

# Glasgow and the Clyde Valley Strategic Development Planning Authority

2020/21 Annual Audit Report



Prepared for Glasgow and the Clyde Valley Strategic Development Planning Authority  
Joint Committee and the Controller of Audit

September 2021

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# Key messages

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## **2020/21 annual report and accounts**

Glasgow and the Clyde Valley Strategic Development Planning Authority's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The Management Commentary, the Annual Governance Statement and the audited part of the Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

## **Financial sustainability and Annual Governance Statement**

A surplus of £103,930 for the financial year 2020/21 was achieved, compared to a budgeted breakeven position.

The financial planning arrangements in place have allowed management to plan for future pressures and take action where required.

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# Introduction

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1. This report summarises the findings from our 2020/21 audit of Glasgow and the Clyde Valley Strategic Development Planning Authority (Clydeplan).
2. The scope of our audit was set out in our Annual Audit Plan. This was circulated to members of the Joint Committee outwith the committee cycle. This report comprises the findings from:
  - an audit of Clydeplan's annual accounts
  - our consideration of financial sustainability and the Annual Governance Statement.
3. The global coronavirus pandemic has had minimal impact on Clydeplan during 2020/21. Revised governance procedures have operated effectively throughout the year and are considered reasonable.

## Adding value through the audit

4. We add value to Clydeplan through the audit by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations
  - sharing intelligence and good practice guides
  - providing clear conclusions on financial sustainability and disclosures in the Annual Governance Statement.
5. In so doing, we aim to help Clydeplan promote improved standards of governance, better management and decision making and more effective use of resources.

## Responsibilities and reporting

6. Clydeplan has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. Clydeplan is also responsible for compliance with legislation putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice \(2016\)](#) and supplementary guidance and International Standards on Auditing in the UK. Local government bodies have a responsibility to have arrangements in place to demonstrate Best Value in how they conduct their activities. Our audit work on Clydeplan's Best Value arrangements is focussed on their use of resources to secure financial sustainability.

**8.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on the appropriateness of disclosures in the Annual Governance Statement and the appropriateness and effectiveness of the arrangements in place for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice 2016 and supplementary guidance.

**9.** The [Code of Audit Practice 2016](#) (the Code) includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the Annual Governance Statement and the financial sustainability of the body and its services. As highlighted in our 2020/21 Annual Audit Plan, due to the volume and lack of complexity of the financial transactions, we applied the small body provisions of the Code to the 2020/21 audit.

**10.** This report raises matters from our audit. The weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

## **Auditor Independence**

**11.** We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £3,040 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**12.** This report is addressed to both Clydeplan and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**13.** We would like to thank management and staff for their cooperation and assistance during the audit, particularly given the difficulties of auditing remotely during the COVID-19 pandemic.

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# Part 1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of resources and performance

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## Main judgements

Clydeplan's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The Management Commentary, the Annual Governance Statement, and the audited part of the Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

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## Our audit opinions on the annual accounts are unmodified

**14.** The annual accounts for the year ended 31 March 2021 were approved by the Joint Committee on 13 September 2021. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the Management Commentary, the Annual Governance Statement and the audited part of the Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the applicable requirements
- we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

## The annual accounts were signed off in line with the agreed timetable

**15.** The unaudited annual accounts were received in line with our revised agreed audit timetable on 15 June 2021. There has been limited impact of -Covid-19 on the audit process. The physical limitations on access to records and systems did not impact on or delay the audit and Clydeplan staff were supported in homeworking during the period of the outbreak.

**16.** The unaudited annual accounts provided for audit were complete and of a good standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

## Overall materiality is £10,000

17. Our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed on receipt of the unaudited annual accounts and it was concluded no changes were required to our planned levels. Materiality is summarised in [Exhibit 1](#).

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£10,000
Performance materiality	£7,000
Reporting threshold	£1,000

Source: Annual Audit Plan 2020/21

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## Appendix 1 identifies the main risks of material misstatement and our audit work to address these

18. [Appendix 1](#) provides our assessment of risks of material misstatement in the annual accounts. These risks influence our overall audit strategy, the allocation of staff resources to the audit and inform where the efforts of the team are directed. It also identifies the work we undertook to address these risks and our conclusions from this work.

## We have three significant findings to report on the accounts

19. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices, covering accounting policies, accounting estimates and financial statements disclosures. We have identified the following issues per [Exhibit 2](#).

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### Exhibit 1 Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. West Regent Street Expenditure</b></p> <p>Expenditure items totalling £12,153 in relation to the West Regent Street lease had been recorded in the 2020/21 financial year but related to 2019/20. These invoices had been omitted from the 2019/20 accounts, resulting in an understatement</p>	<p>The 2020/21 accounts were amended to remove the £12,153 West Regent Street expenditure from 2020/21 and record within 2019/20.</p>

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Issue	Resolution
of expenditure in 2019/20 and an overstatement in 2020/21.	
<p><b>2. Clyde Estuary Forum</b></p> <p>Income and expenditure of £96,000 in relation to the Clyde Estuary Forum had been recorded within the 2020/21 financial statements. We confirmed this is an agency agreement where funds are transferred by Clyde Marine, and held until payments of invoices are made. As a result the expenditure and income should not be recorded within the financial statements.</p>	<p>The 2020/21 accounts were adjusted to remove the £96,000 of income and expenditure in relation to Clyde Estuary Forum and an Agency note added to reflect the arrangement. A similar issue in 2019/20 has led to a restatement of gross income and gross expenditure; there is no impact on the Surplus/Deficit on the Provision of Services in the CIES.</p>
<p><b>3. Goodwin</b></p> <p>The Chief Secretary to the Treasury has made a 'Written Ministerial Statement' (WMS) in respect of survivor benefits payable from the Teachers' Pension Scheme in England. Following an employment tribunal, survivor benefits payable to male survivors of females in opposite sex marriages will be equal to those payable to other categories of survivor. This has implications for the Local Government Pension Scheme. The legislation / regulations underpinning the various public service pension schemes have not yet been amended.</p>	<p>The 2020/21 accounts have been amended to reflect a contingent liability in relation to Goodwin as set out in paragraphs 24-30 of CIPFA Bulletin 05.</p>

## Adjustments of £108,153 were processed in the annual accounts.

**20.** We have reviewed the nature and causes of these misstatements and have concluded that they arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error.

**21.** Adjustments made in the audited accounts decreased net expenditure in the Comprehensive Income and Expenditure Statement by £12,153.

**22.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. Management have adjusted all identified misstatements above our reporting threshold; there are no unadjusted errors to report.

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# Part 2. Financial sustainability and Annual Governance Statement

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services

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## Main judgements

A surplus of £103,930 for the financial year 2020/21 was achieved, compared to a budgeted breakeven position.

The audited annual accounts for 2020/21 confirm a useable reserves balance of £383,872 as at 31 March 2021.

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## Financial performance in 2020/21

**23.** The Joint Committee approved the 2020/21 budget in December 2019. Total budgeted expenditure was £633,500 and total budgeted income was £633,500. Requisition income remained unchanged at £579,500.

**24.** Actual outturn in 2020/21 was total expenditure of £586,843 and total income of £690,773 resulting in a surplus of £103,930. The main factors regarding variances are set out in the Management Commentary in the annual accounts.

## Short term financial planning

**25.** The Joint Committee approved the 2021/22 budget in December 2020. Total budgeted expenditure was £593,400 and total budgeted income was £438,200. The largest source of income for Clydeplan is requisitions from members and this budget was reduced to £419,500. Requisitions anticipated in 2021/22 are lower than those in prior years because of a refund of earmarked reserves of £160,000.

## Medium to long-term financial planning

**26.** We reviewed the financial planning systems and assessed how effective they are in identifying and addressing risks to financial sustainability across the medium and long term.

**27.** As part of the budget setting process, revenue estimates are prepared for a three-year period. This allows management and members to identify pressures and take early actions to mitigate against these pressures.

**28.** The audited annual accounts for 2020/21 confirm a useable reserve balance of £383,872. In order to ensure the ongoing sustainable funding position of the Joint Committee, requisition income for 2021/22 was approved at pre-2019/20 levels of £579,500 however, as above, a refund of £160,000 is due resulting in total requisition income of £419,500. This results in an anticipated net expenditure position of £155,200 for 2021/22. The Joint Committee's expenditure is projected to require the full requisition income available in the coming years.

**29.** The pre-2019/20 level of requisition is projected in future years post 2021/22 and is important to the financial and operational sustainability of the organisation and maintaining a reserves level which should contain the short-term impact of any other unforeseen risks and events.

**30.** On 25 July 2019, the Planning (Scotland) Bill officially received Royal Assent and became the Planning (Scotland) Act 2019. The Act repeals the provisions requiring the preparation of Strategic Development Plans which are being replaced by provisions for two or more planning authorities acting jointly to prepare Regional Spatial Strategies.

**31.** The most current Clydeplan Strategic Development Plan (2017) will remain in force until the approval of National Planning Framework 4 which is anticipated in 2021. In the interim, as required by the current statutory provisions, Clydeplan will continue to prepare its Development Plan Scheme and Participation Statement, whilst recognising the requirement to support the preparation of National Planning Framework 4. In addition, Clydeplan continues to engage with key stakeholders in developing and undertaking their strategic planning activities.

**32.** At its meeting on 8 March 2021, the Clydeplan Joint Committee agreed to recommend to all eight local authorities that they continue to work jointly to discharge their duty under the Planning (Scotland) Act 2019 to prepare a Regional Spatial Strategy (RSS).

**33.** From the work carried out, we have concluded that Clydeplan has adequate financial planning arrangements in place. Cost pressures are expected to arise in the medium term, mainly due to employee costs. However, the financial planning arrangements in place have allowed management to plan for these pressures and ensure necessary actions are taken when required.

## Annual Governance Statement

**34.** Our review of the Annual Governance Statement assessed the assurances which are provided to the Joint Committee and management regarding the adequacy and effectiveness of the system of internal control which operated in the financial year. The statement also summarises internal audit findings with the Chief Internal Auditor's assurance statement concluding that a 'reasonable level of assurance can be placed upon the adequacy and effectiveness of the Glasgow and Clyde Valley

Strategic Development Planning Authority's internal control, risk management and governance arrangements'.

**35.** We concluded that the information in the Annual Governance Statement is consistent with the financial statements and complies with the guidance issued by the Scottish Ministers.

# Appendix 1. Significant audit risks

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion.

## Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls</p>	<p>Detailed testing of journal entries.</p> <p>Reviewed accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluated significant transactions that are outside the normal course of business.</p> <p>Cut off testing of transaction at and around year-end.</p>	<p>No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>A review of accounting estimates did not show any evidence of bias.</p> <p>Focused testing of accruals and prepayments did not identify any balances that were incorrectly held on the Balance Sheet.</p> <p>Focused testing on a sample of transactions outside the normal course of business did not show any evidence of management override of controls.</p> <p><b>Conclusion: no evidence of management override of controls.</b></p>
<p><b>2. Estimates and judgements in the valuation of the pension liability</b></p> <p>Clydeplan recognised a net liability of £0.202 million relating to its share of Strathclyde Pension Fund at 31 March 2020. There is a significant degree of subjectivity in the measurement and valuation</p>	<p>Assessed the pension fund actuary and information they provide in accordance with ISA 500.</p> <p>Reviewed the estimates used, and assumptions made in calculating the pension fund liability.</p> <p>Assessed the completeness and accuracy of information</p>	<p>A review of the actuary and the assumptions made in calculating the estimated pension liability was performed and no issues were identified. The approach and assumptions used by the actuary were considered reasonable and in line with expectation.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>of the pension fund liability. The valuation is based on specialist assumptions and estimates, and changes can result in material changes to the valuation.</p> <p>Additionally, the triennial valuation exercise that took place during 2020/21 may impact on the 2020/21 annual accounts.</p> <p>This exercise was more detailed than the annual valuations and set employer contributions rates for the next three years.</p>	<p>submitted to Strathclyde Pension Fund to support the triennial valuation exercise.</p>	<p>The triennial valuation did not result in any change to Clydeplan's employer contribution rate.</p> <p><b>Conclusion: the estimates and judgements made in the calculation of the net pension liability were reasonable.</b></p>

### Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p><b>3. Future operations and structure of Clydeplan</b></p> <p>Changes in legislation (Planning (Scotland) Act 2019) have impacted on the future operations and structure of Clydeplan. Arrangements are still being developed and finalised, however, there is a possibility that the developments could result in changes to the structure of Clydeplan and the Joint Committee.</p>	<p>Reviewed updates and papers reported to the Joint Committee.</p> <p>Discussed with management about developments impacting on the future operations and structure of Clydeplan.</p>	<p>A review of updates and papers to the Joint Committee highlighted that on 8 March 2021, the Clydeplan Joint Committee agreed to recommend to all eight local authorities that they continue to work jointly to discharge their duty under the Planning (Scotland) Act 2019 to prepare a Regional Spatial Strategy (RSS).</p> <p>Clydeplan intend to keep the Joint Committee apprised of any significant changes and work closely with its constituent local authorities and partners to develop a work programme relevant to the delivery of the first Regional Spatial Strategy for the Glasgow City Region under the terms of the new Act.</p>

Audit risk	Assurance procedure	Results and conclusions
		<b>Conclusion: Changes to the future operations and structure of Clydeplan and the Joint Committee are yet to be formally agreed and progressed.</b>

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# Glasgow and the Clyde Valley Strategic Development Planning Authority

## 2020/21 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)