Renfrewshire Council

Audited Accounts

2015–2016

Renfrewshire
Council

Contents

Introduction

This commentary outlines the objectives, strategy and financial performance of the Council over the 2015-2016 financial year, and also provides an indication of issues and risks which may impact the financial performance of the Council in the future.

Principal Activities

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

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

Objectives and Council Strategy

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

The Council Plan "A Better Future, A Better Council" was refreshed in December 2015, and the Plan outlines ten priorities for the Council over the period to 2017. Progress and performance for each priority will be reported to the Council meeting in December 2016. The Renfrewshire Single Outcome Agreement (SOA) is the action plan for the delivery of the Community Plan, and again the SOA can be found on the Council website. The SOA outlines the key national outcomes the Council and its partners are committed to delivering.

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

Public Performance Reporting

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

Annual Budget 2015-2016

The Council approved the budget for 2015-2016 on 12 February 2015 (minutes of the meeting are available on the Council website). The Council agreed to invest in the regeneration of cultural and heritage assets as a driver for economic development; further investment in services to the unemployed and businesses; and further measures to Tackle Poverty; whilst also agreeing a freeze on council tax levels for the eighth year running (Band D council tax in Renfrewshire is £1,165).

The Council further agreed in relation to the Housing Revenue Account (HRA), a 3.5% rental increase for 2015-2016. The Council also agreed to maintain earmarked HRA reserves to support a series of measures to support tenants mitigate the impact of welfare reform measures,

Capital investment in non-housing assets of £97 million over 2015-2016 to 2017-2018 was agreed, of which £77 million would be funded by the Council, with the balance being funded by government grant. Capital investment of £45 million in council housing over 2015-2016 to 2017-2018 was also agreed, allowing the Council to continue to improve the condition of housing stock following the previous substantial investment related to achieving the Scottish Housing Quality Standard; and also to build in excess of 200 new houses over the period of the plan.

Financial Performance

Revenue

On 12 February 2015 the Council approved the 2015-2016 Revenue Estimates designed to build further on its commitments to invest in the economy, jobs and education; and support the most vulnerable in Renfrewshire through significant new resources directed to tackling poverty and inequalities, including £3.000 million additional resources relating to Tackling Poverty, doubling the resource previously agreed to £6.000 million. A further £7.114 million was committed to economic regeneration plans including investment in Paisley's heritage assets. As detailed in Note 11, during 2015-16 the Council drew £10.516 million from and contributed £13.040 million to both ring-fenced and unallocated General Fund balances to support services across Renfrewshire.

The Comprehensive Income and Expenditure Account summarises the total costs of providing Council services and the income available to fund those services. The General Fund is funded by government grant and council tax revenues and the Movement in Reserves Statement shows a surplus of £2.524 million which represents an underspend of £1.850 million for the year against the budgeted surplus of £0.674 million.

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

	Budget	Actual	Variance
	£m	£m	£m
Employee costs	232.4	227.1	(5.3)
Payments to other bodies	41.3	38.8	(2.5)
Other costs	300.3	314.4	14.1
Total Expenditure	**574.0**	**580.3**	**6.3**
Revenue Support Grant	(211.7)	(211.7)	-
Council Tax Income	(65.6)	(66.1)	(0.5)
Non Domestic Rates Income*	(102.9)	(103.0)	(0.1)
Other Income	(194.4)	(202.0)	(7.6)
Total Income	**(574.6)**	**(582.8)**	**(8.2)**
Contribution to Reserves	**(0.6)**	**(2.5)**	**(1.9)**

*The Council was due £102.9 million of non-domestic rate income from the Scottish Government as its share of the national pool. The Council collected £93.2 million directly from local businesses with the remainder of £9.7 million (2014-15 £21.9 million) payable from the Scottish Government.

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

The £1.850 million balance outlined above reflects underspends and additional income achieved across a range of services due to effective budget management by Directors. The outturn position also includes an over-recovery of £0.540 million in Council Tax income, which reflects in year collection performance for 2015-2016 of 96.0%, equal to the highest performance level ever achieved by the Council.

Combining the surplus with the accumulated General Fund balance brought forward from 2014-2015 of £58.854 million, produces a cumulative working balance of £61.378 million to be carried forward to 2016-2017. Of this balance, £54.365 million has been earmarked for a particular purpose as outlined in Note 11. This leaves a balance of £7.013 million of unallocated reserves (1.8% of the Council's net annual running costs) which is broadly in line with the Council's financial planning assumptions.

Housing Revenue Account

The Housing Revenue Account balance reduced by £0.4 million in the year related to agreed support for tenants affected by Welfare Reform. The Council has continued to maintain earmarked reserves agreed in 2012-2013 to put in place a range of additional measures to support tenants affected by housing benefit and other changes arising from the Welfare Reform agenda. As at 31 March 2016, £3.432 million of the originally earmarked £5 million remains available for this purpose.

Trading Operations

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

Building Services achieved a surplus for the year of £0.587 million, while Roads Services achieved a surplus for the year of £0.133 million. Catering and Vehicle Maintenance trading operations achieved surpluses of £0.457 million and £0.514 million respectively. The overall surplus on all trading operations for the year of £1.691 million was £0.142 million more than the planned surplus of £1.549 million. The surplus for the year from the trading operations has been added to General Fund balances, with the exception of the Building Services surplus which was split between the General Fund and the Housing Revenue Account balance in line with agreed Council policy.

Capital

The Council continues to make significant capital investment in the council housing, schools, leisure, community and town centre estate. On 12 February 2015 the Council approved capital investment programmes for 2015-2016 of £66.562m. 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 £47.438million. During 2015-16 the Council invested £13.458 million in council dwellings. Investment in the schools and leisure estate totalled £12.688 million, while the Council also invested £11.156 million in roads infrastructure and flooding measures, £2.213 million in vehicles, £3.511 million in lifecycle maintenance of council buildings and £0.881 million in ICT equipment and infrastructure. The Council has also begun work on the three City Deal projects which the Council is leading – the Glasgow Airport Investment Area, the Airport Access Project (a joint project with Glasgow City Council) and the Clyde Waterfront and Renfrew Riverside project. A total of £274 million project funding has been agreed with contributions from HM Treasury, the Scottish Government and the Council itself, with projects due to be delivered over the coming decade.

Total capital funding available was £57.076 million as outlined in Note 18. Of the funding available, £4.414 million was sourced from revenue, £26.411 million from government grants and other contributions, and £4.484 million from asset sales. The balance of funding was provided by utilising internal cash balances and borrowing in line with both the Council's sustainable capital investment plans and the medium term debt smoothing strategy which is explained in further detail below.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 34 and 35. The appointed actuaries have confirmed an improvement of £104.362 million in their assessment of the actuarial deficit position of the local government pension fund. This movement is the net outturn from reduced liabilities linked to a higher real discount rate as at 31 March 2016 than the previous year.

The assessment provides only a snapshot as at 31 March 2016 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde

Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

Impact on Asset Valuation

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

Borrowing and the Prudential Framework

In line with the agreed Treasury Strategy for 2015-2016, the Council undertook no additional long term borrowing during the year, whilst maturing loans amounting to £6.7m were repaid. No refinancing of these loans was necessary and the level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital plans.

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

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

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year, most recently on 17 December 2015. 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 2016 was £357.9 million, which is within the approved limit of £365 million. The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £301.3 million at 31 March 2016 compared to the operational boundary of £365m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable; and match the Council's medium to long-term financial strategy. The Council's non-housing financing costs are 5.4% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs are 46%, within the planned limit of 49%.

Public Private Partnerships

The Council entered into a Public Private Partnership for the provision of educational buildings and maintenance thereof. This agreement has provided the Council with replacement buildings such as pre-five nurseries, primary and secondary schools and community education premises. The provider is required to ensure the availability of these buildings to a pre-agreed standard. During 2015-2016, £15.964 million was paid to the contractor under the terms of the agreement. As part of the agreed long term funding arrangement for the project, the Council has also ring fenced £12.670 million of its General Reserve balance which will be utilised to support the ongoing payment of the unitary charge due in the final five years of the PPP contract when government grant support expires. In setting the budget for 2016-2017, the Council has again agreed to temporarily suspend further annual contributions to this reserve in line with its medium term financial plan. It is anticipated the Council will consider recommencing the annual contribution once growth in government revenue support grant re-emerges.

Provisions, Contingencies and Write-offs

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 26. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 11, the Council has also earmarked £54.365 million for specific purposes.

The Council continues to manage the risks associated with equal and holiday pay legislation and regularly assesses the potential exposure of the Council in the context of any changes emerging as a consequence of legal precedent, progress

achieved by the Council in handling specific claims and the associated wider implications on the Council's overall risk profile. In line with this ongoing process of re-assessment of risk, the Council has reduced the level of provision.
There were a number of immaterial write-offs during the year which were approved by the relevant Policy Board or the Director of Finance and Corporate Services under delegated authority.

Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2015-2016, and the affordability of its ongoing commitments.

Financial Indicator	Commentary	2014-2015	2015-2016
Reserves			
Uncommitted General Fund reserves as a proportion of budgeted net expenditure	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7 million.	2.1%	1.9%
Movement in uncommitted General Fund balance	Reflects the extent to which the Council is using uncommitted reserves. The investment of uncommitted reserves was agreed as part of the 2015-2016 budget setting.	(15.5)%	(9.7)%
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting council tax debt	96.0%	96.0%
Council tax income as a proportion of total taxation and non-specific grant income	Reflects the Council's ability to vary expenditure by raising council tax, the principal local authority controlled source of finance. Council tax has been frozen since 2007-2008.	16.4%	16.6%
Debt/Long term borrowing			
Capital Financing Requirement (CFR)	The information is this section demonstrates that external debt levels are within prudential parameters, and that the level of borrowing is affordable. Further information is available in the Treasury Management Annual Report as agreed by Council on 22 June 2016.	£367.6 million	£357.9 million
External debt		£310.6 million	£301.3 million
Ratio of financing costs to net revenue stream (General Services only)		7.8%	5.4%

Renfrewshire Council publishes a wide of financial and non-financial performance information. The "It's All About You" performance report is published annually and provides a summary of our performance against a range of key indicators. In addition, the **Council Performance** section of our website provides information about our council performance, showing if we're on target; noting if we've improved in the past year; and explaining our performance. The Local Government Benchmarking Framework provides further information with regards how the Council has performed relative to other Scottish councils – this information can be found at the following website – www.scotland.mylocalcouncil.info

Financial Outlook and Key Risks

Management of Treasury Risk

Over the course of 2015-2016 the fundamental issues with regards the stability of the European banking system, particularly in relation to the debt position of Greece and a possible exit from the Eurozone remain unresolved. In the UK, market expectation for an increase in the Bank Rate moved back considerably from Q3 2015 to potentially Q2 2018 due to many fears around the slow down in the growth of the Chinese economy, the collapse of the oil price and Eurozone concerns. The year was characterised by volatility in both the equity and bond markets. The Council continues to mitigate the risks associated with security of cash deposits by actively considering debt restructuring as opportunities arise, however changes in the rules around PWLB restructuring and the costs involved now severely limit these opportunities. The Council also continually reviews in consultation with our treasury advisors the criteria for placing deposits with financial institutions on the Council's approved counterparty list, making use of immediately accessible deposit facilities and also making continued use of the Debt Management Account Deposit Facility operated by the Debt Management Office within HM Treasury. In addition, as part of the Council's treasury strategy, the Council continues to utilise internal cash balances, deferring external borrowing requirements with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs. This strategy is kept under careful review in order that the Council retains sufficient cash balances to support its ongoing and future requirements, and remains alert to any anticipated adverse movement in future borrowing rates.

Key Financial Risks and the Reform Agenda

The period of reduction in the overall level of UK public sector expenditure is anticipated to extend throughout the term of the current UK Parliament. While the comprehensive spending review published in November 2015 outlined an increase in revenue spending in cash terms, in real terms a reduction is still anticipated. This was an improvement from the previous position outlined in the July 2015 budget, and results in an additional £1 billion of funding being made available to the Scottish Government by 2019-2020.

However, the local government grant settlement for 2016-2017 (only a single year settlement being announced) was significantly worse than any expectations across Scottish councils and represented the greatest ever direct cut to the local government budget. Renfrewshire was delivered a like for like reduction in funding of 3.4%, which was in excess of the Council's financial planning assumptions. The timing of the announcement also left the Council little time to respond, however a balanced budget position moving into 2016-2017 was agreed reflecting well on the budget decisions taken to date by the Council as part of addressing the medium term savings requirement facing the Council.

It is hoped that the Scottish Government will provide a multi-year settlement for 2017-2018 onwards in order to allow the Council to develop sustainable financial plans over the medium term. It is however anticipated that the Council's grant position is highly likely to further reduce given Scottish Government policy commitments to grown and protect in real terms the budgets relating to the NHS and policing. Each 1% cut to the Council's grant represents a £3 million loss in resource, therefore a continuation of the level of cut received in 2016-2017 would add in the region of £9-12 million of additional budget pressures annually.

Service and cost pressures arising from demographic and socio-economic factors continue to play a major role in driving spending pressures for the Council, particularly in relation to adult social care services, now delivered by the Renfrewshire Health and Social Care Partnership (RHSCP). A key strand of the Council's medium term financial strategy is to progress in partnership with the RHSCP a range of demand-management workstreams which mitigate these pressures through a commitment to service redesign, supporting early intervention and prevention for older peoples and early years client groups. As well as mitigating long term cost growth, these measures are focused on delivering better long term outcomes for clients and their families.

The impact of Welfare Reform continues to be felt, with both the Scottish Welfare Fund and Discretionary Housing Payments continuing to experience high demand, reflecting the financial pressures felt by households. The Council along with key partners remains committed to supporting residents prepare for and manage the impact of changes for themselves, their families and communities. The Tackling Poverty Commission instigated by the Council made a range of recommendations for the Council and its partners to take forward to tackle the impact of poverty, especially child poverty, across Renfrewshire; and an action plan and strategy around these recommendations has been developed. A total funding package of £6 million has

been agreed by the Council to support the programme, which includes approximately 50 projects now being delivered which provide direct support to citizens and which are both sustainable and evidence based.

In the face of these challenges, the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. In August 2014 the Council agreed a range of significant investments under the Glasgow and Clyde Valley City Deal programme. Over the next 10 years the City Deal will deliver £1.13 billion of public sector investment in infrastructure in the region, generating 29,000 new jobs. Particular to Renfrewshire, the ongoing regeneration of areas of the Clyde Waterfront and the investment area around Glasgow Airport along with improved road and rail access, will deliver sustained economic growth and improved employment prospects across Renfrewshire's communities.

The Council has also committed significant funds to invest in Heritage and Cultural assets and events as a driver for economic growth, with planned investment in Paisley Museum and a range of other heritage assets being key to delivering sustainable economic growth. The agreement of a UK 2021 City of Culture bid underlines the Council's intent to utilise culture and heritage as a driver for economic regeneration.

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

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

Service Changes and Future Developments

The Scottish Parliament in February 2014 passed the Public Bodies (Joint Working) (Scotland) Act 2014, which had significant implications for both local government and the NHS in Scotland. In summary, the key changes were the integration of all adult community health and social care services (as a minimum) within either a Partnership or a lead agency with effect from 1 April 2015. On 26 February 2015 the Council approved an Integration Scheme which outlined the proposed operation of the Renfrewshire Health and Social Care Partnership and its governance arrangements. This Scheme has now been approved by the Scottish Government and an order to establish the Integrated Joint Board came into effect from 27 June 2015. The Partnership operated in "shadow" form over the course of 2015-2016, becoming fully operational on 1 April 2016. The Partnership has its own governance arrangements, and will produce its own annual accounts.

The Council also agreed in December 2014 to expand the remit of Renfrewshire Leisure to provide all cultural, leisure and sports facilities on behalf of the Council with effect from 1 July 2015. A range of cultural, halls, museums and library services are now delivered by Renfrewshire Leisure on behalf of the Council, the transfer of services taking place on phased basis over the course of 2015-2016.

The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with three subsidiaries - Renfrewshire Leisure Limited (a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire); the Common Good Funds; and the charitable trusts. The Group Accounts also consolidate the Council's share of five other entities treated as associates or joint ventures – Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Renfrewshire Valuation Joint Board, Renfrewshire Integrated Joint Board and Park Lane Developments (Renfrewshire) Limited Liability Partnership.

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

Charitable Funds

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

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

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

Overall, the Common Good Funds achieved a combined surplus of £0.146 million that is added to the previous surplus brought forward. The total net asset value decreased by £0.097 million, with investments decreasing by £0.954 million, linked to volatile equity market conditions. The annual accounts of the Common Good Funds and charitable trusts are available on the Council website.

The effect of all group entities in the Group Balance Sheet is to increase both the "net assets" and "total reserves" by £44.307 million, representing the Council's share of the net asset in these entities.

Conclusion and Acknowledgements

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

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

Alan Russell CPFA
Director of Finance and Resources
29 September 2016

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

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

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

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

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

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

- The overarching strategic vision and objectives of the Council are detailed in the Council Plan. The refreshed Council Plan was approved by Council in December 2015, and sets out the Council's ambitions and priorities, for the following 18 months, including the delivery of major investment priorities arising from City Deal and the City of Culture 2021 bid. The Better Council change programme continues to support the delivery of the Council Plan to identify, manage and deliver changes across the Council that will improve our efficiency, modernise our ways of working and support long term financial sustainability as well as delivering savings.
- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan and Local Improvement Outcome Plan.
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under review by the council, with the scheme of delegation and the financial regulations being the most recently reviewed in September 2015.
- The Council facilitates policy and decision making through a policy board structure. The Council's scheme of decentralisation allows for the five statutory Local Area Committees to distribute their delegated resources in accordance with community need identified in their respective local action plans and community plan key priorities.
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly. The Corporate Management Team monitors a quarterly scorecard of performance information. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually.
- The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol on member/officer relations and an inter-party protocol which is currently being reviewed.

- The Council's approach to risk management is set out in the risk management strategy and is well embedded with a corporate risk register supported by service risk registers. Risks are reported regularly to policy boards.
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

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

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

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

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of a self-assessment tool involving completion of a 32 point checklist covering four key areas of governance:

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

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

The Council has a Local Code of Corporate Governance which is reviewed annually including reviews of the scheme of delegation, standing orders relating to contracts and procedural standing orders. This review was most recently carried out in March 2016.

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

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Scrutiny and Petitions Board, and Audit Panel. Internal Audit undertakes an annual programme of work, approved by the

Audit, Scrutiny and Petitions Board, based on a strategic risk assessment. The Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

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

Significant governance issues and improvements

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

Previously, internal audit identified a number of improvement actions that were required in relation to the application security controls in operation over the education information management system. Management took prompt action to engage with the supplier to take forward the recommendations made to mitigate the identified risks and all actions within the control of the Council have now been implemented.

The Council has undergone a period of significant change in recent years. Reviews within the internal audit planned programme of work have identified that in some cases these changes have had an effect on the system of internal control with roles and responsibilities in certain areas requiring to be clarified. Improvement areas were also identified in relation to the processes in place for payment and checking of certain social care payments to ensure that payments were timely and expenditure was accurate, management has agreed to implement the required actions. Agreed improvement actions are also being taken forward to confirm the validity of Non-Domestic Rates reliefs on a programmed basis.

The Council has implemented a self assessment/evaluation framework which enables services to identify strengths and areas of improvement. This along with other well established frameworks such as "How good is our school?" ensures that the Council has a comprehensive self evaluation framework in place for all services. The self assessment framework is currently under review.

The officers' register of interests is currently being reviewed, in line with the recommendations made by the external auditors'.

The Council welcomes the approach taken by external inspection agencies, through the Local Area Network to develop comprehensive annual Local Scrutiny Plan which is proportionate and based on risks identified. The Local Scrutiny Plan for 2016-2017 concluded that the "no scrutiny risks have been identified which require specific scrutiny".

During 2015-2016 the Council expanded the remit of Renfrewshire Leisure to establish a Leisure and Cultural Trust from 1 July 2015. The necessary due diligence has been undertaken by the Council and Renfrewshire Leisure Ltd.

Under the Public Bodies (Joint Working) (Scotland) Act 2014 the Council delegated all social care services for adults and older people to the Health and Social Care Integration Joint Board (IJB). The Integration Scheme formalising the partnership between the Council and Greater Glasgow and Clyde Health Board was approved by the Scottish Government and the IJB was formally constituted on 27 June 2015. Detailed governance arrangements have been approved by the IJB. The Council and the IJB has undertaken the necessary due diligence and Internal Audit has provided independent assurance to the Council and the IJB on the due diligence process undertaken.

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

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;

- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

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

The Council considers that it complies with the above statement.

Assurance
Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2015-2016 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

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

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

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

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008. The salary for the Leader of the Council in 2015-2016 was £33,454 per annum (£33,123 in 2014-2015) and the salary for the Provost was £24,897 per annum (£24,650 in 2014-2015).

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 2015-2016 being £292,716 per annum; and whose salaries individually must be on a specified scale, in 2015-2016 £16,726 to £25,090. In December 2012 the Council approved that Renfrewshire would have twelve senior councillors: eight Policy Board Conveners (paid £24,897 per annum in 2015-2016); three Regulatory Board Conveners (paid £20,568 in 2015-2016); and one Leader of the Opposition (paid £20,568 in 2015-2016).

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. A number of changes to the Council's senior management structure were agreed by the Leadership Board on 18 February 2015. A full review of the pay and grading model will be carried out 2016-2017 in line with the Council's Organisational Development Strategy. Senior employees receive no other benefits.

In line with all local government employee groups, senior employees received a 1.5% pay award in 2015-2016.

3. Remuneration of Senior Employees

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

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

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

The term "remuneration" means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2015, whether or not those amounts were actually paid to, or received by, those persons within that period.

2014-15	Senior employees		2015-16					
Total	Name	Post held	Annual Salary	Other fees and allowances (i)	Expenses allowance chargeable to UK income tax	Compensation for loss of employment (ii)	Other (iii)	Total
£			£	£	£	£	£	£
119,031	Sandra Black	Chief Executive from 1/12/14	137,440	6,332	-	-	-	**143,772**
110,212	Shona MacDougall	Director of Community Resources	111,662	200	-	-	-	**111,862**
110,012	Mary Crearie	Director of Development and Housing Services	111,662	-	-	-	-	**111,662**
110,012	Peter MacLeod	Director of Children's Services	111,662	-	-	-	-	**111,662**
35,117	Alan Russell	Director of Finance and Resources from 1/12/14	108,380	2,533	-	-	-	**110,913**
484,384	**Total**		**580,806**	**9,065**	**-**	**-**	**-**	**589,871**

2014-15	Senior Employees of Subsidiary Bodies		2015-16					
Total	Name	Post held	Annual Salary	Other fees and allowances (i)	Expenses allowance chargeable to UK income tax	Compensation for loss of employment (ii)	Other (iii)	Total
£			£	£	£	£	£	£
82,709	Joyce McKellar	Chief Executive, Renfrewshire Leisure	90,077	-	35	-	-	**90,112**
82,709	**Total**		**90,077**	**-**	**35**	**-**	**-**	**90,112**

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

There were no non-consolidated bonuses or performance related payments made to any senior officer in 2015-2016.

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 2016, whether or not those amounts were actually paid to, or received by, those persons within that period.

2014-2015	Leader of the Council, Provost, senior councillors		2015-2016		
Total	Name	Position held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
33,117	Mark Macmillan	Leader of the Council	33,454	103	**33,557**
24,871	Anne Hall	Provost	24,897	1,168	**26,065**
24,570	Mike Holmes*	Policy Board Convener	24,897	-	**24,897**
24,570	Jim Harte	Policy Board Convener	24,897	-	**24,897**
24,570	Tommy Williams**	Policy Board Convener	24,897	-	**24,897**
24,570	Jacqueline Henry	Policy Board Convener	24,897	-	**24,897**
24,570	Terry Kelly	Policy Board Convener	24,897	-	**24,897**
24,570	Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	24,897	-	**24,897**
24,570	Roy Glen	Policy Board Convener	24,897	-	**24,897**
24,570	Eddie Devine	Policy Board Convener	24,897	-	**24,897**
20,635	Sam Mullin***	Regulatory Board Convener	20,909	-	**20,909**
20,298	John Hood	Regulatory Board Convener	20,568	-	**20,568**
20,298	Jim Sharkey	Regulatory Board Convener	20,568	-	**20,568**
20,298	Alexander Murrin	Regulatory Board Convener	20,568	-	**20,568**
15,995	Brian Lawson^	Leader of the Opposition	20,568	72	**20,640**
352,072	**Total**		**360,708**	**1,343**	**362,051**

No payments were made in connection with loss of employment or office, nor were any other payments made which are not included in the above table.
* Cllr Mike Holmes is also Convener of the Scotland Excel Joint Committee. Cllr Holmes receives no remuneration for this appointment.
** Cllr Tommy Williams is also Convener of the North Strathclyde Community Justice Authority. Cllr Williams receives no additional remuneration for this post. The Convener is eligible to receive a salary of £20,909 but Cllr Williams receives remuneration only for his appointment as a Policy Board Convener.
***Cllr Sam Mullin is also Convener of the Renfrewshire Valuation Joint Board. The Convener is eligible to receive remuneration of £20,909. Cllr Mullin received remuneration only as Convener of the Renfrewshire Valuation Joint Board; no additional remuneration was received for his appointment as a Regulatory Board Convener.
^ Cllr Brian Lawson was Leader of the Opposition from 1 April 2014 to 3 December 2014; and then from 17 March 2015. Only the salary associated with Cllr Lawson's Senior Councillor appointment is detailed in the table above.

5. Pension Entitlement

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

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

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

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

The tiers and members contribution rates are as follows:

Contribution rate	Whole time pay 2014-2015	Whole time pay 2015-2016
5.5%	On earnings up to and including £20,335	On earnings up to and including £20,500
7.25%	On earnings above £20,335 and up to £24,853	On earnings above £20,500 and up to £25,000
8.5%	On earnings above £24,853 and up to £34,096	On earnings above £25,000 and up to £34,400
9.5%	On earnings above £34,096 and up to £45,393	On earnings above £34,400 and up to £45,800
12%	On earnings above £45,394	On earnings above £45,800

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

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

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

The pension entitlements for Senior Employees and Senior Councillors for the year to 31 March 2016 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Senior employees						
Name	Post held	Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made by Renfrewshire Council during 2015-2016
		Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Sandra Black	Chief Executive from 1/12/14	0.062	0.135	+0.004	+0.002	26,599
Shona MacDougall	Director of Community Resources	0.053	0.118	+0.003	+0.002	21,610
Mary Crearie	Director of Development and Housing Services	0.038	0.074	+0.003	+0.001	21,610
Peter MacLeod	Director of Children's Services	0.043	0.089	+0.003	+0.001	21,610
Alan Russell	Director of Finance and Resources from 1/12/14	0.035	0.065	+0.004	+0.003	20,975
Total		**0.231**	**0.481**	**+0.017**	**+0.009**	**112,404**

Senior Employees of Subisidary Bodies						
Name	Post held	Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made during 2015-2016
		Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
Joyce McKellar	Chief Executive, Renfrewshire Leisure	0.044	0.098	+0.008	+0.013	17,385
Total		**0.044**	**0.098**	**+0.008**	**+0.013**	**17,385**

Leader of the Council, Provost, senior councillors						
Name	**Post held**	**Accrued pension benefits as at 31 March 2016**		**Change in accrued pension benefits since 31 March 2015**		**Pension contributions made by Renfrewshire Council during 2015-2016**
		Pension	**Lump Sum**	**Pension**	**Lump Sum**	
Mark Macmillan	Leader of the Council	0.002	-	-	-	6,473
Anne Hall	Provost	-	-	-	-	-
Mike Holmes	Policy Board Convener	0.003	0.002	-	+0.001	4,818
Jim Harte	Policy Board Convener	-	-	-	-	-
Tommy Williams	Policy Board Convener	0.003	0.002	-	+0.001	4,818
Jacqueline Henry	Policy Board Convener	0.002	-	+0.001	-	4,818
Terry Kelly	Policy Board Convener	-	-	-	-	-
Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	-	-	-	-	-
Roy Glen	Policy Board Convener	0.002	-	+0.001	-	4,818
Eddie Devine	Policy Board Convener	0.003	0.001	+0.001	-	4,818
Sam Mullin	Regulatory Board Convener	0.003	0.001	-	-	4,046
John Hood	Regulatory Board Convener	0.001	-	-	-	3,980
Jim Sharkey	Regulatory Board Convener	-	-	-	-	-
Alexander Murrin	Regulatory Board Convener	0.003	0.001	+0.001	-	3,980
Brian Lawson	Leader of the Opposition	0.003	0.001	-	-	3,980
Total		**0.025**	**0.008**	**+0.004**	**+0.002**	**46,549**

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

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

6. Councillors' remuneration

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

2014-2015		2015-2016
£		£
768,560	Salaries	776,301
8,432	Travel costs – reimbursed	5,923
16,161	Travel costs – paid directly by the Council	13,724
1,047	Subsistence expenses - reimbursed	757
-	Subsistence expenses -paid directly by the Council	-
1,261	Telephone and information communication technology expenses – reimbursed	1,222
8,065	Telephone and information communication technology expenses – paid directly by the Council	6,473
623	Other allowances and expenses	1,168
804,149	**Total**	**805,568**

The public record of members' salaries, allowances and expenses for 2015-2016 is available for inspection during normal working hours at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley. The public record is also available on the "Register of Councillors' Interests" page of the Council's website: www.renfrewshire.gov.uk.

7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2015-2016, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2015-2016. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above.

2014-2015		2015-2016		2014-2015		2015-2016	
Number of Employees	Remuneration band	Number of Employees	Left during 2015-2016	Number of Employees	Remuneration band	Number of Employees	Left during 2015-2016
93	£50,000 to £54,999	107	10	2	£100,000 to £104,999	-	-
55	£55,000 to £59,999	55	5	-	£105,000 to £109,999	-	-
7	£60,000 to £64,999	8	3	5	£110,000 to £114,999	6	2
2	£65,000 to £69,999	7	-	1	£115,000 to £119,999	-	-
5	£70,000 to £74,999	6	-	-	£120,000 to £124,999	-	-
6	£75,000 to £79,999	5	1	-	£125,000 to £129,999	1	1
12	£80,000 to £84,999	5	2	-	£130,000 to £134,999	-	-
2	£85,000 to £89,999	8	1	-	£135,000 to £139,999	-	-
3	£90,000 to £94,999	-	-	-	£140,000 to £144,999	1	-
-	£95,000 to £99,999	-	-	-	£145,000 to £149,999	-	-
				193		209	25

Of the 25 employees who left during the year, 19 would not have appeared in this note if costs associated with redundancy or early retirement payments received were excluded.

8. Exit Packages

The Council has agreed a number of exit packages in 2015-2016 as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

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

	2014-2015	2015-2016
Future Life expectancy at age 65 – males	24.8 years	24.8 years
Future Life expectancy at age 65 – females	26.2 years	26.2 years
Pension increase rate	2.4%	2.2%
Discount Rate	3.2%	3.5%

2014-2015		Exit package cost	2015-2016	
Number of departures agreed	Total projected cost of exit packages in each band £m		Number of departures agreed	Total projected cost of exit packages in each band £m
64	0.615	£0 - £20,000	4	0.057
49	1.451	£20,001 - £40,000	-	-
28	1.351	£40,001 - £60,000	1	0.041
23	1.599	£60,001 - £80,000	3	0.226
16	1.414	£80,001 - £100,000	1	0.090
23	2.862	£100,001 - £150,000	2	0.262
10	1.759	£150,001 - £200,000	1	0.190
6	1.349	£200,001 - £250,000	1	0.201
7	1.878	£250,001 - £300,000	-	-
-	-	£300,001 - £350,000	-	-
-	-	£350,001 - £400,000	1	0.354
1	0.418	£400,001 - £450,000	-	-
227	**14.696**	**Total**	**14**	**1.421**

* Of the 14 departures agreed, 3 individuals will leave the Council during 2016-2017. The remainder left in 2015-2016.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

Statement of Responsibilities for the Annual Accounts

The Authority's Responsibilities
The Authority is required

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

I confirm that these Annual Accounts were approved for signature by Renfrewshire Council at its meeting on 29 September 2016.

Signed on behalf of Renfrewshire Council

Cllr Mark Macmillan
Leader of The Council
29 September 2016

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

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

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

The Director of Finance and Resources has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Authority and its group at the reporting date and the transactions of the Authority and its group for the year ended 31 March 2016.

Alan Russell CPFA
Director of Finance and Resources
29 September 2016

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

I certify that I have audited the financial statements of Renfrewshire Council and its group for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

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

Respective responsibilities of the Director of Finance and Resources and auditor

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

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the council and its group as at 31 March 2016 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 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

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

September 2016

Movement in Reserves Statement

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

		Usable reserves							
		General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds	Total usable reserves	Unusable reserves	Total reserves
	Note	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2014 carried forward		**52.925**	**11.245**	**2.856**	**3.208**	**22.543**	**92.777**	**607.744**	**700.521**
Movement in reserves during 2014-2015:									
Surplus or (deficit) on the provision of services		7.453	(16.586)	-	-	-	(9.133)	-	(9.133)
Other comprehensive income and expenditure		-	-	-	-	-	-	(52.875)	(52.875)
Total comprehensive income and expenditure		**7.453**	**(16.586)**	**-**	**-**	**-**	**(9.133)**	**(52.875)**	**(62.008)**
Adjustments between accounting basis and funding basis under regulations	7	3.379	17.543	-	0.552	-	21.474	(21.474)	-
Net increase or (decrease) before transfers to other statutory reserves		**10.832**	**0.957**	**-**	**0.552**	**-**	**12.341**	**(74.349)**	**(62.008)**
Transfers to or (from) other statutory reserves	11	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-
Increase or (decrease) in 2014-2015		**5.929**	**(0.600)**	**(0.003)**	**0.552**	**6.463**	**12.341**	**(74.349)**	**(62.008)**
Balance at 31 March 2015 carried forward		**58.854**	**10.645**	**2.853**	**3.760**	**29.006**	**105.118**	**533.395**	**638.513**
Movement in reserves during 2015-2016:									
Surplus or (deficit) on the provision of services		19.079	(15.081)	-	-	-	3.998	-	3.998
Other comprehensive income and expenditure		-	-	-	-	-	-	208.498	208.498
Total comprehensive income and expenditure		**19.079**	**(15.081)**	**-**	**-**	**-**	**3.998**	**208.498**	**212.496**
Adjustments between accounting basis and funding basis under regulations	7	14.140	17.764	-	0.356	-	32.260	(32.260)	-
Net increase or (decrease) before transfers to other statutory reserves		**33.219**	**2.683**	**-**	**0.356**	**-**	**36.258**	**176.238**	**212.496**
Transfers to or (from) other statutory reserves	11	(30.695)	(3.089)	0.002	-	33.782	-	-	-
Increase or (decrease) in 2015-2016		**2.524**	**(0.406)**	**0.002**	**0.356**	**33.782**	**36.258**	**176.238**	**212.496**
Balance at 31 March 2016 carried forward		**61.378**	**10.239**	**2.855**	**4.116**	**62.788**	**141.376**	**709.633**	**851.009**

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**.

2014-2015					2015-2016		
Gross expenditure £m	Gross income £m	Net expenditure £m		Note	Gross expenditure £m	Gross income £m	Net expenditure £m
20.119	(8.919)	11.200	Central services to the public		19.465	(6.882)	12.583
30.466	(5.503)	24.963	Cultural and related services		21.709	(2.375)	19.334
177.965	(21.399)	156.566	Education services		182.596	(22.623)	159.973
31.074	(8.653)	22.421	Environmental services		32.994	(11.031)	21.963
58.302	(48.672)	9.630	Housing services - Housing Revenue Account		56.956	(48.490)	8.466
77.314	(69.277)	8.037	Housing services - other		77.746	(71.060)	6.686
14.500	(8.021)	6.479	Planning and development services		14.804	(8.589)	6.215
25.539	(7.988)	17.551	Roads and transport services		25.016	(5.801)	19.215
153.960	(49.051)	104.909	Social work		146.859	(45.057)	101.802
11.629	(2.444)	9.185	Corporate and democratic core		13.464	(4.182)	9.282
1.168	(0.081)	1.087	Non-distributed costs		(0.001)	(0.080)	(0.081)
602.036	**(230.008)**	**372.028**	**Net cost of services**		**591.608**	**(226.170)**	**365.438**
			Other operating expenditure:				
		0.522	(Gains) or losses on the disposal of non-current assets				1.127
		29.652	Financing and investment income and expenditure	6			28.294
		(393.069)	Taxation and non-specific grant income	10			(398.857)
		9.133	**(Surplus) or deficit on the provision of services**				**(3.998)**
		(4.578)	(Surplus) or deficit on the revaluation of non-current assets	13			(87.860)
		0.643	Impairment (gains) or losses on non-current assets charged to the revaluation reserve	13			-
		(0.205)	(Surplus) or deficit on the revaluation of available-for-sale financial assets	12(ii)			0.086
		57.015	Actuarial (gains) or losses on pension assets and liabilities	35(ii)			(120.724)
		52.875	**Other comprehensive income and expenditure**				**(208.498)**
		62.008	**Total comprehensive income and expenditure**				**(212.496)**

Balance Sheet as at 31 March 2016

The **balance sheet** shows the value as at 31 March 2016 of the assets and liabilities recognised by the council. The net assets of the council are matched by the reserves held by the council. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **movement in reserves statement**.

31 March 2015 £m		Note	31 March 2016 £m
1,199.115	Property, plant and equipment	13	1,260.702
1.575	Investment property	14	1.957
38.977	Heritage assets	15	38.977
0.860	Intangible assets	17	0.829
3.116	Long-term investments	27	3.117
5.411	Long-term debtors	23	5.730
1,249.054	**Long-term assets**		**1,311.312**
24.694	Short-term investments	27	66.897
1.084	Inventories	21	0.768
0.931	Short-term Intangible Assets	22	0.468
45.022	Short-term debtors	23	31.706
29.298	Cash and cash equivalents	24	39.396
0.756	Short-term assets held for sale	16	0.744
101.785	**Current assets**		**139.979**
(70.511)	Short-term borrowing	27	(55.034)
(60.004)	Short-term creditors	25	(62.519)
(6.935)	Short-term provisions	26	(7.100)
(137.450)	**Current liabilities**		**(124.653)**
(165.932)	Long-term borrowing	27	(174.799)
(82.546)	Long-term creditors	25	(79.890)
(5.821)	Long-term provisions	26	(5.368)
(317.064)	Other long-term liabilities	35(vi)	(212.702)
(3.513)	Grants Receipts in Advance	9	(2.870)
(574.876)	**Long-term liabilities**		**(475.629)**
638.513	**Net assets**		**851.009**
105.118	Usable reserves	11	141.376
533.395	Unusable reserves	12	709.633
638.513	**Total reserves**		**851.009**

The unaudited accounts were issued on 22 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

Cash Flow Statement

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

2014-2015 £m		Note	2015-2016 £m
9.133	Net (surplus) or deficit on the provision of services		(3.998)
(89.460)	Adjust net surplus or deficit on the provision of services for non-cash movements	29a	(104.968)
28.565	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		31.251
(51.762)	**Net cash flows from operating activities**		**(77.715)**
35.143	Net cash flows from investing activities	29b	58.391
17.147	Net cash flows from financing activities	29c	9.226
0.528	**Net (increase) or decrease in cash and cash equivalents**		**(10.098)**
(29.826)	Cash and cash equivalents at the beginning of the reporting period	24	(29.298)
(29.298)	**Cash and cash equivalents at the end of the reporting period**		**(39.396)**

Note 1 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015-2016 Code:

- Amendments to IAS19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRS 2010-2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRS 2012-2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- Changes to the format of the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015-2016 financial statements.

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

It should be noted that from 2016/17 local authorities will be disclosing Highways Network Asset as a new category within the long-term assets section of the Balance Sheet. The Code does not require any 2015/16 restatement for this change and as such is not considered a standard issued but not yet adopted. This change will see a significant change in balance sheet valuation so the impact is noted for information.

Note 2 Judgements in Applying Accounting Policies

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

Leases	Following an examination of all property and other asset leases, the Council has concluded that all land leases are operating leases. Leases relating to buildings in a number of cases meet the criteria for a finance lease as opposed to an operating lease, and they have been accounted for on this basis.
PFI/PPP and similar arrangements	The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Note 19 provides further details.
Public Sector Funding	There is some uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
Employee Benefits short-term provision	The Council has used a sampling approach to calculating the short-term provision for employee short-term compensated absences. A 5% random sample of employees has been used to calculate the short-term provision necessary for annual leave. Flexi-leave has been calculated based on the actual credit or debit position for all employees eligible as at 31 March 2016.

Note 3 Assumptions made about the future

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

The items in the Council's Balance Sheet as at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.5 million for every year that useful lives had to be reduced.

Fair Value Measurements	When the fair value of assets cannot be measured based on quoted prices in active markets (ie level 1 inputs), their fair value is measured using similar techniques (eg quoted prices for similar assets). Where possible the inputs to these valuation techniques are based on observable data (level 2 inputs) but where this is not possible judgement is required (level 3 inputs). Changes in the assumptions used over these judgements could affect the fair value of the Authority's assets.	The total value of assets measured using unobservable inputs (level 3), where significant judgement has been required, is £0.235m. Changes in any of the unobservable inputs would result in a lower or higher fair value measurement for these assets. A 10% change in the relevant assumptions would result in a £0.024m movement in valuations.
Equal Pay and Holiday Pay Provision	The Council has made a provision of £0.836 million for the settlement of potential claims for back pay arising from Equal Pay legislation and a European Court of Justice ruling on Holiday Pay, based on the number of actual claims received and potentially receivable and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in the estimated average settlement could have the effect of adding £0.084 million to the required provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £120 million. However, the assumptions interact in complex ways. During 2015-2016, the Council's actuaries advised that the net pensions liability had reduced by £15.4 million as a result of estimates being corrected as a result of experience and reduced by £111.4 million as a result of updating of the assumptions.
Debt Impairment	At 31 March 2016, the Council had a balance for trade debtors of £21.9 million. A review of significant balances suggested that an impairment of doubtful debts of 58% (£12.6 million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an increase of 10% of the amount of the impairment of doubtful debts would require an additional £2.2 million to be set aside as an allowance.

Note 4 Material Items of Income and Expenditure

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

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

Note 5 Events after the balance sheet date

The Director of Finance and Resources, being the officer responsible for the council's financial affairs, signed the unaudited Annual Accounts on 22 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23 June the result of the referendum on membership of the European Union was a majority vote to leave. The UK Government would cease its EU membership from the date of agreement or, failing that, within two years of the notification under Article 50 process to negotiate the terms of the UK's exit, with the possibility of extending this time frame with the agreement of the other 27 member states. There is no immediate impact on the council, however, the referendum result has created uncertainty in various areas, for example, employment legislation, procurement, pension liabilities and many more. It is not currently possible to comment on the impact that this may have on the medium term for the council.

Note 6 Financing and investment income and expenditure

2014-2015		2015-2016
£m		£m
22.115	Interest payable and similar charges	21.477
10.573	Net interest on the net defined benefit liability	10.222
(1.302)	Interest receivable and similar income	(1.625)
(0.111)	Income and expenditure in relation to investment properties and changes in their fair values	(0.112)
(1.623)	Net (surplus) or deficit on trading operations	(1.668)
29.652	**Total financing and investment income and expenditure**	**28.294**

Note 7 Adjustment between accounting basis and funding basis under regulations

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

2015-2016	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(34.681)	(32.434)	-	-	**67.115**
Revaluation losses on property, plant and equipment		-			**-**
Movements in the market value of investment property		-			**-**
Amortisation of intangible assets	(0.290)	-	-	-	**0.290**
Capital grants and contributions applied	25.881	0.530	-	-	**(26.411)**
Revenue expenditure funded from capital under statute		-			**-**
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the comprehensive income and expenditure statement	(1.379)	0.252	-	-	**1.127**
Insertion of items not debited or credited to the comprehensive income and expenditure statement:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	8.604	13.213	-	-	**(21.817)**
Capital expenditure charged against the General Fund and HRA Balances	2.578	1.836	-	-	**(4.414)**
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(4.840)	**4.840**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	4.484	**(4.484)**
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.221	0.274	-	-	**(0.495)**
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(36.191)	(2.912)	-	-	**39.103**
Employer's pension contributions and direct payments to pensioners payable in the year	21.231	1.510	-	-	**(22.741)**
Adjustment primarily involving the Employee Statutory Adjustment Account:					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.114)	(0.033)	-	-	**0.147**
Total adjustments	**(14.140)**	**(17.764)**	**-**	**(0.356)**	**32.260**

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

Note 8 Amounts reported for resource allocation decisions

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

The management of Renfrewshire Council is led by the Chief Executive and, following a review of the Council's management arrangements which was approved by the Council's Leadership Board on 18 February 2015, the operational structure of the Council is divided into four main service areas, each led by a service director. Financial reports to management are prepared on a different basis from the accounting policies used in the statement of accounts. In particular:

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

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

Service area income and expenditure analysis 2015-2016	Service area						Total
	Education and Childrens Services	Community Resources	Finance and Resources	Development and Housing Services	Adult Services	Other Services	
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	115.755	28.197	31.614	13.787	27.891	4.086	**221.330**
Other service expenses	86.632	50.630	14.320	122.741	67.104	57.801	**399.228**
Support services recharges	15.472	3.481	11.612	3.531	-	11.083	**45.179**
Gross expenditure	**217.859**	**82.308**	**57.546**	**140.059**	**94.995**	**72.970**	**665.737**
Income	(40.201)	(25.051)	(51.187)	(130.662)	(31.157)	(11.653)	**(289.911)**
Net expenditure	**177.658**	**57.257**	**6.359**	**9.397**	**63.838**	**61.317**	**375.826**

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

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

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

2014-2015		2015-2016
£m		£m
370.046	Net expenditure in the service area income and expenditure analysis above	375.826
22.435	Amounts not included in the service area analysis but included in the CIES	197.657
(20.453)	Amounts included in the service area analysis but not included in the CIES	(208.045)
372.028	**Net cost of services in the comprehensive income and expenditure statement**	**365.438**

Reconciliation to subjective analysis of income and expenditure

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

2015-2016	Service area income and expenditure analysis	Amounts not included in the analysis but included in the CIES	Amounts included in the analysis but not included in the CIES	Allocation of support service recharges	Net Cost of Services	Amounts reported below the "net cost of services" in the CIES	(Surplus) or deficit on the CIES
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	221.330	120.724	(22.594)	-	**319.460**	-	**319.460**
Other service expenses	369.856	-	(165.112)	-	**204.744**	-	**204.744**
Support service recharges	45.179	-	-	(45.179)	**-**	-	**-**
Depreciation, amortisation and impairment	-	67.405	-	-	**67.405**	-	**67.405**
Interest payments	31.040	(9.563)	(21.477)	-	**-**	31.040	**31.040**
Net (surplus) or deficit on Trading Operations	(1.668)	-	1.668	-	**-**	(1.668)	**(1.668)**
(Gain) or loss on disposal of non-current assets	-	-	-	-	**-**	1.127	**1.127**
Total expenditure	**665.737**	**178.566**	**(207.515)**	**(45.179)**	**591.609**	**30.499**	**622.108**
Fees, charges and other service income	(187.239)	-	-	45.179	**(142.060)**	-	**(142.060)**
Interest and investment income	(0.877)	1.078	-	-	**0.201**	(1.078)	**(0.877)**
Income from council tax	-	-	-	-	**-**	(66.148)	**(66.148)**
Government grants and contributions	(101.795)	18.013	(0.530)	-	**(84.312)**	(332.709)	**(417.021)**
Total income	**(289.911)**	**19.091**	**(0.530)**	**45.179**	**(226.171)**	**(399.935)**	**(626.106)**
Net expenditure	**375.826**	**197.657**	**(208.045)**	**-**	**365.438**	**(369.436)**	**(3.998)**

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

Note 9 Grant income

The council has received grants that have yet to be recognised as income. This is because these grants have conditions attached to them that remain outstanding, and which would require the monies to be returned to the grantor. The balance at 31 March 2016 is as follows:

31 March 2015 £m		31 March 2016 £m
	Grants Receipts in Advance:	
3.513	Miscellaneous revenue grants	2.870
3.513	**Total Grants Receipts in Advance**	**2.870**

The council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2015-2016.

2014-2015 £m		2015-2016 £m
64.730	Housing benefit	64.104
1.112	Housing benefit and council tax administration	1.082
0.847	Private sector housing grant	1.173
0.696	Education Maintenance Allowance	0.658
0.024	Gaelic Education	0.024
0.057	School Milk	0.059
1.006	Other Education	0.980
5.551	Social work	5.764
1.253	Employability	0.574
3.642	Other grants	3.074
78.918	**Total credited to services**	**77.492**

Note 10 Taxation and non-specific grant income

The council credited the following taxation and non-specific grant income to the **comprehensive income and expenditure statement** during 2015-2016.

2014-2015 £m		2015-2016 £m
(64.305)	Income from council tax and community charge	(66.148)
(106.316)	Distribution from the national non-domestic rate pool	(102.983)
(204.754)	General Revenue Grant from the Scottish Government	(211.713)
(17.694)	Capital grants and contributions	(18.013)
(393.069)	**Total taxation and non-specific grant income**	**(398.857)**

Note 11 Usable reserves

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

31 March 2015 £m		31 March 2016 £m
58.854	General Fund Balance	61.378
10.645 *	Housing Revenue Account Balance	10.239
3.760	Capital Receipts Reserve	4.116
31.859	Other Statutory Funds	65.643
105.118	**Total usable reserves**	**141.376**

* £3.432 million of the £10.239 million balance has been earmarked for Welfare Reform support

This note sets out the amounts set aside from the General Fund Balance in statutory funds established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for specific areas of expenditure, and the amounts transferred back from these funds to meet General Fund expenditure in 2015-2016.

		2014-2015			2015-2016		
	Balance at 31 March 2014	Transfers out 2014-2015	Transfers in 2014-2015	Balance at 31 March 2015	Transfers out 2015-2016	Transfers in 2015-2016	Balance at 31 March 2016
	£m	£m	£m	£m	£m	£m	£m
Insurance Fund	**2.543**	-	-	**2.543**	-	-	**2.543**
Reservoir Repair Fund	**0.313**	(0.005)	0.002	**0.310**	-	0.002	**0.312**
Revenue statutory funds	**2.856**	**(0.005)**	**0.002**	**2.853**	**-**	**0.002**	**2.855**
Education Capital Items Fund	**0.735**	(0.087)	0.190	**0.838**	(0.265)	0.178	**0.751**
Investment Capital Fund	**19.681**	-	4.803	**24.484**	-	30.780	**55.264**
Housing Capital Fund	**2.127**	-	1.557	**3.684**	-	3.089	**6.773**
Capital statutory funds	**22.543**	**(0.087)**	**6.550**	**29.006**	**(0.265)**	**34.047**	**62.788**
Total	**25.399**	**(0.092)**	**6.552**	**31.859**	**(0.265)**	**34.049**	**65.643**

In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. Detail of the movement in the Capital Receipts Reserve is shown in Note 7, but a summary of the movement is also shown below.

		2014-2015			2015-2016		
	Balance at 31 March 2014	Sale proceeds 2014-2015	Capital expenditure funded 2014-2015	Balance at 31 March 2015	Sale proceeds 2015-2016	Capital expenditure funded 2015-2016	Balance at 31 March 2016
	£m	£m	£m	£m	£m	£m	£m
Capital Receipts Reserve	**3.208**	**3.088**	**(2.536)**	**3.760**	**4.840**	**(4.484)**	**4.116**

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

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

The Education Capital Items Fund is earmarked funding for specific schools to be used in 2016-2017 for planned purchases of a capital nature such as computers and information communication technology equipment.

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

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

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

Ring-fenced elements of the General Fund Balance

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

		2014-15			2015-16		
	Balance at 31 March 2014 £m	Transfers out 2014-2015 £m	Transfers in 2014-2015 £m	Balance at 31 March 2015 £m	Transfers out 2015-2016 £m	Transfers in 2015-2016 £m	Balance at 31 March 2016 £m
Service Modernisation and Reform Fund	**7.708**	(1.337)	0.025	**6.396**	(0.233)	0.013	**6.176**
Funding the future availability of the educational establishments to be replaced under the Public Private Partnership	**12.670**	-	-	**12.670**	-	-	**12.670**
M74 Fund	**0.571**	-	-	**0.571**	(0.005)	-	**0.566**
Development Contribution – Paisley Town Centre	**1.300**	(0.164)	-	**1.136**	(0.016)	-	**1.120**
Early Years Change Fund	**2.019**	-	1.302	**3.321**	-	-	**3.321**
Land Decontamination	**0.271**	(0.038)	-	**0.233**	(0.233)	-	**-**
Waste Management Strategy	**9.505**	(0.874)	-	**8.631**	(1.597)	0.422	**7.456**
Invest in Renfrewshire	**3.397**	(0.239)	4.332	**7.490**	(2.604)	0.163	**5.049**
Community Safety	**1.612**	(0.505)	-	**1.107**	(0.986)	-	**0.121**
Private Sector Housing Grant	**1.589**	-	0.251	**1.840**	-	0.223	**2.063**
Town Centre Access	**0.107**	(0.107)	-	**0.000**	-	-	**-**
Tackling Poverty - Credit Union Support	**0.500**	(0.039)	-	**0.461**	(0.121)	-	**0.340**
Energy and Carbon Management	**0.131**	-	0.124	**0.255**	(0.255)	-	**-**
Events and Tourism	**0.181**	(0.067)	-	**0.114**	(0.114)	-	**(0.000)**
Paisley Town Centre Heritage Asset Strategy	**-**	-	1.802	**1.802**	(0.038)	6.520	**8.284**
City Deal	**-**	-	1.561	**1.561**	-	-	**1.561**
Response to Commission on Tackling Poverty	**-**	-	1.636	**1.636**	(0.987)	3.000	**3.649**
Youth Employment Strategy	**-**	-	0.180	**0.180**	-	0.032	**0.212**
Year end flexibility:							
Education and Leisure Services	**0.970**	-	0.440	**1.410**	(0.163)	0.500	**1.747**
Social Work	**1.195**	(0.952)	0.030	**0.273**	(0.243)	-	**0.030**
Total ring-fenced element of the General Fund Balance	**43.726**	**(4.322)**	**11.683**	**51.087**	**(7.595)**	**10.873**	**54.365**
Unallocated element of the General Fund Balance	**9.199**	(2.227)	0.795	**7.767**	(2.921)	2.167	**7.013**
General Fund Balance	**52.925**	**(6.549)**	**12.478**	**58.854**	**(10.516)**	**13.040**	**61.378**

The unallocated balance of £7.013 million is 1.9% of the Council's net annual running costs.

Note 12 Unusable reserves

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

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

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

Summary of unusable reserves

31 March 2015 £m		Note	31 March 2016 £m
328.457	Revaluation Reserve	(i)	405.005
0.331	Available-for-sale Financial Instruments Reserve	(ii)	0.245
543.420	Capital Adjustment Account	(iii)	538.486
(14.882)	Financial Instruments Adjustment Account	(iv)	(14.387)
(317.064)	Pension Reserve	(v)	(212.702)
(6.867)	Employee Statutory Adjustment Account	(vi)	(7.014)
533.395	**Total unusable reserves**		**709.633**

(i) Movement in the year: Revaluation Reserve

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

2014-2015		2015-2016	
£m		£m	£m
334.760	**Balance at 1 April**		**328.457**
3.935	Upward/(downward) revaluation of non-current assets	87.860	
(10.238)	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	(10.020)	
-	Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account	(1.292)	
(6.303)	Amount posted to the Capital Adjustment Account		76.548
328.457	**Balance at 31 March**		**405.005**

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

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

2014-2015		2015-2016
£m		£m
0.126	**Balance at 1 April**	**0.331**
0.205	Upward/(downward) revaluation of investments	(0.086)
0.331	**Balance at 31 March**	**0.245**

(iii) Movement in the year: Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the **comprehensive income and expenditure statement** (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement. The Capital Adjustment Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council, and also revaluation gains accumulated on property, plant and equipment before 1 April 2007. The Revaluation Reserve was created to hold such gains arising from 1 April 2007 onwards. Note 7 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2014-2015		2015-2016	
£m		£m	£m
538.147	**Balance at 1 April**		**543.420**
	Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:		
(70.605)	Charges for depreciation, impairment and revaluation losses of non-current assets	(67.115)	
(0.311)	Amortisation of intangible assets	(0.290)	
	Revenue expenditure funded from capital under statute		
(3.088)	Non-current assets sale proceeds	(4.840)	
(0.522)	Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement	(1.127)	
(74.526)			(73.372)
10.238	Adjusting amounts written out of the Revaluation Reserve		11.312
(64.288)	Net written out amount of the cost of non-current assets consumed in the year		(62.060)
	Capital financing applied in the year:		
2.536	Use of the Capital Receipts Reserve to finance new capital expenditure	4.484	
25.477	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	26.411	
37.685	Loans Fund principal repayments	21.817	
3.863	Capital expenditure charged against the General Fund and Housing Revenue Account balances	4.414	
69.561			57.126
543.420	**Balance at 31 March**		**538.486**

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

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

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

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

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

2014-2015		2015-2016	
£m		£m	£m
(15.387)	**Balance at 1 April**		(14.882)
-	Premiums incurred in the year and charged to the comprehensive income and expenditure statement		
0.489	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.472	
0.489			0.472
0.016	Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements or regulations		0.023
(14.882)	**Balance at 31 March**		(14.387)

(v) Movement in the year: Pension Reserve

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

2014-2015 £m		2015-2016 £m
(242.706)	**Balance at 1 April**	**(317.064)**
(57.015)	Actuarial gains or (losses) on pensions assets and liabilities	120.724
(39.191)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(39.103)
21.848	Employer's pension contributions payable in the year	22.741
(317.064)	**Balance at 31 March**	**(212.702)**

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

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

2014-2015 £m		2015-2016 £m	£m
(7.196)	**Balance at 1 April**		**(6.867)**
7.196	Settlement or cancellation of accrual made at the end of the preceding year	6.867	
(6.867)	Amounts accrued at the end of the current year	(7.014)	
0.329	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(0.147)
(6.867)	**Balance at 31 March**		**(7.014)**

Note 13 Property, Plant and Equipment

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

2014-2015	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2014	509.577	316.907	360.202	260.110	15.288	37.233	**1,499.317**	85.552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	**(0.106)**	-
Other asset reclassifications	(0.535)	(7.812)	35.281	-	(27.602)	0.668	**(0.000)**	-
Additions	4.477	3.039	33.018	7.782	17.262	0.246	**65.824**	0.877
Disposals	(1.421)	(3.671)	(2.727)	-	-	(1.601)	**(9.420)**	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26.466)	(1.669)	0.693	-	-	0.185	**(27.257)**	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5.102)	(2.721)	-	-	(0.040)	**(7.863)**	-
Gross carrying amount at 31 March 2015	**485.526**	**301.692**	**423.746**	**267.892**	**4.948**	**36.691**	**1,520.495**	**86.429**
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	58.550	113.271	113.243	-	11.103	**296.167**	4.893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	**-**	-
Depreciation on other reclassifications	(0.018)	(5.984)	5.984	-	-	0.018	**0.000**	-
Depreciation charge for the year	16.983	6.581	33.413	5.249	-	0.064	**62.290**	3.132
Depreciation and impairment on disposals	(0.047)	(3.609)	(2.579)	-	-	(0.102)	**(6.337)**	-
Depreciation written out to the Revaluation Reserve	(16.918)	(7.481)	(7.404)	-	-	(0.032)	**(31.835)**	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	**-**	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1.371	(0.713)	-	-	(0.015)	**0.643**	(1.416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0.159	0.293	-	-	-	**0.452**	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	**-**	**49.587**	**142.265**	**118.492**	**-**	**11.036**	**321.380**	**6.609**
Balance sheet net carrying amount at 31 March 2015	**485.526**	**252.105**	**281.481**	**149.400**	**4.948**	**25.655**	**1,199.115**	**79.820**
Balance sheet net carrying amount at 1 April 2014	**509.577**	**258.357**	**246.931**	**146.867**	**15.288**	**26.130**	**1,203.150**	**80.659**

Note 14 Investment properties

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

2014-2015 £m		2015-2016 £m
(0.111)	Rental income from investment property	(0.113)
(0.111)	**Net (gain) or loss**	(0.113)

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:

2014-2015 £m		2015-2016 £m
1.575	**Opening balance at 1 April**	1.575
-	Asset Reclassification	0.459
-	Net gains or (losses) from fair value adjustments	(0.077)
1.575	**Closing balance at 31 March**	1.957

Fair Value Hierarchy
Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

	Quoted Prices in active markets for identical Assets (level 1)	Other significant observable inputs (level 2)	Other significant unobservable inputs (level 3)	Fair Value as at 31 March 2016
	£m	£m	£m	£m
Commercial Units	-	0.628	-	0.628
Office Units	-	0.077	-	0.077
Commercial Sites	-	0.957	-	0.957
Other	-	0.295	-	0.295
Total	-	1.957	-	1.957

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties
Sufficient title and lease information is available in the respect of Investment Properties. Coupled with knowledge of the rent being achieved, or likely to be achieved, has enabled the market approach to be used in respect of the fair value measurement of Investment Properties

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

Note 15 Heritage Assets

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

2014-2015 £m		2015-2016 £m
38.661	**Opening balance at 1 April**	**38.977**
0.316	Additions (at cost)	-
38.977	**Closing balance at 31 March**	**38.977**

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

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

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

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

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

	2011-2012 £m	2012-2013 £m	2013-2014 £m	2014-2015 £m	2015-2016 £m
Acquisitions	0.016	-	0.252	0.316	-
Donations	-	0.030	-	-	-
Disposals	-	-	-	-	-
Revaluations	(0.238)	(2.083)	-	-	-

Note 16 Assets held for sale

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

2014-2015 £m		2015-2016 £m
1.176	**Opening balance at 1 April**	**0.756**
	Assets newly classified as "held for sale":	
0.106	Council Dwellings	0.026
-	Other Land and Buildings	0.129
-	Revaluation losses	(0.060)
(0.526)	Assets sold	(0.107)
0.756	**Closing balance at 31 March**	**0.744**

Note 17 Intangible assets

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

2014-2015 Purchased software licences £m		2015-2016 Purchased software licences £m
	Balances at start of year:	
2.517	Gross carrying amount	2.717
(1.553)	Accumulated amortisation	(1.857)
0.964	**Net carrying amount at start of year**	**0.860**
0.208	Additions: purchases	0.178
-	Asset Reclassification	0.081
(0.008)	Disposals	-
0.007	Accumulated amortisation derecognised on disposal	-
(0.311)	Amortisation for the year	(0.290)
0.860	**Net carrying amount at end of year**	**0.829**
	...comprising:	
2.717	Gross carrying amount	2.976
(1.857)	Accumulated amortisation	(2.147)
0.860	**Net carrying amount at end of year**	**0.829**

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 18 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 2015-2016 total spending on capital projects was £47.438 million (£66.348 million in 2014-2015) and was within the overall prudential limits approved by Council. £4.484 million (£2.536 million in 2014-2015) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £12.129 million (£34.472 million in 2014-2015) was financed from external borrowing and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, and the resources used to finance this expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The movement in the CFR during the year is also analysed in the table below.

2014-2015 £m		2015-2016 £m
370.730	**Opening Capital Financing Requirement**	**367.563**
	Capital investment:	
65.824	Property, plant and equipment	47.260
0.208	Intangible assets	0.178
0.316	Heritage Assets	-
	Sources of finance:	
(1.682)	Capital receipts – sale of council houses	(2.290)
(0.854)	Capital receipts – sale of other council assets	(2.194)
(25.477)	Government grants and other contributions	(26.411)
(3.863)	Sums set aside from revenue – direct revenue contributions	(4.414)
(37.639)	Loans Fund/Finance Lease principal repayments	(21.767)
367.563	**Closing Capital Financing Requirement**	**357.925**
	Explanation of movements during the year	
(0.624)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(7.022)
(0.008)	Reduction in finance leases obligations	-
(2.535)	Increase/(decrease) in PPP finance lease creditor	(2.616)
(3.167)	**Increase or (decrease) in Capital Financing Requirement during the year**	**(9.638)**

At 31 March 2016 the Council had commitments on capital contracts for non-housing projects of £33.731 million (£12.785 million in 2014-2015) and for housing projects of £8.019 million (£13.169 million in 2014-2015). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 19 Public Private Partnerships

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

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

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

Future Repayment Periods	Service Charges	Liability Repayment	Interest Repayment	Contingent Rentals	Total
	£m	£m	£m	£m	£m
Payable within 1 year	4.779	2.604	6.146	2.721	**16.250**
Payable within 2-5 years	21.041	10.989	22.531	13.193	**67.754**
Payable within 6-10 years	31.858	14.665	23.454	21.265	**91.242**
Payable within 11-15 years	35.471	18.578	17.475	27.579	**99.103**
Payable within 16-20 years	38.210	25.819	9.055	34.557	**107.641**
Payable within 21-25 years	16.114	9.832	0.868	12.537	**39.351**
Total	**147.473**	**82.487**	**79.529**	**111.852**	**421.341**

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:

2014-2015		2015-2016
£m		£m
87.638	Balance outstanding at 1 April	85.103
2.535	Payments during the year	2.616
85.103	**Balance outstanding at 31 March**	**82.487**

Note 20 Leases

Renfrewshire Council as Lessee

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

31 March 2015		31 March 2016
£m		£m
0.899	Not later than one year	0.841
3.022	Later than one year and not later than five years	2.662
5.192	Later than five years	4.732
9.113		**8.235**

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

2014-2015		2015-2016
£m		£m
0.899	Minimum lease payments	0.857
0.899		**0.857**

Renfrewshire Council as Lessor

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

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

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

31 March 2015 £m		31 March 2016 £m
0.239	Not later than one year	0.256
0.818	Later than one year and not later than five years	0.858
8.597	Later than five years	8.384
9.654		**9.498**

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

Note 21 Inventories

2014-2015 Consumable Stores £m		2015-2016 Consumable Stores £m
0.898	Carrying amount at 1 April	1.084
6.651	Additions during the year	6.368
(6.462)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.638)
(0.009)	Recognised as an expense during the year: inventories written down	(0.054)
0.006	Reversals during the year of previous inventory write-downs	0.008
1.084	**Carrying amount at 31 March**	**0.768**

Note 22 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.

2014-15 CRC Allowances £m		2015-16 CRC Allowances £m
-	**Net carrying amount at start of year**	**0.931**
0.931	Additions: purchases	-
-	Disposals	(0.463)
0.931	**Net carrying amount at end of year**	**0.468**

Note 23 Debtors

31 March 2015			31 March 2016			
Short Term £m	Long Term £m		Short Term £m	£m	Long Term £m	£m
24.423	-	Central government bodies, excluding NHS Scotland		8.107		-
0.783	-	Central government bodies: NHS Scotland		0.657		-
0.644	-	Other local authorities		1.618		-
0.015	-	Public corporations and trading funds		0.001		-
6.761	-	HM Revenue and Customs		4.035		-
		Other entities and individuals:				
13.964	-	Council tax arrears	14.823		-	
(9.276)	-	Council tax arrears impairment	(10.172)		-	
4.688	-	Council tax arrears net of impairment		4.651		-
2.668	-	Rent arrears	2.305		-	
(2.429)	-	Rent arrears impairment	(1.778)		-	
0.239	-	Rent arrears net of impairment		0.527		-
17.409	-	Trade debtors	19.829		-	
(11.549)	-	Trade debtors impairment	(12.641)		-	
5.860	-	Trade debtors net of impairment		7.188		-
1.609	11.284	Other debtors	4.922		12.733	
-	(5.873)	Other debtors impairment	-		(7.003)	
1.609	5.411	Other debtors net of impairment		4.922		5.730
45.022	**5.411**	**Total debtors**		**31.706**		**5.730**

Note 24 Cash and cash equivalents

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

31 March 2015 £m		31 March 2016 £m
(2.257)	Current account balances with the council's banker	(3.236)
0.291	Collection account balances not with the council's banker	0.034
14.008	Callable deposits with UK banks	16.610
8.003	Callable deposits with non UK banks	8.004
9.204	Callable deposits in money market funds	17.936
0.049	Imprest accounts held at council establishments	0.048
29.298	**Total cash and cash equivalents**	**39.396**

Note 25 Creditors

The analysis below details the main creditor balances.

31 March 2015			31 March 2016	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
2.839	-	Central government bodies, excluding NHS Scotland	4.507	
0.336	-	Central government bodies: NHS Scotland	0.748	
0.903	-	Other local authorities	0.828	
0.171	-	Public corporations and trading funds	0.217	
5.448	-	HM Revenue and Customs	5.931	
8.934	-	Strathclyde Pension Fund and SPPA	5.302	
8.079	-	Accrued payrolls	5.643	
2.615	82.488	PPP finance lease creditor	2.604	79.883
-	-	Other finance lease creditor	-	-
-	0.010	Financial guarantees		0.007
30.679	0.048	Other entities and individuals	36.739	-
60.004	**82.546**	**Total creditors**	**62.519**	**79.890**

Note 26 Provisions

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

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

The movement in these short term provisions is detailed below:

2014-2015				2015-2016		
Short term accumulating compensated absence £m	Teachers' maternity pay £m	Total £m		Short term accumulating compensated absence £m	Teachers' maternity pay £m	Total £m
7.196	0.070	7.266	Balance at 1 April	6.867	0.068	6.935
6.867	0.068	6.935	Additional provisions and increases to existing provisions	7.015	0.085	7.100
(7.196)	(0.070)	(7.266)	Reversal of existing provisions	(6.867)	(0.068)	(6.935)
6.867	**0.068**	**6.935**	**Balance at 31 March**	**7.015**	**0.085**	**7.100**

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:

	2015-2016			
	Equal pay and Holiday pay compensation payments	Insurance claims	Other	Total
	£m	£m	£m	£m
Balance at 1 April 2015	1.236	4.274	0.311	5.821
Additional provisions and increases/ (decreases) to existing provisions made during the year		0.724	0.631	1.355
Amounts used during the year	(0.400)	(1.097)	(0.311)	(1.808)
Balance at 31 March 2016	**0.836**	**3.901**	**0.631**	**5.368**

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

Insurance claims
The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The council has increased its net assessment by £0.724 million on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

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

Note 27 Financial Instruments

Categories of financial instruments

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

31 March 2015			31 March 2016	
Long-term £m	Current £m		Long-term £m	Current £m
-	24.694	Loans and receivables - fixed term deposits		66.897
3.116	-	Available-for-sale financial assets - insurance fund investments	3.117	-
3.116	**24.694**	**Investments**	**3.117**	**66.897**
1.452	0.075	Loans and receivables - loans to other entities and individuals	0.799	0.078
3.959	40.259	Loans and receivables - trade receivables	4.931	26.977
5.411	**40.334**	**Debtors**	**5.730**	**27.055**
(165.932)	(9.690)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(154.410)	(14.338)
-	(54.783)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.389)	(34.382)
-	(6.038)	Financial liabilities at amortised cost - borrowing from group entities	-	(6.314)
(165.932)	**(70.511)**	**Borrowing**	**(174.799)**	**(55.034)**
-	(34.928)	Financial liabilities at amortised cost - trade payables	-	(43.039)
(82.488)	(2.615)	PFI/PPP and finance lease liabilities	(79.883)	(2.604)
(0.010)	-	Financial guarantees	(0.007)	-
(82.498)	**(37.543)**	**Creditors**	**(79.890)**	**(45.643)**

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275 million (2014-2015 £0.900 million), home loans of £0.553 million (2014-2015 £0.562 million), soft loans to service users of £0.028 million (2014-2015 £0.038 million) and soft loans to employees of £0.022 million (2014-2015 £0.027 million).

Fair value of financial instruments

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

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

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

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

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

31 March 2015			31 March 2016	
Balance sheet carrying amount £m	Fair value £m		Balance sheet carrying amount £m	Fair value £m
24.694	24.717	Loans and receivables - fixed term deposits	66.897	66.914
3.116	3.116	Available-for-sale financial assets - insurance fund investments	3.117	3.117
27.810	**27.833**	**Investments**	**70.014**	**70.031**
1.527	1.570	Loans and receivables - loans to other entities and individuals	0.877	0.924
44.218	44.221	Loans and receivables - trade receivables	31.908	31.911
45.745	**45.791**	**Debtors**	**32.785**	**32.835**
(175.622)	(231.239)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(168.748)	(226.240)
(54.783)	(70.003)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.771)	(70.350)
(6.038)	(6.038)	Financial liabilities at amortised cost - borrowing from group entities	(6.314)	(6.314)
(236.443)	**(307.280)**	**Borrowing**	**(229.833)**	**(302.904)**
(34.928)	(34.928)	Financial liabilities at amortised cost - trade payables	(43.039)	(43.039)
(85.103)	(85.103)	PFI/PPP and finance lease liabilities	(82.487)	(82.487)
(0.010)	(0.010)	Financial guarantees	(0.007)	(0.007)
(120.041)	**(120.041)**	**Creditors**	**(125.533)**	**(125.533)**

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

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

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

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

The fair value of loans and receivables is greater than the balance sheet carrying amount as at 31 March 2016. This is because the council has placed fixed term deposits, and has made loans to other entities and individuals, where the contractual interest rate is higher than the rates available for similar deposits/loans at that date. This represents a notional future gain (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest above current market rates.

Similarly, the fair value of financial liabilities at amortised cost is greater than the balance sheet carrying amount as at 31 March 2016. This is because the council has taken borrowing where the contractual interest rate is higher than the rates available for similar borrowing at that date. This represents a notional future loss (based on economic conditions at 31 March 2016) attributable to a commitment to pay interest to lenders above current market rates.

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

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

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

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

Note 28 Nature and extent of risks arising from Financial Instruments

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

Credit Risk

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

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

2015-2016	Amount at 31 March 2016	Historical experience of non-payment adjusted for market conditions at 31 March 2016	Estimated maximum exposure to default and uncollectability at 31 March 2016
	£m		£m
Deposits with financial institutions	109.447		
Customers (sundry income)	9.996	12.86%	1.286
Total	**119.443**		**1.286**

The Council does not generally allow credit for customers, such that as at 31 March 2016 £6.490 million of the £9.996 million (£5.284 million of £7.397 million in 2014-2015) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2015 £m		31 March 2016 £m
1.467	Less than three months and past due	3.147
0.429	Three to six months	0.615
0.468	Six months to one year	0.649
2.920	More than one year	2.079
5.284	**Sundry income debtors past due**	**6.490**

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 2016 the outstanding value of loans advanced by the council was £0.552 million (£0.562 million as at 31 March 2015).

Liquidity risk

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

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

31 March 2015 £m			31 March 2016 £m	
		Principal maturing…		
59.625	26.43% *	in less than one year	44.438	20.31% *
11.522	5.11%	between one and two years	31.212	14.26%
18.052	8.00%	between two and five years	8.066	3.69%
136.358	60.46%	in more than five years	135.132	61.74%
225.557	**100.00%**	**Principal element of borrowing**	**218.848**	**100.00%**

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

Market risk: interest rate risk

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

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

- it is the policy of the council to limit its exposure to variable rate borrowing to a maximum of 25% of what it borrows;

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

To illustrate the notional impact of changes in interest rates upon the council, the following table shows the financial effect if rates had been 1% higher during 2015-2016, with all other variables held constant.

	2015-2016
	£m
Notional impact on the surplus or deficit on the provision of services:	
Increase in interest payable on new fixed rate borrowings taken during the year	
Increase in interest receivable on deposits placed during the year	(0.895)
Notional impact on the surplus or deficit on the provision of services	**(0.895)**
Share of this impact which would be attributable to the Housing Revenue Account	(0.497)
Accounting presentation changes, which would have no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure:	
Decrease in the fair value of fixed rate loans and deposits	0.082
Decrease in the fair value of fixed rate borrowing	43.562

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

Market risk: price risk

The council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the council by Standard Life Wealth Limited in the Phoenix Fund. The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The benchmark return is LIBOR+2% per annum. During 2015-2016 the book cost of investments increased by £0.088 million (£0.066 million increase during 2014-2015).

The investment is classified as "available-for-sale", meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is a prescribed presentational requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the council, an increase or fall of 5% in the general price of shares at 31 March 2016 would have resulted in a £0.050 million gain or loss being recognised in other comprehensive income and expenditure for 2015-2016.

Market risk: foreign exchange risk

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

Note 29 Cash flow statement

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

2014-2015 £m		2015-2016 £m
(70.916)	Depreciation, amortisation, impairment and revaluations	(67.405)
(2.311)	(Increase)/decrease in impairment provision for bad debts	(1.849)
(4.234)	(increase)/decrease in creditors	(1.832)
8.598	Increase/(decrease) in debtors	(11.611)
0.186	Increase/(decrease) in inventories	(0.316)
(17.343)	Pension (liability)/asset	(16.362)
(3.610)	Carrying amount of non-current assets sold	(5.967)
0.170	Other non-cash items charged to the net surplus or deficit on the provision of services	0.374
(89.460)	**Adjustment to net (surplus)/deficit on the provision of services for non – cash movements**	**(104.968)**

29b. Cash flow statement: investing activities

2014-2015 £m		2015-2016 £m
66.348	Purchase of property, plant and equipment, investment property and intangible assets	47.438
-	Purchase of short-term and long-term investments	42.204
(3.088)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4.840)
(2.640)	Proceeds from short-term and long-term investments	-
(25.477)	Other receipts from investing activities	(26.411)
35.143	**Net cash flows from investing activities**	**58.391**

29c. Cash flow statement: financing activities

2014-2015 £m		2015-2016 £m
2.543	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	2.616
14.604	Repayment of short-term and long-term borrowing	6.610
17.147	**Net cash flows from financing activities**	**9.226**

29d. Cash flow statement: interest paid and received

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

2014-2015 £m		2015-2016 £m
(1.235)	Interest received	(1.537)
13.486	Interest paid	12.806
6.534	Interest element of finance lease and PPP payments	6.342
18.785		**17.611**

Note 30 Trading operations

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

		2013-2014 £m	2014-2015 £m	2015-2016 £m	Total of last three years £m
Building Services	Turnover	17.882	17.373	17.507	**52.762**
	Expenditure	16.581	16.876	16.920	**50.377**
	Surplus	**1.301**	**0.497**	**0.587**	**2.385**
Roads Services	Turnover	4.893	4.441	4.884	**14.218**
	Expenditure	4.766	4.296	4.751	**13.813**
	Surplus	**0.127**	**0.145**	**0.133**	**0.405**
Catering	Turnover	5.178	5.772	5.696	**16.646**
	Expenditure	4.749	5.316	5.239	**15.304**
	Surplus	**0.429**	**0.456**	**0.457**	**1.342**
Transport Workshop	Turnover	2.996	3.252	3.057	**9.305**
	Expenditure	2.496	2.733	2.543	**7.772**
	Surplus	**0.500**	**0.519**	**0.514**	**1.533**
Total for all trading operations	Turnover	30.949	30.838	31.144	**92.931**
	Expenditure	28.592	29.221	29.453	**87.266**
	Surplus	**2.357**	**1.617**	**1.691**	**5.665**

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

Note 31 Agency services

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

2014-2015		2015-2016
£m		£m
106.316	Scottish Government - Contributions (to) or from the non-domestic rates pool	102.915
14.515	Non-domestic rates collected: East Renfrewshire	14.384
0.055	Service income from East Renfrewshire Council for collection of non-domestic rates	0.055
25.811	Domestic water and sewerage charges collected	26.764
25.811	Domestic water and sewerage charges paid over to Scottish Water	26.764
0.636	Service income from Scottish Water for collection of domestic water and sewerage charges	0.689
-	Paisley First Business Improvement District	0.010

Note 32 Related parties

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

Central and Scottish Government

Central and Scottish Government have the potential to influence the general operations of the council, being responsible for providing the statutory framework within which the council operates. The Scottish Government provides the majority of the council's funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties such as council tax billing. Grants received from the Scottish Government are set out in the analysis in Note 10. Grant conditions outstanding at 31 March 2016 are shown in Note 9.

Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests are available on the Council website, www.renfrewshire.gov.uk. Services to the value of £1.061 million were commissioned from three companies in which three elected members had an interest. Contracts were entered into in full compliance with the Council's contract standing orders. Services totalling £0.107 million were commissioned from two organisations in which one elected member has a non-financial interest. The relevant member played no role in the decision relating to services commissioned. One elected member is employed by Renfrewshire Leisure Ltd (RLL). This member has declared this interest and recuses themselves from any Board or Committee meeting where items pertaining to RLL are under discussion.

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

Note 33 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2015-2016 were £0.349 million (£0.349 million in 2014-2015). There were no fees paid to Audit Scotland in respect of any other services.

Note 34 Pension schemes accounted for as defined contribution schemes

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

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate from 1 April 2015 was 14.9% of pensionable pay, increasing to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

Based on the proportion of employer contributions paid in 2014-2015, Renfrewshire Council's level of participation in the scheme is 2.7%. The Council paid £9.688 million (£9.049 million in 2014-2015) for employer's contributions to the Scottish Public Pensions Agency. £0.483 million of expenditure (£0.548 million in 2014-2015) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.8% of teachers' pensionable pay (0.9% in 2014-2015.

Note 35 Defined benefit pension schemes

(i) Participation in pension schemes

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

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

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

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

(ii) Transactions relating to post-employment benefits

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

2014-15		2015-16
£m		£m
	Included within net cost of services:	
28.525	Current service cost	31.639
4.575	Past service cost/(gain)	4.598
(4.482)	Losses or (gains) on curtailments and settlements	(7.356)
	Included within financing and investment income and expenditure:	
48.207	Interest cost	40.507
(37.634)	Expected return on scheme assets	(30.285)
39.191	**Total of LGPS post-employment benefits charged to the surplus or dficit on the provision of services**	**39.103**
	Included within other comprehensive income and expenditure:	
	Remeasurement of the Net Defined Benefit Liability comprising:	
(46.577)	Return on Assets excluding amounts included in net interest	6.088
28.975	Actuarial gains and losses arising on changes in Demographic Assumptions	-
126.529	Actuarial gains and losses arising on changes in Financial Assumptions	(111.433)
(51.912)	Actuarial gains and losses arising on changes in Other Assumptions	(15.379)
96.206	**Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement**	**(81.621)**
	Movement in reserves statement:	
57.015	Actuarial losses or (gains)	(120.724)
39.191	Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	39.103
(21.848)	Employer contributions and direct payments to pensioners payable in the year	(22.741)
74.358	**Movement in the year on the Pension Reserve**	**(104.362)**

The cumulative amount of actuarial gains and losses recognised in the **comprehensive income and expenditure statement** as at 31 March 2016 is a loss of £202.427 million (loss of £323.151 million as at 31 March 2015).

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

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2016, the defined benefit obligation exceeded scheme assets by £212.702 million (£317.064 million as at 31 March 2015). 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 2016 was 3.5% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2014.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2016, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension liability of £212.702 million represents an reduction of £104.362 million between 31 March 2015 and 31 March 2016. The net pension liability has a substantial impact on the net worth of the council as recorded in the **balance sheet**. However, statutory arrangements for funding the deficit mean that the financial position of the council remains assured. The deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

Local government legislation provides that local authorities have an obligation to meet the expenditure of the joint boards of which they are constituent members. As a consequence, Renfrewshire Council has additional liabilities arising from the pension scheme deficits of the Renfrewshire Valuation Joint Board. In accordance with accounting regulations, the group accounts include a share of the post-employment benefits transactions, defined benefit obligations and scheme assets of this joint board. Further information can be found in the annual report and accounts of each joint board.
The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

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

The following is a reconciliation of the 2015-2016 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).

2014-15		2015-16
£m		£m
1,119.216	Opening balance at 1 April	1,276.378
28.525	Current service cost	31.639
48.207	Interest cost	40.507
6.188	Member contributions	6.106
103.592	Actuarial losses or (gains)	(126.812)
4.575	Past service cost	4.598
(4.482)	Estimated benefits paid: unfunded	(22.700)
(29.443)	Estimated benefits paid: other	(31.779)
1,276.378	**Closing balance at 31 March**	**1,177.937**

(v) Movement in scheme assets

The following is a reconciliation of the 2015-2016 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2014-15		2015-16
£m		£m
876.510	Opening balance at 1 April	959.314
37.634	Expected return on scheme assets	30.285
6.188	Member contributions	6.106
21.848	Employer contributions	22.741
4.482	Contributions in respect of unfunded benefits	4.769
46.577	Actuarial (losses) or gains	(6.088)
(4.482)	Estimated benefits paid: unfunded	(20.113)
(29.443)	Estimated benefits paid: other	(31.779)
959.314	**Closing balance at 31 March**	**965.235**

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

The actual return on scheme assets from 1 April to 31 December 2015 was (0.3%).

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

31 March 2015				31 March 2016		
Quoted Prices in active markets	Prices not quoted in active markets	Total		Quoted Prices in active markets	Prices not quoted in active markets	Total
£m	£m	£m		£m	£m	£m
351.682	0.724	**352.406**	Equity instruments	351.171	0.761	**351.932**
-	0.005	**0.005**	Debt instruments (bonds)	-	0.001	**0.001**
-	93.348	**93.348**	Private Equity	-	93.890	**93.890**
-	87.646	**87.646**	Real Estate	-	103.694	**103.694**
10.452	391.592	**402.044**	Investment Funds	8.726	373.498	**382.224**
0.294	-	**0.294**	Derivatives	0.234	-	**0.234**
-	23.571	**23.571**	Cash & cash equivalents	32.230	1.030	**33.260**
362.428	**596.886**	**959.314**	**Fair value of scheme assets**	**392.361**	**572.874**	**965.235**

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

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

31 March 2015 £m		31 March 2016 £m
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities:	
(610.383)	Current employee members	(572.748)
(104.298)	Pre-local government reorganisation (1996) liabilities	(93.604)
(100.743)	Deferred pensioners	(88.502)
(369.785)	Pensioners	(337.189)
(1,185.209)	Defined benefit obligation - funded liabilities	(1,092.043)
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - unfunded liabilities:	
(75.447)	Retirals from Renfrewshire Council	(71.896)
(15.722)	Retirals pre-local government reorganisation (1996)	(13.998)
(91.169)	Defined benefit obligation - unfunded liabilities	(85.894)
(1,276.378)	**Present value of defined benefit obligation**	**(1,177.937)**
959.314	Fair value of scheme assets	**965.235**
(317.064)	**Net liability arising from defined benefit obligation**	**(212.702)**

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 2015-2016, and the council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2016:

31 March 2015		31 March 2016
3.2%	Discount rate for defined benefit obligation	3.5%
3.2%	Long-term expected rate of return on scheme assets*	3.5%
4.3%	Rate of increase in salaries	4.2%
2.4%	Rate of increase in pensions	2.2%
2.4%	Rate of inflation	2.2%
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
22.1 years	Men	22.1 years
23.6 years	Women	23.6 years
	Longevity at age 65 for future pensioners:	
24.8 years	Men	24.8 years
26.2 years	Women	26.2 years
	Commutation assumptions - percentage of the maximum additional tax-free cash (per HM Revenue & Customs limits) converted from annual pension into retirement lump sum:	
50%	for pre-April 2009 service	50%
75%	for post-April 2009 service	75%

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

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

Impact on the Defined benefit Obligation in the Scheme	Movement in Employer Liability	
	£m	%
Longevity (increase or decrease by 1 year)	35.338	3%
Salary Increase Rate (increase or decrease by 0.5%)	41.248	4%
Pension Increase Rate (increase or decrease by 0.5%)	76.324	6%
Real Discount Rate (decrease or increase by 0.5%)	119.921	10%

Impact on the Authority's cash flows

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

The total contributions expected to be made by the council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2017 is £19.385 million. The weighted average duration of the defined benefit obligation is 18.6 years.

Note 36 Contingent assets and liabilities

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

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

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.

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**.

2014-2015		2015-2016	
£m		£m	£m
	Expenditure:		
11.489	Repairs and maintenance	11.514	
14.768	Supervision and management	12.504	
30.641	Depreciation and impairment of non-current assets	32.434	
0.098	Increase or (decrease) in the allowance for bad debts	(1.059)	
1.306	Other expenditure	1.563	
58.302			56.956
	Income:		
(46.640)	Dwelling rents	(46.178)	
(1.303)	Non-dwelling rents	(1.329)	
(0.377)	Housing Support Grant	-	
(0.352)	Other income	(0.983)	
(48.672)			(48.490)
9.630	**Net cost of HRA services as included in the comprehensive income and expenditure statement**		**8.466**
0.055	HRA share of corporate and democratic core		0.055
0.333	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to a specific service.		0.133
10.018	**Net cost of HRA services**		**8.654**
	HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:		
(0.153)	(Gain) or loss on sale of HRA non-current assets		(0.252)
6.793	Interest payable and similar charges		6.967
(0.425)	Interest and investment income		(0.481)
(0.416)	Income from trading operations		(0.486)
0.769	Pensions interest cost and expected return on pensions assets		0.679
16.586	**(Surplus) or deficit for the year on HRA services**		**15.081**

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.

2014-2015		2015-2016			
£m		£m	£m	£m	£m
(11.245)	Balance on the HRA at the end of the previous year				(10.645)
16.586	(Surplus) or deficit for the year on the HRA income and expenditure statement			15.081	
	Adjustments between accounting basis and funding basis under regulations:				
0.259	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		0.274		
0.153	Reverse out gain or (loss) on sale of HRA non-current assets		0.252		
	HRA share of contributions to or (from) the Pension Reserve:				
(3.177)	Reverse out net charges made for post-employment benefits in accordance with IAS19	(2.912)			
1.590	Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund	1.510			
(1.587)	HRA share of contributions to or (from) the Pension Reserve		(1.402)		
0.024	HRA share of contributions to or (from) the Employee Statutory Adjustment Account		(0.033)		
2.017	Capital expenditure funded by the HRA		1.836		
	Transfer to or (from) the Capital Adjustment Account:				
(30.641)	Reverse out depreciation and impairment losses on non-current assets	(32.434)			
0.065	Reverse out credits made for capital grants	0.530			
12.167	Loans fund principal contribution from the HRA	13.213			
(18.409)	Transfer to or (from) the Capital Adjustment Account		(18.691)		
(17.543)	Total of adjustments between accounting basis and funding basis under regulations			(17.764)	
(0.957)	**Net (increase) or decrease before transfers to or from reserves**			**(2.683)**	
1.557	Transfers to or (from) reserves			3.089	
0.600	**(Increase) or decrease in the year on the HRA**				**0.406**
(10.645) *	**Balance on the HRA at the end of the current year**				**(10.239)**

* £3.432m of the £10.239m balance has been earmarked for Welfare Reform support.

Notes to the Housing Revenue Account income and expenditure statement

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

The Council was responsible for managing 12,188 dwellings during 2015-2016 (12,344 in 2014-2015). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2014-2015			2015-2016	
Number at 31 March 2015	Average weekly rent £	Type of dwelling	Number at 31 March 2016	Average weekly rent £
419	56.28	One-apartment	417	58.65
3,660	64.15	Two-apartment	3,662	66.73
5,975	72.74	Three-apartment	5,863	75.26
2,074	81.30	Four-apartment	2,051	84.26
216	87.15	Five+-apartment	215	90.78
12,344		**Total**	**12,208**	

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£1.066 million in 2015-2016 and £1.403 million in 2014-2015), but excludes irrecoverables and bad debts. Average rents were £73.67 per week in 2015-2016 (£71.18 in 2014-2015). The total rent income for 2015-2016 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

3. The amount of rent arrears

At 31 March 2016 total rent arrears amounted to £2.247 million (£2.600 million at 31 March 2015). This is 4.6% of the total value of rents due at 31 March 2016.

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

In the financial year 2015-2016 the rental bad debt provision has been decreased by £0.651 million (£0.446 million increase during 2014-2015). The provision to cover the potential loss of income stands at £1.778 million at 31 March 2016. This is 3.7% of the total value of rents due at that date.

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

NIL

Council Tax Income Account

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

2014-2015		2015-2016
£m		£m
92.833	Gross council tax levied	93.658
(13.187)	Council tax reduction scheme	(12.623)
(13.634)	Other discounts and reductions	(13.751)
(1.518)	Write-off of uncollectable debts and allowance for impairment	(1.548)
(0.189)	Adjustment to previous years' community charge and council tax	0.412
64.305	**Transfer to the comprehensive income and expenditure statement**	**66.148**

Calculation of the council tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest "A" to the highest "H". The council tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings. The band D council tax charge is calculated using the council tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2015-2016 was £1,164.69 (unchanged from 2014-2015).

In 2015-2016 if only one person over 18 lived in a property a discount of 25% was applied. From 1 April 2013 a continuous discount of 10% was available for furnished properties which are not anyone's main home, for example second and holiday homes. Discounts of 50% were made for unoccupied property for a period of up to six months, with a continuous discount of 10% available thereafter. Certain persons are disregarded for Council Tax purposes, including people who are in detention, students and people who are severely mentally impaired. Reductions in council tax payable are also available for people with disabilities.

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

Annual council tax charges

2015-2016	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ 776.46	£ 905.87	£ 1,035.28	£ 1,164.69	£ 1,423.51	£ 1,682.33	£ 1,941.15	£ 2,329.38

Calculation of the council tax base

2015-2016	Number of dwellings	Number of exemptions	Disabled relief	Discounts of 25%	Discounts of 50%	Total equivalent dwellings	Ratio to Band D	Band D equivalents
Band A	13,763	1,777	14	8,273	439	9,796	6:9	6,531
Band B	25,629	1,392	112	13,143	407	20,712	7:9	16,109
Band C	14,427	465	76	5,832	158	12,398	8:9	11,020
Band D	11,628	253	49	3,924	119	10,352	1:1	10,352
Band E	10,396	153	66	2,395	76	9,587	11:9	11,718
Band F	5,875	73	47	999	35	5,507	13:9	7,955
Band G	3,490	95	19	727	28	3,180	15:9	5,300
Band H	216	15	0	31	9	189	18:9	378
Total	**85,424**	**4,223**	**383**	**35,324**	**1,271**	**71,721**		**69,363**

Band A dwellings subject to disabled relief	7
Class 17 and 24 dwellings	87
Sub-total	**69,457**
Provision for non-payment and future award of discounts and reliefs	(2,543)
Council tax base	**66,914**

Non Domestic Rate Account

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

2014-2015		2015-2016
£m		£m
112.792	Gross rates levied	113.087
(21.132)	Reliefs and other deductions	(20.173)
(1.801)	Write-off of uncollectable debts and allowance for impairment	(1.847)
89.859	**Net non-domestic rate income**	**91.067**
(5.441)	Adjustment to previous years' non-domestic rates	2.138
21.898	**Contribution (to) or from the national non-domestic rate pool**	**9.710**
-	Non-domestic rate income retained by authority (BRIS)	0.068
106.316	Transfer to comprehensive income and expenditure statement	102.983

The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the First Minister for Scotland. For 2015-2016 the charge was 48.0 pence in the pound. From 1 April 2010 the Scottish Government amended the existing Small Business Bonus Scheme (SBBS). Under the SBBS properties with a rateable value up to and including £10,000 are entitled to a 100% reduction in their business rates. Properties with a rateable value of between £10,001 and £12,000 receive a 50% reduction and properties with a rateable value of between £12,001 and £18,000 receive a 25% reduction. This allows a business with two or more properties with a combined rateable value of under £35,000 to qualify for relief. The relief is 25% for properties with an individual rateable value less than £18,000. For properties with a rateable value over £35,000 a supplement of 1.3 pence in the pound was added as per the Non-domestic Rates (Levying) (Scotland) Regulations 2004 as amended.

Analysis of Renfrewshire Council's rateable values

		2015-2016	
		£m	£m
Rateable value at 1 April 2015:	Commercial	101.596	
	Industrial and freight transport	29.588	
	Education and public service	27.942	
	Communications	28.779	
	Others	47.276	
			235.181
Running roll (full-year rateable value)			0.676
Rateable value at 31 March 2016			**235.857**
Wholly exempt subjects			(1.684)
Net rateable value at 31 March 2016			**234.173**

Group Movement in Reserves Statement

The **group movement in reserves statement** shows the movement in the year on the different reserves held by the council's group, analysed into the council's usable reserves, the council's unusable reserves and the council's share of the reserves of the subsidiaries, associates and joint ventures within the gorup. Further explanation about this statement can be found on page 25.

		Usable reserves									
	Note	General Fund Balance	Housing Revenue Account Balance	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds	Council's Total usable reserves	Council's unusable reserves	Council's total reserves	Council's share of reserves of subsidiaries, associates and JV's	Total reserves
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2014 carried forward (restated)		**52.925**	**11.245**	**2.856**	**3.208**	**22.543**	**92.777**	**607.744**	**700.521**	**38.387**	**738.908**
Movement in reserves during 2014-2015:											
Surplus or (deficit) on the provision of services		10.973	(16.586)	-	-	-	(5.613)	-	(5.613)	(2.218)	(7.831)
Other comprehensive income and expenditure		-	-	-	-	-	-	(52.875)	(52.875)	(0.394)	(53.269)
Total comprehensive income and expenditure		**10.973**	**(16.586)**	**-**	**-**	**-**	**(5.613)**	**(52.875)**	**(58.488)**	**(2.612)**	**(61.100)**
Adjustments between group accounts and council accounts	G5	(3.520)	-	-	-	-	(3.520)		(3.520)	3.520	-
Net increase or (decrease) before transfers		**7.453**	**(16.586)**	**-**	**-**	**-**	**(9.133)**	**(52.875)**	**(62.008)**	**0.908**	**(61.100)**
Adjustments between accounting basis and funding basis under regulations	7	3.379	17.543	-	0.552	-	21.474	(21.474)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		**10.832**	**0.957**	**-**	**0.552**	**-**	**12.341**	**(74.349)**	**(62.008)**	**0.908**	**(61.100)**
Transfers to or (from) other statutory reserves	11	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-	-	-
Increase or (decrease) in 2014-2015		**5.929**	**(0.600)**	**(0.003)**	**0.552**	**6.463**	**12.341**	**(74.349)**	**(62.008)**	**0.908**	**(61.100)**
Balance at 31 March 2015 carried forward (restated)		**58.854**	**10.645**	**2.853**	**3.760**	**29.006**	**105.118**	**533.395**	**638.513**	**39.295**	**677.808**
Movement in reserves during 2015-2016:											
Surplus or (deficit) on the provision of services		26.624	(15.081)	-	-	-	11.543	-	11.543	(6.736)	4.807
Other comprehensive income and expenditure		-	-	-	-	-	-	208.498	208.498	4.203	212.701
Total comprehensive income and expenditure		**26.624**	**(15.081)**	**-**	**-**	**-**	**11.543**	**208.498**	**220.041**	**(2.533)**	**217.508**
Adjustments between group accounts and council accounts	G5	(7.545)	-	-	-	-	(7.545)		(7.545)	7.545	-
Net increase or (decrease) before transfers		**19.079**	**(15.081)**	**-**	**-**	**-**	**3.998**	**208.498**	**212.496**	**5.012**	**217.508**
Adjustments between accounting basis and funding basis under regulations	7	14.140	17.764	-	0.356	-	32.260	(32.260)	-	-	-
Net increase or (decrease) before transfers to other statutory reserves		**33.219**	**2.683**	**-**	**0.356**	**-**	**36.258**	**176.238**	**212.496**	**5.012**	**217.508**
Transfers to or (from) other statutory reserves	11	(30.695)	(3.089)	0.002	-	33.782	-	-	-	-	-
Increase or (decrease) in 2015-2016		**2.524**	**(0.406)**	**0.002**	**0.356**	**33.782**	**36.258**	**176.238**	**212.496**	**5.012**	**217.508**
Balance at 31 March 2016 carried forward		**61.378**	**10.239**	**2.855**	**4.116**	**62.788**	**141.376**	**709.633**	**851.009**	**44.307**	**895.316**

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**.

2014-2015					2015-2016		
Gross expenditure £m	Gross income £m	Net expenditure £m		Note	Gross expenditure £m	Gross income £m	Net expenditure £m
20.647	(8.614)	12.033	Central services to the public		20.028	(6.595)	13.433
37.531	(12.152)	25.379	Cultural and related services		30.199	(11.771)	18.428
177.965	(21.399)	156.566	Education services		182.596	(21.633)	160.963
31.074	(8.653)	22.421	Environmental services		32.994	(11.031)	21.963
58.302	(48.672)	9.630	Housing services - Housing Revenue Account		56.956	(48.490)	8.466
77.314	(69.277)	8.037	Housing services - other		77.746	(71.060)	6.686
14.500	(8.021)	6.479	Planning and development services		14.804	(8.589)	6.215
25.539	(7.988)	17.551	Roads and transport services		25.016	(5.801)	19.215
153.960	(49.051)	104.909	Social work		146.859	(45.057)	101.802
11.629	(2.444)	9.185	Corporate and democratic core		13.464	(4.182)	9.282
1.168	(0.081)	1.087	Non-distributed costs		(0.001)	(0.080)	(0.081)
609.629	**(236.352)**	**373.277**	**Net cost of services**		**600.661**	**(234.289)**	**366.372**
			Other operating expenditure:				
		0.421	(Gains) or losses on the disposal of non-current assets				1.127
		28.520	Financing and investment income and expenditure	G6			26.964
		(393.069)	Taxation and non-specific grant income	10			(398.857)
		9.149	**(Surplus) or deficit on the provision of services**				**(4.394)**
		(1.318)	Share of the (surplus) or deficit on the provision of services by associates and joint ventures	G4			(0.413)
		7.831	**Group (surplus) or deficit**				**(4.807)**
		(4.941)	(Surplus) or deficit on the revaluation of non-current assets				(88.633)
		0.643	Impairment (gains) or losses on non-current assets charged to the revaluation reserve				-
		(0.938)	(Surplus) or deficit on the revaluation of available-for-sale financial assets	G15			1.606
		57.291	Actuarial (gains) or losses on pension assets and liabilities				(123.844)
		1.214	Share of other comprehensive income and expenditure of associates and joint ventures	G4			(1.830)
		53.269	**Other comprehensive income and expenditure**				**(212.701)**
		61.100	**Total comprehensive income and expenditure**				**(217.508)**

Group Balance Sheet

The **group balance sheet** shows the value as at 31 March 2016 of the assets and liabilities recognised by the council. The net assets of the council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **group movement in reserves statement**.

31 March 2015 £m		Note	31 March 2016 £m
1,213.465	Property, plant and equipment	G9	1,275.392
2.344	Investment property	G10	2.670
39.196	Heritage assets	G11	39.196
0.860	Intangible assets	17	0.829
18.972	Long-term investments	G15	18.019
12.614	Investments in associates and joint ventures	G3	14.476
5.411	Long-term debtors	23	5.730
1,292.862	**Long-term assets**		**1,356.312**
24.694	Short-term investments	G15	66.897
1.143	Inventories		0.849
0.931	Short-term Intangible Assets	22	0.468
45.728	Short-term debtors	G12	32.260
29.428	Cash and cash equivalents		39.477
0.756	Short-term assets held for sale	16	0.744
102.680	**Current assets**		**140.695**
(68.007)	Short-term borrowing	G15	(52.373)
(61.004)	Short-term creditors	G13	(63.178)
(6.935)	Short-term provisions	26	(7.100)
(135.946)	**Current liabilities**		**(122.651)**
(165.932)	Long-term borrowing	G15	(174.799)
(82.546)	Long-term creditors	25	(79.890)
(5.821)	Long-term provisions	26	(5.368)
(3.464)	Liabilities in associates and joint ventures	G3	(3.083)
(320.512)	Other long-term liabilities		(213.030)
(3.513)	Grants Receipts in Advance	9	(2.870)
(581.788)	**Long-term liabilities**		**(479.040)**
677.808	**Net assets**		**895.316**
127.702	Usable reserves	G7	164.402
550.106	Unusable reserves	G8	730.914
677.808	**Total reserves**		**895.316**

The unaudited accounts were issued on 22 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

Group Cash Flow Statement

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

2014-2015 £m		Note	2015-2016 £m
7.831	Group (surplus) or deficit		(4.807)
(88.190)	Adjust group surplus or deficit for non-cash movements		(104.110)
28.701	Adjust for items included in the group net surplus or deficit that are investing and financing activities		31.300
(51.658)	**Net cash flows from operating activities**		**(77.617)**
35.007	Net cash flows from investing activities		58.342
17.147	Net cash flows from financing activities	29c	9.226
0.496	**Net (increase) or decrease in cash and cash equivalents**		**(10.049)**
(29.924)	Cash and cash equivalents at the beginning of the reporting period		(29.428)
(29.428)	**Cash and cash equivalents at the end of the reporting period**		**(39.477)**

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 2016. In addition to the information included in the group accounts on the preceding pages the accounting regulations require specific disclosures about the combining entities and the nature of their business.

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

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

The **group comprehensive income and expenditure statement** includes total net comprehensive income for the year of £2.844 million (2014-2015 £0.820 million) for Renfrewshire Leisure Limited, total net comprehensive expenditure for the year of £0.097million (2014-2015 (£1.662 million)) for the Paisley, Renfrew and Johnstone Common Good Funds and total net comprehensive income for the year of £0.022 million (2014-2015 £0.038 million) for the charitable trusts.

The **group balance sheet** includes net assets of £0.170 million (2014-2015 £2.673 million) for Renfrewshire Leisure Limited, net assets of £32.040 million (2014-2015 £32.137 million) for the Common Good Funds and net assets of £0.704 million (2014-2015 £0.681 million) for the charitable trusts.

Strathclyde Concessionary Travel Scheme Joint Committee comprises the twelve councils in the west of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the twelve constituent councils and by direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the scheme on behalf of the committee. In 2015-2016, Renfrewshire Council contributed £0.333 million or 7.83% of the committee's estimated running costs (2014-2015 £0.333 million or 7.83%) and its share of the year-end net asset was £0.131 million (2014-2015 £0.128 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.994 million (8.01%) to the committee's estimated running costs in 2015-2016 (2014-2015 £2.994 million or 8.01%) and its share of the year-end net asset was £14.345 million (2014-2015 £12.486 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House,12 West George Street, Glasgow G2 1HN.

Renfrewshire Valuation Joint Board was formed in 1996 at local government re-organisation by Act of Parliament. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. The board's running costs are met by the three member councils. Surpluses or deficits on the board's operations are shared between the councils. In 2015-2016, Renfrewshire Council contributed £1.282 million or 56.2% of the board's estimated running costs (2014-2015 £1.278 million or 56.0%) and its share of the year-end net liability was £1.587 million (2014-2015

£2.243 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire Council, Renfrewshire House, Paisley PA1 1JB. The following additional disclosures are required under accounting regulations for Renfrewshire Valuation Joint Board because it is a related party to the council.

Renfrewshire Valuation Joint Board	Renfrewshire Council's Share	Renfrewshire Valuation Joint Board	Renfrewshire Valuation Joint Board	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
0.748	0.419	Current assets	0.650	0.366
(0.788)	(0.441)	Current liabilities	(0.688)	(0.387)
(3.966)	(2.221)	Long-term liabilties	(2.786)	(1.565)
(4.006)	**(2.243)**	**Net assets / (liabilities)**	**(2.824)**	**(1.586)**

2014-2015			2015-2016	
£m	£m		£m	£m
2.655	1.487	Income	2.738	1.539
2.843	1.592	Expenditure	3.016	1.695
(0.188)	**(0.105)**	**Surplus / (deficit) for the year**	**(0.278)**	**(0.156)**

Park Lane Developments (Renfrewshire) Limited Liability Partnership was formed in 2010 by Renfrewshire Council and Park Lane Real Estate LLP in order to facilitate the regeneration of Paisley town centre through the transformation of the town's former Arnotts store into a mixed use retail, office and residential development. Renfrewshire Council holds 50% (£50) of the issued share capital. The partnership's profit and loss account discloses a net deficit of £0.550 million for the twelve months to 31 March 2016 (2015 £0.239 million) and its balance sheet a negative net worth of £2.824 million at 31 March 2016 (2015 £2.442 million). Copies of the financial statements for the partnership may be obtained from its registered office at 87 Port Dundas Road, Cowcaddens, Glasgow G4 0HF.

Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share	Park Lane Developments (Renfrewshire) Limited Liability Partnership	Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
1.857	0.929	Current assets	2.531	1.265
(1.004)	(0.502)	Current liabilities	(2.036)	(1.018)
(3.295)	(1.648)	Long-term liabilties	(3.486)	(1.743)
(2.442)	**(1.221)**	**Net assets / (liabilities)**	**(2.991)**	**(1.496)**
2014-2015			2015-2016	
£m	£m		£m	£m
0.036	0.018	Income	0.904	0.452
0.275	0.138	Expenditure	1.454	0.727
(0.239)	**(0.120)**	**Surplus / (deficit) for the year**	**(0.550)**	**(0.275)**

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

Renfrewshire Integrated Joint Board	Renfrewshire Council's Share	Renfrewshire Integrated Joint Board	Renfrewshire Integrated Joint Board	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets		
-	-	Current assets	0.005	0.003
-	-	Current liabilities	(0.005)	(0.003)
-	-	Long-term liabilties	-	-
-	**-**	**Net assets / (liabilities)**	**-**	**-**
2014-2015			2015-2016	
£m	£m		£m	£m
-	-	Income	0.267	0.134
-	-	Expenditure	0.267	0.134
-	**-**	**Surplus / (deficit) for the year**	**-**	**-**

Note G2 Non-material interest in other entities

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

Clyde Muirshiel Park Authority is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Renfrewshire Council contributed £0.490 million (60.7%) to the authority's estimated running costs in 2015-2016 (£0.521 million in 2014-2015).

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 £0.103 million (3.2%) to the committee's estimated running costs in 2015-2016 (£0.106 million in 2014-2015).

Glasgow and the Clyde Valley Strategic Development Planning Authority Joint. The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.072 million (12.5%) to the committee's estimated running costs in 2015-2016 (£0.072 million in 2014-2015).

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

Note G3 Summarised financial information of associates and joint ventures

The aggregate value of the assets, liabilities, income and expenditure of the council's associates and joint ventures are shown in the two tables which follow. The net asset figure from these two tables combined (£12.889 million asset less £1.496 million asset = £11.393 million net asset) equates to the net of two figures disclosed in the **group balance sheet** as "investments in associates and joint ventures" (£14.476 million) and "liabilities in associates and joint ventures" (£3.083million).

Aggregate of associates' results	Renfrewshire Council's Share	Associates	Aggregate of associates' results	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
133.014	10.655	Long-term assets	153.447	12.292
132.029	10.930	Current assets	108.417	8.994
(46.701)	(4.117)	Current liabilities	(42.443)	(3.730)
(64.832)	(7.097)	Long-term liabilties	(41.501)	(4.667)
153.510	**10.371**	**Net assets / (liabilities)**	**177.920**	**12.889**

2014-2015			2015-2016	
£m	£m		£m	£m
97.469	9.074	Income	100.297	9.346
93.579	8.853	Expenditure	90.040	8.658
3.890	**0.221**	**Net surplus / (deficit) for the year**	**10.257**	**0.688**

Aggregate of joint ventures' results	Renfrewshire Council's Share	Joint ventures	Aggregate of joint ventures' results	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
1.857	0.929	Current assets	2.536	1.268
(1.004)	(0.502)	Current liabilities	(2.041)	(1.021)
(3.295)	(1.648)	Long-term liabilties	(3.486)	(1.743)
(2.442)	**(1.221)**	**Net assets / (liabilities)**	**(2.991)**	**(1.496)**

2014-2015			2015-2016	
£m	£m		£m	£m
6.257	2.818	Income	1.171	0.586
3.792	1.721	Expenditure	1.721	0.861
2.465	**1.097**	**Net surplus / (deficit) for the year**	**(0.550)**	**(0.275)**

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 2016 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 2016, either with the Council itself or with other parties.

Note G4 Material items of group income and expenditure

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

2014-2015 £m		2015-2016 £m
	Share of (surplus) or deficit:	
	Subsidiaries:	
(0.559)	Paisley, Renfrew and Johnstone Common Good Funds	(0.714)
0.038	Charitable trusts administered by Renfrewshire Council	0.052
0.537	Renfrewshire Leisure Limited	0.266
	Associates:	
(0.325)	Strathclyde Partnership for Transport	(0.842)
(0.001)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.002)
0.105	Renfrewshire Valuation Joint Board	0.156
	Joint Ventures:	
(1.217)	Cart Corridor Joint Venture Company Limited	-
-	Refrewshire Intregration Joint Board	-
0.120	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.275
(1.302)	**Aggregate share of (surplus) or deficit**	**(0.809)**
	Share of other comprehensive (income) and expenditure:	
	Subsidiaries:	
(1.103)	Paisley, Renfrew and Johnstone Common Good Funds	0.811
-	Charitable trusts administered by Renfrewshire Council	(0.074)
0.283	Renfrewshire Leisure Limited	(3.110)
	Associates:	
0.476	Strathclyde Partnership for Transport	(1.017)
-	Strathclyde Concessionary Travel Scheme Joint Committee	-
0.738	Renfrewshire Valuation Joint Board	(0.813)
	Joint Ventures:	
-	Cart Corridor Joint Venture Company Limited	-
-	Refrewshire Intregration Joint Board	-
-	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-
0.394	**Aggregate share of other comprehensive (income) and expenditure**	**(4.203)**

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:

2014-2015 £m		2015-2016 £m
0.246	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.229
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059
(0.016)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.021)
-	Interest income received from Renfrewshire Council by the charitable trusts administered by Renfrewshire Council	-
(3.892)	Service charge payable by Renfrewshire Council to Renfrewshire Leisure Limited	(7.830)
0.084	Charges for services, such as accounting and administration, payable by Renfrewshire Leisure Limited to Renfrewshire Council	0.021
(0.001)	Interest income received from Renfrewshire Council by Renfrewshire Leisure Limited	(0.003)
(3.520)	**Total adjustments between group accounts and council accounts**	**(7.545)**

Note G6 Group financing and investment income and expenditure

2014-2015 £m		2015-2016 £m
22.098	Interest payable and similar charges	21.453
10.696	Pensions net interest expense	10.408
(1.303)	Interest receivable and similar income	(1.626)
(0.575)	Income and expendiutre in relation to investment properties and changes in their fair values	(0.466)
(0.773)	Other investment income	(1.137)
(1.623)	Net (surplus) or deficit on trading operations	(1.668)
28.520	**Total financing and investment income and expenditure**	**26.964**

Note G7 Usable reserves

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

2014-2015 £m		Note	2015-2016 £m
58.854	General Fund Balance	11	61.378
10.645	Housing Revenue Account Balance	11	10.239
2.853	Revenue statutory funds	11	2.855
3.760	Capital Receipts Reserve	11	4.116
29.006	Capital statutory funds	11	62.788
21.360	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds		22.121
0.449	Charitable trusts adminstered by Renfrewshire Council: usable balances		0.407
0.775	Renfrewshire Leisure Limited: usable reserves		0.498
127.702	**Total usable reserves**		**164.402**

Note G8 Unusable reserves

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

328.457	Revaluation Reserve	12	405.005
0.331	Available for sale Financial Instruments Reserve	12	0.245
543.420	Capital Adjustment Account	12	538.486
(14.882)	Financial Instrument Adjustment Account	12	(14.387)
(317.064)	Pension Reserve	12	(212.702)
(6.867)	Employee Statutory Adjustment Account	12	(7.014)
3.592	Paisley, Renfrew and Johnstone Common Good Funds: available for sale financial instruments reserve		2.072
7.185	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve		7.847
0.232	Charitable trusts administered by Renfrewshire Council: revaluation reserve		0.297
-	Renfrewshire Leisure Limited: revaluation reserve		
(3.448)	Renfrewshire Leisure Limited: pension reserve		(0.328)
	Renfrewshire Council's share of the reserves of the associates and joint ventures within the group:		
12.486	Strathclyde Partnership for Transport		14.345
0.128	Strathclyde Concessionary Travel Scheme Joint Committee		0.131
(2.243)	Renfrewshire Valuation Joint Board		(1.587)
(1.221)	Park Lane Developments (Renfrewshire) Limited Liability Partnership		(1.496)
550.106	**Total unusable reserves**		**730.914**

Note G9 Property, Plant and Equipment

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

2014-2015	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2014	509.577	332.323	362.040	260.110	15.288	37.934	**1,517.272**	85.552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	**(0.106)**	-
Other asset reclassifications	(0.535)	(7.812)	35.281	-	(27.602)	0.668	**(0.000)**	-
Additions	4.477	3.250	33.097	7.782	17.262	0.246	**66.114**	0.877
Disposals	(1.421)	(4.821)	(1.577)	-	-	(1.926)	**(9.745)**	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26.466)	(1.643)	0.934	-	-	0.170	**(27.005)**	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5.102)	(2.721)	-	-	(0.040)	**(7.863)**	-
Gross carrying amount at 31 March 2015	**485.526**	**316.195**	**427.054**	**267.892**	**4.948**	**37.052**	**1,538.667**	**86.429**
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	60.774	114.332	113.243	-	11.103	**299.452**	4.893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	**-**	-
Depreciation on other reclassifications	(0.018)	(5.984)	5.984	-	-	0.018	**0.000**	-
Depreciation charge for the year	16.983	7.081	33.568	5.249	-	0.064	**62.945**	3.132
Depreciation and impairment on disposals	(0.047)	(3.609)	(2.579)	-	-	(0.102)	**(6.337)**	-
Depreciation written out to the Revaluation Reserve	(16.918)	(8.021)	(7.404)	-	-	(0.032)	**(32.375)**	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	**-**	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1.793	(0.713)	-	-	(0.015)	**1.065**	(1.416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0.159	0.293	-	-	-	**0.452**	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	**-**	**52.193**	**143.481**	**118.492**	**-**	**11.036**	**325.202**	**6.609**
Balance sheet net carrying amount at 31 March 2015	**485.526**	**264.002**	**283.573**	**149.400**	**4.948**	**26.016**	**1,213.465**	**79.820**
Balance sheet net carrying amount at 1 April 2014	**509.577**	**271.549**	**247.708**	**146.867**	**15.288**	**26.831**	**1,217.820**	**80.659**

Note G10 Group investment properties

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

2014-2015 £m		2015-2016 £m
(0.473)	Rental income from investment properties	(0.454)
-	Direct operating expenses arising from investment property	-
(0.473)	**Net (gain) or loss**	**(0.454)**

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

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

2014-2015 £m		2015-2016 £m
2.249	**Opening Balance at 1 April**	**2.344**
-	Additions	
-	Assets reclassified (to) or from the "held for sale" category	0.368
-	Disposals	
0.102	Net gains or (losses) from fair value adjustments	(0.064)
-	Transfers (to) or from inventories and property, plant and equipment	
(0.007)	Other changes	0.022
2.344	**Closing balance at 31 March**	**2.670**

Note G11 Group heritage assets

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

2014-2015 £m		Note	2015-2016 £m
38.880	**Opening Balance at 1 April**		**39.196**
0.316	Additions (at cost)		
-	Assets reclassified (to) or from Community Assets		-
-	Disposals		-
-	Impairment losses		-
-	Revaluations		-
39.196	**Closing balance at 31 March**		**39.196**

Included in the above are the heritage assets of the Paisley, Renfrew and Johnstone Common Good Funds. These comprise civic regalia and equipment which have been externally valued on a present value insurance basis at £0.219 million as at 31 March 2016 (£0.219 at 31 March 2015). Further information on the heritage assets other than those of the Paisley, Renfrew and Johnstone Common Good Funds can be found at Note 15.

Note G12 Group short-term debtors

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

2014-2015		2015-2016	
£m		£m	£m
24.423	Central government bodies, excluding NHS Scotland		8.107
0.783	Central government bodies: NHS Scotland		0.657
0.644	Other local authorities		1.618
0.015	Public corporations and trading funds		0.001
6.761	HM Revenue and Customs		4.035
	Other entities and individuals:		
13.964	Council tax arrears	14.823	
(9.276)	Council tax arrears impairment	(10.172)	
4.688	Council tax arrears net of impairment		4.651
2.668	Rent arrears	2.305	
(2.429)	Rent arrears impairment	(1.778)	
0.239	Renta arrears net of impairment		0.527
18.115	Trade debtors	20.383	
(11.549)	Trade debtors impairment	(12.641)	
6.566	Trade debtors net of impairment		7.742
1.609	Other debtors	4.922	
-	Other debtors impairment	-	
1.609	Other debtors net of impairment		4.922
45.728	**Total short term debtors**		**32.260**

Note G13 Group short-term creditors

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

2014-2015 £m		2015-2016 £m
2.839	Central government bodies, excluding NHS Scotland	4.507
0.336	Central government bodies: NHS Scotland	0.748
0.903	Other local authorities	0.828
0.171	Public corporations and trading funds	0.217
5.448	HM Revenue and Customs	5.931
8.934	Strathclyde Pension Fund and Scottish Public Pensions Agency	5.302
8.079	Accrued payrolls	5.643
2.615	PPP finance lease creditors	2.604
-	Other finance lease creditor	-
31.679	Other entities and individuals	37.398
61.004	**Total short term creditors**	**63.178**

Note G14 Amounts owing and owed between Renfrewshire Council and its associates and joint ventures

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

2014-2015 £m		2015-2016 £m
	Amounts owing to Renfrewshire Council:	
3.483	Loans	3.563
0.643	Other balances	1.261
4.126	**Total amounts owing to Renfrewshire Council**	**4.824**
	Amounts owed by Renfrewshire Council:	
(0.728)	Loans	(0.636)
(0.009)	Other balances	(0.006)
(0.737)	**Total amounts owed by Renfrewshire Council**	**(0.642)**

Note G15 Group financial instruments

Balance sheet carrying amounts of group financial instruments

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

31 March 2015			31 March 2016	
Long-term £m	Current £m		Long-term £m	Current £m
-	24.694	Loans and receivables - fixed term deposits	-	66.897
3.116	-	Available-for-sale financial assets - insurance fund investments	3.117	-
15.856	-	Available-for-sale financial assets - Common Good Fund investments	14.902	-
18.972	**24.694**	**Investments**	**18.019**	**66.897**
1.452	0.075	Loans and receivables - loans to other entities and individuals	0.799	0.078
3.959	40.965	Loans and receivables - trade receivables	3.595	28.867
5.411	**41.040**	**Debtors**	**4.394**	**28.945**
(165.932)	(9.690)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(154.410)	(14.338)
-	(54.783)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.389)	(34.382)
-	(3.534)	Financial liabilities at amortised cost - borrowing from group entities	-	(3.653)
(165.932)	**(68.007)**	**Borrowing**	**(174.799)**	**(52.373)**
-	(35.928)	Financial liabilities at amortised cost - trade payables	-	(43.698)
(82.488)	(2.615)	PFI/PPP and finance lease liabilities	(79.883)	(2.604)
(0.010)	-	Financial guarantees	(0.007)	-
(82.498)	**(38.543)**	**Creditors**	**(79.890)**	**(46.302)**

Fair value of group financial instruments

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

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

	2015-2016					
	Level 1	Level 2	**Carrying Value**	Level 1	Level 2	**Fair Value**
Investments	14.902	70.014	**84.916**	14.902	70.031	**84.933**
Debtors	-	34.092	**34.092**	-	34.142	**34.142**
Borrowing	-	(226.563)	**(226.563)**	-	(299.634)	**(299.634)**
Creditors	-	(127.554)	**(127.554)**	-	(127.554)	**(127.554)**

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date and Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. See table below:-Again, those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 24 provides details of these. The short-term nature of cash and cash equivalents means that their fair value equates to their balance sheet carrying amount. Additional qualitative information on the fair value of financial instruments can be found at Note 27.

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

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

2015-2016	**Financial assets: loans and receivables**	**Available-for-sale financial assets**	**Financial liabilities at amortised cost**	**Total**
	£m	**£m**	**£m**	**£m**
Interest expense (including finance lease interest)			17.742	**17.742**
Realised losses on disposal				**-**
Impairment losses				**-**
Fee expense	1.130			**1.130**
Total expense in the (surplus) or deficit on the provision of services	**1.130**	**-**	**17.742**	**18.872**
Interest income	(0.689)	(0.001)		**(0.690)**
Dividend income		(0.670)		**(0.670)**
Other income	(0.008)	(0.554)		**(0.562)**
Total income in the (surplus) or deficit on the provision of services	**(0.697)**	**(1.225)**	**-**	**(1.922)**
Net (gain) or loss on revaluation		1.606		**1.606**
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	**-**	**1.606**	**-**	**1.606**
Net (gain) or loss for the year (in total comprehensive income and expenditure)	**0.433**	**0.381**	**17.742**	**18.556**

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

Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2016 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

Service Reporting

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

Accruals of Expenditure and Income

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

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

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

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

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

v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by 31 March 2016 or relate to services associated with the prior financial year.

Business Improvement District

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

Carbon Reduction Commitment Scheme

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

Cash and Cash Equivalents

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

Charges for the Use of Assets

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

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

Contingent Assets and Liabilities

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

Employee Benefits

Benefits payable during employment
All salaries and wages earned up to 31 March 2016 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

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

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

Post employment benefits

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

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

Events after the Balance Sheet date

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

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

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

Prior Period Adjustments

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

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

Financial Instruments

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

Included within long-term debtors are a number of interest free pay advances to employees as part of negotiated changes to pay cycles (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the

instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

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

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:
- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

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

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

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

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

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

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

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

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

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

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

Government Grants and other Contributions

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

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

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

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

Heritage Assets

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

acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the Renfrewshire Council Museums Acquisition and Disposal Policy.

The collections of heritage assets are accounted for as follows:

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

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

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

Intangible Assets

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

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

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

Interests in Companies and Other Entities

The Council has material interests in a charitable company and Joint Boards and Committees that have the nature of subsidiaries and associates under accounting conventions, requiring it to prepare group accounts. In the Council's own single-entity accounts, these interests are not recorded as the Council has no shares in, or ownership of, any of these organisations.

Reflected in the Council's single-entity balance sheet is a 50% share in an Integrated Joint Board and a 50% holding in a limited liability partnership, which is recorded as an investment.

Inventories

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

Investment Property

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

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

Leases

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

<u>The Council as Lessee</u>

Finance Leases
Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The

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

Lease payments are apportioned between:

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

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

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

The Council as Lessor

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

Lease rentals receivable are apportioned between:

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

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

Overheads and Central Support Costs

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

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

PFI Schemes – School Buildings Maintenance and Other Facilities

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

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

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

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Fair Value Measurement

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

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

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

Impairment

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

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

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

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

Disposals

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

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

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

Depreciation

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

Deprecation is calculated on the following bases:

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

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

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

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

Provisions

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

Financial Instruments - Fair Value Measurement

The 2015/16 Code of Practise includes a number of changes to reflect the adoption of IFRS 13 Fair Value Measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

Reserves

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

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

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

Revenue Expenditure Funded from Capital under Statute

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

Trading Operations

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

VAT

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

Accounting Policies - Group

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2015-2016 ("the Code") requires local authorities to consider their interests in all types of entity. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, for example statutory bodies such as valuation boards. Authorities are required to prepare a full set of group accounts in addition to their own council's accounts where they have a material interest in such entities.

Combining entities

Renfrewshire Council's group accounts consolidate the results of the council with the results of the Paisley, Renfrew and Johnstone Common Good Funds; other charitable trusts administered by Renfrewshire Council; and six other entities:

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

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

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

Renfrewshire Valuation Joint Board is included within the group accounts as an *associate* (rather than *subsidiary*) because the council does not have a "controlling interest" in the body in terms of the voting rights.

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

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. Scottish Ministers legally established Renfrewshire's Integration Joint Board on 27 June 2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. The council also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) Limited Liability Partnership. These two entities are included as *joint ventures* in the council's group accounts. Renfrewshire Council's share of each joint venture's net liabilities is calculated based on the council's proportionate ordinary shareholding in each joint venture.

The council has effective control over Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds and other charitable trusts administered by Renfrewshire Council (as sole trustee) and, as such, these are treated as *subsidiaries* in the council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Basis of preparation of group statements and going concern

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

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

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

Consideration for acquisition of associates' net assets or liabilities

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

Group boundary: non-material interests in other entities

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

Post-employment benefits

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

Value added tax

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

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

(i) The Renfrewshire Valuation Joint Board and the Concessionary Travel Scheme Joint Committee have no fixed assets.

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

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

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

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

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