



# Renfrewshire Valuation Joint Board

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Unaudited Annual Accounts  
2021/22

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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 2021/22 and to help readers understand its financial position at 31 March 2022. In addition, it outlines the main risks and uncertainties facing the Renfrewshire Valuation Joint Board (the Board) for the financial year 2021/22 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 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.

At 31 March 2022, these members were:

East Renfrewshire Council	Inverclyde Council	Renfrewshire Council	
A Ireland (Vice-Convener)	G Brooks	A Doig (Convener)	M MacLaren
A Convery	C Jackson	T Begg	J McIntyre
C Gilbert	T McVey	J Cameron	J Sharkey
J Fletcher	I Nelson	K MacLaren	A Steel

## Our Aims

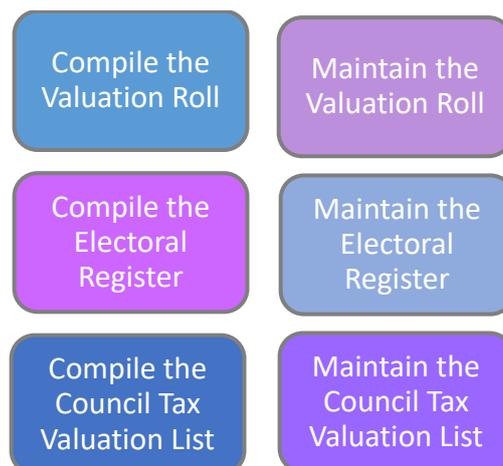
The Board was presented with an update to its current Strategic Service Plan on 10 June 2022. The plan covers the period April 2021 to April 2024.

A copy of Strategic Service Plan can be found at the following link: [http://www.renfrewshire-vjb.gov.uk>Governance>Policies and Plans](http://www.renfrewshire-vjb.gov.uk/Governance/Policies%20and%20Plans).

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

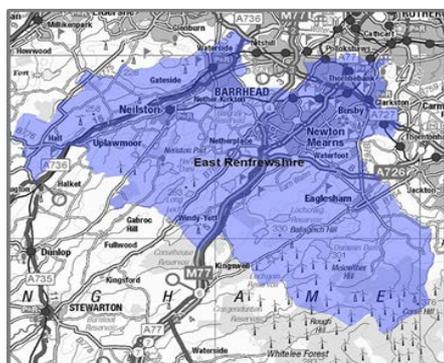
Part 3 of the Board's Strategic Service Plan 2021-24 defines six key business objectives, as follows:



## 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



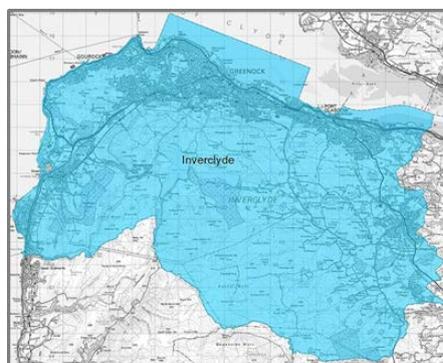
Council Tax	2021/22	2020/21
Properties	40,205	39,738
Proposals / Appeals received	86	77
Proposals / Appeals settled	123	86

Revaluation Roll	2021/22	2020/21
Properties	1,815	1,815
Appeals settled	5	41

Running Roll	2021/22	2020/21
Properties	1,817	1,815
Appeals received	25	282
Appeals settled	45	7

	2021/22	2020/21
Population**	96,060	96,060
Population over 16	76,414	76,414
Registered Electors	73,583	73,158

### Inverclyde



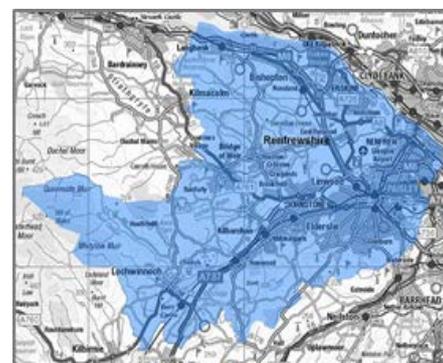
Council Tax	2021/22	2020/21
Properties	39,672	39,233
Proposals / Appeals received	35	41
Proposals / Appeals settled	70	60

Revaluation Roll	2021/22	2020/21
Properties	2,430	2,430
Appeals settled	7	51

Running Roll	2021/22	2020/21
Properties	2,443	2,438
Appeals received	18	916
Appeals settled	178	11

	2021/22	2020/21
Population**	77,060	77,060
Population over 16	64,647	64,647
Registered Electors	60,632	60,493

### Renfrewshire



Council Tax	2021/22	2020/21
Properties	90,100	89,149
Proposals / Appeals received	143	115
Proposals / Appeals settled	215	158

Revaluation Roll	2021/22	2020/21
Properties	9,905	9,905
Appeals settled	9	160

Running Roll	2021/22	2020/21
Properties	10,052	10,012
Appeals received	91	2,037
Appeals settled	145	48

	2021/22	2020/21
Population**	179,390	179,390
Population over 16	149,208	149,208
Registered Electors	141,027	139,516

\*\* Population estimates are sourced from Office of National Statistics and are based on the mid-2019 data for the 2020 year and the mid-2020 data for the 2021 year shown above <https://www.ons.gov.uk>

For a full analysis of the Board's performance, please see the Annual Public Performance Report, which was presented to the Board on 10 June 2022. Performance information is also updated at every meeting of the Board.

## Review of the Year

The COVID-19 pandemic continued to affect the organisation during 2021/22, with staff working from home or from the office, depending on the operational requirements and the government guidance in place at the time.

One of the early challenges during 2021/22 was the delivery of the Scottish Parliamentary election. Due to the COVID-19 situation in the lead up to the election, there was a significant increase in the number of applications for postal votes and while the increase was at the lower end of predictions, the result was that around 25% of the electorate in the Joint Board area had a postal vote for this election, up from about 19%. For this election regulations were in place to allow electors to apply for an emergency proxy if they required to self-isolate due to COVID-19. Processes were agreed with the Returning Officers to ensure this operated smoothly and these worked well in the lead up to and on election day.

2021/22 saw the second year of the reformed annual electoral canvass and unlike the previous year staff were able to successfully complete the door-to-door element of the canvass. This allowed the Electoral Register to be published on 1 December in line with the legislative requirements.

In late 2021, early 2022, preparations began for the Local Government Election due to take place on 5 May 2022. The worsening COVID-19 position at that time led to the decision, along with most other EROs in Scotland, to issue Household Notification Letters (HNLs) to all properties in the VJB area informing them of who was registered and how to apply for a postal vote if required. The issue of HNLs was helpful in ensuring that electors were aware of their registration and method of voting options ahead of the issue of polling cards by the Returning Officer.

Government COVID restrictions and Health and Safety guidance restricted the Board's ability to undertake surveys for Council Tax and Non-Domestic rating at various points throughout the year. However, it was

still possible to add a record number of new houses to the Council List during 2021/22. The addition of 1,967 new houses was an increase of approximately 60% on 2020/21 and significantly higher than the average number of new additions to the Council Tax list for the last five years (1,300). Of the new additions, 98% were added to the list within 3 months of existence and almost all within 6 months.

Changes to the Valuation Roll were almost double compared to the previous year at 556 for 2021/22 compared to 287, albeit this is still below the longer-term average number of changes. In addition to changes to the Valuation Roll, the team was engaged in implementing the aspects of the Non-Domestic Rates (Scotland) Act 2020 and associated regulations that came into force during 2021/22. These included the addition of a new/improved marker for changes to the Valuation Roll and the changes to the Assessors information gathering powers by issuing Assessors Information Notices.

Preparations for the 2023 Non-Domestic Revaluation were also progressed significantly during the year, with local IT improvements, information gathering and partnership working with the other Scottish Assessors and Valuation Office Agency taking place.

During the year there were seven complaints received, one of which was upheld and one partially upheld. The Board implemented the Public Sector Ombudsman's revised Model Complaints Handling Procedure from April 2021.

There were 10 Freedom of Information requests received during the year, which were all responded to in line with the required statutory timeframe and no requests for review or appeals to the Commissioner were made.

In line with the legislative requirements, the Board published a Public Sector Equality Duty report, including a profile of the workforce, pay gap reporting and updates on Equality Outcomes. A copy of this report is available at [www.renfrewshire-vjb.gov.uk/equalities](http://www.renfrewshire-vjb.gov.uk/equalities)

On 15 October 2021, Kate Crawford retired as Assessor & ERO and Robert Nicol was appointed as her successor.

## 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 2022. 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.

The cash balance at 31 March 2022 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 16 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 on the next page. The Board has returned a small deficit of £3k for the financial year 2021/22. This comprises of a deficit of £156k in ERO activity, which is fully funded from earmarked reserves carried forward; and a net surplus of £153k in Core activity, with variances outlined as follows.

There are a number of budget variances that make up this figure, but one significant underspend occurred within Employee Costs (£60k) owing to unfilled vacancies throughout the year. This also led to an underspend in Transfer Payments, which contains Apprenticeship Levy associated with payroll costs.

Savings were also experienced within Transport Costs (£16k), due to less staff travel during the pandemic.

An overspend of £11k occurred in Property costs due to higher than budgeted cleaning costs during the pandemic.

Supplies and Services experienced an underspend largely owing to reduced computer maintenance costs in-year. Further savings were achieved within printing costs, due to less stationery purchased throughout the year as a result of employees working from home, as well as handheld devices being used for the door-to-door Canvass, rather than paper.

Capital costs of £20k were incurred, mostly relating to the purchase of tablet devices to assist employees working from home and also the purchase of an IT storage device.

Electoral registration funding of £274k was received from the Scottish Government in 2020/21, of which an unspent sum of £156k was carried forward into 2021/22. The £156k was fully spent in 2021/22 mainly on employee costs and the cost for issuing Household Notification Letters (HNLs), as mentioned above.

The surplus shown below excludes accounting adjustments relating to pensions, depreciation and employee absences. These and all accounting differences are detailed in Note 1: Expenditure and Funding Analysis on page 18.

	Budget £	Core Actual £	ERO Actual £	Total Actual £	Variance (Adv) / Fav £
Employee Costs	2,126,003	1,960,334	106,147	2,066,481	59,522
Property Costs	187,530	198,542	0	198,542	(11,012)
Supplies and Services	427,850	359,211	51,440	410,651	17,199
Support Costs	96,880	97,286	0	97,286	(406)
Transfer Payments	22,822	7,266	474	7,740	15,082
Transport Costs	20,000	3,434	976	4,410	15,590
Capital Charges	0	19,758	0	19,758	(19,758)
<b>Total Expenditure</b>	<b>2,881,085</b>	<b>2,645,831</b>	<b>159,037</b>	<b>2,804,868</b>	<b>76,217</b>
Requisition Income	(2,774,455)	(2,773,990)	0	(2,773,990)	(465)
Other Income	(26,630)	(24,813)	(2,981)	(27,794)	1,164
Budgeted Transfer from Reserves	(80,000)	0	0	0	(80,000)
<b>Total Income</b>	<b>(2,881,085)</b>	<b>(2,798,803)</b>	<b>(2,981)</b>	<b>(2,801,784)</b>	<b>(79,301)</b>
<b>Net (Surplus)/Deficit</b>	<b>0</b>	<b>(152,972)</b>	<b>156,056</b>	<b>3,084</b>	<b>(3,084)</b>

## The Balance Sheet at 31 March 2022

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 2022 to that of the prior year, an overall increase in net worth of the organisation of £2.072m can be seen. This is primarily due to the decrease in pension liability explained below.

### Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Note 13: Retirement Benefits on page 23. The appointed actuaries have confirmed a net liability position of £255k (£2.349m 2020/21), a decrease in liabilities of £2.094m, in their assessment of the position of the pension fund, which is attributable to many factors, such as the experience of market yields over the course of the past year.

The net surplus 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 potential change to pension rules is outlined in Note 15: Contingent Liabilities on page 26; however, this has not been reflected in the pension liability reported in the Balance Sheet.

### Reserves at 31 March 2022

The Board had an opening Revenue Reserve at 1 April 2021 of £675k. Earmarked reserves of £156k funded electoral registration in 2021/22, therefore the core surplus of £153k in the year takes the closing Revenue Reserve position to £672k.

Of this balance, £55k is earmarked for software development (delayed during 2021/22) and a further £24k is newly earmarked to fund one-off spend in 2022/23 on economic modelling work related to Fixed Line Telecommunications valuation. This was detailed in the Revenue Estimates report to Board in February 2022.

## Wider Engagement

During 2021/22, the Assessor, via the Scottish Assessors' Association, made contributions to the consultations on the Decapitalisation Rates for the 2023 Revaluation, The Non-Domestic Rates (Coronavirus) (Scotland) Bill, Valuation Timetable (Scotland) Amendment Order, Valuation (Proposals Procedure) (Scotland) Regulations, Valuation Roll and Valuation Notice (Scotland) Order, and numerous other Regulations to allow the transfer of Council Tax and Non-Domestic appeals from local Valuation Appeal Committees to the Tribunals Service. A response was also made to the Public Sector Equality Duty review.

## 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 25 February 2022 and is reviewed, updated and reported to the Board twice-yearly.

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 12 corporate risks are identified on the Corporate Risk Register. Of these, eight 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 were presented in the

Corporate Risk Register Report of 25 February 2022, which can be found by following the Board report link shown at the end of this report. The risk management framework and reporting of risk will be reviewed during 2022/23 to better reflect the residual risk after mitigations have been accounted for.

The first risk noted below reflects the general financial climate in local government, along with the increased demands that are being placed on services due to Non-Domestic Rates Reform and Elections Bill and the uncertainty over future funding for these additional duties.

The implementation of the remaining recommendations from the Barclay review will be in force by April 2023. At present, a significant recommendation that relates to the appeals process is still being drafted into legislation and is expected to be finalised in the Autumn of 2022.

This change is very significant and will involve both staff training and IT development on the new core system. This will be incorporated into its development once the new legislation and appeals processes have been finalised.

The next Non-Domestic property revaluation will take effect from 1 April 2023, with the Tone Date (that is the date to which the valuation is tied to) to be April 2022. This is another change to current working practices, as previously the Tone Date was two years prior to a revaluation. However, following on from the Barclay review a one-year Tone Date and three-yearly revaluations will become the new norm.

Due to the pandemic, the 2022 Revaluation was postponed by the Scottish Government until April 2023, but the introduction of the one-year Tone date has been brought forward from its original timescale of 2025 to become law from 2022. This requires gathering and analysis of rental evidence to allow the valuations of all 14,400 Non-Domestic subjects in the Board's area in time to publish a draft list by November 2022.

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In effect, there are a number of key deliverables in a very short timeframe:

- Disposal of circa 5,900 appeals
- New appeals system
- Tone Date of April 2022
- Publication of the draft list by November 2022
- Revaluation effective from April 2023

Finally, the staffing risk remains high due to the age profile of the workforce and recruitment difficulties being experienced across Valuation Joint Boards.

There remains a significant additional demand on staff to deal with this number of appeals in a very short timescale and to continue preparations for the next Revaluation in 2023, while undergoing training for the new appeals processes and the new IT system.

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 will affect the discharge of statutory duties e.g. the change to three yearly Revaluations with a one year tone date, the move from Valuation Appeal Committees to the Tribunal Service and the effects on our service are unknown.	4	4	16	High
The risk of unplanned electoral events which are now an ever-increasing possibility and put a significant strain on the Board's budget. The UK Elections Act 2022 introduces many changes with notable provisions being photo identification to vote in person and removing the restriction on British citizens who have been resident overseas for more than 15 consecutive years from voting in UK elections. These changes will put significant pressure on our service.	4	4	16	High
The risk that significant pressure on the Board's Professional Services could potentially lead to statutory duties being breached. The Board's valuation team need to have the relevant knowledge base to carry out their duties and therefore qualified staff need to be retained. The circa 6,000 material change of circumstance appeals lodged as result of the global pandemic need to be disposed of as well as the competing demands of delivering the 2023 Revaluation and day to day workload.	4	4	16	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 of non-availability/loss of data sets, which would result in disruption of service to all stakeholders e.g. cyber attacks	4	4	16	High
The risk of loss of information; the Board has invested in a Document Management System and a significant amount of information is held electronically, but the loss of paper files would still cause disruption in the Board's service delivery.	3	4	12	High
The risk that, given the skill base in the Board's staff lies with those that are in the age range of 40-60, the loss of the key knowledge and skills in the short to medium term would impact the service's ability to all functions.	3	4	12	High

## COVID-19 Lockdown: Remote Working

During 2021/22 the Board continued to deliver all services across its three statutory functions mainly through remote working, with some limited occupation of the office in line with government and Health and Safety guidance. Preparations are underway to facilitate a more widespread return to the office during 2022

## Outlook and Future Plans

Budgeted expenditure for 2021/22 of £2.925m was agreed by the Board on 25 February 2022. Of this, £0.492m is being met from funding related to the implementation of Barclay recommendations.

The Board recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. Requisition levels are increased by 1.0% for 2022/23 and a prudent level of reserves use is planned over the next three years.

This is a dynamic period for the organisation, as legislative changes in both the Non-Domestic Valuation service and the Electoral function have been constant and complex, requiring staff training and new processes to be developed. The Assessor & ERO, along with the management team, will keep all matters under review.

## 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](#).

**Councillor**  
Convener



**Alastair MacArthur**  
Treasurer

**Robert Nicol**  
Assessor and Electoral Registration Officer

## 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 designated officer is Renfrewshire Council's Director of Finance and Resources, who is also the Treasurer of Renfrewshire Valuation Joint Board;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure that the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on the 10 June 2022.

Signed on behalf of Renfrewshire Valuation Joint Board.

**Councillor**  
Convener

### The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Board'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 Code).

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that 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 Treasurer has also:

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

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



**Alastair MacArthur**  
Treasurer

# 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,
- Arrangements supported by a range of policies and guidelines in compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption;
- 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 covering five key areas of governance.

These are:

- Business Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity
- Impact of Coronavirus (COVID-19)

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

The Board's internal audit service is provided by the lead authority's internal auditors and operates in accordance with the Public Sector Internal Audit Standards. The lead authority conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). 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 2021/22 and no actions arising for the 2020/21 governance statement that require to be reported on.

This governance framework has been in place throughout the year. Processes have been refined during the year in light of the prevailing COVID restrictions at the time, taking into account health and safety advice from officers from the lead authority, to enable site visits to recommence and partial re-occupation of the office. The risk of social distancing continuing and its potential impact on the governance arrangements continues to be reviewed and monitored through robust risk management arrangements.

## 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 and Electoral Registration Officer provide sufficient evidence that the principles of good governance operated effectively and the Joint Board complies with its governance arrangements in all material respects.

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.

**Councillor**  
Convener

**Robert Nicol**  
Assessor and Electoral Registration Officer

## 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 be set at a percentage of the Chief Executive of Renfrewshire Council, which is currently 67%. Following a review of Chief Executives' salaries in 2001, it was agreed that this arrangement should continue. This was agreed at a meeting of the Board on 22 November 2002.

2020/21 Total Remuneration £	Name	Post Held	2021/22 Total Remuneration £
101,363	Kate Crawford	Assessor & Electoral Registration Officer until 15 October 2022 <i>(full year equivalent £102,436)</i>	47,337
0	Robert Nicol	Assessor & Electoral Registration Officer from Oct 2022 <i>(full year equivalent £102,436)</i>	45,026

### 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.

Name	Post Held	Accrued Pension Benefits				In-year Employer Contributions	
		As at 31 March 2022		Change from 31 March 2021		2021/22	2020/21
		Pension	Lump Sum	Pension	Lump Sum	£	£
		£000	£000	£000	£000		
Robert Nicol	Assessor & Electoral Registration Officer from October 2022	80	109	n/a	n/a	11,577	n/a

## Remuneration of Employees

The following table shows the number of employees who received remuneration, excluding pension contributions, in excess of £50,000 during 2021/22, in bands of £5,000.

Bands with nil employees in both years are not displayed.

2020/21 Number of employees	Remuneration Band	2021/22 Number of employees
2	£50,000 - £54,999	0
1	£55,000 - 59,999	3
0	£60,000 - £64,999	1
1	£65,000 - 69,999	0
1	£100,000 - £104,999	0
<b>5</b>	<b>Total</b>	<b>4</b>

On 15 October 2021 Kate Crawford, Assessor and Electoral Registration Officer retired and was replaced by Robert Nicol. Individually they did not meet the over £50k remuneration threshold in 2021/22.

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

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

The accrual rate guarantees a pension based on 1/49<sup>th</sup> 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 1/60<sup>th</sup> 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 2021/22 or 2020/21.

**Councillor**  
Convener

**Robert Nicol**  
Assessor and Electoral Registration Officer

## Comprehensive Income and Expenditure Statement

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.

2020/21			Note	2021/22		
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
1,968,325	0	1,968,325	Employee Costs	2,392,106	0	2,392,106
189,228	0	189,228	Property Costs	198,542	0	198,542
522,434	0	522,434	Supplies and Services	410,651	0	410,651
95,781	0	95,781	Support Costs	97,286	0	97,286
6,678	0	6,678	Transfer Payments	7,740	0	7,740
1,859	0	1,859	Transport Costs	4,410	0	4,410
21,092	0	21,092	Capital Charges	51,952	0	51,952
0	(317,608)	(317,608)	Other Income	0	(26,370)	(26,370)
<b>2,805,397</b>	<b>(317,608)</b>	<b>2,487,789</b>	<b>Cost of Services</b>	<b>3,162,687</b>	<b>(26,370)</b>	<b>3,136,317</b>
			<b>Financing and Investment Income and Expenditure</b>			
0	(4,276)	(4,276)	Interest receivable	0	(1,424)	(1,424)
44,000	0	44,000	Pension interest	52,000		52,000
			<b>Taxation and Non-Specific Grant Income</b>			
0	(2,601,373)	(2,601,373)	Requisitions from Member Authorities	0	(2,773,990)	(2,773,990)
0	(49,150)	(49,150)	Capital Grants	0	0	0
<b>2,849,397</b>	<b>(2,972,407)</b>	<b>(123,010)</b>	<b>Deficit on the Provision of Services</b>	<b>3,214,687</b>	<b>(2,801,784)</b>	<b>412,903</b>
		381,000	Actuarial (Gain)/Loss on pension assets			(2,485,000)
		<b>381,000</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(2,485,000)</b>
		<b>257,990</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(2,072,097)</b>

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

## Movement in Reserves Statement

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.

<b>Movement in reserves in 2021/22</b>	<b>Note</b>	<b>Usable Revenue Reserve £</b>	<b>Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31 March 2021 brought forward</b>		<b>(675,139)</b>	<b>2,214,591</b>	<b>1,539,452</b>
Total Comprehensive income and expenditure		412,903	(2,485,000)	(2,072,097)
Adjustments between accounting basis and funding basis under regulations	4	(409,819)	409,819	0
<b>Increase or (decrease) in year</b>		<b>3,084</b>	<b>(2,075,181)</b>	<b>(2,072,097)</b>
<b>Balance at 31 March 2022 carried forward</b>		<b>(672,055)</b>	<b>139,410</b>	<b>(532,645)</b>

<b>Comparative movements in 2020/21</b>	<b>Note</b>	<b>Usable Revenue Reserve £</b>	<b>Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31 March 2020 brought forward</b>		<b>(399,063)</b>	<b>1,680,525</b>	<b>1,281,462</b>
Total Comprehensive income and expenditure		(123,010)	381,000	257,990
Adjustments between accounting basis and funding basis under regulations	4	(153,066)	153,066	0
<b>Increase or (decrease) in year</b>		<b>(276,076)</b>	<b>534,066</b>	<b>257,990</b>
<b>Balance at 31 March 2021 carried forward</b>		<b>(675,139)</b>	<b>2,214,591</b>	<b>1,539,452</b>

## Balance Sheet

The Balance Sheet shows the value as at 31 March 2022 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.

2020/21 £		Note	2021/22 £
198,721	Intangible Assets	5	152,315
15,104	Plant and Equipment	7	29,316
<b>213,825</b>	<b>Long-term Assets</b>		<b>181,631</b>
833,784	Funds held by Renfrewshire Council		663,702
46,798	Debtors and Prepayments	8	28,888
100	Cash in Hand		100
<b>880,682</b>	<b>Current Assets</b>		<b>692,690</b>
(284,959)	Creditors and Accruals	9	(86,674)
<b>(284,959)</b>	<b>Current Liabilities</b>		<b>(86,674)</b>
(2,349,000)	Pension Liability	13	(255,000)
<b>(2,349,000)</b>	<b>Long Term Liabilities</b>		<b>(255,000)</b>
<b>(1,539,453)</b>	<b>Net Liabilities</b>		<b>532,645</b>
(675,139)	Usable Reserves		(672,055)
2,214,591	Unusable Reserves	3	139,410
<b>1,539,452</b>	<b>Total Reserves</b>		<b>(532,645)</b>

The unaudited accounts were issued on 10 June 2022.



**Alastair MacArthur**  
Treasurer

## Note 1: Expenditure and Funding Analysis

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.

<b>2021/22</b>	<b>Net Expenditure chargeable to the Board</b> £	<b>Adjustments for pensions</b> £	<b>Adjustments for capital</b> £	<b>Other adjustments</b> £	<b>Net Expenditure in the CIES</b> £
Employee Costs	1,960,334	339,000	0	(13,375)	2,392,106
Property Costs	198,542	0	0	0	198,542
Supplies and Services	359,211	0	0	0	410,651
Support Costs	97,286	0	0	0	97,286
Transfer Payments	7,266	0	0	0	7,740
Transport Costs	3,434	0	0	0	4,410
Capital Charges	19,758	0	32,194	0	51,952
Other Income	(24,813)	0	0	1,424	(26,370)
<b>Cost of Services</b>	<b>2,621,018</b>	<b>339,000</b>	<b>32,194</b>	<b>(11,951)</b>	<b>3,136,317</b>
<b>Other income and expenditure</b>	<b>(2,773,990)</b>	<b>52,000</b>	<b>0</b>	<b>(1,424)</b>	<b>(2,723,414)</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>(152,972)</b>	<b>391,000</b>	<b>32,194</b>	<b>(13,375)</b>	<b>412,903</b>

<b>2020/21</b>	<b>Net Expenditure chargeable to the Board</b> £	<b>Adjustments for pensions</b> £	<b>Adjustments for capital</b> £	<b>Other adjustments</b> £	<b>Net Expenditure in the CIES</b> £
Employee Costs	1,726,020	191,000	0	51,305	1,968,325
Property Costs	189,228	0	0	0	189,228
Supplies and Services	522,434	0	0	0	522,434
Support Costs	95,781	0	0	0	95,781
Transfer Payments	6,678	0	0	0	6,678
Transport Costs	1,859	0	0	0	1,859
Capital Charges	105,181	0	(84,089)	0	21,092
Other Income	(321,884)	0	0	4,276	(317,608)
<b>Cost of Services</b>	<b>2,325,297</b>	<b>191,000</b>	<b>(84,089)</b>	<b>55,581</b>	<b>2,487,789</b>
<b>Other income and expenditure</b>	<b>(2,601,373)</b>	<b>44,000</b>	<b>(49,150)</b>	<b>(4,276)</b>	<b>(2,610,799)</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>(276,076)</b>	<b>235,000</b>	<b>(133,239)</b>	<b>51,305</b>	<b>(123,010)</b>

## Note 2: Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards are adopted within the 2022/23 Code:

- IFRS 16: Leases

The Code requires implementation from 1 April 2022 and there is therefore no impact on the 2021/22 accounts. The impact in future years from the implementation of this standard is that the leased asset, along with the lease liability, will appear on the Board's balance sheet.

## Note 3: Unusable Reserves

### Pension Reserve

2020/21 £	Pension Reserve	2021/22 £
<b>1,733,000</b>	<b>Opening balance</b>	<b>2,349,000</b>
381,000	Actuarial Gains / Loss on Pension Assets	(2,485,000)
235,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	391,000
<b>2,349,000</b>	<b>Closing balance</b>	<b>255,000</b>

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

2020/21 £	Employee Statutory Adjustment Account	2021/22 £
<b>28,111</b>	<b>Opening balance</b>	<b>79,416</b>
(28,111)	Reversal of prior year accrual for short-term accumulating compensated absences	(79,416)
79,416	Accrual for short-term accumulating compensating absences as at 31 March	66,041
<b>79,416</b>	<b>Closing balance</b>	<b>66,041</b>

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 or time in lieu 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

2020/21 £	Capital Adjustment Account	2021/22 £
<b>(80,586)</b>	<b>Opening balance</b>	<b>(213,825)</b>
5,552	Charges for depreciation of non-current assets	5,546
15,540	Amortisation of intangible assets	46,406
(105,181)	Capital expenditure charged against Revenue balances	(19,758)
(49,150)	Capital grants credited to the CIES that have been applied to capital financing	0
<b>(213,825)</b>	<b>Closing balance</b>	<b>(181,631)</b>

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 4: Adjustments between Accounting Basis and Funding Basis under Regulations

The surplus for the year on the Revenue Reserves was £409,820 higher 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.

2021/22	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
Charges for depreciation of non-current assets	(51,952)	51,952
Capital expenditure charged against Revenue balances	19,758	(19,758)
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(722,000)	722,000
Employers contributions payable to the Strathclyde Pension Fund	331,000	(331,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	13,375	(13,375)
<b>Total adjustments</b>	<b>(409,819)</b>	<b>409,819</b>

2020/21	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
Charges for depreciation of non-current assets	(21,092)	21,092
Capital expenditure charged against Revenue balances	105,181	(105,181)
Capital grants and contributions applied	49,150	(49,150)
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(474,000)	474,000
Employers contributions payable to the Strathclyde Pension Fund	239,000	(239,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	(51,305)	51,305
<b>Total adjustments</b>	<b>(153,066)</b>	<b>153,066</b>

## Note 5: Intangible Assets

2020/21		2021/22		
		Software £	Assets Under Construction £	Total £
	<b>Opening balance</b>			
77,700	Gross carrying amounts	126,850	105,181	232,031
(17,770)	Accumulated amortisation	(33,310)	0	(33,310)
<b>59,930</b>	<b>Net carrying amount at 1 April</b>	<b>93,540</b>	<b>105,181</b>	<b>198,721</b>
154,331	Additions	0	0	0
(15,540)	Amortisation for the year	(46,406)	0	(46,406)
<b>198,721</b>	<b>Net carrying amount at 31 March</b>	<b>47,134</b>	<b>105,181</b>	<b>152,315</b>
	Comprising:			
232,031	Gross carrying amounts	126,850	105,181	232,031
(33,310)	Accumulated amortisation	(79,716)	0	(79,716)
<b>198,721</b>		<b>47,134</b>	<b>105,181</b>	<b>152,315</b>

## Note 6: 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.

2020/21 £		2021/22 £
<b>0</b>	<b>Opening CFR</b>	<b>0</b>
	<b>Capital investment</b>	
0	Plant and Equipment	19,758
154,331	Intangible Assets	0
	<b>Sources of finance</b>	
(105,181)	Direct revenue contributions	(19,758)
(49,150)	Capital grants and other contributions	0
<b>0</b>	<b>Closing CFR</b>	<b>0</b>

## Note 7: Plant and Equipment

2020/21 £	Plant and Equipment	2021/22 £
	<b>Cost or Valuation</b>	
129,026	Opening balance at 1 April	129,026
0	Additions	19,758
129,026	<b>Gross Book Value at 31 March</b>	<b>148,784</b>
	<b>Depreciation and Impairment</b>	
(108,370)	Accumulated depreciation at 1 April	(113,922)
(5,552)	Depreciation charge for year	(5,546)
(113,922)	<b>Accumulated depreciation at 31 March</b>	<b>(119,468)</b>
20,656	Opening Net Book Value	15,104
15,104	<b>Closing Net Book Value</b>	<b>29,316</b>

## Note 8: Debtors

2020/21 £		2021/22 £
30,321	Prepayments	28,888
16,477	Other receivable amounts	0
46,798	<b>Total short-term debtors</b>	<b>28,888</b>

## Note 9: Creditors

2020/21 £		2021/22 £
0	Trade payables	0
(284,959)	Other payables	(86,674)
(284,959)	<b>Total short-term creditors</b>	<b>(86,674)</b>

## Note 10: Operating Leases

The Board acquired office accommodation at the Robertson Centre in Paisley by entering into an operating lease which ends in 2024.

2020/21 £	Future Minimum Lease Payments	2021/22 £
97,000	Not later than one year	97,000
194,000	Between one and five years	97,000
291,000	<b>Total</b>	<b>194,000</b>

## Note 11: 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.

2020/21 £ Council		%	2021/22 £
567,454	East Renfrewshire	20.6%	573,275
631,044	Inverclyde	23.0%	639,191
1,551,072	Renfrewshire	56.4%	1,561,524
<b>2,749,570</b>	<b>Total</b>	<b>100.0%</b>	<b>2,773,990</b>

Of the 2021/22 total shown, £455,000 was Barclay-related funding (£471,000 in 2020/21).

## Note 12: External audit costs

2020/21 £		2021/22 £
7,610	Fees payable with regard to external audit services carried out by the appointed auditor	7,820
<b>7,610</b>		<b>7,820</b>

## Note 13: 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.

### 13a: 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 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 Board’s reserves.

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.

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.

The Board is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2021/22 these amounted to £11,126 (2020/21 £7,478).

The following transactions have been made in the accounting statements in 2021/22:

2020/21 £		2021/22 £
	<b>Comprehensive Income and Expenditure Statement (CIES)</b>	
430,000	Current service cost	670,000
	<b>Financing and Investment Income and Expenditure</b>	
44,000	Net Interest	52,000
<b>474,000</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>722,000</b>
	<b>Other post employment benefit charged to the CIES</b>	
(3,520,000)	Return on assets excluding amounts included in net interest	(1,033,000)
3,397,000	Actuarial (gains) / losses arising on changes in financial and demographic assumptions	(1,481,000)
504,000	Other (gains) and losses	29,000
<b>381,000</b>	<b>Total Actuarial (Gain)/Loss</b>	<b>(2,485,000)</b>
<b>855,000</b>	<b>Total post employment benefit charged to the CIES</b>	<b>(1,763,000)</b>
	<b>Movement in Reserves Statement</b>	
(235,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	(391,000)
(381,000)	Actuarial gain / (loss) on pension assets / liabilities	2,485,000
<b>239,000</b>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>	<b>331,000</b>

## 13b: 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:

2020/21 £000		2021/22 £000
<b>17,214</b>	<b>Opening present value</b>	<b>20,327</b>
430	Current service cost	670
399	Interest Cost	411
76	Employee Contributions	88
	<b>Remeasurement (gains)/losses:</b>	
2,583	Actuarial (gains)/losses arising from changes in financial/demographic assumptions	(1,452)
(2)	Unfunded benefits paid	(2)
(373)	Benefits Paid	(400)
<b>20,327</b>	<b>Closing present value of scheme liabilities</b>	<b>19,642</b>

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

2020/21 £000		2021/22 £000
<b>15,481</b>	<b>Opening Fair Value</b>	<b>17,978</b>
355	Interest Income	359
	<b>Remeasurement gain/(loss):</b>	
2,202	Return on assets excluding amounts included in net interest	1,033
237	Contributions from employer	329
76	Contributions from employee	88
2	Contributions in respect of unfunded benefits	2
(2)	Unfunded benefits paid	(2)
(373)	Benefits Paid	(400)
<b>17,978</b>	<b>Closing fair value of scheme assets</b>	<b>19,387</b>

## 13c: Fund history

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Present Value of Liabilities	(17,220)	(19,321)	(17,214)	(20,327)	(19,642)
Fair value of assets	15,544	16,238	15,481	17,978	19,387
<b>Surplus/(deficit) in the scheme</b>	<b>(1,676)</b>	<b>(3,083)</b>	<b>(1,733)</b>	<b>(2,349)</b>	<b>(255)</b>

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

The total liability of (£255k) 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 2023 is £329k.

## 13d: 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 20.2% for 2020/21; however, following the triennial valuation of the Strathclyde Pension Fund in March 2020, this rate increased to 25% for the next three financial years until 31 March 2024.

## 13e: 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 2021.

The principal assumptions used by the actuary were as follows:

2020/21	Mortality assumptions	2021/22
<b>Longevity at 65 for current pensioners (years)</b>		
19.8	Men	19.6
22.6	Women	22.4
<b>Longevity at 65 for Future pensioners (years)</b>		
21.2	Men	21.0
24.7	Women	24.5
<b>Other assumptions</b>		
3.55%	Rate of increase in salaries	3.90%
2.85%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.70%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
50.0%	Pre-April 2009 service	50.0%
75.0%	Post-April 2009 service	75.0%

The value of the pension fund liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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.

Impact on the Pension Scheme liability:	%	£
0.1% decrease in Real Discount Rate	2%	371
0.1% increase in Salary Increase Rate	0%	56
0.1% increase in Pension Increase Rate	2%	312

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

2020/21 £000		%	2021/22 £000
7,410	Equity instruments Private Equity	41.6%	8,067
1,463	Real Estate	8.4%	1,635
8,769	Investment Funds and Unit Trusts	47.4%	9,192
(1)	Derivatives	0.0%	0
337	Cash and Cash	2.5%	493
<b>17,978</b>	<b>Total</b>	<b>100.0%</b>	<b>19,387</b>

## Note 14: Events after the Balance Sheet date

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

There are no non-adjusting events.

## Note 15: 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 £80k 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.

Following two court cases, including Mrs Goodwin v Department for Education, it is expected that proposed changes to public service pension schemes will be required, to ensure that surviving same-sex spouses and civil partners receive benefits equivalent to those received by the surviving spouses of opposite-sex marriages. Strathclyde Pension Fund's actuary estimates that the potential impact may be in the range of 0.1%-0.2% of gross obligations, which equates to between £20.3k and £40.6k for Renfrewshire Valuation Joint Board. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

## Note 16: Summary of Significant Accounting Policies

### A General Principles

The Annual Accounts summarise the Board's transactions for the 2021/22 financial year and its financial position as at 31 March 2022. 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 performance obligation relating to the transaction has been satisfied and it is probable that the economic benefits or service potential associated with the transaction will flow to the 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 Provisions

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

## D 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.

## E 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.

## F 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.

## G 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.

## H 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.

## I 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.

## J 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 historical 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 five years.

## K 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 economic life on a straight-line basis in the CIES. For software, this is deemed to be five years.

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.

## L 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.

## M 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.

## Note 17: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 16, 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.

<b>Leases</b>	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 18: Assumptions made about the future

The Annual Accounts contain 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.

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The items in the Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>
<b>Uncertainties</b>	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. Further detail can be found in Note 13.
<b>Effect if Results differ from Assumption</b>	The effects on the net pensions liability, valued at £0.255m at 31 March 2022, of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £0.371m equating to a 2% increase.