



Renfrewshire Valuation Joint Board

Annual Accounts
2018/19

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Management Commentary

The purpose of the Management Commentary is to present an overview of the Renfrewshire Valuation Joint Board's financial performance during the year 2018/19 and to help readers understand its financial position at 31 March 2019. In addition, it outlines the main risks and uncertainties facing the Renfrewshire Valuation Joint Board (the Board) for the financial year 2018/19 and beyond.

Who we are and what we do

The Board was established by the Valuation Joint Boards (Scotland) Order 1995 and came into existence on 1 April 1996. It provides a range of valuation and electoral registration services to and on behalf of East

Renfrewshire, Inverclyde and Renfrewshire Councils (the constituent authorities), working in partnership with other Valuation Joint Boards, councils and professional bodies across Scotland.

Our primary funding comes in the form of requisitions from the three constituent authorities and these are agreed when the Board sets its budget before the 1 April each year.

The composition of membership of the Board is determined by the above Order and consists of four Councillors representing East Renfrewshire Council, four representing Inverclyde Council and eight Councillors representing Renfrewshire Council.

For the year 2018/19, these members were:

East Renfrewshire Council	Inverclyde Council	Renfrewshire Council	
P O'Kane (Vice-Convener)	G Brooks	A Doig (Convener)	M MacLaren
A Convery	C Jackson	T Begg	J McIntyre
D Devlin	T McVey	J Cameron	J Sharkey
C Gilbert	I Nelson	K MacLaren	A Steel

Our Aims

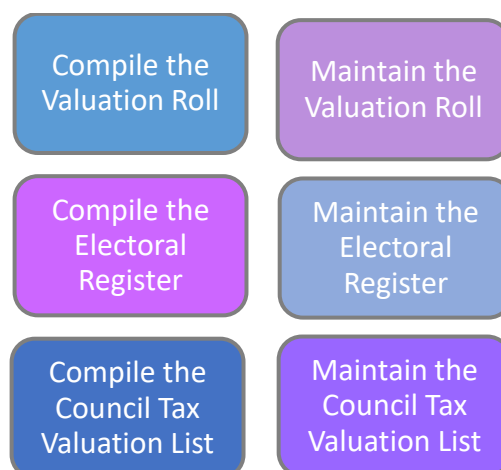
The Board presented an update to its current Strategic Service Plan in May 2019. The plan covers the period April 2018 to April 2021.

A copy of Strategic Service Plan can be found at the following link: <http://www.renfrewshire-vjb.gov.uk>About Us>Policies>Strategic Service Plan>.

The Plan outlines the Board's Mission, as follows:

Building on our established professionalism, we aim to provide high quality, effective and responsive services to all of our stakeholders

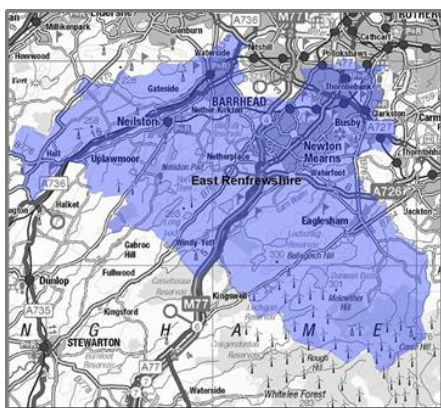
Part 3 of the Board's Strategic Service Plan 2018-21 defines six key business objectives, as follows:



Our Performance

To put into context the Board's work involved in carrying out our statutory duties and obligations, it may be useful to examine each of the councils separately.

East Renfrewshire



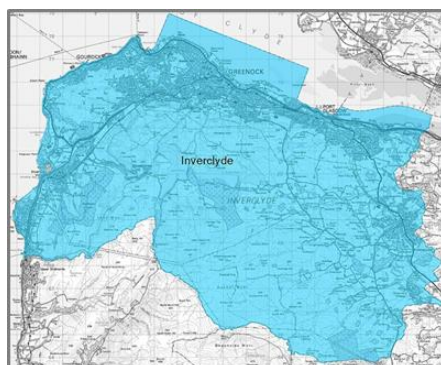
Council Tax	2018/19	2017/18
Properties	39,014	38,828
Proposals / Appeals	86	103
Proposals / Appeals settled	95	153

Revaluation Roll	2018/19	2017/18
Properties	1,824	1,808
Appeals received*	N/A	603
Appeals settled	354	3

Running Roll	2018/19	2017/18
Properties	1,824	1,808
Appeals	47	35
Appeals settled	18	1

	2018	2017
Population*	94,760	94,760
Population over 16	76,892	75,731
Registered Electors	71,202	71,037

Inverclyde



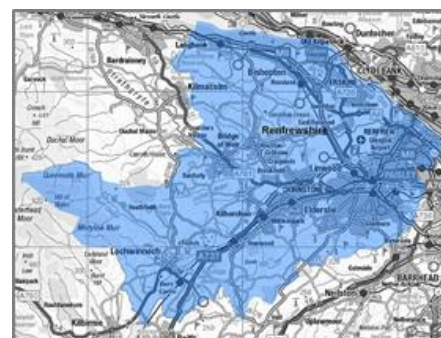
Council Tax	2018/19	2017/18
Properties	38,976	38,914
Proposals / Appeals	60	48
Proposals / Appeals settled	38	51

Revaluation Roll	2018/19	2017/18
Properties	2,411	2,400
Appeals received*	N/A	876
Appeals settled	567	3

Running Roll	2018/19	2017/18
Properties	2,411	2,400
Appeals	61	144
Appeals settled	24	1

	2018	2017
Population*	78,760	78,760
Population over 16	66,801	66,059
Registered Electors	59,771	59,875

Renfrewshire



Council Tax	2018/19	2017/18
Properties	87,649	86,862
Proposals / Appeals	177	223
Proposals / Appeals settled	106	197

Revaluation Roll	2018/19	2017/18
Properties	9,920	9,834
Appeals received*	N/A	2,353
Appeals settled	1,356	41

Running Roll	2018/19	2017/18
Properties	9,920	9,834
Appeals	198	160
Appeals settled	65	6

	2018	2017
Population*	176,830	176,830
Population over 16	148,605	146,791
Registered Electors	133,105	131,467

* Population numbers Renfrewshire are taken from the 2017 Census and there were no appeals received in 2018/19 because the time period for lodging appeals expired during 2017/18.

For a full analysis of the Board’s performance please see the Annual Public Performance Report, which the Assessor & Electoral Registration Officer (ERO) presented to the Board on 31 May 2019. This can be found at www.renfrewshire-vjb.gov.uk/About Us/How we are doing.

Performance information is also reported at every meeting of the Board.

Review of the Year

During 2018/19, the Assessor & ERO continued the service review that had commenced in late 2017. The five key objectives of this review were that it should:

- Contribute to delivering potential savings target in the operational models and delivery;
- Deliver a fit for purpose and future proofed organisational structure;
- Ensure maximised benefits from implementation of a Document Management System (DMS) and an Electoral Management System (EMS);
- Reduce the administrative burden on the Board by redefining processes, making efficiency savings and increasing capacity to deliver services; and
- Source a replacement for Progress, the current core IT system.

Further detail on the Board’s progress in delivering savings can be found below, in the section ‘Outlook and Future Plans’.

The organisation’s staff complement has reduced in 2018/19 from 42 to 40 employees, with the possibility of further changes over the next year. There were also a number of long-term absences in the year.

Following the service review, the Assessor & ERO introduced a new structure and organisation of work that coincided with the move to vacate the first-floor offices. This new organisational structure is still in its early stages and its effectiveness will be monitored over the coming months.

It should be noted that the Board delivered the Rateable values and Council Tax Bands to the three constituent authorities to allow them to collect the revenues shown below (excluding water and sewerage charges):

Council Tax Revenue	2018/19	2017/18
East Renfrewshire	£49,717,751	£47,806,797
Inverclyde	£29,607,091	£28,617,209
Renfrewshire*	£73,678,565	£70,535,470

Non-Domestic Revenue	2018/19	2017/18
East Renfrewshire	£14,666,019	£14,777,133
Inverclyde	£20,132,358	£19,560,123
Renfrewshire*	£126,798,263	£122,776,025

*Renfrewshire Council collects revenue for Fixed Line Telecoms for the whole of Scotland.

The new EMS has been purchased and is currently being implemented in a parallel running programme with the existing system until any initial issues have been resolved. This programme has been slowed due to the calling of European Elections; full migration to the new system will restart after the election.

The DMS system was introduced in 2017/18 and part of the impact of this was the facility to scan around 165,000 Council Tax files which, in turn, allowed the organisation to vacate the upper floor of the Robertson Centre. The move from the upper floor took place over October/November 2018 and coincided with the introduction of the new organisational structure. The DMS has also allowed more efficient handling of all mail received by the Assessor & ERO, which can be significant at certain periods. The system has not yet reached its full potential and there is an internal working group tasked with designing more workstreams arising from this system to deliver efficiencies in the service.

A number of policies were refreshed during 2018/19 and are now in effect, including the Scheme of Delegation, the Financial Regulations, Flexible Working and Flexible Retirement policies.

A replacement system for Progress is still being investigated. Progress is the core database that holds all of the Board's work, including all property valuation details. Two other Assessors are involved in this process, in an attempt to reduce both cost and risk by seeking to share a solution between three similar organisations, rather than developing a system in isolation.

Primary Financial Statements

The Annual Accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Under Section 106 of the Local Government (Scotland) Act 1973, joint boards are classed as local authorities.

The Annual Accounts summarise the Board's transactions for the year and its year-end position at 31 March 2019. The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the Balance Sheet.

These statements are accompanied by Notes to the Accounts, which provide more details on the figures shown in the statements and set out the Accounting Policies adopted by the Board.

In a change to the presentation of this year's financial statements, there is no longer a Cashflow Statement. This is because the Board does not have a bank account. Apart from petty cash, all transactions are accounted for through Renfrewshire Council as the administering authority.

The cash balance at 31 March 2019 of £100 in the Balance Sheet represents petty cash held by officers of the Board.

Financial Performance

The Comprehensive Income and Expenditure Statement on page 15 summarises the total costs of providing services and the income available to fund those services.

A summary of the outturn position against the agreed budget is shown below. The Board has returned a deficit of £56,662 for the financial year 2018/19, compared to a budgeted deficit of £66,700, resulting in an underspend of £10,038. The deficit excludes accounting adjustments relating to pensions and employee absences.

The difference between the employee costs figure below and the figure reported in the CIES is due to accounting adjustments for pension costs (£468,000) and accrued employee benefits (£1,488).

The difference between other income in the figure below and the figure reported in the CIES is due to accounting adjustments for interest costs (£53,000) and other interest (£1,000).

Employee Costs were underspent against budget in 2018/19 due to the careful management of vacancies during the year.

In addition, a significant reduction in property costs arose following an arrangement that started on 1 October 2018, whereby Renfrewshire Leisure Limited took occupancy of a floor within the Robertson Centre, the Board's headquarters. The full benefit of the reduction in property costs will impact on the 2019/20 budget.

These underspends are offset by increased Administration Costs, including postage, printing and stationery.

There was also an over-recovery in income, including £12k more Individual Electoral Registration (IER) funding than anticipated.

	Budget £	Actual £	Variance £
Employee Costs	1,762,200	1,727,329	34,871
Property Costs	237,900	191,247	46,653
Supplies and Services	91,900	92,941	(1,041)
Contractors and Others	25,000	10,109	14,891
Administration Costs	259,300	339,494	(80,194)
Payments to Other Bodies	19,700	7,618	12,082
Total Expenditure	2,396,000	2,368,738	27,262
Requisition Income - revenue	(2,222,700)	(2,185,086)	(37,614)
Other Income	(106,600)	(126,990)	20,390
Total Income	(2,329,300)	(2,312,076)	(17,224)
Capital expenditure	0	37,614	(37,614)
Requisition Income - capital	0	(37,614)	37,614
(Surplus)/Deficit for Year	66,700	56,662	10,038

The Balance Sheet at 31 March 2019

The Balance Sheet sets out the total net worth of the Board at a snapshot in time. When comparing the net worth of the Board at 31 March 2019 to that of the prior year, an overall decrease in net worth of the organisation of £1.445m can be seen. This is primarily due to the increase in pension liability explained later.

In previous Annual Accounts, it was reported that the Board did not have the legal powers necessary to hold assets and as such the organisation had no capital spend. While this is still technically correct (assets are purchased primarily through Renfrewshire Council, who retain title to them), it does not fully reflect the substance of the arrangement, in that the Board have full use of the assets and effectively enjoy the benefits and assume the risks of holding them.

Non-current assets held by the Board are IT equipment and software. Two new Notes to the Accounts have been introduced to explain the financial impact of this. They are Note 9: Property, Plant and Equipment and Note 10: Intangible Assets on page 27.

Consequently, the Balance Sheet has been restated to reflect the impact of this change in accounting

treatment, showing the opening position at 1 April 2017 by including a third comparative year. Further detail on the restatement can be found in Note 2: Prior Year Restatement on page 23.

It has also been reported in recent years that the Board had “no specific powers to retain reserves to meet future funding requirements” and therefore any accumulated surpluses were transferred to Creditors in the Balance Sheet each year. However, in keeping with the substance of actual practice and in line with other Joint Boards across Scotland, the Board now reports accumulated CIES surpluses as a Usable Reserve and the Balance Sheet has therefore been restated to report this way. It should be noted that this reserve is still ultimately due to constituent authorities, should it be distributed at any point in the future.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 16: Retirement Benefits on page 28. The appointed actuaries have confirmed a net liability position of £3.083m (£1.676m 2017/18), an increase in liabilities of £1.407m in their assessment of the position of the pension fund. This can be attributed to a reduction in corporate bond yields at 31 March 2019 than the previous year, which increases the value of obligations.

It also reflects an estimate of additional costs following a Court of Appeal ruling (McCloud/Sargeant) that transitional protections on implementation of the new pension benefit structure in 2015 for members close to retirement age were unlawful on the grounds of age discrimination. For the Board, this amounts to an additional £0.251m of pension liability.

This is partially offset by investment returns being greater than the 31 March 2018 rate. The net deficit position of the pension reserve impacts the Board as a whole, however the funding of these future liabilities will be met from future requisitions from members and as such the going concern assumption is valid.

The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Fund and the contributions from employees and employers together with planned increases in employers' contributions provide sufficient security and income to meet future pension liabilities.

A further potential change to pension rules is outlined in Note 17: Contingent Liabilities on page 31; however this has not been reflected in the pension liability reported in the Balance Sheet.

Data Protection

The General Data Protection Regulations (GDPR) came into effect in May 2018. This resulted in the Board appointing a Data Protection Officer (DPO) and providing staff training on the new legislation and its impact on daily business.

The Board also updated its Privacy Notice and the management team keep such matters as sharing of information and personal data under review, to ensure compliance with the new regulations. Refresher training will be provided to all staff on a regular basis.

Wider Engagement

During 2018/19, the Assessor & ERO contributed to consultations via the Scottish Assessors Association

(SAA) on a variety of proposed new legislation, examples of which are:

- The Non- Domestic Rates (Scotland) Bill;
- Relief for new Fibre for Fixed Line Telecoms (New Bill laid in Scottish Parliament effective 1 April 2019);
- Prisoner Voting / the Electoral Franchise Bill.

The Assessor & ERO also attends Westminster and Scottish Government groups looking at the accessibility of registration and elections. As a member of the Electoral Management Board for Scotland representing the SAA, this ensures all planned legislative changes are discussed and best practices agreed. Consequently, the Board is well placed to access information about planned changes to service delivery.

Risks

The maintenance of a Corporate Risk Register ensures that the Board's functions operate effectively under all assessable and identifiable risks. This was most recently reported to the Board by the Assessor & ERO on 17 August 2018 and is reviewed and updated every six months and reported to the Board annually.

The Corporate Risk Register assesses the likelihood and impact of identifiable risks and provides actions to mitigate or minimise them. The Board's risks have been evaluated using a risk matrix, which involves multiplying the likelihood of occurrence of a risk by its potential impact. This produces an evaluation of risk as either 'low', 'moderate', 'high' or 'very high'. Both High and Very High risks are viewed as significant.

A total of 11 corporate risks are identified on the Corporate Risk Register. Of these, 7 are identified as High, or Very High risks and are summarised in the table that follows.

It should be noted that the Assessor & ERO and management team have fully assessed these risks and have identified control measures in order to address them going forward.

Full details on the risks identified, along with steps being taken to mitigate these, is presented in the Corporate Risk Register Report of 17 August 2018, which can be found by following Board report link shown at the end of this report. An update will be provided to the Board on 16 August 2019.

Risk	Likelihood	Impact	Score	Evaluation
The risk that the Board fails to meet its financial commitments due to budgetary pressures as a result of increased financial pressures on the Board from their constituent authorities and the Scottish Government	4	5	20	Very High
The risk that legislative changes associated with national or European law could potentially create unexpected budgetary pressures	4	5	20	Very High
The risk that Board does not have sufficient capacity to deal with changes / development in IT, including changing demands, which could impact on service delivery	4	4	16	High
The risk that the Board is not sufficiently prepared for any election called outwith the normal electoral timetable, affecting its ability to deliver the election in a shorter timeframe	4	4	16	High
The risk of loss of data sets, which would result in loss of service to all stakeholders e.g. through hacking	4	4	16	High
The risk of loss of information; the Board has invested in a Document Management System but a significant amount of information is still held in paper format	3	4	12	High
The risk that, given existing staff demographics, a number of key personnel could retire over the next 5 years, affecting the Board's ability to deliver services	3	4	12	High

Outlook and Future Plans

Budgeted expenditure for 2019/20 of £2.300m was agreed by the Board on 18 January 2019. The Board recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. However, a 3.5% increase in requisition levels for 2019/20 was deemed appropriate due primarily to the impact of agreed pay inflation. The Board will continue to pursue further efficiencies and cost reductions to mitigate future requisition increases.

During 2019/20, the Board will continue to investigate an appropriate new core IT system. It has been agreed that the three constituent authorities will meet the cost of this. The procurement process for

the system has not yet started, however the system is expected to be fully operational by 2020/21.

The Scottish Government has set aside funding for Valuation Boards to address resource demands following the implementation of recommendations from the Barclay Review. The three constituent authorities have been awarded £200,000 in 2019/20, which will be passed on in full to the Board.

One of the main changes of this review is that Non-Domestic rates revaluations will be conducted every three years, rather than the current five-year cycle, which contracts the time available to prepare, value and discuss appeals. The effect of this change is that over a 15-year period, the associated workload will have increased by 60%.

The Assessor & ERO and management team are looking at ways to ensure this new timeline is deliverable by investing in IT and staff and reviewing job descriptions and duties.

The Assessor & ERO intends to include a customer satisfaction survey on the Board's website during 2019/20. Results from this will start to be reported annually to the Board including any lessons learned or changes to practices following suggestions or complaints.

Conclusion

We would like to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support. Board reports and minutes, including Performance and risk reporting, can be accessed via Renfrewshire Council's website under [Your Council>Agendas and Minutes>Joint Arrangements>Renfrewshire Valuation Joint Board](#).



pp **Councillor Audrey Doig**
Convenor
16 August 2019



Alan Russell CPFA
Treasurer
16 August 2019



Kate Crawford
Assessor and Electoral Registration Officer
16 August 2019

Statement of Responsibilities for the Annual Accounts

The Board's Responsibilities

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for Renfrewshire Valuation Joint Board;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure 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 the Board at its meeting on the 16 August 2019.

Signed on behalf of Renfrewshire Valuation Joint Board.



pp **Councillor Audrey Doig**
Convenor
16 August 2019

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Board's Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

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

The Treasurer has also:

- kept proper accounting records which were up to date;
- 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 Board at the reporting date and the transactions of the Board for the year ended 31 March 2019.



Alan Russell CPFA
Treasurer
16 August 2019

Annual Governance Statement

Scope of Responsibility

Renfrewshire Valuation Joint Board 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 Board 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 Joint Board's elected members and senior officers 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 Board's Governance Framework

The governance framework comprises the systems and processes and culture and values, by which the Board is directed and controlled. It also describes the way it engages with and accounts to its stakeholders.

The Board has put in place a system of internal control 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 Joint Board'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 main features of our governance arrangements are summarised as:

- Clearly defined Standing Orders, Scheme of Delegation, Financial Regulations and Tender Procedures;
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives;
- Regular public performance reporting;
- Business continuity planning arrangements are in place and regularly reviewed;
- Policies to regulate employee related matters, including the employee code of conduct and disciplinary procedures;
- Arrangements to manage risk, including the Risk Management Strategy, Corporate Risk Register and business continuity plans;
- Clear customer complaints procedures;
- Comprehensive policies and procedures for physical and information security;
- An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines;
- A register of interest is in place and updated on an annual basis;
- Internal governance review arrangements, including a programme of policy and procedure reviews and a governance working group responsible for all governance related matters including, but not limited to, freedom of information, data protection, risk management, business continuity and monitoring of audit actions.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected.

The system is based on a framework of management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

The system includes:

- 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;
- The Chief Finance Officer is the Treasurer who complies with the CIPFA Statement on the Role of The CFO in Public Services.

With Renfrewshire Council being the lead authority, all financial transactions of the Joint Board are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of Renfrewshire Council. This includes regular reviews by the Chief Auditor of Renfrewshire Council.

Review of Effectiveness

Members and officers of the Board are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The effectiveness of the governance framework is reviewed annually by the Assessor & ERO, including the use of a self-assessment tool involving completion of a 30-point checklist covering four key areas of governance.

These are:

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

This self-assessment indicated that the governance framework is being complied with in all material respects.

A revised Scheme of Delegation and Financial Regulations were approved by Board in June 2018.

The Board's internal audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process.

The Chief Auditor provides an annual report to the Board and an independent opinion on the adequacy and effectiveness of the system of internal control.

The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Board's internal control systems.

The review has not identified any significant governance issues to be reported on for 2018/19 and no actions arising for the 2017/18 governance statement that require to be reported on.

Assurance

In conclusion, it is our opinion that the annual review of governance, together with the work of internal audit, any comments received from external audit and certification of assurance from the Assessor & ERO, provide sufficient evidence that the principles of good governance operated effectively and the Joint Board complies with its governance arrangements in all material respects.

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Annual Accounts 2018/19

Systems are in place to continually review and improve the governance and internal control environment.

Future actions will be taken as necessary to maintain and further enhance the Board's governance arrangements.



pp **Councillor Audrey Doig**

Convenor

16 August 2019



Kate Crawford

Assessor and Electoral Registration Officer

16 August 2019

Remuneration Report

All information disclosed in the tables in this Remuneration Report will be audited by the Board'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.

Remuneration policy for elected members

As noted by the Board on 17 May 2013, since 1 April 2013 the Board has made no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members.

Furthermore, no recharges have been made by member authorities in relation to elected member remuneration.

Remuneration policy for senior employees

The Remuneration Policy of the Board is set in 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 SJNC advised that it would be a matter for each Council to examine the position of other chief officials. It was agreed at the Board of 24 January 1997 that the salary of the posts of Assessor & ERO and the depute be set at a percentage of the Chief Executive of Renfrewshire Council, which is currently 67% and 50% respectively.

Following a review of Chief Executives' salaries in 2001, it was agreed that this arrangement should continue. These arrangements were agreed through approval of the salaries of the Assessor & ERO and Depute Assessor & ERO report at a meeting of the Board on 22 November 2002.

2017/18 Total Remuneration £	Post Held	Name	2018/19 Total Remuneration £
80,404	Assessor & Electoral Registration Officer	Kate Crawford	96,022
10,663	Depute Assessor & Electoral Registration Officer		0

Notes

- Kate Crawford held the post of Depute Assessor & ERO until 25 May 2017 and was appointed as Assessor & ERO with effect from 26 May 2017 and the post of Depute Assessor & ERO was deleted.

Pension rights

Pension benefits for Joint Board employees are provided through the Local Government Pension Scheme (LGPS).

From 1 April 2015, benefits 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 for 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.

Member Contribution Rates	2018/19	2017/18
5.5%	Up to £21,300	Up to £20,500
7.25%	£21,300 to £26,100	£20,501 to £25,000
8.5%	£26,100 to £35,700	£25,001 to £34,400
9.5%	£35,700 to £47,600	£34,401 to £45,800
12%	Over £47,601	Over £45,801

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

The accrual rate guarantees a pension based on 1/49th of the 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 current Assessor & ERO is not a pension scheme member.

No pension contributions are made by the Board in relation to the Convener or Vice Convener

Exit Packages

There were no exit packages committed by the Board in either 2018/19 or 2017/18.

Remuneration of Employees

The following table shows the number of employees who received remuneration, excluding pension contributions, in excess of £50,000 during 2018/19, in bands of £5,000.

Bands with nil employees in both years are not displayed.

2017/18 Number of employees	Remuneration Band	2018/19 Number of employees
1	£50,000 - £54,999	0
0	£55,000 - 59,999	1
1	£90,000 - £94,999	0
0	£95,000 - £99,999	1
2	Total	2



pp **Councillor Audrey Doig**
Convener
16 August 2019



Kate Crawford
Assessor and Electoral Registration Officer
16 August 2019

Independent Auditor's Report to the members of Renfrewshire Valuation Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Renfrewshire Valuation Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the body as at 31 March 2019 and of its income and expenditure 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 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is five years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

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

Responsibilities of the Treasurer and the Joint Board for the financial statements

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

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

The Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which I am required to report by exception

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

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

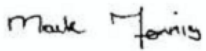
I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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



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

20 August 2019

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

This statement shows the accounting cost of providing services and managing the Board during the year. It includes, on an accruals basis, all of the Board'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 local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

2017/18 (restated) Net Expenditure £	Note	2018/19		
		Gross Expenditure £	Gross Income £	Net Expenditure £
1,997,216	Employee Costs	2,196,817	0	2,196,817
236,214	Property Costs	191,247	0	191,247
49,289	Supplies and Services	92,941	0	92,941
14,272	Contractors and Others	10,109	0	10,109
336,002	Administration Costs	339,494	0	339,494
8,838	Payments to Other Bodies	7,618	0	7,618
8,144	Capital Charges	17,918	0	17,918
(188,330)	Other Income	0	(125,990)	(125,990)
2,461,645	Cost of Services	2,856,144	(125,990)	2,730,154
	Financing and Investment Income and Expenditure			
(1,118)	Interest receivable	0	(1,000)	(1,000)
127,000	Pension interest cost	53,000	0	53,000
	Taxation and Non-Specific Grant Income			
(2,110,144)	Requisitions from Member Authorities	0	(2,185,086)	(2,185,086)
(47,856)	Capital Grants and contributions	0	(37,614)	(37,614)
429,527	Deficit on the provision of services	2,909,144	(2,349,690)	559,454
(3,421,000)	Actuarial (Gains) or losses on pension assets and liabilities			886,000
(3,421,000)	Other Comprehensive Income & Expenditure			886,000
(2,991,473)	Total Comprehensive Income & Expenditure			1,445,454

Movement in Reserves Statement for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The Total Comprehensive Income and Expenditure line shows the cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Movement in reserves in 2018/19	Note	Usable Revenue Reserve £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2018 brought forward		(186,997)	1,657,160	1,470,163
Total comprehensive income and expenditure		559,454	886,000	1,445,454
Adjustments between accounting basis and funding basis under regulations	7	(502,792)	502,792	0
Increase or (decrease) in 2018/19		56,662	1,388,792	1,445,454
Balance at 31 March 2019 carried forward		(130,335)	3,045,952	2,915,617

Comparative movements in 2017/18 (restated)	Note	Usable Revenue Reserve £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2017 brought forward		(312,047)	4,773,683	4,461,636
Total comprehensive income and expenditure		429,527	(3,421,000)	(2,991,473)
Adjustments between accounting basis and funding basis under regulations	7	(304,477)	304,477	0
Increase or (decrease) in 2018/19		125,050	(3,116,523)	(2,991,473)
Balance at 31 March 2018 carried forward		(186,997)	1,657,160	1,470,163

Balance Sheet as at 31 March 2019

The Balance Sheet shows the value as at 31 March 2019 of the assets and liabilities recognised by the Board. The net liabilities of the Board (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Board is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

2016/17 (restated) £	2017/18 (restated) £		Note	2018/19 £
21,652	31,164	Plant and Equipment	9	28,450
0	30,200	Intangible Assets	10	52,610
21,652	61,364	Long-term Assets		81,060
453,043	362,405	Funds held by Renfrewshire Council	12	337,874
34,375	33,824	Debtors and Prepayments	12	43,757
100	100	Cash in Hand		100
487,518	396,329	Current Assets		381,731
(215,806)	(251,856)	Creditors and Accruals	13	(295,408)
(215,806)	(251,856)	Current Liabilities		(295,408)
(4,755,000)	(1,676,000)	Pension Liability	16c	(3,083,000)
(4,755,000)	(1,676,000)	Long Term Liabilities		(3,083,000)
(4,461,636)	(1,470,163)	Net Liabilities		(2,915,617)
(312,047)	(186,997)	Usable Reserves		(130,335)
4,773,683	1,657,160	Unusable Reserves	6	3,045,952
4,461,636	1,470,163	Total Reserves		2,915,617

The unaudited accounts were issued on 31 May 2019 and the audited accounts were authorised for issue on 16 August 2019.



Alan Russell CPFA
Treasurer
16 August 2019

Note 1: Expenditure and Funding Analysis for the year ended 31 March 2019

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Board's financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure statement.

2018/19	Net Expenditure chargeable to the Board £	Adjustments for pensions £	Adjustments for capital £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	1,727,329	468,000		1,488	2,196,817
Property Costs	191,247				191,247
Supplies and Services	92,941				92,941
Contractors and Others	10,109				10,109
Administration Costs	339,494				339,494
Payments to Other Bodies	7,618				7,618
Capital Charges	0		17,918		17,918
Other Income	(126,990)			1,000	(125,990)
Cost of Services	2,241,748	468,000	17,918	2,488	2,730,154
Other income and expenditure	(2,185,086)	53,000	(37,614)	(1,000)	(2,170,700)
(Surplus) or deficit on the provision of services	56,662	521,000	(19,696)	1,488	559,454

2017/18 (restated)	Net Expenditure chargeable to the Board £	Adjustments for pensions £	Adjustments for capital £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	1,780,027	215,000		2,189	1,997,216
Property Costs	236,214				236,214
Supplies and Services	49,289				49,289
Contractors and Others	14,272				14,272
Administration Costs	336,002				336,002
Payments to Other Bodies	8,838				8,838
Capital Charges	0		8,144		8,144
Other Income	(189,448)			1,118	(188,330)
Cost of Services	2,235,194	215,000	8,144	3,307	2,461,645
Other income and expenditure	(2,110,144)	127,000	(47,856)	(1,118)	(2,032,118)
(Surplus) or deficit on the provision of services	125,050	342,000	(39,712)	2,189	429,527

Note 2: Prior Year Restatement

For 2018/19, the Board has introduced new accounting policies on Plant and Equipment, Intangible Assets and Reserves. The Board has introduced these policies because it believes that they better represent the substance of transactions, the operation of assets and use of resources.

The Code requires that the Board presents a third Balance Sheet, at the beginning of the preceding financial year when the Board makes a retrospective restatement. The additional Balance Sheet is presented on page 17, which shows opening balances at 1 April 2017.

The following table shows the relevant extracted lines from the CIES that have been affected by the restatement. The CIES with appropriate restatement for 2017/18 can be found on page 15.

Effect on CIES 2017/18

	Originally Stated 2017/18 Net Expenditure £	Restated 2017/18 Net Expenditure £	Amount of Restatement £
Supplies and Services	97,145	49,289	(47,856)
Capital Charges	0	8,144	8,144
Requisitions from Member Authorities	(2,158,000)	(2,110,144)	47,856
Capital Grants and contributions	0	(47,856)	(47,856)
Cost of Services	(2,060,855)	(2,100,567)	(39,712)
Deficit on Provision of Services	469,239	429,527	(39,712)

Effect on Movement in Reserves Statement at 31 March 2018

The following restatement was also required for the Movement in Reserves Statement. The restated prior period Movement in Reserves Statement is provided with the current year information on page 16.

Usable Revenue Reserve	Originally Stated at 31 March 2017 £	Restated as at 31 March 2017 £	Amount of Restatement £
Balance at 1 April 2017	0	312,047	312,047
Total comprehensive income and expenditure	(469,239)	(429,527)	39,712
Adjustments between accounting basis and funding basis under regulations	344,189	344,189	0
Charges for depreciation of non-current assets	0	8,144	8,144
Capital grants and contributions applied	0	(47,856)	(47,856)
Transfer from Creditors	312,047	0	(312,047)
Transfer to Creditors	(186,997)	0	186,997
Balance at 1 April 2018	0	186,997	186,997

Unusable Reserves	Originally Stated at 31 March 2017 £	Restated as at 31 March 2017 £	Amount of Restatement £
Balance at 1 April 2017	(4,795,335)	(4,773,683)	21,652
Total comprehensive income and expenditure	3,146,000	3,421,000	275,000
Adjustments between accounting basis and funding	(344,189)	(344,189)	0
Charges for depreciation of non-current assets	0	(8,144)	(8,144)
Capital grants and contributions applied	0	47,856	47,856
Balance at 1 April 2018	(1,993,524)	(1,657,160)	336,364

Note 3: Accounting Standards Issued not Adopted

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

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

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

Note 4: Assumptions made about the future

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board 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 Balance Sheet at 31 March 2019 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
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. Actuaries are engaged to provide the Board with expert advice about the assumptions to be applied.	The effects on the net pensions 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 £1.919m, equating to a 10% increase.

Note 5: Events after the Balance Sheet date

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

There are no non-adjusting events.

Note 6: Unusable Reserves

Pension Reserve

2017/18 £	Pension Reserve	2018/19 £
4,755,000	Opening balance	1,676,000
(3,421,000)	Actuarial Gains and Losses (see note 16)	886,000
342,000	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	521,000
1,676,000	Closing balance	3,083,000

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. The Board 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 Board 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 Board's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

Employee Statutory Adjustment Account

2017/18 £	Employee Statutory Adjustment Account	2018/19 £
40,335	Opening balance	42,524
(40,335)	Reversal of prior year accrual for short-term accumulating compensated absences	(42,524)
42,524	Accrual for short-term accumulating compensating absences as at 31 March	44,012
42,524	Closing balance	44,012

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for short-term accumulating

compensated absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including

accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate. This means that where employees' full holiday entitlement, time in lieu or credit flexi-time balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated

and recorded as an accrued expense. However, statutory arrangements require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from the Employee Statutory Adjustment Account.

Capital Adjustment Account

2017/18 £	Capital Adjustment Account	2018/19 £
(21,652)	Opening balance	(61,364)
8,144	Charges for depreciation of non-current assets	17,918
(47,856)	Capital grants credited to the CIES that have been applied to capital financing	(37,614)
(61,364)	Closing balance	(81,060)

The Capital Adjustment Account absorbs 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 under statutory

provisions. It is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES and credited with the amounts set aside as finance for these costs.

Note 7: Adjustments between Accounting Basis and Funding Basis under Regulations

The deficit for the year on the Revenue Reserves was £250,564 less than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Board's Comprehensive Income and Expenditure Statement in

accordance with the Code and the amounts that statute and non-statutory proper practice require the Board to debit and credit the Revenue Reserve Balance.

2017/18 £		2018/19 £
	Adjustments primarily involving the Capital Adjustment Account:	
(8,144)	Charges for depreciation of non-current assets	(17,918)
47,856	Capital grants and contributions applied	37,614
	Adjustments primarily involving the Pension Reserve:	
(572,000)	Net charges made for retirement benefits in accordance with IAS19	(754,000)
230,000	Employers contributions payable to the Strathclyde Pension Fund	233,000
	Adjustments primarily involving the Employee Statutory Adjustment Account:	
(2,189)	Net charges for employment short-term accumulating absences	(1,488)
(304,477)	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	(502,792)

Note 8: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it.

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the Board that has yet to be financed.

2017/18 £		2018/19 £
0	Opening CFR	0
	Capital investment	
17,656	Plant and Equipment	9,164
30,200	Intangible Assets	28,450
	Sources of finance	
(47,856)	Capital grants and other	(37,614)
0	Closing CFR	0

Note 9: Property, Plant and Equipment

2017/18 (restated) £	Plant and Equipment	2018/19 £
	Cost or Valuation	
102,206	Opening balance at 1 April	119,862
17,656	Additions	9,164
119,862	Gross Book Value at 31 March	129,026
	Depreciation and Impairment	
(80,554)	Accumulated depreciation at 1 April	(88,698)
(8,144)	Depreciation charge for year	(11,878)
(88,698)	Accumulated depreciation at 31 March	(100,576)

21,652	Opening Net Book Value	31,164
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31,164	Closing Net Book Value	28,450
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Note 10: Intangible Assets

2017/18 £	Software	2018/19 £
0	Opening balance	0
0	Gross carrying amounts	30,200
0	Accumulated amortisation	0
0	Net carrying amount at 1 April	30,200
30,200	Additions	28,450
0	Amortisation for the year	(6,040)
30,200	Net carrying amount at 31 March	52,610
	Comprising:	
30,200	Gross carrying amounts	58,650
0	Accumulated amortisation	(6,040)
30,200		52,610

Note 11: Operating Leases

The Board has acquired office accommodation at the Robertson Centre in Paisley by entering into an operating lease which ends in 2024. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £43,625 (2017/18 £55,000).

2017/18 £		2018/19 £
	Future Minimum Lease Payments	
55,000	- not later than one year	32,250
220,000	- later than one year and not later than five years	129,000
55,000	- later than five years	0
330,000	Total	161,250

Note 12: Debtors

2017/18 £		2018/19 £
362,405	Funds held by Renfrewshire Council	337,874
33,824	Prepayments	31,659
0	Other receivable amounts	12,098
396,229	Total short-term debtors	381,631

The presentation of 2017/18 figures has been restated to conform to the Code 2018/19.

Note 13: Creditors

2017/18 £		2018/19 £
0	Trade payables	0
(251,856)	Other payables	(295,408)
(251,856)	Total short-term creditors	(295,408)

The presentation of 2017/18 figures has been restated to conform to the Code 2018/19.

Note 14: Related parties

The Board's related parties are those bodies or individuals that have the potential to control or significantly influence the Board, or to be controlled or significantly influenced by the Board. The Board 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 Board 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 Board.

The member authorities of the Board have contributed requisitions in the following proportions to enable the Board to carry out its objectives. As approved by the Board in February 2000, the relative allocation of the requisition across constituent authorities is adjusted each year in line with relative proportions of Grant Aided Expenditure as issued by the Scottish Government.

2017/18 £	Council	%	2018/19 £
444,600	East Renfrewshire	20.6%	457,900
502,800	Inverclyde	23.1%	513,400
1,210,600	Renfrewshire	56.3%	1,251,400
2,158,000	Total*	100.0%	2,222,700

* Part of the total in each year has been treated as a capital grant to cover expenditure classified as capital.

The Board in turn pays Renfrewshire Council for support services. The amount paid in respect of these services for the year ended 31 March 2019 was £86,679 (2017/18 £86,679).

Note 15: External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's Code of Audit Practice in 2018/19 were £7,280 (£6,970 in 2017/18). There were no fees paid to Audit Scotland in respect of any other services.

Note 16: Retirement Benefits

As part of the terms and conditions of employment of its employees, the Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The scheme for employees is the Strathclyde Pension Fund which is administered by Glasgow City Council. This is a "funded" defined benefit scheme meaning that the Board and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

16a: Transactions relating to retirement benefits

The cost of retirement benefits is recognised in Gross Expenditure when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Board in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions.

The following transactions have been made in the accounting statements in 2018/19:

2017/18 £		2018/19 £
	Comprehensive Income and Expenditure Statement (CIES)	
445,000	Current service cost	455,000
0	Past service cost/(gain)	246,000
	Financing & Investment Income & Expenditure	
127,000	Net Interest	53,000
572,000	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	754,000
	Other post employment benefit charged to the CIES	
(1,539,000)	Return on assets excluding amounts included in net interest	(501,000)
(857,000)	Actuarial (gains) and losses arising on changes in financial/demographic assumptions	1,387,000
(1,025,000)	Other (gains) and losses	0
(2,849,000)	Total post employment benefit charged to the CIES	1,640,000
	Movement in Reserves Statement	
(3,079,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	1,407,000
230,000	Employers Contributions paid to Strathclyde Pension Fund	233,000

Current service cost is the cost of future entitlements to pension payments to current employees.

Past service cost is the estimated increase in liabilities arising from current year decisions that relates to years of service earned prior to this year. For 2018/19 this includes an estimate for the impact of potential removal of transitional arrangements (McCloud judgement) amounting to £0.246m.

Curtailments are the pension costs to employees retired under redundancy terms.

Net Interest is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of the Strathclyde Pension Fund's

liabilities because they are one year closer to settlement.

The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Board to the Strathclyde Pension Fund during the year (£1.407m).

The Board is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2018/19 these amounted to £6,906 (2017/18 £4,481).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £0.886m are included in the Movement in Reserves Statement (2017/18 £3.421m gain).

16b: Assets and liabilities in relation to retirement benefits

A reconciliation of the Board's share of the present value of the Strathclyde Pension Fund's liabilities is as follows:

2017/18 £000		2018/19 £000
18,456	Opening present value	17,220
445	Current service cost	455
0	Past service cost	246
482	Interest Cost	469
76	Employee Contributions	72
	Remeasurement (gains)/losses:	
(1,882)	Actuarial (gains)/losses arising from changes in financial/demographic assumptions	1,387
(2)	Unfunded benefits paid	(2)
(355)	Benefits Paid	(526)
17,220	Closing present value of scheme liabilities	19,321

A reconciliation of the Board's share of the fair value of the Strathclyde Pension Fund's assets is as follows:

2017/18 £000		2018/19 £000
13,701	Opening Fair Value	15,544
355	Interest Income	416
	Remeasurement gain/(loss):	
1,539	Return on assets excluding amounts included in net interest	501
228	Contributions from employer	231
76	Contributions from employee	72
2	Contributions in respect of unfunded benefits	2
(2)	Unfunded benefits paid	(2)
(355)	Benefits Paid	(526)
15,544	Closing fair value of scheme assets	16,238

16c: Fund history

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Present Value of Liabilities	(14,799)	(13,879)	(18,456)	(17,220)	(19,321)
Fair value of assets	10,833	11,093	13,701	15,544	16,238
Surplus/(deficit) in the scheme	(3,966)	(2,786)	(4,755)	(1,676)	(3,083)

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

The total liability of £3.083m has a substantial impact on the net worth of the Board as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Board 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 actuary. The total contributions expected to be made by the Joint Committee to the Strathclyde Pension Fund in the forthcoming year to 31 March 2020 is £0.231m.

16d: Impact on cashflows

An objective of the fund is to keep employer's 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. The rate for employer contributions was set at 19.3% for 2017/18 and 20.2% for 2018/19.

16e: Basis for estimating assets and liabilities

The Board's share of the liabilities of the Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2017.

The principal assumptions used by the actuary have been:

2017/18	Mortality assumptions	2018/19
Longevity at 65 for current pensioners		
21.4 years	Men	21.4 years
23.7 years	Women	23.7 years
Longevity at 65 for Future pensioners		
23.4 years	Men	23.4 years
25.8 years	Women	25.8 years
3.6%	Rate of increase in salaries	3.7%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.4%
Take-up of option to convert annual pension into retirement lump sum:		
50.0%	Pre-April 2009 service	50.0%
75.0%	Post-April 2009 service	75.0%

The pension scheme's assets consist of the following categories and proportions of the total assets held:

2017/18 £000		%	2018/19 £000
5,453	Equity instruments	35.1%	5,696
488	Debt instruments (bonds)	3.1%	510
1,407	Real Estate	9.1%	1,470
6,625	Investment Funds and Unit Trusts	42.6%	6,921
1,571	Cash and Cash Equivalents	10.1%	1,641
15,544	Total	100.0%	16,238

Note 17: Contingent Liabilities

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits.

Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £0.080m for Renfrewshire Joint Valuation Board. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

Note 18: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 18, the Board 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	An analysis of the terms of the lease for the Robertson Centre has concluded that it is an operating lease.
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Note 19: Summary of Significant Accounting Policies

A General Principles

The Annual Accounts summarise the Board's transactions for the 2018/19 financial year and its financial position as at 31 March 2019. The Board is required to prepare Annual Accounts by the Local Authority (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003 requires these accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Code is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and is designed to give a true and fair view of the financial performance of the Board.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the valuation of pension assets and liabilities where appropriate. The Annual Accounts have been prepared on a going concern basis.

B Accruals of Expenditure and Income

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

In particular:

- revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Board;
- revenue from the provision of services is recognised when the Board can reliably measure the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Board;
- expenditure in relation to services received (including services provided by employees) is recorded when the service is received rather than when payment is made;
- 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;
- 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.

C Contingent Liabilities

Contingent liabilities are disclosed in the accounts, but not recognised in the Balance Sheet, in circumstances where:

- an event has taken place that gives the Board a possible obligation whose existence will only be

confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board; or

- a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

D Employee Benefits

Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the accounts irrespective of when payment was made. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end and that employees may carry forward into the next financial year.

Post-employment benefits

The Board participates in the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund. The LGPS is accounted for as a defined benefit scheme and in accordance with International Accounting Standard 19 (IAS19) the Board has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the payment will be many years into the future.

This involves the recognition in the Balance Sheet of the Board's share of the net pension asset or liability in the Strathclyde Pension Fund and a pension reserve.

The liabilities of the Strathclyde Pension Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions

about mortality rates, employee turnover rates and projections of earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate based on the current rate of return on high quality corporate bonds.

The assets of the Strathclyde Pension Fund attributable to the Board are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

The Comprehensive Income and Expenditure Statement (CIES) also 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.

The change in the net pension liability is analysed into the following components:

- **current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the services for which the employees worked;
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, which is debited to the Surplus or Deficit on the Provision of Services in the CIES;
- **net interest cost on the defined benefit liability** – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;
- **return on scheme assets** – excluding amounts included in net interest on the net defined benefit

liability which are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- **actuarial gains and losses** – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions, which is charged to the Pensions Reserve. Actuarial gains and losses are shown within Other Comprehensive Income and Expenditure within the CIES; and
- **contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities which are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the amount payable by the Board to be the amount paid directly to pensioners in the year, not the amount calculated according to the relevant accounting standards in the CIES.

In the Movement in Reserves Statement this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and 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.

E Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the accounts 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 accounts are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the accounts are not adjusted. Where a

category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

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

F Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are made only when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material misstatement or omission discovered in prior period figures are corrected retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

G Government Grants and other Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Board when there is reasonable assurance that:

- the Board will comply with the conditions attached to the payments; and

- the grants or contributions will be received.

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

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

H Leases

Operating Leases: Board as Lessee

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The risks and rewards of ownership remain with the lessors along with the title of the property.

I 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 plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset (i.e. repairs and

maintenance) 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.

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

Assets are then carried in the Balance Sheet using the depreciated replacement cost.

Impairment

Assets are assessed at each year-end to determine 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, an impairment loss is recognised for the shortfall and the carrying amount of the asset is written down in the CIES.

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

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Any receipts from disposals are credited to the CIES, also as part of the gain or loss on disposal

(i.e. netted off against the carrying value of the asset at the time of disposal).

Depreciation

Depreciation is provided for on all Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. For ICT equipment, this is calculated on a straight-line basis over 5 years.

J Intangible Assets

Expenditure on non-monetary assets that do not have physical substance, but are controlled by the Board as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Board.

Intangible assets are measured initially at cost. Amounts are revalued where the fair value of the assets held by the Board can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life on a straight-line basis in the CIES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Revenue Reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and Capital Receipts Reserve.

All capital expenditure is charged to the constituent authorities, meaning that the Board has no requirement to borrow.

Software costing less than £9,000 is not treated as an intangible asset and is charged to the CIES. This de minimis does not apply where certain categories of assets are grouped together.

K Reserves

Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains that have a deferred impact on the Board.

Usable Reserves

The Revenue Reserve represents surplus funds held by the Board, which are ultimately repayable to the constituent authorities in the same allocation proportions as the requisitions.

Unusable Reserves

Certain reserves are held to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Board; these reserves are explained in the Unusable Reserves note.

L Value Added Tax (VAT)

Income and Expenditure excludes any amount relating to VAT, as all VAT collected is payable to HM Revenue and Customs (HMRC) and all VAT paid is recoverable from HMRC.