend and increased debt repayment as part of the overall housing debt smoothing strategy.

## Capital and Borrowing

Renfrewshire Council continues to make significant capital investment in council housing, schools, culture, roads and the town centre estate. On 28 February 2019, the Council approved the housing capital investment programme for 2019/20 of £26.3m; and the General Fund capital investment programme of £65.7m.

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 £32.0m for housing capital investment and £53.3m for the General Fund. Further detail is provided in Note 14.

The following charts show the actual expenditure incurred and income received in relation to the 2019/20 capital programme.



During the course of 2019/20 there was no new external borrowing (excluding Group transactions).

The level of cash balances available to the Council remains consistent with daily cash requirements,



treasury and capital investment plans. The reduction in cash balances compared to 31 March 2019 is attributable to a number of issues that resulted in a higher than usual balance last year.

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

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

For a number of years an important element of the Council's medium-term financial planning has been the strategy of debt smoothing, which ensures the Council's debt profile remains appropriate and sustainable over the medium term. This process involves the planned repayment of debt over the medium term as part of the Council's planned budget, capital investment and treasury management strategies. While it had been planned that this process would reach a natural conclusion, the Council will now explore options as to whether refocussing the strategy may help deliver short term financial capacity in order to support the costs being incurred in response to the Coronavirus pandemic.

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 28 February 2019 and revised on 5 December 2019. The TMSS for 2019/20 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 2020 was £375.0m, which is within the approved limit of £392.0m.

The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £224.8m at 31 March 2020 compared to the operational boundary of £392m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable and match the Council's medium to long-term financial strategy.

The Council's non-housing financing costs are 4.0% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs as at 31 March 2020 were 43.6% of net housing revenues, higher than the forecast of 42.2% due to additional debt repaid in the year. Excluding these repayments, the actual position was 40.5%.

## Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 28 and 29. The appointed actuaries, have confirmed a decrease of £114.1m in their assessment of the Council's share of the actuarial deficit position of the local government pension fund as at 31 March 2020. This can be attributed to a higher net discount rate, which serves to reduce the value placed on the obligations (corporate bond yields are at a similar level to 2019 but inflation expectations are significantly lower).

The McCloud / Sargeant case noted in last year's accounts, whereby transitional protections on implementation of the new pension benefit structure in 2015 for members close to retirement age are argued to be unlawful on the grounds of age discrimination, added £14.2m of past service costs to the overall pension liability. Following the court ruling and subsequent announcement of proposed remedies by the UK Government, the Board's appointed actuaries have now reduced the estimated past service costs figure by £7.8m in 2019/20 to reflect this change.

The assessment provides only a snapshot as at 31 March 2020 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 £2.5m for uninsured claims. While the Council has financial monitoring arrangements in place with regards costs being incurred in response to the Coronavirus pandemic, the Council cannot know with certainty the full costs and income loss which may arise over the medium term.

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

### The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with five subsidiaries - Renfrewshire Leisure Limited (a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire); the Common Good Funds; the Coats Observatory Trust, Park Lane Developments (Renfrewshire) Limited Liability Partnership and Paisley Museum Reimagined Ltd. The latter is a new entity, incorporated in January 2019 to deliver the fundraising strategy for the planned transformation of Paisley Museum. 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.

### Financial Outlook and Key Risks

The Financial Outlook reported to the Leadership Board in September 2019 outlined continued and considerable uncertainty for local government finances – even prior to the world-wide impact of the Coronavirus pandemic which has fundamentally altered the financial outlook of the Council and public finances across the UK. The performance of both the UK and Scottish economies in the coming years will be severely impacted by the cost of supporting individuals, communities and businesses respond to Coronavirus and resulting lockdown measures; with, consequently, a high risk of this impacting on public finances at all levels of government.

The shock to global finances is ongoing and it will take some time for the full impact of the pandemic to be fully understood. What is clear however, is that the levels of public spending to support the economy and employment levels is unprecedented; and is likely to take many years to recover from. Economists debate as to what type of recovery will be experienced; but what is becoming clear is that initial expectations of an immediate 'bounce-back' in the economy at a UK level are less certain, despite the significant level of borrowing which has been required to fund measures to support the economy such as the furlough of large numbers of the UK workforce, business support grants and other reliefs for businesses. It is also expected that unemployment levels will continue to increase, to levels possibly not seen since the early 1980s, as government support to business tapers off in the coming months.

While Coronavirus concerns dominate the headlines, it is not the only uncertainty facing the public finances and the UK's impending exit from the European Union will generate further risks for the economy and therefore the public finances. In addition and as has been highlighted in previous commentaries, as the transition of powers moves the Scottish budget towards almost 50% of spending being supported by devolved tax raising powers, the economic performance of the Scottish economy relative to that of the UK becomes a key determinant in the overall level of resources that will be available to the Scottish Government's budget each year.

Lagging economic growth in Scotland compared to that of the UK and projected income tax reconciliation adjustments over 2020 to 2022 were already very challenging for the Scottish Government to accommodate without difficult tax and spending decisions. The costs of the Scottish Government response to the Coronavirus run to several billion pounds in 2020/21 – necessitating an in-year revision to the Scottish Budget.

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

The local government grant settlement for 2020/21 (again only a single year settlement being announced) was initially cut, with Renfrewshire Council facing a reduction in funding of 1.1%. 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 0.2% reduction in the general revenue grant received in 2020/21 compared to 2019/20.

A balanced budget position moving into 2020/21 was agreed by the Council on 9 March 2020, 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 invest in Renfrewshire's infrastructure and communities. The Council also agreed a 4.64% council tax increase for 2020/21, which was lower than the 4.79% cap set by the Scottish Government.

The Council will continue to consider the Scottish Government Budget revision and assess the impact of Coronavirus on the 2020/21 budget and over the medium term. An updated financial outlook was presented to Council on 24 September 2020, outlining the measures necessary to ensure the Council remains financially sustainable.

Existing service and cost pressures arising from pay settlements, demographic and socio-economic factors will continue to play a major role in driving spending pressures for the Council, however the predominant focus of the Council in the short term will be fully understanding and assessing the financial impact of Coronavirus. This is expected to manifest itself in both additional costs of services adapting and responding to the pandemic and resulting lockdown and social distancing measures, but more significantly in terms of income loss. Reduced levels of council tax income are anticipated; along with many other income streams eg commercial waste, parking income and planning fees. In addition, the Council will require to support the substantial levels of commercial income loss being experienced by its subsidiary, Renfrewshire Leisure.

In the face of these challenges, it remains critical that the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. The Council has agreed a capital programme including spend of £130m in 2020/21 across public infrastructure, schools, nurseries, public buildings and council housing. These will run alongside the Glasgow and Clyde Valley City Deal programme that is planned to be delivered during the course of this decade, generating 29,000

new jobs. However, it is expected that the Council's planned capital programme will potentially require to be reshaped, linked to the risk of increased construction costs, as many public and private organisations try to make up time lost during the construction shutdown, and there may also be an impact on future tender prices should the construction market contract as a result of existing contractors being unable to weather and ultimately survive the current economic challenges.

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. Both the market values of investments and income generated from dividends are likely to be subject to considerable volatility over the course of 2020/21 as the economic impact of Coronavirus unfolds.

The audited annual accounts of the Common Good Funds and Observatory Trust will be reported to the Council on 26 November 2020 and can be accessed on the Committee Management Information System at: <http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

## Conclusion and Acknowledgements

We would like to acknowledge the 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](http://www.renfrewshire.gov.uk)), or by telephoning 0141 618 7363.

**Cllr Iain Nicolson**  
Leader of the Council

**Sandra Black**  
Chief Executive

**Alan Russell CPFA**  
Director of Finance and Resources

## Statement of Responsibilities

### The Authority's Responsibilities

The Authority is required to:

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

I can confirm that these annual accounts were approved for signature by the Council at its meeting on 26 November 2020.

Signed on behalf of Renfrewshire Council.

**Cllr Iain Nicolson**  
Leader of the Council

### The Director of Finance and Resources' Responsibilities

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

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

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

The Director of Finance and Resources has also:

- kept adequate accounting records 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 2020.

**Alan Russell CPFA**  
Director of Finance and Resources

## Annual Governance Statement

### Scope of responsibility

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

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

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

### The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a

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

### The governance framework

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

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

The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan;

- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under regular review by the Council;
- The Council facilitates policy and decision making through a policy board structure. 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. The Managing Solicitor, Information Governance is the statutory Data Protection Officer;
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development;

- Registers of interests for elected members and senior officers are maintained and published on the Council's website;
- The Council's arrangements for fraud prevention, detection and investigation are managed through the corporate counter fraud service;
- The Council's approach to 'whistleblowing' is outlined in the policy for expressing concerns outwith line management;
- There are adequate cyber security controls in place including a dedicated cyber security officer and conformance to industry cyber security standards such as Public Services Network (PSN), Payment Card Industry (PCI) and Cyber Essentials;
- Clear and independent governance arrangements are in place with Renfrewshire Leisure Ltd and the Renfrewshire Health and Social Care Partnership with oversight from the Council's Leadership Board.
- Seven Local Partnerships have been established and have identified initial local priorities. Decision making including that relating to relevant grants is delegated to each Local Partnership through a Lead Officer appointed by the Council.

This governance framework has been in place at Renfrewshire Council for the majority of the year ended 31 March 2020. However, the outbreak of Coronavirus and subsequent UK and Scottish Government advice on social distancing required the Council to implement temporary emergency governance structures.

Delegations to officers have been increased temporarily, with any decisions requiring approval by elected members being taken by the Emergencies Board which was established on 20 March 2020. The Council's corporate management team meet on a more regular basis and service leads are directly liaising with the Chief Executive through the Emergency Management Team arrangements.

Other changes included cancellation of council, policy and regulatory boards and local partnership meetings.

Within the 2018/19 report, Audit Scotland concluded that “the Council has appropriate governance arrangements in place that support the scrutiny of decisions, and, it is open and transparent in the way it conducts business”.

### The system of internal financial control

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

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

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

The role of the audit committee is under the remit of the Audit, Risk and Scrutiny Board which is chaired by a member of the opposition; its role 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 recommendations to the Council where appropriate;
- to receive and consider the Chief Auditor’s annual report, summarising internal audit activity and the level of assurance this provides over the arrangements for internal control, risk management and governance within the Council;
- monitor the performance of internal audit;
- to consider the annual review of the Local Code of Corporate Governance.

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

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

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



## Review of effectiveness and continuous improvement

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

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of an annually updated self-assessment tool covering six key areas of governance (this year including the impact on governance of the coronavirus pandemic), as follows:

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

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

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

an annual basis, or in relation to specific exercises such as the "Our Values" staff engagement process in 2019. The Council previously utilised the Public Services Improvement Framework and is now piloting a streamlined version of this model with Renfrewshire Community Planning Executive Group. The first stage of this has been completed, with the consensus session to agree improvement actions delayed due to the Coronavirus crisis.

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities.

There have been specific challenges facing the Council arising from the decision to leave the European Union 'Brexit' and also in responding to the ongoing COVID19 pandemic. The following should be noted:

- The Council concluded its "Better Council" change programme and embarked on a new phase of change, a three-year programme "Right for Renfrewshire". The aim is to ensure the Council continues to be financially sustainable, responsive to changing local demands, and able to deliver services that put people's needs first. The programme will fundamentally look at the Council's purpose, how it operates and the services it delivers, its processes, technology, information and assets, people and structures, and improve every aspect of what it does. The outbreak of the pandemic in March 2020, and the impact of the virus on council services, the need for the Council to focus on immediate emergency response activities and people in our community resulted in a decision being taken to pause the programme and to focus our resources to tackle the crisis. The Council's capital investment programme has also been necessarily disrupted as construction sites have been required to temporarily close, with re-opening subject to strict additional measures in relation to social distancing, etc.
- All essential services are continuing to be delivered through the period of 'lockdown' and business continuity arrangements are in place and

operating highly effectively. There have been no significant changes to internal controls although new and amended processes have been put in place to allow the Council to appropriately respond to the pandemic and support local communities and businesses.

- The Council commenced planning for Brexit during the year and has implemented a specific Brexit risk register which is monitored by the Corporate Management Team. Similarly, there is a risk register in place relating to the pandemic and this is monitored by the Emergency Management Team.

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 2018/19 was published in October 2019 noted that the Council continues to make good progress in implementing the recommendations from the 2016/17 Best Value and Assurance Report.

Audit Scotland provided an unqualified but modified audit opinion on the 2018/19 annual accounts, highlighting that adequate accounting records in respect of trade receivable and payable balances had not been kept, being largely attributable to the implementation of a new accounting system. Investigation and subsequent audit of this issue resulted in the audited accounts not being approved within the statutory timescales. Audit Scotland in their report on accounts closure detailed that the issue was unusual and uncharacteristic for the Council; and further noted that the Council's response was credible and appropriate.

The programme of work undertaken by internal audit identified 3 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 audit identified that, within the service areas reviewed, there was insufficient evidence available to demonstrate that the Council's Supporting Attendance at Work Policy was being followed consistently. The limited assurance rating should be taken in context of the scope of the review being restricted to a small number of service areas.
- The review identified that there was scope to improve the cloud security control environment; a number of areas identified were already known to management and work was already underway to address these. Recommendations were made in relation to formal Cloud Security Assessments for all contractors. Processes that would benefit from completion and implementation of a formal framework for supplier assurance and performance were also identified. Management have implemented the majority of the recommendations and the remainder will be progressed during the year and followed up as part of the annual audit review.
- The review of a small sample of service areas for compliance with PCI standards identified that card data was found to be stored securely, although some improvements were required in relation to staff awareness training and the processes for dealing with the physical equipment installations. The limited assurance rating should be taken in context of the scope of the review being restricted to a small number of service areas.

At the request of management, reviews have been undertaken in relation to capital and revenue budgetary control within Environment & Infrastructure. Recommendations in relation to project management, oversight, communications and clarification of roles and responsibilities in relation to capital projects have been implemented, and no further action is required. Recommendations in

relation to revenue monitoring are being progressed by management.

Internal audit undertakes an annual exercise to ensure that recommendations arising from internal audit engagements have been implemented by service management and the results are reported to the Audit, Risk and Scrutiny Board (ARSB). This work highlighted that 79% of recommendations were implemented by the due date and a further 2% were deemed to be redundant as a result of new or revised processes being in operation. The remaining 19% had passed their original due date and revised implementation dates have now been set.

Of the 26 recommendations followed up which were deemed to be critical, 21 have been fully implemented and five have been partially implemented. Revised implementation dates have been agreed for each of these recommendations.

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

### Action Plan

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

Agreed action	Responsible person	Date
Review of creditor and debtor balances, improved reconciliation process and production of audited annual accounts within statutory timescales	Head of Finance	30 November 2020
Review the arrangements for revenue budget monitoring within Environment & Infrastructure to ensure that they are fit for purpose and there is clarity of roles and responsibilities.	Head of Finance	30 September 2020

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

### Update on the 2018/19 Action Plan

The 2018/19 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
<b>Complete Actions</b>				
Pilot the revised Renfrewshire continuous improvement model of self-assessment.	A new model is being piloted with the Community Planning Partnership Executive Group. We are no longer planning to roll out the wider model but will instead focus on staff engagement and involvement in service improvement planning processes.	Head of Policy and Commissioning	March 2020	Complete

Agreed action	Progress Update	Responsible person	Date	Revised Date
Continue to complete the recommendations to ensure full compliance with the PCI DSS standards.	A further audit was undertaken in November 2019, which has identified a small number of devices that require to be removed from the network. Regular scans periodically take place to address any gaps on an ongoing basis.	Head of ICT	Summer 2019	Complete
Undertake a comprehensive review of catering service arrangements for purchasing and stock control and provide training to relevant staff on the revised arrangements.	New processes have been put in place the service is progressively removing cards from site. A small number still require to be removed and the sites are currently closed. All cards will be removed prior to the sites re-opening.	Head of Facilities Management	Spring 2019	Complete
Undertake a comprehensive review of selected inspection service arrangements and update the policy in line with the code of practice.	The New Code of Practice was adopted by the Board and with the recent recruitment of the Inspectors the resources are in place to ensure inspection frequencies are maintained at the required level.	Head of Operations and Infrastructure	Autumn 2019	Complete
Continue the development of the Business World System under the oversight of the Change Advisory Board	A Business World Team have been implemented within ICT and now undertake business as usual activities to continue to deploy Business World Self Service across those Council services and Partner organisations not fully utilising the application, including outstanding core functionality e.g. P2P. They also continue developing and deploying new functionality that delivers organisational benefits in consultation with the Finance & Resources SMT, Partner Organisations and Service Stakeholders.	Business World SRO	Ongoing	Complete
<b>Ongoing Actions</b>				
Review and update where necessary the policy for expressing concerns outwith line management 'whistleblowing' for approval by Board.	The review has been delayed into the new audit year.	Chief Auditor	March 2020	30 September 2020

## Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2019/20 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

**Sandra Black**  
Chief Executive

## Remuneration Report

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

### 1. Remuneration policy for 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 2019. The salary for the Leader of the Council in 2019/20 was £34,848 per annum (£33,990 in 2018/19) and the salary for the Provost was £26,136 per annum (£25,493 in 2018/19).

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 2019/20 being £305,746 per annum; and whose salaries individually must be on a specified scale, in 2019/20 £17,470 to £26,136. In May 2017 the Council approved that Renfrewshire would have twelve senior councillors: four Policy Board Conveners (salary of £25,841 per annum in 2019/20); four Regulatory Board Conveners (salary of £21,311 in 2019/20); Chair of Renfrewshire Leisure Board; Chair/Vice-Chair of Integration Joint Board and two Leaders of the Opposition (salary of £21,311 in 2019/20).

### 2. Remuneration Policy for Senior Employees

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

Senior employees received a 3.0% pay award in 2019/20.

### 3. Remuneration of Senior Employees

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

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

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

The term 'remuneration' means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2020, whether or not those amounts were actually paid to, or received by, those persons within that period.

2018/19		Senior employees		2019/20		
Total Remuneration £	Name	Post held	Annual Salary £	Election Allowances £	Total Remuneration £	
141,802	Sandra Black	Chief Executive	146,056	12,190	158,246	
56,815	Shona MacDougall	Director of Environment & Infrastructure Services until 30/09/2018	0	0	0	
55,380	Gordon McNeil	Director of Environment & Infrastructure Services from 01/10/2018	116,046	200	116,246	
115,507	Mary Crearie	Director of Communities, Housing & Planning Services	118,971	0	118,971	
4,693	Alasdair Morrison	Acting Director of Communities, Housing & Planning Services until 15/04/2018	0	0	0	
88,629	Peter MacLeod	Director of Children's Services until 06/01/2019	0	0	0	
104,132	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> )	118,971	200	119,171	
115,507	Alan Russell	Director of Finance and Resources	118,971	4,894	123,865	
682,465	<b>Total</b>		<b>619,015</b>	<b>17,484</b>	<b>636,499</b>	

2018/19		Senior Employees of Subsidiary Bodies		2019/20
Total Remuneration £	Name	Post held		Total Remuneration £
57,004	Joyce McKellar	Chief Executive, Renfrewshire Leisure until 31/10/2018		0
29,920	Victoria Hollows	Chief Executive, Renfrewshire Leisure from 03/12/2018		97,329
20,284	Fiona Naylor	Acting Chief Executive (15/10/2018 to 31/12/2018)		0
107,208	<b>Total</b>			<b>97,329</b>

There were no non-consolidated bonuses or performance-related payments made to any senior officer in 2019/20.

#### 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 2020, whether or not those amounts were actually paid to, or received by, those persons within that period.

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

2018/19		Senior Councillors		2019/20	
Total £	Name	Position held	Salary, fees and allowances £	Expenses allowance chargeable to UK income tax £	Total £
33,990	Iain Nicolson	Leader Of the Council	34,848	0	34,848
25,837	Lorraine Cameron	Provost	26,136	745	26,881
25,194	Cathy McEwan	Policy Board Convener	25,841	0	25,841
25,194	Marie McGurk	Policy Board Convener	25,841	0	25,841
25,194	Jim Paterson	Policy Board Convener	25,841	0	25,841
25,194	John Shaw	Policy Board Convener	25,841	0	25,841
20,778	John McNaughtan	Regulatory Board Convener	21,311	0	21,311
20,778	Bill Binks	Regulatory Board Convener	21,311	0	21,311
20,778	Jennifer Adam-McGregor	Regulatory Board Convener	21,311	0	21,311
20,778	Andy Steel	Regulatory Board Convener	21,311	0	21,311
25,194	Lisa-Marie Hughes	Chair Renfrewshire Leisure	25,841	0	25,841
25,194	Jacqueline Cameron	Chair/Vice Chair IJB	25,841	0	25,841
21,155	Audrey Doig	Convener Renfrewshire Valuation Joint Board	21,824	0	21,824
20,778	Eddie Devine	Leader of largest opposition group	21,311	0	21,311
20,778	James MacLaren	Leader of 2nd largest opposition group	21,311	0	21,311
<b>356,814</b>	<b>Total</b>		<b>365,720</b>	<b>745</b>	<b>366,465</b>

## 5. Pension Entitlement

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

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

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

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



Tiered contribution rates on whole time pay 2019/20		Equivalent bandings for 2018/19
Up to £21,800	5.5%	Up to £21,300
£21,801 to £26,700	7.25%	£21,300 to £26,100
£26,701 to £36,600	8.5%	£26,100 to £35,700
£36,601 to £48,800	9.5%	£35,700 to £47,600
Over £48,801	12%	Over £47,601

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49<sup>th</sup> 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 1/60<sup>th</sup> 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 2020 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 2020		Change in accrued pension benefits since 31 March 2019	
		2019/20 £	2018/19 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Sandra Black	Chief Executive	28,223	27,413	81	143	8	4
Mary Crearie	Director of Communities, Housing & Planning Services	22,994	22,325	53	79	6	2
Shona MacDougall	Director of Environment & Infrastructure Services until 30/09/2018	0	11,022	n/a	n/a	n/a	n/a
Gordon McNeil	Director of Environment & Infrastructure Services from 01/10/2018	22,427	10,718	31	30	5	4
Peter MacLeod	Director of Children's Services until 06/01/2019	0	17,105	n/a	n/a	n/a	n/a
Alasdair Morrison	Acting Director of Communities, Housing & Planning Services until 15/04/2018	0	906	n/a	n/a	n/a	n/a
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> )	23,444	20,130	16	0	5	0
Alan Russell	Director of Finance and Resources	22,994	22,325	50	71	5	2
<b>Total</b>		<b>120,082</b>	<b>131,944</b>	<b>231</b>	<b>323</b>	<b>29</b>	<b>12</b>

Senior Employees of Subsidiary Bodies							
Name	Post held	In-year pension contributions by Renfrewshire Leisure		Accrued pension benefits as at 31 March 2020		Change in accrued pension benefits since 31 March 2019	
		2019/20 £	2018/19 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Joyce McKellar	Chief Executive, Renfrewshire Leisure until 31/10/2019	n/a	10,988	n/a	n/a	n/a	n/a
Victoria Hollows	Chief Executive, Renfrewshire Leisure from 03/12/2019	18,338	5,812	3	0	2	0
Fiona Naylor	Acting Chief Executive (15/10/2018 to 31/12/2019)	n/a	3,778	n/a	n/a	n/a	n/a
<b>Total</b>		<b>18,338</b>	<b>20,578</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>0</b>

Leader of the Council, Provost, Senior councillors							
Name	Post held	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2020		Change in accrued pension benefits since 31 March 2019	
		2019/20 £	2018/19 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Iain Nicolson	Leader Of the Council	6,747	6,576	7	2	2	0
Cathy McEwan	Policy Board Convener	5,003	4,874	4	0	1	0
Marie McGurk	Policy Board Convener	5,003	4,874	2	0	1	0
Jim Paterson	Policy Board Convener	5,003	4,874	2	0	1	0
John Shaw	Policy Board Convener	5,003	4,874	2	0	1	0
Lisa-Marie Hughes	Chair Renfrewshire Leisure	5,003	4,874	2	0	1	0
Jacqueline Cameron	Chair/Vice Chair Integration Joint Board	5,003	4,874	2	0	1	0
John McNaughtan	Regulatory Board Convener	4,126	4,020	2	0	1	0
Jennifer Adam-McGregor	Regulatory Board Convener	4,126	4,020	2	0	1	0
Andy Steel	Regulatory Board Convener	4,126	4,020	2	0	1	0
Eddie Devine	Leader of largest opposition	4,126	4,020	5	1	0	0
James MacLaren	Leader of 2nd largest opposition group	4,126	4,020	3	0	0	0
<b>Total</b>		<b>57,395</b>	<b>55,920</b>	<b>35</b>	<b>3</b>	<b>11</b>	<b>0</b>

Any senior employees and councillors omitted from the tables above are not 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.

2018/19 £		2019/20 £
798,473	Salaries	836,165
3,046	Travel costs – reimbursed	2,395
13,262	Travel costs – paid directly by the Council	13,533
106	Subsistence expenses - accommodation	689
25	Subsistence expenses - meals	42
890	Training and Conferences	1,741
0	Telephone and information technology expenses – reimbursed	60
4,925	Telephone and information technology expenses – paid directly by the Council	9,029
344	Other allowances and expenses	745
<b>821,071</b>	<b>Total</b>	<b>864,399</b>

The public record of members' salaries, allowances and expenses for 2019/20 is available for inspection on the Register of Councillors' Interests page of the Council's website and navigating to: [Your Council>Councillors> Record of allowances and expenses and training register](#).

## 7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2019/20, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2019/20. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above. Note that leavers may be included due to retirement or redundancy costs. Bands with nil employees for both years are not shown.

2018/19			Remuneration band	2019/20		
Teachers	Non-teachers	Total		Teachers	Non-teachers	Total
88	53	141	£50,000 to £54,999	148	56	204
66	29	95	£55,000 to £59,999	85	57	142
8	34	42	£60,000 to £64,999	64	16	80
2	3	5	£65,000 to £69,999	6	27	33
6	2	8	£70,000 to £74,999	3	4	7
1	4	5	£75,000 to £79,999	5	5	10
2	1	3	£80,000 to £84,999	2	3	5
0	9	9	£85,000 to £89,999	3	2	5
0	2	2	£90,000 to £94,999	0	9	9
0	5	5	£95,000 to £99,999	0	3	3
0	0	0	£100,000 to £104,999	0	2	2
0	0	0	£105,000 to £109,999	1	0	1
0	1	1	£110,000 to £114,999	0	0	0
0	2	2	£115,000 to £119,999	0	4	4
0	1	1	£140,000 to £144,999	0	0	0
0	0	0	£145,000 to £149,999	0	1	1
<b>173</b>	<b>146</b>	<b>319</b>		<b>317</b>	<b>189</b>	<b>506</b>

Of the staff noted above, four are included because they left during the year and their termination payments pushed their remuneration over the £50k threshold (three in 2018/19). Most Teachers received pay inflation in 2019/20 of 7%, which resulted in many employees newly exceeding the £50k threshold.

## 8. Exit Packages

The Council has agreed a number of exit packages in 2019/20 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:

	2019/20	2018/19
Future Life expectancy at age 65 – males	22.2 years	23.4 years
Future Life expectancy at age 65 – females	24.6 years	25.8 years
Pension increase rate	1.9%	2.5%
Discount Rate	2.3%	2.4%

Exit Package Cost	2018/19		2019/20	
	Number of Employees	Value £m	Number of Employees	Value £m
£0 - £20,000	10	0.086	91	0.770
£20,001 - £40,000	3	0.065	27	0.778
£40,001 - £60,000	2	0.098	14	0.701
£60,001 - £80,000	0	0.000	17	1.207
£80,001 - £100,000	2	0.173	8	0.728
£100,001 - £150,000	10	1.256	12	1.517
£150,001 - £200,000	5	0.879	10	1.796
£200,001 - £250,000	5	1.120	3	0.666
£250,001 - £300,000	0	0.000	3	0.795
£300,001 - £350,000	0	0.000	1	0.318
<b>Total</b>	<b>37</b>	<b>3.677</b>	<b>186</b>	<b>9.276</b>

## 9. Trade Union Facility Time

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

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

Trade Union (TU) representative	
Number of employees who were relevant union officials during the period	54
FTE employee number	53.53

Percentage of pay bill spent on facility time	
Total cost of facility time	£365,207
Total pay bill	£257,097,745
Percentage of the total pay bill spent on facility time	0.14%

Percentage of time spent on facility time		
Number of representatives	% time	
14.00	0%	
35.00	1% - 50%	
3.00	51% - 99%	
2.00	100%	

Paid Trade Union activities	
Time spent on paid TU activities as a percentage of total paid facility time hours	28.25%

**Cllr Iain Nicolson**  
Leader of the Council

**Sandra Black**  
Chief Executive

# Independent Auditor's Report to the members of Renfrewshire Council and the Accounts Commission

## Report on the audit of the financial statements

### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Renfrewshire Council and its group for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the council-only and group Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash Flow Statements, the council-only Housing Revenue Account, Council Tax Income Account, Non Domestic Rates Income Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Renfrewshire Council and its group as at 31 March 2020 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 7 January 2019. The period of total uninterrupted appointment is 2 years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter: valuation of land and buildings

I draw attention to Note 34 in the financial statements, 'Judgements in Applying Accounting Policies', which describes the effects of material uncertainties, caused by Covid-19, declared in the valuation report for Land and Buildings. My opinion is not modified in respect of this matter.

### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance and Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

## **Responsibilities of the Director of Finance and Resources and Audit, Risk and Scrutiny Board for the financial statements**

As explained more fully in the Statement of Responsibilities, the Director of Finance and Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as Director of Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Resources is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit, Risk and Scrutiny Board is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Other information in the annual accounts**

The Director of Finance and Resources is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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



## 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.

2018/19			Note	2019/20		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
211.227	(18.119)	193.108	Children's Services	230.636	(27.504)	203.132
125.509	(115.190)	10.319	Communities, Housing and Planning	116.119	(106.472)	9.647
88.432	(22.387)	66.045	Environment and Infrastructure	83.743	(13.650)	70.093
55.686	(6.865)	48.821	Finance and Resources	58.774	(7.901)	50.873
31.601	(8.073)	23.528	Chief Executive's Service	32.457	(7.002)	25.455
25.738	(13.577)	12.161	Miscellaneous Services	6.812	(13.003)	(6.191)
195.171	(124.484)	70.687	Adult Services	206.913	(131.240)	75.673
<b>733.364</b>	<b>(308.695)</b>	<b>424.669</b>	<b>Cost of Services</b>	<b>735.454</b>	<b>(306.772)</b>	<b>428.682</b>
3.007	0.000	3.007	(Gain)/Loss on the disposal of non-current assets	0.000	(0.651)	(0.651)
24.813	(1.170)	23.643	Financing and investment income and expenditure	26.590	(1.118)	25.472
0.000	(409.399)	(409.399)	Taxation and non-specific grant income	0.000	(427.986)	(427.986)
<b>761.184</b>	<b>(719.264)</b>	<b>41.920</b>	<b>Deficit/(Surplus) on the Provision of Services</b>	<b>762.044</b>	<b>(736.527)</b>	<b>25.517</b>
		(16.672)	(Surplus)/Deficit on the revaluation of non-current assets		8	(102.530)
		0.639	Impairment (gain)/loss on non-current assets charged to the Revaluation Reserve		8	0.000
		(0.139)	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income		8	0.111
		79.998	Actuarial (gain)/loss on pension assets and liabilities		29	(140.142)
		<b>63.826</b>	<b>Other comprehensive (income) and expenditure</b>			<b>(242.561)</b>
		<b>105.746</b>	<b>Total comprehensive (income) and expenditure</b>			<b>(217.044)</b>

## Movement in Reserves Statement

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

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

	General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Funds	Total usable reserves	Unusable reserves	Total reserves
Note	£m	£m	£m	£m	£m	£m	£m
<b>Comparative movements in 2018/19</b>							
Balance at 1 April 2018	45.208	6.807	2.858	94.534	149.407	858.144	1,007.551
<b>Movement in reserves during the year</b>							
Total Comprehensive Income and Expenditure	(36.351)	(5.569)	0.000	0.000	(41.920)	(63.826)	(105.746)
Transfers to or (from) other statutory reserves	7 6.062	0.000	0.000	(6.062)	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	6 44.225	5.569	0.000	(2.675)	47.119	(47.119)	0.000
Increase / (Decrease) in year	13.936	0.000	0.000	(8.737)	5.199	(110.945)	(105.746)
<b>Balance at 31 March 2019</b>	<b>59.144</b>	<b>6.807</b>	<b>2.858</b>	<b>85.797</b>	<b>154.606</b>	<b>747.199</b>	<b>901.805</b>

## Balance Sheet

The balance sheet shows the value as at 31 March 2020 of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category comprises usable reserves, which are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold differences shown as 'adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement.

As at 31 March 2019 (restated) £m	Note	As at 31 March 2020 £m	
1,340.737	Property, plant and equipment	9	1,471.547
39.303	Heritage assets	12	39.303
1.601	Investment property	10	1.502
5.845	Intangible assets	13	5.037
3.785	Long-term investments	23	10.789
2.614	Long-term debtors	19	2.172
<b>1,393.885</b>	<b>Long-term assets</b>		<b>1,530.350</b>
1.500	Assets held for sale	11	0.700
0.037	Short-term intangible assets	17	0.000
103.292	Short-term investments	23	86.341
1.120	Inventories	18	0.989
44.037	Short-term debtors	19	49.602
46.342	Cash and cash equivalents	20	12.696
<b>196.328</b>	<b>Current assets</b>		<b>150.328</b>
(72.438)	Short-term borrowing	23	(53.227)
(93.981)	Short-term creditors	21	(78.248)
(0.096)	Short-term provisions	22	(0.277)
<b>(166.515)</b>	<b>Current liabilities</b>		<b>(131.752)</b>
(71.442)	Long-term creditors	21	(75.313)
(5.420)	Long-term provisions	22	(4.745)
(168.357)	Long-term borrowing	23	(187.497)
(276.674)	Other long-term liabilities	29	(162.522)
<b>(521.893)</b>	<b>Long-term liabilities</b>		<b>(430.077)</b>
<b>901.805</b>	<b>Net assets</b>		<b>1,118.849</b>
(154.606)	Usable reserves	7	(159.621)
(747.199)	Unusable reserves	8	(959.228)
<b>(901.805)</b>	<b>Total reserves</b>		<b>(1,118.849)</b>

**Alan Russell CPFA**  
Director of Finance  
and Resources

The unaudited accounts were issued on 25 June 2020 and the audited accounts were authorised for issue on the signature date shown.

## 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.

2018/19 £m		2019/20 £m
(41.920)	Net surplus/(deficit) on the provision of services	(25.517)
	<b>Adjustment for non-cash movements:</b>	
73.865	Depreciation, amortisation, impairment and revaluations	62.661
22.927	Increase/(decrease) in creditors	2.660
11.722	(Increase)/decrease in debtors	(5.086)
(0.363)	(Increase)/decrease in inventories	0.131
36.210	Pension (liability)/asset	25.990
5.941	Carrying amount of non-current assets sold	1.487
(0.564)	Other non-cash items charged to the net surplus or deficit on the provision of services	(0.525)
(33.812)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(38.435)
74.006	<b>Net cash flows from operating activities</b>	<b>23.366</b>
	<b>Net cash flows from investing activities :</b>	
(66.544)	Purchase of property, plant and equipment, investment property and intangible assets	(102.406)
(5.308)	Purchase of short-term and long-term investments	0.000
2.932	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2.140
0.000	Proceeds from short-term and long-term investments	9.947
30.880	Other receipts from investing activities	36.295
	<b>Net cash flows from financing activities</b>	
0.327	Cash receipts of short-term and long-term borrowing	0.000
(2.904)	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	(2.917)
0.000	Repayment of short-term and long-term borrowing	(0.071)
33.389	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(33.646)</b>
12.953	Cash and cash equivalents at the beginning of the reporting period	46.342
46.342	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>12.696</b>

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

2018/19 £m	Interest Paid and Received	2019/20 £m
(1.170)	Interest received	(1.118)
11.122	Interest paid	10.588
5.741	Interest element of finance lease and PPP payments	5.525
15.693		14.995

## Note 1: Expenditure and Funding Analysis

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

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

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

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

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

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

2018/19	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Net Expenditure in the CIES £m
Children's Services	172.351	20.757	193.108
Communities, Housing & Planning	12.514	(2.195)	10.319
Environment & Infrastructure	47.071	18.974	66.045
Finance & Resources	34.720	14.101	48.821
Chief Executive's Service	22.131	1.397	23.528
Miscellaneous Services	23.535	(11.374)	12.161
Adult Services	67.200	3.487	70.687
Net cost of services	379.522	45.147	424.669
Other income and expenditure	(385.458)	2.709	(382.749)
(Surplus) / Deficit	(5.936)	47.856	41.920
Opening General Fund and HRA balance	(52.015)		
Less (Surplus) / Deficit in the year	(5.936)		
Add other items not charged to the Surplus / (Deficit)	(8.000)		
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.

2018/19	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	24.080	5.307	(8.630)	20.757
Communities, Housing & Planning Services	10.644	2.581	(15.420)	(2.195)
Environment & Infrastructure	8.566	4.030	6.378	18.974
Finance & Resources	4.880	4.052	5.169	14.101
Chief Executive's Service	0.169	1.044	0.184	1.397
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	(16.879)	4.810	14.778	2.709
Total adjustments between accounting basis and funding basis	14.783	36.210	(3.137)	47.856

## Note 2: Financing and investment income and expenditure

2018/19 £m		2019/20 £m
20.003	Interest payable and similar charges	19.527
4.810	Net interest on the net defined benefit liability	7.063
(1.045)	Interest receivable and similar income	(1.078)
(0.125)	Income and expenditure in relation to investment properties and changes in their fair values	(0.040)
<b>23.643</b>	<b>Total</b>	<b>25.472</b>

## Note 3: Expenditure and income analysed by nature

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

2018/19 £m		Note	2019/20 £m
	<b>Expenditure</b>		
295.376	Employee benefits expenses		308.455
364.123	Other service expenses		364.338
73.865	Depreciation, amortisation, impairment		62.661
24.813	Interest Payments	2	26.590
3.007	Loss on the disposal of assets	8	0.000
<b>761.184</b>	<b>Total expenditure</b>		<b>762.044</b>
	<b>Income</b>		
(308.695)	Fees, charges and other service income		(306.772)
(1.170)	Interest and investment income	2	(1.118)
0.000	Gain on the disposal of assets	8	(0.651)
(195.504)	Income from council tax and non-domestic rates	4	(183.102)
(213.895)	Government grants and contributions	4	(244.884)
<b>(719.264)</b>	<b>Total income</b>		<b>(736.527)</b>
<b>41.920</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>25.517</b>

## Note 4: Taxation and non-specific grant income

2018/19 £m		2019/20 £m
(75.399)	Income from Council Tax and community charge	(78.685)
(120.105)	Distribution from the national non-domestic rate pool	(104.417)
(183.015)	General Revenue Grant from the Scottish Government	(208.589)
(30.880)	Capital grants and contributions	(36.295)
<b>(409.399)</b>	<b>Total</b>	<b>(427.986)</b>

## Note 5: Grant income

The Council credited the following grants, contributions and donations direct to services in the CIES during 2019/20.

2018/19 £m		2019/20 £m
58.937	Housing benefit	51.368
0.778	Housing benefit and Council Tax administration	0.347
0.347	Discretionary Housing Payment	0.146
0.900	Private sector housing grant	0.500
0.640	Education Maintenance Allowance	0.600
0.020	Gaelic Education	0.017
0.018	School Milk	0.021
4.272	Pupil Equity Fund	4.273
2.667	Early Years Expansion	11.537
5.662	Other Education	6.788
3.172	Children's Services	2.568
12.254	Adult Services	12.771
2.576	Employability	4.426
2.131	Other grants	1.154
<b>94.374</b>	<b>Total</b>	<b>96.516</b>

## 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.



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

2018/19	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items charged to the CIES:</b>					
Charges for depreciation and impairment of non-current assets	(45.334)	(28.331)	0.000	0.000	<b>73.665</b>
Amortisation of intangible assets	(0.200)	0.000	0.000	0.000	<b>0.200</b>
Capital grants and contributions applied	25.249	5.631	0.000	0.000	<b>(30.880)</b>
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	<b>3.007</b>
<b>Insertion of items not charged to the CIES:</b>					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	9.251	18.537	0.000	0.000	<b>(27.788)</b>
Capital expenditure charged against the General Fund and HRA Balances	3.421	0.000	3.075	0.000	<b>(6.496)</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
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)	<b>2.932</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	2.532	<b>(2.532)</b>
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>					
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	<b>(0.497)</b>
<b>Adjustments primarily involving the Pension Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(61.538)	(2.884)	0.000	0.000	<b>64.422</b>
Employer's pension contributions and direct payments to pensioners payable in the year	27.151	1.061	0.000	0.000	<b>(28.212)</b>
<b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>					
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	<b>(0.702)</b>
<b>Total adjustments</b>	<b>(44.225)</b>	<b>(5.569)</b>	<b>3.075</b>	<b>(0.400)</b>	<b>47.119</b>

## Note 7: Usable reserves

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

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

2018/19 £m		2019/20 £m
(59.144)	General Fund Balance	(54.811)
(6.807)	Housing Revenue Account Balance	(6.807)
(8.017)	Capital Receipts Reserve	(9.453)
(80.638)	Other Statutory Funds	(88.550)
<b>(154.606)</b>	<b>Total</b>	<b>(159.621)</b>

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 2019/20.

	Balance at 1 April 2018 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2019 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2020 £m
Insurance Fund	2.543	0.000	0.000	2.543	0.000	0.000	2.543
Reservoir Repair Fund	0.315	0.000	0.000	0.315	0.000	0.000	0.315
Revenue statutory funds	2.858	0.000	0.000	2.858	0.000	0.000	2.858
Education Capital Items Fund	1.132	(0.331)	0.246	1.047	(0.429)	0.439	1.057
Investment Capital Fund	85.785	(11.075)	2.023	76.733	(0.849)	8.751	84.635
Capital statutory funds	86.917	(11.406)	2.269	77.780	(1.278)	9.190	85.692
<b>Total</b>	<b>89.775</b>	<b>(11.406)</b>	<b>2.269</b>	<b>80.638</b>	<b>(1.278)</b>	<b>9.190</b>	<b>88.550</b>

- 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 2020/21 for planned purchases of a capital nature, such as computers and information communication technology equipment.
- The Investment Capital Fund represents planned funding earmarked to support the Council's investment programme and the wider strategic management of the Council's associated debt profile.
- In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. The Capital Receipts Reserve holds cash receipts from asset sales and is used to fund planned capital expenditure.

	Balance at 1 April 2018 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2019 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2020 £m
Capital Receipts Reserve	7.617	2.932	(2.532)	8.017	2.140	(0.704)	9.453

### Ring-fenced elements of the General Fund Balance

The following note sets out the amounts within the General Fund Balance that the Council has ring-fenced for future expenditure plans. The unallocated balance of £6.599m represents 1.6% of the Council's net annual running costs.

	Balance at 1 April 2018 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2019 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2020 £m
Service Modernisation and Reform Fund	3.681	(1.370)	8.032	10.343	(3.518)	0.003	6.828
PPP Future Replacement Establishment Fund	12.670	0.000	0.000	12.670	0.000	0.000	12.670
M74 Fund	0.566	0.000	0.000	0.566	(0.566)	0.000	0.000
Alcohol and Drugs Commission	0.000	0.000	0.000	0.000	0.000	1.000	1.000
Leisure: Inclusive Play Facility	0.000	0.000	0.000	0.000	0.000	0.050	0.050
School Music Participation Funding	0.000	0.000	0.000	0.000	0.000	0.375	0.375
Development Contribution – Paisley Town Centre	1.059	(0.003)	0.000	1.056	0.000	0.001	1.057
Early Years Change Fund	2.461	(1.410)	0.000	1.051	(1.051)	1.900	1.900
Pupil Equity Fund	1.613	(0.187)	0.000	1.426	0.000	0.044	1.470
Waste Management Strategy	1.783	(1.783)	0.000	0.000	0.000	0.000	0.000
Invest in Renfrewshire	0.479	(0.479)	0.000	0.000	0.000	1.829	1.829
Community Safety	0.031	0.000	0.000	0.031	0.000	0.000	0.031
Private Sector Housing Grant	2.399	0.000	0.288	2.687	(0.114)	0.000	2.573
Paisley Town Centre Heritage Asset Strategy	3.195	(0.693)	0.130	2.632	(0.737)	0.000	1.895
Culture Bid Legacy	1.531	0.000	0.880	2.411	(0.228)	0.737	2.920
City Deal	1.481	(0.208)	0.000	1.273	(0.658)	0.566	1.181
Renfrewshire Health & Social Care Partnership	1.656	(0.424)	0.000	1.232	(1.232)	0.000	0.000
Town Centre Public WiFi	0.503	(0.159)	0.000	0.344	(0.142)	0.000	0.202
Tackling Poverty	0.703	(0.703)	4.002	4.002	(0.998)	0.000	3.004
Employability	0.000	0.000	4.500	4.500	0.000	0.204	4.704
Environment & Place	0.000	0.000	2.500	2.500	(0.500)	0.000	2.000
Digital Infrastructure	0.000	0.000	0.440	0.440	(0.030)	0.000	0.410
Community Empowerment Fund	0.000	0.000	0.472	0.472	(0.040)	0.000	0.432
Kilbarchan AAC	0.000	0.000	0.250	0.250	(0.250)	0.000	0.000
Welfare Reform	0.000	0.000	0.603	0.603	(0.405)	0.000	0.198
British Sign Language	0.000	0.000	0.099	0.099	(0.004)	0.000	0.095
Villages Improvement Fund	0.000	0.000	0.370	0.370	0.000	0.000	0.370
<b>Year end flexibility:</b>							
Children's Services	1.161	(0.112)	0.000	1.049	(0.031)	0.000	1.018
Adult Services	0.010	(0.010)	0.000	(0.000)	0.000	0.000	(0.000)
<b>General Fund Ring-fenced Total</b>	<b>36.982</b>	<b>(7.541)</b>	<b>22.566</b>	<b>52.007</b>	<b>(10.504)</b>	<b>6.709</b>	<b>48.212</b>
Additional Scottish Government Grant - related to 2018/19	1.132	(1.132)	0.000	0.000	0.000	0.000	0.000
Unallocated element of the General Fund Balance	7.094	0.000	0.043	7.137	(0.538)	0.000	6.599
<b>Total General Fund Balance</b>	<b>45.208</b>	<b>(8.673)</b>	<b>22.609</b>	<b>59.144</b>	<b>(11.042)</b>	<b>6.709</b>	<b>54.811</b>

## Note 8: Unusable reserves

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

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

As at 31 March 2019 £m	Unusable Reserves	As at 31 March 2020 £m
(468.331)	Revaluation Reserve	(552.652)
276.674	Pension Reserve	162.522
(574.484)	Capital Adjustment Account	(588.619)
12.918	Financial Instruments Adjustment Account	12.422
(0.598)	Financial Instruments Revaluation Reserve	(0.487)
6.622	Employee Statutory Adjustment Account	7.586
<b>(747.199)</b>	<b>Total Unusable Reserves</b>	<b>(959.228)</b>

### 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.

2018/19 £m	Revaluation Reserve	2019/20 £m
(471.731)	Balance at 1 April	(468.331)
(16.672)	Upward revaluation of non-current assets	(102.530)
0.639	Impairment loss on non-current assets charged to the Revaluation Reserve	0.000
17.496	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	17.597
1.937	Accumulated (gains) / losses on disposal of non-current assets transferred to the Capital Adjustment Account	0.612
3.400	Amount posted to the Capital Adjustment Account	(84.321)
(468.331)	Balance at 31 March	(552.652)

## Pension Reserve

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

2018/19 £m	Pension Reserve	2019/20 £m
160.466	Balance at 1 April	276.674
79.998	Actuarial (gains) / losses on pension assets and liabilities	(140.142)
64.422	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	56.026
(28.212)	Employer's pension contributions payable in the year	(30.036)
276.674	Balance at 31 March	162.522

## Capital Adjustment Account

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

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

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

2018/19 £m	Capital Adjustment Account	2019/20 £m
(567.159)	Balance at 1 April	(574.484)
	<b>Reversal of items relating to capital expenditure charged to the CIES:</b>	
73.665	Charges for depreciation, impairment and revaluation losses of non-current assets	61.736
0.200	Amortisation of intangible assets	0.925
	Revenue expenditure funded from capital under statute	
2.932	Non-current assets sale proceeds	2.140
3.007	(Gain)/Loss on disposal of non-current assets charged to the CIES	(0.651)
(19.433)	Adjusting amounts written out of the Revaluation Reserve	(18.209)
<b>60.371</b>	<b>Net written out amount of non-current assets consumed in the year</b>	<b>45.941</b>
	<b>Capital financing applied in the year:</b>	
(2.532)	Use of the Capital Receipts Reserve to finance new capital expenditure	(0.704)
(30.880)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(36.295)
(27.788)	Loans Fund and Finance Lease principal repayments	(19.775)
(6.496)	Capital expenditure charged against the General Fund and Housing Revenue Account balances	(3.302)
<b>(67.696)</b>		<b>(60.076)</b>
(574.484)	Balance at 31 March	(588.619)

## Financial Instruments Adjustment Account

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

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

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

Financial Instruments Adjustment Account	Refinancing premiums and discounts £m	Borrowing on stepped interest rate loans £m	Loans to third parties at less than market rate £m	Total £m
Balance at 1 April 2019	11.966	0.922	0.030	12.918
Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(0.472)	0.000	0.000	(0.472)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.000	(0.021)	(0.003)	(0.024)
<b>Balance at 31 March 2020</b>	<b>11.494</b>	<b>0.901</b>	<b>0.027</b>	<b>12.422</b>

## 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:

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

2018/19 £m	Financial Instruments Revaluation Reserve	2019/20 £m
(0.459)	Balance at 1 April	(0.598)
(0.139)	Downward/(Upward) revaluation of investments	0.111
<b>(0.598)</b>	<b>Balance at 31 March</b>	<b>(0.487)</b>



## 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.

2018/19 £m	Employee Statutory Adjustment Account	2019/20 £m
7.324	Balance at 1 April	6.622
(7.324)	Settlement or cancellation of accrual made at the end of the prior year	(6.622)
6.622	Amounts accrued at the end of the current year	7.586
6.622	Balance at 31 March	7.586

## Note 9: Property, Plant and Equipment

2019/20	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PPP £m
Gross carrying amount at 1 April 2019	504.680	290.159	544.300	307.221	31.939	28.263	1,706.562	111.448
Assets reclassified (to)/ from the "held for sale" category	0.000	0.000	0.000	0.000	0.000	0.700	0.700	0.000
Other asset reclassifications	6.953	4.313	4.749	0.000	(16.015)	(0.290)	(0.290)	0.000
Additions	9.099	9.179	20.321	10.765	41.229	0.010	90.603	1.851
Disposals	(0.398)	(0.020)	(2.940)	0.000	0.000	(1.100)	(4.458)	0.000
Revaluation increases/(decreases) taken to the Revaluation Reserve	62.489	2.864	7.340	0.000	0.000	(0.001)	72.692	0.000
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	0.000	0.168	(1.193)	0.000	0.000	(0.355)	(1.380)	0.000
<b>Gross carrying amount at 31 March 2020</b>	<b>582.823</b>	<b>306.663</b>	<b>572.577</b>	<b>317.986</b>	<b>57.153</b>	<b>27.227</b>	<b>1,864.429</b>	<b>113.299</b>
Accumulated depreciation and impairment at 1 April 2019	0.000	15.853	202.573	141.800	0.278	5.321	365.825	4.882
Depreciation on other reclassifications	0.000	(0.326)	0.326	0.000	0.000	0.000	0.000	0.000
Depreciation charge for the year	16.823	6.862	33.221	6.443	0.000	0.136	63.485	4.138
Depreciation and impairment on disposals	(0.013)	(0.001)	(2.867)	0.000	0.000	(0.190)	(3.071)	0.000
Depreciation written out to the Revaluation Reserve	(16.810)	(2.703)	(10.237)	0.000	0.000	(0.088)	(29.838)	0.000
Depreciation written out to the surplus or deficit on the provision of services	0.000	(1.692)	(1.817)	0.000	0.000	(0.010)	(3.519)	0.000
<b>Accumulated depreciation and impairment at 31 March 2020</b>	<b>0.000</b>	<b>17.993</b>	<b>221.199</b>	<b>148.243</b>	<b>0.278</b>	<b>5.169</b>	<b>392.882</b>	<b>9.020</b>
<b>Balance sheet net carrying amount at 31 March 2020</b>	<b>582.823</b>	<b>288.670</b>	<b>351.378</b>	<b>169.743</b>	<b>56.875</b>	<b>22.058</b>	<b>1,471.547</b>	<b>104.279</b>
Balance sheet net carrying amount at 1 April 2019	504.680	274.306	341.727	165.421	31.661	22.942	1,340.737	106.566

Additions within 'Vehicles, plant, furniture and equipment' includes the Council's share of the Clyde Valley Waste Recycling Plant at Bargeddie. The value of £5.372m is derived from an interim financial model being developed by the lead authority, North Lanarkshire Council. There is a corresponding liability in the Balance Sheet within Creditors (Note 21) to offset this arrangement, which is similar to a finance lease.

2018/19	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PPP £m
Gross carrying amount at 31 March 2019	522.946	287.210	517.446	298.126	37.450	28.463	1,691.641	101.265
Assets reclassified (to)/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/(decreases) taken to the Revaluation Reserve	(23.924)	(1.271)	8.323	0.000	0.000	2.089	(14.783)	7.318
Revaluation increases/(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
<b>Gross carrying amount at 31 March 2019</b>	<b>504.680</b>	<b>290.159</b>	<b>544.300</b>	<b>307.221</b>	<b>31.939</b>	<b>28.263</b>	<b>1,706.562</b>	<b>111.448</b>
Accumulated depreciation and impairment at 1 April 2018	0.000	17.130	188.203	135.585	0.000	4.250	345.168	8.083
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 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
<b>Accumulated depreciation and impairment at 31 March 2019</b>	<b>0.000</b>	<b>15.853</b>	<b>202.573</b>	<b>141.800</b>	<b>0.278</b>	<b>5.321</b>	<b>365.825</b>	<b>4.882</b>
<b>Balance sheet net carrying amount at 31 March 2019</b>	<b>504.680</b>	<b>274.306</b>	<b>341.727</b>	<b>165.421</b>	<b>31.661</b>	<b>22.942</b>	<b>1,340.737</b>	<b>106.566</b>
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

## Note 10: Investment properties

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

2018/19 £m	Investment Properties	2019/20 £m
(0.111)	Rental income from investment property	(0.139)
(0.111)	Net Loss / (Gain)	(0.139)

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:

2018/19 £m	Fair Value of Investment Properties	2019/20 £m
1.587	Opening balance at 1 April	1.601
0.014	Net gains or (losses) from fair value adjustments	(0.389)
0.000	Transfers from inventories and property, plant and equipment	0.290
1.601	Closing balance at 31 March	1.502

### Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2020 are as follows:

	Quoted Prices in active markets for identical assets (level 1) £m	Other significant observable inputs (level 2) £m	Other significant unobservable inputs (level 3) £m	Fair Value as at 31 March 2020 £m
Commercial Units	0.000	0.310	0.000	0.310
Office Units	0.000	0.060	0.000	0.060
Commercial Sites	0.000	0.973	0.000	0.973
Other	0.000	0.159	0.000	0.159
<b>Total</b>	<b>0.000</b>	<b>1.502</b>	<b>0.000</b>	<b>1.502</b>

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

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

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

## Note 11: Assets held for sale

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

2018/19 £m	Assets Held for Sale	2019/20 £m
0.251	Opening balance at 1 April	1.500
	<b>Assets reclassified as held for sale:</b>	
1.500	Other Land and Buildings	(0.700)
(0.251)	Assets sold	(0.100)
<b>1.500</b>	<b>Closing balance at 31 March</b>	<b>0.700</b>

## Note 12: Heritage Assets

There were no movements in the fair value of the Council's Heritage Assets during 2019/20 or 2018/19. The value at 31 March 2020 was £39.303m (£39.303m at 31 March 2019).

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

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

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

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

An inventory of objects is currently held in a variety of both manual and electronic formats. A centralised electronic collections management system has been

procured and a project is underway to transfer records to this new system. It is recognised however that this is a significant task and may take a substantial period of time to complete.

## Note 13: Intangible assets (non-current)

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:

2018/19 £m	Purchased Software Licences	2019/20 £m
	Balance at 1 April	
1.033	Gross carrying amount	6.421
(0.628)	Accumulated amortisation	(0.576)
<b>0.405</b>	<b>Net carrying amount at 1 April</b>	<b>5.845</b>
0.134	Additions: purchases	0.117
5.506	Asset Reclassification	0.000
(0.252)	Disposals	(0.456)
0.252	Disposal amortisation	0.456
(0.200)	Amortisation for the year	(0.925)
<b>5.845</b>	<b>Net carrying amount at 31 March</b>	<b>5.037</b>
	<b>Comprising:</b>	
6.421	Gross carrying amount	6.082
(0.576)	Accumulated amortisation	(1.045)
<b>5.845</b>	<b>Balance at 31 March</b>	<b>5.037</b>

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 2019/20 total spending on capital projects was £85.348m (£64.672m in 2018/19) and was within the overall prudential limits approved by Council. Capital receipts of £0.704m (£2.532m in 2018/19) were used to fund spending on capital projects.

The net capital expenditure for the year of £45.047m (£24.834m in 2018/19) was financed from external borrowing, credit arrangements and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, including the value of assets acquired under finance leases and PFI/PPP contracts.

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

2018/19 £m		2019/20 £m
347.471	Opening Capital Financing Requirement	344.567
	<b>Capital investment:</b>	
64.608	Property, plant and equipment	90.048
0.000	Credit Arrangements (Finance Lease/PPP)	0.555
0.134	Intangible assets	0.117
	<b>Sources of finance:</b>	
(0.479)	Capital receipts – sale of council houses	(0.385)
(2.053)	Capital receipts – sale of other council assets	(0.319)
(30.880)	Government grants and other contributions	(36.295)
(6.496)	Sums set aside from revenue – direct revenue contributions	(3.302)
(27.738)	Loans Fund/Finance Lease principal repayments	(19.724)
344.567	Closing Capital Financing Requirement	375.262
	<b>Explanation of movements in year:</b>	
0.000	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	33.043
(2.904)	Increase/(decrease) in PPP finance lease creditor	(2.348)
(2.904)	Increase/(Decrease) in Capital Financing Requirement	30.695

At 31 March 2020 the Council had commitments on capital contracts for non-housing projects of £35.742m (£35.072m in 2018/19) and for housing projects of £39.072m (£37.975m in 2018/19). 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 £m	Liability Repayment £m	Interest Repayment £m	Contingent Rentals £m	Total £m
Payable within 1 year	6.053	2.543	5.317	3.639	17.552
Payable within 2-5 years	25.073	11.698	19.214	17.195	73.180
Payable within 6-10 years	36.190	17.054	18.784	26.521	98.549
Payable within 11-15 years	35.814	25.262	10.962	35.002	107.040
Payable within 16-20 years	25.911	14.881	1.893	19.588	62.273
<b>Total</b>	<b>129.041</b>	<b>71.438</b>	<b>56.170</b>	<b>101.945</b>	<b>358.594</b>

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:

2018/19 £m	Outstanding PPP Finance Lease Obligation	2019/20 £m
77.178	Balance at 1 April	74.274
2.904	Payments during the year	2.836
<b>74.274</b>	<b>Balance at 31 March</b>	<b>71.438</b>

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 28 properties and 6 vehicles classed as operating leases, with average lives of 11 years.

The opening balance at 1 April 2019 was reviewed for completeness in preparation for the implementation of IFRS 16: Leases in 2021/22.

The restatement is presentational only and did not result in a change to the amount charged to the CIES in 2018/19.

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

As at 31 March 2019 (restated) £m		As at 31 March 2020 £m
1.010	Not later than one year	0.932
2.876	Between one and five years	2.306
4.234	Later than five years	3.909
<b>8.120</b>		<b>7.147</b>

During 2019/20, there was £1.021m expenditure charged to the CIES in relation to these leases (£1.102m in 2018/19).

## Finance Leases

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

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

During 2019/20, the Council acquired 44 electric vehicles under a finance lease agreement over a period of 5 years. As at 31 March 2020, outstanding obligations to make payments under finance leases are:

As at 31 March 2019 £m		As at 31 March 2020 £m
0.000	Not later than one year	0.107
0.000	Between one and five years	0.381
0.000	Later than five years	0.000
<b>0.000</b>		<b>0.488</b>

## 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 2019 £m		As at 31 March 2020 £m
0.252	Not later than one year	0.183
0.700	Between one and five years	0.675
6.781	Later than five years	6.623
<b>7.733</b>		<b>7.481</b>

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: 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. The scheme was closed on 31 March 2020.

2018/19 £m	Intangible Assets (Current)	2019/20 £m
0.266	Balance at 1 April	0.037
0.000	Additions: purchases	0.000
(0.229)	Disposals	(0.037)
<b>0.037</b>	<b>Balance at 31 March</b>	<b>0.000</b>



## Note 18: Inventories

2018/19 £m	Inventories	2019/20 £m
0.757	Balance at 1 April	1.120
6.934	Additions during the year	7.572
(6.562)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(7.706)
(0.072)	Recognised as an expense during the year: inventories written down	0.000
0.063	Reversals during the year of previous inventory write-downs	0.003
1.120	Balance at 31 March	0.989

## Note 19: Debtors

As at 31 March 2019			As at 31 March 2020	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
11.872	0.000	Trade receivables	6.927	0.000
4.871	1.350	Prepayments	4.932	1.260
27.294	1.264	Other receivables	37.743	0.912
44.037	2.614	Total Debtors	49.602	2.172

## 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.

2018/19 £m		2019/20 £m
(4.407)	Current account balances with the council's banker	(10.282)
18.855	Callable deposits with UK banks and building societies	0.603
31.846	Callable deposits in money market funds	22.205
0.048	Imprest accounts held at council establishments	0.170
46.342	Total cash and cash equivalents	12.696

## Note 21: Creditors

As at 31 March 2019 (restated)			As at 31 March 2020	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
(17.897)	0.000	Trade payables	(22.090)	0.000
(76.084)	(71.442)	Other payables	(56.158)	(75.313)
(93.981)	(71.442)	Total Creditors	(78.248)	(75.313)

In the Annual Accounts 2018/19, £6.622m relating to employee accumulating compensated absence was disclosed as a Short-term Provision. This has now been reclassified as a Short-term Creditor and the 2018/19 opening balance is restated as a result.

## Note 22: Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Teacher's maternity pay is a short-term provision, made to reflect the changes in European legislation that allow teachers to accrue all holidays during parental leave. Short-term accumulating compensated absence has been reclassified as an accrual and is therefore disclosed in Note 21. The 2018/19 opening balance of Short-term Provisions is therefore restated to indicate this change.

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

Short-term Provisions	Teachers' maternity pay £m	Other £m	Total £m
Balance at 1 April 2019 (restated)	(0.096)	0.000	(0.096)
Additional provisions made during the year	(0.104)	(0.173)	(0.277)
Reversal of existing provisions	0.096	0.000	0.096
<b>As at 31 March 2020</b>	<b>(0.104)</b>	<b>(0.173)</b>	<b>(0.277)</b>

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

Long-term Provisions	Holiday pay compensation £m	Insurance claims £m	Other £m	Total £m
Balance at 1 April 2019	(0.561)	(3.639)	(1.220)	(5.420)
Additional provisions made during the year	0.116	(1.461)	0.000	(1.345)
Amounts used during the year	0.000	0.800	1.220	2.020
<b>As at 31 March 2020</b>	<b>(0.445)</b>	<b>(4.300)</b>	<b>0.000</b>	<b>(4.745)</b>

### Holiday pay compensation payments

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

### Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The Council has increased its net

assessment by £1.461m on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

## Note 23: Financial Instruments

### Categories of financial instruments

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

The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan

Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer-term investments. The following categories of financial instrument are carried in the balance sheet.

As at 31 March 2019		Financial Assets	As at 31 March 2020	
Long-term £m	Current £m		Long-term £m	Current £m
		<i>At amortised cost:</i>		
0.000	103.000	Principal	7.000	86.000
0.000	0.295	Accrued interest	0.000	0.341
0.000	(0.003)	Loss allowance	0.000	0.000
3.785	0.000	At fair value through other comprehensive income - designated equity instruments	3.789	0.000
<b>3.785</b>	<b>103.292</b>	<b>Total Investments</b>	<b>10.789</b>	<b>86.341</b>
		<i>At amortised cost:</i>		
0.000	14.496	Principal	0.000	(9.512)
0.000	0.007	Accrued interest	0.000	0.003
0.000	(0.007)	Loss allowance	0.000	0.000
0.000	31.846	At fair value through profit or loss	0.000	22.205
<b>0.000</b>	<b>46.342</b>	<b>Total Cash and cash equivalents</b>	<b>0.000</b>	<b>12.696</b>
		<i>At amortised cost:</i>		
3.690	56.656	Trade receivables	1.273	56.074
4.998	0.123	Loans made for service purposes	4.927	0.114
0.725	0.000	Accrued interest	0.794	0.000
(6.799)	(19.505)	Loss allowance	(4.822)	(19.332)
<b>2.614</b>	<b>37.274</b>	<b>Total Financial Assets included in Debtors</b>	<b>2.172</b>	<b>36.856</b>

As at 31 March 2019		Financial Liabilities	As at 31 March 2020	
Long-term £m	Current £m		Long-term £m	Current £m
(168.357)	(3.317)	Principal sum borrowed	(167.131)	(1.227)
0.000	(2.620)	Accrued interest	0.000	(2.622)
<b>(168.357)</b>	<b>(5.937)</b>	<b>Total Public Works Loan Board (PWLB) borrowing</b>	<b>(167.131)</b>	<b>(3.849)</b>
0.000	(52.916)	Principal sum borrowed	(20.000)	(32.916)
0.000	(0.883)	Accrued interest	0.000	(0.890)
0.000	(0.922)	EIR adjustments	(0.366)	(0.535)
<b>0.000</b>	<b>(54.721)</b>	<b>Total non-PWLB borrowing ("market debt")</b>	<b>(20.366)</b>	<b>(34.341)</b>
0.000	(11.780)	Borrowing from group entities	0.000	(15.037)
<b>(168.357)</b>	<b>(72.438)</b>	<b>Total Borrowing</b>	<b>(187.497)</b>	<b>(53.227)</b>
0.000	(57.830)	At amortised cost trade payables	0.000	(44.910)
(71.438)	(2.836)	PFI/PPP and finance lease liabilities	(74.507)	(2.791)
(0.004)	0.000	Financial guarantees	(0.002)	0.000
<b>(71.442)</b>	<b>(60.666)</b>	<b>Total Financial Liabilities included in Creditors</b>	<b>(74.509)</b>	<b>(47.701)</b>

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275m (2018/19 £0.275m), a loan to Kilbarchan Amateur Athletic Club of £0.081m (2018/19 nil), home loans of £0.670m (2018/19 £0.834m), £0.030m soft loans to service users (2018/19 £0.031m) and soft loans to employees of £0.024m (2018/19 £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 £3.789m at 31 March 2020 (£3.785m as at 31 March 2020). Income from the Fund is reinvested.

### Fair value of financial instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including money market funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020.

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their

fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- For 'Lender's Option Borrower's Option' (LOBO) loans, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. The PWLB redemption rates provide a reasonable proxy for rates and a number of market participants have used this basis when considering early redemption costs for market loans. It is likely that lenders will only exercise their options when market rates have risen above the contractual loan rate. The interest rate risk associated with the Council's LOBOs is not deemed to be significant and the potential penalties charged may make the redemption of the loans an uneconomic option.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

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

As at 31 March 2019		Financial Assets	Fair value level	As at 31 March 2020	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
31.846	31.846	Callable deposits in money market funds	1	22.205	22.205
3.785	3.785	Investments in pooled funds (insurance fund)	1	3.789	3.789
<b>35.631</b>	<b>35.631</b>	<b>Total Financial assets measured at fair value</b>		<b>25.994</b>	<b>25.994</b>
95.279	95.346	Fixed term deposits with UK local authorities	2	93.341	93.443
8.013	8.013	Fixed term deposits with UK building societies	2	0.000	0.000
14.448	14.440	Callable deposits with UK banks and building societies (including current account balances with the Council's banker)	2	(9.679)	(9.683)
0.048	0.048	Imprest accounts held at council establishments	2	0.170	0.170
1.644	1.696	Loans made for service purposes	3	1.542	1.598
<b>119.432</b>	<b>119.543</b>	<b>Total Financial assets measured at amortised cost</b>		<b>85.374</b>	<b>85.528</b>
<b>155.063</b>	<b>155.174</b>	<b>Total financial assets for which fair value is disclosed</b>		<b>111.368</b>	<b>111.522</b>
		<i>Financial assets measured at amortised cost:</i>			
1.091	n/a	Trade receivables: long-term		0.740	n/a
37.153	n/a	Receivables and prepayments: short-term		36.746	n/a
<b>38.244</b>		<b>Total financial assets for which fair value is not disclosed</b>		<b>37.486</b>	

As at 31 March 2019		Financial Liabilities	Fair value level	As at 31 March 2020	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
		<i>Financial liabilities measured at amortised cost:</i>			
(174.294)	(250.972)	Public Works Loan Board borrowing	2	(170.980)	(237.264)
(54.721)	(82.270)	Non-PWLB borrowing ("market debt")	2	(54.707)	(75.291)
		<i>Other liabilities:</i>			
(74.270)	(74.270)	PFI/PPP and finance lease liabilities	3	(77.298)	(77.298)
(0.004)	(0.004)	Financial guarantees	3	(0.002)	(0.002)
<b>(303.289)</b>	<b>(407.516)</b>	<b>Total financial liabilities for which fair value is disclosed</b>		<b>(302.987)</b>	<b>(389.855)</b>
		<i>Financial liabilities measured at amortised cost:</i>			
(11.780)	n/a	Borrowing from group entities		(15.037)	n/a
(57.830)	n/a	Trade payables: short-term		(44.910)	n/a
<b>(69.610)</b>		<b>Total financial liabilities for which fair value is not disclosed</b>		<b>(59.947)</b>	

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

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

2018/19 £m		Financial Assets			Financial liabilities at amortised cost £m	2019/20 £m
		Amortised cost £m	Elected to Fair Value through Other Comprehensive Income £m	Fair Value through Profit or Loss £m		
17.704	Interest expense	0.000	0.000	0.000	16.113	16.113
0.245	Impairment losses	2.295	0.000	0.000	0.000	2.295
17.949	Total expense in the Surplus / Deficit on the Provision of Services	2.295	0.000	0.000	16.113	18.408
(0.789)	Interest income	(1.358)	0.000	(0.128)	0.000	(1.486)
(0.114)	Dividend income	0.000	(0.116)	0.000	0.000	(0.116)
(0.002)	Other income	(0.001)	0.000	0.000	0.000	(0.001)
(0.905)	Total income in the Surplus/Deficit on the Provision of Services	(1.359)	(0.116)	(0.128)	0.000	(1.603)
(0.140)	Net (gain) or loss on revaluation	0.000	0.111	0.000	0.000	0.111
(0.140)	(Surplus)/Deficit on the revaluation of financial assets	0.000	0.111	0.000	0.000	0.111
16.904	Net (Gain)/Loss for the year	0.936	(0.005)	(0.128)	16.113	16.916

### 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.

2018/19 £m	Total Investment Portfolio by Credit Rating	2019/20 £m
31.846	AAA (Money Market Funds)	22.206
8.005	AA-	0.000
8.002	A+	0.003
9.396	A	0.100
1.475	BBB+	0.500
95.280	Unrated local authorities	93.341
<b>154.004</b>	<b>Total</b>	<b>116.150</b>

The Council does not generally allow credit for customers, such that as at 31 March 2020, £7.581m of the £9.720m (£6.498m of £10.271m in 2018/19) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

2018/19 £m	Sundry Income Debt Past Due	2019/20 £m
0.746	Less than three months	1.837
0.145	Three to six months	0.457
0.777	Six months to one year	0.754
4.830	More than one year	4.533
<b>6.498</b>	<b>Total</b>	<b>7.581</b>

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 2020 the outstanding value of loans advanced by the Council was £0.670m (£0.834m as at 31 March 2019).

## Liquidity risk

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

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

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

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

As at 31 March 2019		Principal Borrowing Maturity Analysis	As at 31 March 2020	
£m	%		£m	%
56.233	25.04%	Less than one year*	34.143	15.43%
1.227	0.55%	Between one and two years	20.834	9.42%
3.538	1.57%	Between two and five years	7.712	3.48%
163.592	72.84%	More than five years	158.585	71.67%
<b>224.590</b>	<b>100.00%</b>	<b>Total</b>	<b>221.274</b>	<b>100.00%</b>

\*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 2019/20, with all other variables held constant.

Interest rate risk	As at 31 March 2020 £m
Increase in interest receivable on deposits placed during the year	(1.575)
Notional impact on the Surplus/Deficit on the Provision of Services	(1.575)
<b>Share of this impact which would be attributable to the Housing Revenue Account</b>	<b>(0.610)</b>
<i>Other changes that would have no impact on the Surplus/Deficit on the Provision of Services or Other Comprehensive Income and Expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.120
Decrease in the fair value of fixed rate borrowing	51.842

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 2019/20 the book cost of investments increased by £0.116m (£0.114m increase during 2018/19).

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 2020 would have resulted in a £0.055m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2019/20.

## Note 25: 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.

2018/19 £m	Agency Services	2019/20 £m
120.105	Scottish Government - Contributions (to)/from the non-domestic rates pool	104.417
14.668	Non-domestic rates collected: East Renfrewshire	14.111
0.056	Service income from East Renfrewshire Council for collection of non-domestic rates	0.059
29.836	Domestic water and sewerage charges collected	30.738
(29.836)	Domestic water and sewerage charges paid over to Scottish Water	(30.738)
0.636	Service income from Scottish Water for collection of domestic water and sewerage	0.636
0.010	Service income Paisley First Business Improvement District for collection of BID levy	0.010

## Note 26: Related parties

The Council's related parties are those bodies or individuals that have the potential to control or significantly influence the Council, or to be controlled or significantly influenced by the Council, or where those individuals or bodies and the Council are subject to common control. The Council is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions

between the related parties. Disclosure of this information allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Central and Scottish Government

Central and Scottish Government have the potential to influence the general operations of the Council, being responsible for providing the statutory framework within which the Council operates. The Scottish Government provides the majority of the

Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties such as Council tax billing.

Grants received from the Scottish Government are set out in the analysis in Note 5.

## Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests can be accessed from each councillor's page on the Council website, at: [www.renfrewshire.gov.uk/councillors](http://www.renfrewshire.gov.uk/councillors). Services totalling £0.373m (£4.566m at 31 March 2019) were commissioned from organisations in which one elected member had a financial interest. The relevant member 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 £0.446m (£0.305m at 31 March 2019) were paid to organisations in which four elected members had a non-financial interest. The relevant members did not take part in discussions regarding grant awards or commissioning of services.

## Officers

A register of Senior Officers' Interests is available on the Council website at: [www.renfrewshire.gov.uk > Your Council > Information, performance and statistics > Council structure](http://www.renfrewshire.gov.uk>Your Council > Information, performance and statistics > Council structure).

## Entities controlled or significantly influenced by the Council

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

## Note 27: External audit costs

Audit fees are restated for the prior year owing to an additional fee being charged after the balance sheet date for 2018/19.

2018/19 (restated) £m	Audit Fees	2019/20 £m
0.362	Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.348
0.000	Fees payable with regard to other services carried out by the appointed auditor	0.008
0.362	<b>Total</b>	0.356

## Note 28: Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016, which set the contribution rate payable from 1 April 2019 to 31 March 2023. Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

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

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

Based on the proportion of employer contributions paid in 2018/19, Renfrewshire Council's level of participation in the scheme is 3.4%. The Council paid £14.859m (£11.451m in 2018/19) for employer's contributions to the Scottish Public Pensions Agency. £0.444m of expenditure (£0.436m in 2018/19) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.6% of teachers' pensionable pay (0.7% in 2018/19). The estimated contribution for 2020/21 is £16.768m.

## Note 29: Defined benefit pension schemes

### 29a: Participation in pension schemes

The pension scheme for teachers (the Scottish Teachers' Superannuation Scheme) is explained in Note 28, whilst this note relates exclusively to the pension scheme for all other employees: the Local Government Pension Scheme.

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

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

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

### 29b: Transactions relating to post-employment benefits

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

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

2018/19 £m		2019/20 £m
	Included within net cost of services:	
43.492	Current service cost	56.782
16.120	Past service cost/(gain)	(7.819)
	Included within Financing and Investment income and expenditure:	
38.149	Interest cost	38.440
(33.339)	Expected return on scheme assets	(31.377)
<b>64.422</b>	<b>Total of Post-employment benefits charged to the Surplus/Deficit on the Provision of Services</b>	<b>56.026</b>
	Included within Other Comprehensive Income and Expenditure:	
(40.039)	Return on Assets excluding amounts included in net interest	87.121
0.000	Actuarial gains and losses arising on changes in Demographic Assumptions	(52.031)
116.700	Actuarial gains and losses arising on changes in Financial Assumptions	(167.096)
3.337	Actuarial gains and losses arising on changes in Other Assumptions	(8.136)
<b>144.420</b>	<b>Total of LGPS post-employment benefits charged to the CIES</b>	<b>(84.116)</b>
	Movement in reserves statement:	
79.998	Actuarial losses or (gains)	(140.142)
64.422	Reversal of items relating to post-employment benefits debited or credited to the Surplus/Deficit on the Provision of Services	56.026
(28.212)	Employer contributions and direct payments to pensioners payable in the year	(30.036)
<b>116.208</b>	<b>Movement in the year on the Pension Reserve</b>	<b>(114.152)</b>

The cumulative amount of actuarial gains and losses recognised in the CIES as at 31 March 2020 is a loss of £52.392m (£192.535m as at 31 March 2019).

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 included an estimate for the impact of potential removal of transitional arrangements (McCloud judgement) amounting to £14.212m. There is no further impact in 2019/20.

## 29c: Assets and liabilities relating to post-employment benefits

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2020, the defined benefit obligation exceeded scheme assets by £162.522m (£276.674m 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 2020 was 2.3% 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 2020, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension position of £162.522m represents a decrease in liability of £114.152m between 31 March 2019 and 31 March 2020. The net pension liability has a substantial impact on the net worth of the Council as

recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains assured. The deficit on the Strathclyde Pension Fund will be made good by contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

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

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

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

The following is a reconciliation of the 2019/20 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).

2018/19 £m		2019/20 £m
1,396.320	Balance at 1 April	1,583.745
43.492	Current service cost	56.782
16.120	Past service cost (including curtailments)	(7.819)
38.149	Interest cost	38.440
6.775	Member contributions	7.888
120.037	Actuarial losses or (gains)	(227.263)
	<i>Losses or (gains) on curtailment</i>	
(4.525)	Estimated benefits paid: unfunded	(4.548)
(32.623)	Estimated benefits paid: other	(32.801)
<b>1,583.745</b>	<b>Balance at 31 March</b>	<b>1,414.424</b>

### 29e: Movement in scheme assets

The following is a reconciliation of the 2019/20 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2018/19 £m		2019/20 £m
1,235.854	Balance at 1 April	1,307.071
33.339	Expected return on scheme assets	31.377
6.775	Member contributions	7.888
23.687	Employer contributions	25.488
4.525	Contributions in respect of unfunded benefits	4.548
40.039	Actuarial (losses) or gains	(87.121)
(4.525)	Estimated benefits paid: unfunded	(4.548)
(32.623)	Estimated benefits paid: other	(32.801)
<b>1,307.071</b>	<b>Balance at 31 March</b>	<b>1,251.902</b>

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 2019 to 31 March 2020 was 4.3%.

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

As at 31 March 2019				As at 31 March 2020		
Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m		Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m
301.513	0.791	302.304	Equity instruments	288.786	0.758	289.544
41.011	0.001	41.012	Debt instruments (bonds)	39.280	0.001	39.281
0.000	156.189	156.189	Private Equity	0.000	149.597	149.597
0.000	118.343	118.343	Real Estate	0.000	113.348	113.348
429.040	128.022	557.062	Investment Funds	410.931	122.618	533.549
0.027	0.000	0.027	Derivatives	0.026	0.000	0.026
67.287	64.847	132.134	Cash and cash equivalents	64.447	62.110	126.557
<b>838.878</b>	<b>468.193</b>	<b>1,307.071</b>	<b>Fair value of scheme assets</b>	<b>803.470</b>	<b>448.432</b>	<b>1,251.902</b>

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

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

As at 31 March 2019 £m		As at 31 March 2020 £m
(801.805)	Current employee members	(727.663)
(87.218)	Pre-local government reorganisation (1996) liabilities	(78.905)
(142.502)	Deferred pensioners	(121.643)
(450.960)	Pensioners	(399.575)
<b>(1,482.485)</b>	<b>Total Present Value of the Defined Benefit Obligation - Funded liabilities</b>	<b>(1,327.786)</b>
(88.379)	Retirals from Renfrewshire Council	(76.212)
(12.881)	Retirals pre-local government reorganisation (1996)	(10.426)
<b>(101.260)</b>	<b>Total Present Value of the Defined Benefit Obligation - Unfunded liabilities</b>	<b>(86.638)</b>
<b>(1,583.745)</b>	<b>Present value of defined benefit obligation</b>	<b>(1,414.424)</b>
1,307.071	Fair value of scheme assets	1,251.902
<b>(276.674)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(162.522)</b>

## 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 2019/20, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2020:

2018/19		2019/20
2.4%	Discount rate for defined benefit obligation	2.3%
2.4%	Long-term expected rate of return on scheme assets*	2.3%
3.7%	Rate of increase in salaries	3.0%
2.5%	Rate of increase in pensions	1.9%
2.5%	Rate of inflation	1.9%
	<b>Mortality assumptions (years):</b>	
	<i>Longevity at age 65 for current pensioners:</i>	
21.4	Men	20.7
23.7	Women	22.9
	<i>Longevity at age 65 for future pensioners:</i>	
23.4	Men	22.2
25.8	Women	24.6
	<b>Take up of option to convert annual pension into retirement lump sum</b>	
50%	For Pre-April 2009 service	50%
75%	For Post-April 2009 service	75%

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

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

Impact on the Defined Benefit Obligation on the Scheme	%	£m
0.5% decrease in the Real Discount Rate	10%	147.220
0.5% increase in the Salary Increase Rate	2%	29.303
0.5% increase in the Pension Increase Rate	8%	115.301

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 2019/20 to 2020/21. The total contributions expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2021 is £23.971m. The weighted average duration of the defined benefit obligation is 20.1 years.

## Note 30: Contingent liabilities

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

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.

A recent employment tribunal case [Mrs Goodwin v Department for Education] has concluded that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. Where schemes contain provisions deemed discriminatory, those provisions must be dis-applied and this may have an impact on the Council's share of net liability of the Local Government Pension Scheme. It is not considered practicable at this stage to estimate the financial effect.

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension.

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

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

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



## Note 31: Events after the balance sheet date

Events taking place after the authorised date for issue per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. One example of this is the emerging impact of the McCloud/Sargeant judgement on pension liabilities, as outlined in Note 29: Defined benefit pension schemes, revised since the unaudited accounts were authorised for issue.

The accounts have not been adjusted to reflect events arising from the COVID-19 pandemic and resulting lockdown period that commenced on 23 March 2020. While the response to the initial lockdown response has eased, the financial impact of the pandemic on the Council is not yet fully quantified, and the Scottish Government continues to announce funding and fiscal flexibility measures to help mitigate these costs. It should be noted that such costs are likely to significantly affect the Council's Usable Reserves, as well as the delivery of the Council's strategic objectives in 2020/21.

## Note 32: 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 2020 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 £147.2m. However, the assumptions interact in complex ways. At 31 March 2020, the Council's actuaries advised that the net pensions liability had increased by £8.1m as a result of estimates being corrected as a result of experience and by £52.0m and £167.1m arising from demographic and financial assumption updates, respectively.
Debt Impairment	At 31 March 2020, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £85.2m. A review of significant balances suggested that an impairment of doubtful debts of £33.4m was appropriate (net £51.8m). 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 33: 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 2020/21 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015–2017 Cycle;
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement;
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to line item specifications for the net assets statement as detailed in Section 6.5, paragraph 6.5.3.6 b).

The Code requires implementation from 1 April 2020 and there is therefore no impact on the 2019/20 accounts. There is no material impact anticipated in future years from the implementation of these standards.

## Note 34: Judgements in Applying Accounting Policies

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

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

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.
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 10% random sample of non-teachers and 100% of teachers were used to calculate the short-term provision necessary for annual leave owed or owing at 31 March 2020. Flexi leave is no longer included and was removed from the Balance Sheet in 2019/20.
Valuation of assets	<p>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.</p> <p>The impact of COVID-19 means that the Council is faced with an unprecedented set of circumstances upon which to base valuation judgements. Valuations are therefore reported with material valuation uncertainty. Consequently, less certainty and a higher degree of caution should be attached to asset valuations, particularly for those classed as Investment Assets (NBV £1.5m) and Surplus Assets (NBV £22.1m), than would normally be the case.</p> <p>Given the unknown future impact that COVID-19 may have on the property market, these valuations will be kept under review. It should be noted, however, that the sharp collapse in property values once anticipated has not yet materialised as of the balance sheet date. It is possible that the impact will be longer-term and related to further economic recession.</p>

## Note 35: Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2020 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 2020 or relate to services associated with the prior financial year.

## B Business Improvement District

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

## C Carbon Reduction Commitment Scheme

The Council was required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and 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.

The UK government announced in 2016 that the CRC energy efficiency scheme will be abolished following the 2018/19 compliance year and it therefore came to an end on 31 March 2020.

## 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 2020 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees, but not taken before the year end and which employees may carry forward into the next financial year; along with any pay inflation agreed for the year and not yet paid.

## Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the CIES when the Council is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy. The Council is only demonstrably committed to a termination when it has a detailed formal plan for the termination and it is without realistic possibility of withdrawal. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## Post-employment benefits

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

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

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

## 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 CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied prospectively. Where a material misstatement or omission has been discovered relating to a prior period, that

misstatement or omission will be restated unless it is impracticable to do so.

## J Financial Instruments

### Financial Assets

Financial assets are classified into three categories of valuation:

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

#### *Financial Assets Measured at Amortised Cost*

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans made by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES. The Council has assets such as investments and debtors which are classified as financial assets measured at amortised cost. These were previously classified as loans and receivables at 31 March 2019.

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

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and

carried at fair value. Investment income is credited to Financing and Investment Income and Expenditure in the CIES when it becomes receivable by the Council. Where an equity instrument is designated as FVOCI, changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve (an unusable reserve).

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

#### *Financial assets measured at fair value through profit and loss*

Assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CIES when it becomes receivable by the Council.

Assets values are based on the following principles:

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

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

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

### *Expected Credit Loss Model*

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

## Financial Liabilities

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

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

life of the loan by an adjustment to the effective interest rate.

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

## Financial Guarantees

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

## Loans Fund

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

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

- Regulation 12 places a duty on a local authority to maintain a loans fund, which is to be administered in accordance with the proper accounting practices and prudent financial management,
- Regulation 13 requires a local authority to make loans fund advances each year for expenditure of or lending to third parties by, the local authority

which it has determined should be met from borrowing, and

- Regulation 14 requires a local authority to determine for each loans fund advance the period over which it will be repaid and the amount of each repayment. Both the period and the annual amounts must be considered by the authority to be prudent.

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

## Financial Instruments - Fair Value Measurement

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

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

## 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 CIES until conditions attaching to the grant or contribution have been satisfied.

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

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

Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.



## 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 The Secret Collection).

The purpose of holding these assets according to the Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects".

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting

policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

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

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

In addition to the museum collections, there are a number of public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout Renfrewshire. These assets are not generally recognised in the balance sheet. The

Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets and the lack of comparable

data. However, where reliable cost information can be reasonably obtained, the asset will be included in the balance sheet.

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

## 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 CIES.

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

## N Interests in Companies and Other Entities

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

## 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 CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## 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 CIES).

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

#### *Operating Leases*

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

### The Council as Lessor

#### *Finance Leases*

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

Lease rentals receivable are apportioned between:

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

#### *Operating Leases*

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

## 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 CIES. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

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

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

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

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

Gains arising before that date have been consolidated into the Capital Adjustment Account.

## Fair Value Measurement

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

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

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

## Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the CIES

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

## Disposals

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

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

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

## Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

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

from the Revaluation Reserve to the Capital Adjustment Account.

## 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 CIES. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

## 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 CIES.

## 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 CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## 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.

## 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.

2018/19 £m		2019/20 £m
13.374	Repairs and maintenance	15.703
13.002	Supervision and management	15.825
28.331	Depreciation and impairment of non-current assets	25.268
0.074	Increase/(Decrease) in the allowance for bad debts	0.211
0.732	Other expenditure	0.628
<b>55.513</b>	<b>Total Expenditure</b>	<b>57.635</b>
(46.397)	Dwelling rents	(47.091)
(1.468)	Non-dwelling rents	(1.484)
(0.942)	Other income	(2.118)
<b>(48.807)</b>	<b>Total Income</b>	<b>(50.693)</b>
<b>6.706</b>	<b>Net Cost of HRA services as included in the CIES</b>	<b>6.942</b>
	<b>HRA share of the operating income and expenditure included in the CIES:</b>	
(0.282)	(Gain)/Loss on sale of HRA non-current assets	0.906
4.561	Interest payable and similar charges	3.986
0.000	Interest and investment income	(0.143)
0.215	Pensions interest cost and expected return on pensions assets	0.321
(5.631)	Taxation and non specific grant income	(3.737)
<b>5.569</b>	<b>Deficit for the year on HRA services</b>	<b>8.275</b>

### Movement on the Housing Revenue Account statement

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

The adjustments between accounting basis and funding basis under regulations detail the adjustments that are made to the HRA income and expenditure, as recognised by the Council in the year in accordance with proper accounting practice, to the statutory amounts required to be charged to the HRA Balance for dwellings rent setting purposes. An analysis of these adjustments can be found in Note 6 on page 38.



2018/19 £m		2019/20 £m
(6.807)	Balance on the HRA at 1 April	(6.807)
5.569	Deficit for the year on the HRA income and expenditure statement	8.275
(5.569)	Adjustments between accounting basis and funding basis under statute	(8.275)
(6.807)	Net (Increase)/Decrease before transfers to or from reserves	(6.807)
0.000	Transfers to/(from) reserves	0.000
(6.807)	Balance on the HRA at 31 March	(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 12,066 dwellings during 2019/20 (12,002 in 2018/19). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

As at 31 March 2019		Type of dwelling	As at 31 March 2020	
Number	Average weekly rent		Number	Average weekly rent
417	£60.74	One-apartment	416	£63.41
3,668	£68.88	Two-apartment	3,675	£71.69
5,727	£77.81	Three-apartment	5,753	£81.09
1,981	£86.97	Four-apartment	2,015	£90.62
209	£93.62	Five-apartment	207	£97.46
12,002		Total	12,066	

### 2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£0.863m in 2019/20 and £0.729m in 2018/19), but excludes irrecoverable and bad debts. Average rents were £79.61 per week in 2019/20 (£76.31 in 2018/19). The total rent income for 2019/20 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

### 3. Amount of rent arrears

At 31 March 2020 total rent arrears amounted to £2.743m (£2.305m at 31 March 2019). This is 5.86% of the total value of rents due at 31 March 2020.

### 4. Provision for uncollectable rent arrears

In the financial year 2019/20 the rental bad debt provision has been decreased by £0.068m (£0.074 increase in 2018/19). The provision to cover the potential loss of income stands at £1.504m at 31 March 2020 (£1.572m at 31 March 2019). This is 3.21% of the total value of annual rents due.

### 5. Share of corporate costs

In the financial year 2019/20 the HRA share of Corporate and Democratic Core costs amounted to £0.035m (£0.035m in 2018/19).

## Council Tax Income Account

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

2018/19 £m		2019/20 £m
103.961	Gross council tax levied	110.290
(14.838)	Other discounts and reductions	(15.663)
(12.390)	Council tax reduction scheme	(12.749)
(1.595)	Write-off of uncollectable debts and allowance for impairment	(2.262)
0.261	Adjustment to previous years' community charge and council tax	(0.932)
75.399	<b>Transfer to the Comprehensive Income and Expenditure Statement</b>	<b>78.684</b>

### Calculation of the Council Tax

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

The band D Council Tax charge is calculated using the Council Tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2019/20 was £1,257.09 (£1,199.63 in 2018/19).

2018/19 £	Council Tax Band	2019/20 £
799.75	A	838.06
933.05	B	977.74
1,066.34	C	1,117.42
1,199.63	D	1,257.09
1,576.18	E	1,651.68
1,949.40	F	2,042.77
2,349.28	G	2,461.81
2,939.09	H	3,079.88

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

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

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

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

## Calculation of the Council Tax base

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

Band	Number of dwellings	Number of exemptions	Disabled relief	Discounts	Council Tax Reduction	Total equivalent dwellings	Ratio to Band D	2019/20 Band D equivalent	2018/19 *Band D equivalent	
A	13,519	1,972	7	2,041	4,076	<b>5,515</b>	0.67	<b>3,676</b>	3,615	
B	25,795	1,539	92	3,363	5,942	<b>14,920</b>	0.78	<b>11,604</b>	11,471	
C	14,832	493	61	1,565	1,965	<b>10,796</b>	0.89	<b>9,596</b>	9,488	
D	12,576	278	48	1,129	686	<b>10,508</b>	1.00	<b>10,508</b>	10,328	
E	11,172	173	73	686	399	<b>9,889</b>	1.31	<b>12,993</b>	12,829	
F	6,450	65	48	285	111	<b>5,962</b>	1.63	<b>9,688</b>	9,434	
G	3,896	78	21	133	48	<b>3,616</b>	1.96	<b>7,080</b>	6,828	
H	226	18	0	8	1	<b>199</b>	2.45	<b>488</b>	486	
	<b>88,466</b>									
								Band A dwellings subject to disabled relief	5	3
								Class 17 and 24 dwellings	77	108
								<b>Sub-total</b>	<b>65,715</b>	<b>64,590</b>
								Less: Provision for non-payment and future award of discounts and reliefs	-3,854	-3,293
								<b>Council Tax Base</b>	<b>61,861</b>	<b>61,297</b>

\*2018/19 Band D equivalent figures have been restated to account for dwellings subject to Council Tax Reduction.

## Non-Domestic Rates Income Account

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

2018/19 £m		2019/20 £m
150.114	Gross rates levied	147.597
(20.847)	Reliefs and other deductions	(20.946)
(2.039)	Write-off of uncollectable debts and allowance for impairment	(2.553)
127.228	Net Non-Domestic Rates income	124.098
(9.746)	Adjustment to previous years' non-domestic rates	(10.817)
2.623	Contribution (to)/from the National Non-Domestic Rate pool	(8.864)
0.000	Non-domestic rate income retained by authority (BRIS)	0.000
120.105	Transfer to the Comprehensive Income and Expenditure Statement	104.417

### 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 2019/20 the charge was 49.0 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) relief is available to businesses where the combined rateable value of all business premises is £35,000 or less and the rateable value of individual premises is £18,000 or less. Properties with a total rateable value up to and including £15,000 are entitled to a 100% reduction in their business rates on each individual property and properties with a rateable value of between £15,001 to £35,000 receive a 25% reduction on each individual property with a rateable value of £18,000 or less.

### Analysis of Renfrewshire Council's rateable values

Analysis of Rateable Values	2019/20 £m
Commercial	109.132
Industrial and freight transport	48.443
Education and public service	32.533
Communications	0.010
Others	110.224
Rateable Value at 1 April	300.342
Adjustments (Full Year Rateable Value)	(10.830)
Rateable Value at 31 March	289.512
Less: Wholly Exempt Subjects	(1.421)
Net Rateable Value at 31 March	288.091

## 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.

2018/19			Note	2019/20		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
211.227	(18.119)	193.108	Children's Services	230.636	(27.504)	203.132
125.509	(115.190)	10.319	Communities, Housing and Planning	116.119	(106.472)	9.647
88.432	(22.387)	66.045	Environment and Infrastructure	83.743	(13.650)	70.093
55.686	(6.865)	48.821	Finance and Resources	58.774	(7.901)	50.873
43.663	(17.313)	26.350	Chief Executive's Service	40.402	(12.923)	27.479
26.589	(14.005)	12.584	Miscellaneous Services	8.320	(13.212)	(4.892)
195.171	(124.484)	70.687	Adult Services	206.913	(131.240)	75.673
<b>746.277</b>	<b>(318.363)</b>	<b>427.914</b>	<b>Cost of Services</b>	<b>744.907</b>	<b>(312.902)</b>	<b>432.005</b>
3.007	0.000	3.007	(Gain)/Loss on the disposal of non-current assets	0.000	(0.651)	(0.651)
24.786	(2.600)	22.186	Financing and investment income and expenditure	26.563	(2.127)	24.436
0.000	(409.399)	(409.399)	Taxation and non-specific grant income	0.000	(427.986)	(427.986)
<b>774.070</b>	<b>(730.362)</b>	<b>43.708</b>	<b>Deficit/(Surplus) on the Provision of Services</b>	<b>771.470</b>	<b>(743.666)</b>	<b>27.804</b>
		(1.803)	Share of the (surplus) / deficit on the provision of services by associates and joint ventures		G3	(7.096)
		<b>41.905</b>	<b>Group Deficit/(Surplus)</b>			<b>20.708</b>
		(16.337)	(Surplus)/Deficit on the revaluation of non-current assets			(102.425)
		0.639	Impairment (gain)/loss on non-current assets			0.000
		(0.769)	(Surplus)/Deficit from investments in equity instruments designated as FVOCI*		G15	1.139
		83.078	Actuarial (gain)/loss on pension assets and liabilities			(146.035)
		1.280	Share of other comprehensive income and expenditure of associates and joint ventures		G4	(3.101)
		<b>67.891</b>	<b>Other comprehensive (income) and expenditure</b>			<b>(250.422)</b>
		<b>109.796</b>	<b>Total comprehensive (income) and expenditure</b>			<b>(229.714)</b>

\*FVOCI: Fair Value through Other Comprehensive Income.

## Group Movement in Reserves Statement

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

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

Note	Council's Usable Reserves £m	Council's Unusable Reserves £m	Council's Total Reserves £m	Council's share of Reserves of Subsidiaries, Associates and Joint Ventures £m	Total Reserves £m
<b>Comparative movements in 2018/19</b>					
Balance at 1 April 2018	149.407	858.144	1,007.551	60.261	1,067.812
<b>Movement in reserves during the year</b>					
Total Comprehensive Income and Expenditure	(32.025)	(63.826)	(95.851)	(13.945)	(109.796)
Adjustments between Group accounts and Council accounts	G5 (9.895)	0.000	(9.895)	9.895	0.000
Adjustments between accounting basis and funding basis under regulations	6 47.119	(47.119)	0.000	0.000	0.000
Increase / (Decrease) in year	5.199	(110.945)	(105.746)	(4.050)	(109.796)
<b>Balance at 31 March 2019</b>	<b>154.606</b>	<b>747.199</b>	<b>901.805</b>	<b>56.211</b>	<b>958.016</b>

## Group Balance Sheet

The group balance sheet shows the value as at 31 March 2020 of the assets and liabilities recognised by the Council. The net assets of the Council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the group movement in reserves statement.

As at 31 March 2019 (restated) £m		Note	As at 31 March 2020 £m
1,355.691	Property, plant and equipment	G11	1,485.775
39.522	Heritage assets	G10	39.522
2.229	Investment property	G9	2.020
5.845	Intangible assets	13	5.037
22.021	Long-term investments	G15	28.057
29.369	Investments in associates and joint ventures	G3	38.772
2.614	Long-term debtors	19	2.172
<b>1,457.291</b>	<b>Long-term assets</b>		<b>1,601.355</b>
1.500	Short-term assets held for sale	11	0.700
0.037	Short-term intangible assets	17	0.000
103.292	Short-term investments	G15	86.341
1.197	Inventories		1.071
47.474	Short-term debtors	G12	54.623
47.423	Cash and cash equivalents	G15	13.141
<b>200.923</b>	<b>Current assets</b>		<b>155.876</b>
(68.947)	Short-term borrowing	G15	(50.273)
(97.680)	Short-term creditors	G13	(81.814)
(0.096)	Short-term provisions	22	(0.277)
<b>(166.723)</b>	<b>Current liabilities</b>		<b>(132.364)</b>
(75.469)	Long-term creditors		(79.492)
(5.420)	Long-term provisions	22	(4.745)
(168.357)	Long-term borrowing	G15	(187.497)
(1.516)	Liabilities in associates and joint ventures	G3	(0.722)
(282.713)	Other long-term liabilities		(164.681)
<b>(533.475)</b>	<b>Long-term liabilities</b>		<b>(437.137)</b>
<b>958.016</b>	<b>Net assets</b>		<b>1,187.730</b>
(179.360)	Usable reserves	G7	(184.366)
(778.656)	Unusable reserves	G8	(1,003.364)
<b>(958.016)</b>	<b>Total reserves</b>		<b>(1,187.730)</b>

**Alan Russell CPFA**  
Director of Finance  
and Resources

The unaudited accounts were issued on 25 June 2020 and the audited accounts were authorised for issue on the signature date shown.

## 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.

2018/19 £m		2019/20 £m
(41.905)	Group surplus/(deficit)	(20.708)
149.468	Adjustment for non-cash movements	81.873
(33.812)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(38.435)
73.751	Net cash flows from operating activities	22.730
(38.040)	Net cash flows from investing activities	(54.024)
(2.577)	Net cash flows from financing activities	(2.988)
33.134	Net increase/(decrease) in cash and cash equivalents	(34.282)
14.289	Cash and cash equivalents at the beginning of the reporting period	47.423
47.423	Cash and cash equivalents at the end of the reporting period	13.141

## Notes to the Group Accounts

The 2018/19 Group results are restated in some accompanying notes either because the Council's share in the entity has been updated or the entity has advised restated 2018/19 results.

### 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 2020. In addition to the information included in the group accounts on the preceding pages the

accounting regulations require specific disclosures about the combining entities and the nature of their business.

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

**Renfrewshire Leisure Limited** is a company limited by guarantee formed in 2014 and registered as a charity in Scotland. Its principal place of business is the Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB. The charity provides leisure and culture facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within



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

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

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

The **group comprehensive income and expenditure statement (CIES)** includes total net comprehensive income for the year of £3.890m (2018/19 net comprehensive expenditure of £5.881m) for Renfrewshire Leisure Limited, total net comprehensive expenditure for the year of £1.094m (2018/19 net comprehensive income of £1.299m) for the Paisley, Renfrew and Johnstone Common Good Funds, total net comprehensive expenditure for the year of £0.030m (2018/19 net comprehensive income of £0.030m) for Park Lane Developments (Renfrewshire) LLP, total net comprehensive expenditure for the year of £0.272m (2018/19 nil) for

Paisley Museum Reimagined Limited and total net comprehensive expenditure for the year of £0.021m (2018/19 £0.021m) for the Coats' Observatory Trust.

The **group balance sheet** includes net liabilities of £1.791m (2018/19 £5.681m) for Renfrewshire Leisure Limited, net assets of £35.622m (2018/19 £36.716m) for the Common Good Funds, net liabilities of £3.318m (2018/19 £3.288 m) for Park Lane Developments (Renfrewshire) LLP, net liabilities of £0.272m (2018/19 nil) for Paisley Museum Reimagined Limited and net assets of £0.590m (2018/19 £0.611m) 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 2019/20, Renfrewshire Council contributed £0.320m or 7.93% of the committee's estimated running costs (2018/19 £0.320m or 7.83%) and its share of the year-end net asset was £0.058m (2018/19 £0.099m) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

**Strathclyde Partnership for Transport** was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.820m (7.95%) to the committee's estimated running costs in 2019/20 (2018/19 £2.876m or 8.01%) and its share of

the year-end net asset was £33.955m (2018/19 £26.533m) and is included in the group balance sheet.

Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

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

councils. Surpluses or deficits on the board's operations are shared between the councils. In 2019/20, Renfrewshire Council contributed £1.408m or 56.3% of the board's estimated running costs (2018/19 £1.251m or 56.3%) and its share of the year-end net liability was £0.722m (2018/19 £1.516m) and is included in the group balance sheet. Copies of its accounts may be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire Council, Renfrewshire House, Paisley PA1 1JB. The following additional disclosures are required under accounting regulations for Renfrewshire Valuation Joint Board because it is a related party to the Council.

Renfrewshire Valuation Joint Board £m	Renfrewshire Council's Share £m		Renfrewshire Valuation Joint Board £m	Renfrewshire Council's Share £m
As at 31 March 2019		<b>Balance Sheet Summary</b>	As at 31 March 2020	
0.053	0.030	Long-term assets	0.081	0.045
0.381	0.215	Current assets	0.539	0.303
(0.295)	(0.166)	Current liabilities	(0.168)	(0.094)
(2.832)	(1.595)	Long-term liabilities	(1.733)	(0.976)
(2.693)	(1.516)	Net assets/(liabilities)	(1.281)	(0.722)
2018/19		<b>Income and Expenditure Summary</b>	2019/20	
2.384	1.342	Income	2.695	1.517
2.691	1.515	Expenditure	2.650	1.492
(0.307)	(0.173)	Surplus/(deficit) for the year	0.045	0.025

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

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

Renfrewshire Integration Joint Board £m	Renfrewshire Council's Share £m		Renfrewshire Integration Joint Board £m	Renfrewshire Council's Share £m
As at 31 March 2019		Balance Sheet Summary	As at 31 March 2020	
5.473	2.737	Current assets	9.517	4.759
5.473	2.737	Net assets/(liabilities)	9.517	4.759
2018/19		Income and Expenditure Summary	2019/20	
271.216	135.608	Income	311.824	155.912
269.185	134.592	Expenditure	307.780	153.890
2.031	1.016	Surplus/(deficit) for the year	4.044	2.022

## Note G2: Non-material interest in other entities

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

**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 £0.360m (65.8%) to the authority’s estimated running costs in 2019/20 (£0.381m in 2018/19).

**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 £0.115m (3.2%) to the committee’s estimated running costs in 2019/20 (£0.113m in 2018/19).

**Glasgow and the Clyde Valley Strategic Development Planning Authority.** The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.052m (12.5%) to the committee’s estimated running costs in 2019/20 (£0.072m in 2018/19).

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

## Note G3: Associates and joint ventures

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

The net asset figure from these two tables combined (£33.291m + £4.759m = £38.050m) equates to the net of two figures disclosed in the group balance sheet as 'Investments in associates and joint ventures' (£38.772m) and 'Liabilities in associates and joint ventures' (£0.722m).

Aggregate of Associate results £m	Renfrewshire Council's Share £m	Associates	Aggregate of Associate results £m	Renfrewshire Council's Share £m
<b>As at 31 March 2019</b>		<b>Balance Sheet Summary</b>	<b>As at 31 March 2020</b>	
249.822	20.038	Long-term assets	276.847	22.052
180.656	14.651	Current assets	175.601	14.223
(27.469)	(2.341)	Current liabilities	(20.962)	(1.747)
(73.205)	(7.232)	Long-term liabilities	(5.016)	(1.237)
329.804	25.116	Net assets/(liabilities)	426.470	33.291
<b>2018/19</b>		<b>Income and Expenditure Summary</b>	<b>2019/20</b>	
92.364	8.542	Income	145.358	12.861
80.688	7.755	Expenditure	81.821	7.787
11.676	0.787	Net surplus/(deficit) for the year	63.537	5.074

Aggregate of Joint Venture results £m	Renfrewshire Council's Share £m	Joint ventures	Aggregate of Joint Venture results £m	Renfrewshire Council's Share £m
<b>As at 31 March 2019</b>		<b>Balance Sheet Summary</b>	<b>As at 31 March 2020</b>	
5.473	2.737	Current assets	9.517	4.759
5.473	2.737	Net assets/(liabilities)	9.517	4.759
<b>2018/19</b>		<b>Income and Expenditure Summary</b>	<b>2019/20</b>	
271.216	135.608	Income	311.824	155.912
269.185	134.592	Expenditure	307.780	153.890
2.031	1.016	Net surplus/(deficit) for the year	4.044	2.022

## 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 2020 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 2020, either with the Council itself or with other parties.

## Note G4: Material items of group income and expenditure

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

2018/19 £m	Material items of group income and expenditure	2019/20 £m
	<b>Share of (surplus) or deficit:</b>	
	Subsidiaries:	
(1.004)	Paisley, Renfrew and Johnstone Common Good Funds	(0.039)
0.021	Coats' Observatory Trust	0.021
2.801	Renfrewshire Leisure Limited	2.003
(0.030)	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.030
0.000	Paisley Museum Reimagined Limited	0.272
	Associates:	
(0.983)	Strathclyde Partnership for Transport	(5.092)
0.023	Strathclyde Concessionary Travel Scheme Joint Committee	0.043
0.173	Renfrewshire Valuation Joint Board	(0.025)
	Joint Ventures:	
(1.016)	Renfrewshire Health and Social Care Integration Joint Board	(2.022)
(0.015)	<b>Aggregate share of (surplus) or deficit</b>	<b>(4.809)</b>
	<b>Share of other comprehensive (income) and expenditure:</b>	
	Subsidiaries:	
(0.295)	Paisley, Renfrew and Johnstone Common Good Funds	1.133
3.080	Renfrewshire Leisure Limited	(5.893)
	Associates:	
0.779	Strathclyde Partnership for Transport	(2.330)
0.000	Strathclyde Concessionary Travel Scheme Joint Committee	(0.002)
0.501	Renfrewshire Valuation Joint Board	(0.769)
4.065	<b>Aggregate share of other comprehensive (income) and expenditure</b>	<b>(7.861)</b>
4.050	<b>Aggregate share of total comprehensive (income) and expenditure</b>	<b>(12.670)</b>

## 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:

2018/19 £m	Adjustments between Group accounts and Council accounts	2019/20 £m
0.145	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.155
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059
(0.027)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.027)
(10.072)	Service charge and other expenditure payable by Renfrewshire Council to Renfrewshire Leisure Limited	(13.091)
0.000	Expenditure payable by Renfrewshire Leisure Limited to Renfrewshire Council	0.522
0.000	Expenditure payable by Paisley Museum Reimagined Limited to Renfrewshire Council	0.272
(9.895)	<b>Total adjustments between Group accounts and Council accounts</b>	<b>(12.110)</b>

## Note G6: Group financing and investment income and expenditure

2018/19 £m	Group financing and investment income and expenditure	2019/20 £m
19.976	Interest payable and similar charges	19.500
4.810	Pensions net interest expense	7.063
(1.045)	Interest receivable and similar income	(1.078)
(0.440)	Income and expenditure in relation to investment properties and changes in their fair values	(0.355)
(1.115)	Other investment income	(0.694)
22.186	<b>Total financing and investment income and expenditure</b>	<b>24.436</b>

## Note G7: Group Usable reserves

2018/19 £m	Group Usable Reserves	2019/20 £m
(154.606)	Council Usable Reserves - Note 7	(159.621)
	<b>Group Usable Reserves:</b>	
(23.597)	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds	(23.635)
(0.334)	Coats' Observatory Trust: usable balances	(0.313)
(0.358)	Renfrewshire Leisure Limited	(0.368)
0.000	Paisley Museum Reimagined Limited	0.272
(0.465)	Renfrewshire Health and Social Care Integration Joint Board	(0.701)
(179.360)	<b>Total Group Usable Reserves</b>	<b>(184.366)</b>

## Note G8: Group Unusable reserves

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

2018/19 £m	Group Unusable Reserves	2019/20 £m
(747.199)	Council Unusable Reserves - Note 8	(959.228)
	<b>Group Unusable Reserves:</b>	
(4.041)	Paisley, Renfrew and Johnstone Common Good Funds: financial instruments revaluation reserve	(3.014)
(9.078)	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve	(8.973)
(0.277)	Coats' Observatory Trust: revaluation reserve	(0.277)
6.039	Renfrewshire Leisure Limited: pension reserve	2.159
3.288	Park Lane Developments (Renfrewshire) Limited Liability Partnership	3.318
	<b>Council share of the Reserves of associates and joint ventures:</b>	
(26.533)	Strathclyde Partnership for Transport	(33.955)
(0.099)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.058)
1.516	Renfrewshire Valuation Joint Board	0.722
(2.272)	Renfrewshire Health and Social Care Integration Joint Board	(4.058)
<b>(778.656)</b>	<b>Total Group Unusable Reserves</b>	<b>(1,003.364)</b>

## Note G9: Group investment properties

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

2018/19 £m	Group Investment Properties	2019/20 £m
(0.426)	Rental income from investment properties	(0.454)
<b>(0.426)</b>	<b>Net (gain) or loss</b>	<b>(0.454)</b>

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

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

2018/19 (restated) £m	Group Investment Properties	2019/20 £m
2.262	Balance at 1 April	2.229
(0.026)	Net losses from fair value adjustments	(0.494)
0.000	Transfers from inventories and property, plant and equipment	0.290
(0.007)	Other changes	(0.005)
2.229	Balance at 31 March	2.020

### Note G10: Group heritage assets

There were no movements in the fair value of the Group's Heritage Assets during 2019/20 or 2018/19. The value at 31 March 2020 was £39.522m. Included in this value are the civic regalia and equipment of the Paisley, Renfrew and Johnstone Common Good Funds, which have been externally valued on a present value insurance basis at £0.219m as at 31 March 2020 (£0.219 at 31 March 2019).

### Note G11: Group Property, plant and equipment

2019/20	Council PPE (Note 9) £m	Council share of Group PPE £m	Total Group PPE £m
Gross carrying amount at 1 April 2019	1,706.562	18.486	1,725.048
Assets reclassified (to) or from the "held for sale" category	0.700	0.000	0.700
Other asset reclassifications	(0.290)	0.000	(0.290)
Additions	90.603	0.026	90.629
Disposals	(4.458)	0.000	(4.458)
Revaluation increases/(decreases) taken to the Revaluation Reserve	72.692	0.000	72.692
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(1.380)	0.000	(1.380)
<b>Gross carrying amount at 31 March 2020</b>	<b>1,864.429</b>	<b>18.512</b>	<b>1,882.941</b>
Accumulated depreciation and impairment at 1 April 2019	365.825	3.532	369.357
Depreciation charge for the year	63.485	0.752	64.237
Depreciation and impairment on disposals	(3.071)	0.000	(3.071)
Depreciation written out to the Revaluation Reserve	(29.838)	0.000	(29.838)
Depreciation written out to the surplus or deficit on the provision of services	(3.519)	0.000	(3.519)
<b>Accumulated depreciation and impairment at 31 March 2020</b>	<b>392.882</b>	<b>4.284</b>	<b>397.166</b>
<b>Balance sheet net carrying amount at 31 March 2020</b>	<b>1,471.547</b>	<b>14.228</b>	<b>1,485.775</b>
Balance sheet net carrying amount at 1 April 2019	1,340.737	14.954	1,355.691



2018/19	Council PPE (Note 9) £m	Council share of Group PPE £m	Total Group PPE £m
Gross carrying amount at 1 April 2018	1,691.641	18.899	1,710.540
Assets reclassified (to) or from the "held for sale" category	(1.500)	0.000	(1.500)
Other asset reclassifications	(5.507)	0.000	(5.507)
Additions	64.608	0.070	64.678
Disposals	(11.864)	0.000	(11.864)
Revaluation increases/(decreases) taken to the Revaluation Reserve	(14.783)	(0.483)	(15.266)
Revaluation increases/(decreases) recognised in the surplus or deficit on the provision of services	(16.033)	0.000	(16.033)
<b>Gross carrying amount at 31 March 2019</b>	<b>1,706.562</b>	<b>18.486</b>	<b>1,725.048</b>
Accumulated depreciation and impairment at 1 April 2018	345.168	2.879	348.047
Depreciation charge for the year	65.377	0.796	66.173
Depreciation and impairment on disposals	(6.174)	0.000	(6.174)
Depreciation written out to the Revaluation Reserve	(31.454)	0.000	(31.454)
Depreciation written out to the surplus or deficit on the provision of services	(8.396)	0.000	(8.396)
Impairment losses taken to the Revaluation Reserve	0.639	(0.143)	0.496
Impairment losses recognised in the surplus or deficit on the provision of services	0.665	0.000	0.665
<b>Accumulated depreciation and impairment at 31 March 2019</b>	<b>365.825</b>	<b>3.532</b>	<b>369.357</b>
<b>Balance sheet net carrying amount at 31 March 2019</b>	<b>1,340.737</b>	<b>14.954</b>	<b>1,355.691</b>
Balance sheet net carrying amount at 1 April 2018	1,346.473	16.020	1,362.493

## Note G12: Group short-term debtors

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

As at 31 March 2019 (restated) £m	Group Short-term Debtors	As at 31 March 2020 £m
14.978	Trade receivables	11.786
4.871	Prepayments	4.932
27.625	Other receivables	37.905
<b>47.474</b>	<b>Total</b>	<b>54.623</b>

### Note G13: Group short-term creditors

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

As at 31 March 2019 (restated) £m	Group Short-term Creditors	As at 31 March 2020 £m
(21.590)	Trade payables	(25.652)
(76.090)	Other payables	(56.162)
<b>(97.680)</b>	<b>Total</b>	<b>(81.814)</b>

### 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. The 31 March 2019 figures have been restated to disclose the liability for the Renfrewshire Health and Social Care Integration Joint Board's retained underspend as at that date (£5.499m). Although this liability was not disclosed in the equivalent note to the accounts last year, it had been correctly included in the Council balance sheet and the group balance sheet.

As at 31 March 2019 (restated) £m		As at 31 March 2020 £m
	<b>Amounts owing to Renfrewshire Council:</b>	
0.000	Loans	0.000
0.737	Other balances	0.928
<b>0.737</b>	<b>Total</b>	<b>0.928</b>
	<b>Amounts owed by Renfrewshire Council:</b>	
(5.499)	Liability for Renfrewshire Integration Joint Board's retained underspend	(9.543)
(0.181)	Other balances	(0.507)
<b>(5.680)</b>	<b>Total</b>	<b>(10.050)</b>

### Note G15: Group financial instruments

#### Balance sheet carrying amounts of group financial instruments

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

As at 31 March 2019		Financial Assets	As at 31 March 2020	
Long-term £m	Current £m		Long-term £m	Current £m
0.000	103.000	At amortised cost: Principal	7.000	86.000
0.000	0.295	At amortised cost: Accrued interest	0.000	0.341
0.000	(0.003)	At amortised cost: Loss allowance	0.000	0.000
22.021	0.000	At fair value through other comprehensive income - designated equity instruments	21.057	0.000
<b>22.021</b>	<b>103.292</b>	<b>Total Investments</b>	<b>28.057</b>	<b>86.341</b>
0.000	15.577	At amortised cost: Principal	0.000	(9.067)
0.000	0.007	At amortised cost: Accrued interest	0.000	0.003
0.000	(0.007)	At amortised cost: Loss allowance	0.000	0.000
0.000	31.846	At fair value through profit or loss	0.000	22.205
<b>0.000</b>	<b>47.423</b>	<b>Total Cash and cash equivalents</b>	<b>0.000</b>	<b>13.141</b>
3.690	60.093	At amortised cost: Trade receivables	1.273	61.095
4.998	0.123	At amortised cost: Loans made for service purposes	4.927	0.114
0.725	0.000	At amortised cost: Accrued interest	0.794	0.000
(6.799)	(19.505)	At amortised cost: Loss allowance	(4.822)	(19.332)
<b>2.614</b>	<b>40.711</b>	<b>Total Financial Assets included in Debtors</b>	<b>2.172</b>	<b>41.877</b>

As at 31 March 2019		Financial Liabilities	As at 31 March 2020	
Long-term £m	Current £m		Long-term £m	Current £m
(168.357)	(3.317)	Principal sum borrowed	(167.131)	(1.227)
0.000	(2.620)	Accrued interest	0.000	(2.622)
<b>(168.357)</b>	<b>(5.937)</b>	<b>Total Public Works Loan Board (PWLB) borrowing</b>	<b>(167.131)</b>	<b>(3.849)</b>
0.000	(52.916)	Principal sum borrowed	(20.000)	(32.916)
0.000	(0.883)	Accrued interest	0.000	(0.890)
0.000	(0.922)	EIR adjustments	(0.366)	(0.535)
<b>0.000</b>	<b>(54.721)</b>	<b>Total non-PWLB borrowing ("market debt")</b>	<b>(20.366)</b>	<b>(34.341)</b>
0.000	(8.289)	Borrowing from group entities	0.000	(12.083)
<b>(168.357)</b>	<b>(68.947)</b>	<b>Total Borrowing</b>	<b>(187.497)</b>	<b>(50.273)</b>
(4.027)	(61.529)	At amortised cost: Trade payables	(4.179)	(48.299)
(71.434)	(2.836)	PFI/PPP and finance lease liabilities	(74.507)	(2.791)
(0.004)	0.000	Financial guarantees	(0.002)	0.000
<b>(75.465)</b>	<b>(64.365)</b>	<b>Total Financial Liabilities included in Creditors</b>	<b>(78.688)</b>	<b>(51.090)</b>

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

### Fair value of group financial instruments

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

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

As at 31 March 2019		Financial Assets	Fair value level	As at 31 March 2020	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
31.846	31.846	Callable deposits in money market funds	1	22.205	22.205
22.021	22.021	Investments in pooled funds (insurance fund)	1	21.057	21.057
53.867	53.867	<b>Total Financial assets measured at fair value</b>		<b>43.262</b>	<b>43.262</b>
95.279	95.346	Fixed term deposits with UK local authorities	2	93.341	93.443
8.013	8.013	Fixed term deposits with UK building societies	2	0.000	0.000
15.529	15.521	Callable deposits with UK banks and building societies (including current account balances with the Council's banker)	2	(9.234)	(9.238)
0.048	0.048	Imprest accounts held at council establishments	2	0.170	0.170
1.644	1.696	Loans made for service purposes	3	1.542	1.598
120.513	120.624	<b>Total Financial assets measured at amortised cost</b>		<b>85.819</b>	<b>85.973</b>
<b>174.380</b>	<b>174.491</b>	<b>Total financial assets for which fair value is disclosed</b>		<b>129.081</b>	<b>129.235</b>
		<b>Financial assets measured at amortised cost:</b>			
1.091	n/a	Trade receivables: long-term		0.740	n/a
40.590	n/a	Receivables and prepayments: short-term		41.767	n/a
<b>41.681</b>		<b>Total financial assets for which fair value is not disclosed</b>		<b>42.507</b>	

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.

As at 31 March 2019		Financial Liabilities	Fair value level	As at 31 March 2020	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
		<b>Financial liabilities measured at amortised cost:</b>			
(174.294)	(250.972)	Public Works Loan Board borrowing	2	(170.980)	(237.264)
(54.721)	(82.270)	Non-PWLB borrowing ("market debt")	2	(54.707)	(75.291)
		<b>Other liabilities:</b>			
(74.270)	(74.270)	PFI/PPP and finance lease liabilities	3	(77.298)	(77.298)
(0.004)	(0.004)	Financial guarantees	3	(0.002)	(0.002)
<b>(303.289)</b>	<b>(407.516)</b>	<b>Total financial liabilities for which fair value is disclosed</b>		<b>(302.987)</b>	<b>(389.855)</b>
		<b>Financial liabilities measured at amortised cost:</b>			
(8.289)	n/a	Borrowing from group entities		(12.083)	n/a
(4.027)	n/a	Trade payables: long-term		(4.179)	n/a
(61.529)	n/a	Trade payables: short-term		(48.299)	n/a
<b>(73.845)</b>		<b>Total financial liabilities for which fair value is not disclosed</b>		<b>(64.561)</b>	

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

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

2018/19 £m		Financial Assets			Financial liabilities at amortised cost £m	2019/20 £m
		Amortised cost £m	Elected to Fair Value through Other Comprehensive Income £m	Fair Value through Profit or Loss £m		
17.681	Interest expense	0.000	0.000	0.000	16.113	16.113
0.245	Impairment losses	2.295	0.000	0.000	0.000	2.295
17.926	Total expense in the Surplus / Deficit on the Provision of Services	2.295	0.000	0.000	16.113	18.408
(0.789)	Interest income	(1.358)	0.000	(0.128)	0.000	(1.486)
(0.731)	Dividend income	0.000	(0.752)	0.000	0.000	(0.752)
(0.501)	Other income	(0.001)	(0.057)	0.000	0.000	(0.058)
(2.021)	Total income in the Surplus/Deficit on the Provision of Services	(1.359)	(0.809)	(0.128)	0.000	(2.296)
(0.769)	Net (gain) or loss on revaluation	0.000	1.139	0.000	0.000	1.139
(0.769)	(Surplus)/Deficit on the revaluation of financial assets	0.000	1.139	0.000	0.000	1.139
15.136	Net (Gain)/Loss for the year	0.936	0.330	(0.128)	16.113	17.251

## Group Accounting Policies

### Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code") requires local authorities to consider their interests in all types of entity.

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

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

## Combining entities

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

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

The Council has effective control over Renfrewshire Leisure Limited, Paisley Museum Reimagined Limited, the Paisley, Renfrew and Johnstone Common Good Funds and the Coats' Observatory Trust administered by Renfrewshire Council (as sole trustee) and, as such, these are treated as subsidiaries in the Council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line. The Council also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) LLP. Under the terms of the Partnership Agreement, the Council has enhanced voting rights and Park Lane Developments (Renfrewshire) LLP has no claim on the remaining assets should the partnership be wound up; therefore, the entity is treated as a subsidiary.

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

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

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

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. Scottish Ministers legally established the Renfrewshire Health and Social Care Integration Joint Board on 27 June

2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. This entity is included as a joint venture in the Council's group accounts. Renfrewshire Council's share of the joint venture's net liabilities is calculated based on the Council's proportionate ordinary shareholding in the joint venture.

### Basis of preparation of group statements and going concern

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

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

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

## Consideration for acquisition of associates' net assets or liabilities

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

## Group boundary: non-material interests in other entities

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

## Inventories

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

## Post-employment benefits

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

## Property, plant and equipment

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

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

## Restrictions on the transfer of funds

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

## Value Added Tax

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





Renfrewshire  
Council

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