

EAST RENFREWSHIRE COUNCILCabinet27 March 2025Report by Head of FinanceTRADING UNDER BEST VALUE**PURPOSE OF REPORT**

1. The purpose of this report is to reconsider the classification of Council activities in terms of trading operations as defined by the Local Government in Scotland Act 2003 and as modified in June 2013 by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

**RECOMMENDATION**

2. The Cabinet is requested to approve that there are no trading services operated by the Council that should be classified as “significant”.

**BACKGROUND**

3. Following a report to the Cabinet on 28 March 2024 it was approved that the Council does not classify any of its trading operations as significant.

4. This decision was reached after taking account of the CIPFA/LASAAC guidance, which defined a trading operation as having to meet **both** the following criteria: -

- the service is provided in a 'competitive environment' - i.e. the user has discretion to use alternative providers; and
- the service is provided on a basis other than straightforward recharge of cost - i.e. users take the service on the basis of quoted lump sums, fixed periodical charges or rates, or a combination of these.

5. Subsequent guidance has also been provided by LASAAC advising that trading operations may only apply to external trading and to those services which are not statutory.

6. It is appropriate that the Council reviews services with a view to considering Significant Trading Operations on an annual basis. This report reviews activities for the year ending 31 March 2025.

**MATTERS TO BE REVIEWED***Competitive Environment*

7. A competitive environment exists simply where there is a mature marketplace with a choice of alternative suppliers.

8. A competitive environment also exists where the user is a member of the public who has a choice of alternative providers e.g. a local business which can choose who will collect its commercial waste.

9. **Conclusion - some services are operating in a competitive environment.**

*Recharge at Cost*

10. Within Environmental Services there are several activities that include a profit element within their service recharges e.g. Vehicle Maintenance

11. **Conclusion - some services do not operate on a recharge of cost basis.**

*Basis of Charges*

12. The Council adopts a number of different methods of charging for services but not all of these are within the scope of trading operations.

- Some charges have no direct relationship to full cost recovery as they are specified by Scottish Government e.g. Development Management

13. **Conclusion - charging for services does not necessarily mean the service is trading.**

*Test of Significance*

14. In addition to the fundamental tests of competitive environment and recharge at cost, the guidance emphasises the importance of applying a test of significance. This test is important as it determines which trading operations require to maintain a statutory trading account, distinct from other non-statutory trading accounts which can be kept for internal purposes. The criteria for considering the test of significance should be set corporately and applied consistently across different trading operations although they should not be regarded as fixed and final as they will have to adapt to the changing circumstances of the Council. Suggested criteria in the guidance are:

- Financial criteria
  - Turnover of the trading operation should exceed 1% of the Council's gross operating expenditure.
  - Where the authority is exposed to the risk of financial loss in carrying out the operation
- Non Financial Criteria
  - Whether the trading account is important in demonstrating service improvement and the achievement of targets
  - Whether the authority is exposed to risk of service or reputational loss in carrying out the operation
  - Whether the service areas are likely to be of interest to key stakeholders and their needs.

15. The classification of whether a trading operation is regarded as significant will depend on whether the answers to these questions are mainly yes or no.

16. **Conclusion – there may be some services’ trading operations that are significant.**

**CONCLUSION**

17. Taking the above conclusions into account a detailed review of services is attached at Appendix A. In addition a summary of trading operations and the criteria used to determine if they are significant is shown at Appendix B.

18. The outcome of the review is that there are no trading operations classified as significant for statutory purposes, this is consistent with last year’s findings.

**RECOMMENDATION**

19. The Cabinet is requested to approve that there are no trading services operated by the Council that should be classified as “significant”.

**REPORT AUTHOR**

Head of Finance	- Kirsty Stanners
Chief Accountant	- Barbara Clark      Tel: 0141 577 3068 Email: Barbara.Clark@EastRenfrewshire.gov.uk
Leader of the Council:	- Owen O’Donnell      Tel : 07435 735692 (Mobile) Email: Owen.ODonnell@EastRenfrewshire.gov.uk
Report Date:	03 March 2025

BLANK PAGE

NOTES	ACTIVITY	COMPETITIVE ENVIRONMENT YES/NO	RECHARGE AT MORE THAN COST YES/NO	EXTERNAL TRADING	NOT STATUTORY	APPLY TEST OF SIGNIFICANCE YES/NO	COMMENT
EDUCATION	Early Learning & Childcare	Yes	No	Yes	No	No	
	Early Learning & Childcare Add On	Yes	No	Yes	Yes	No	
	Primary	Yes	No	Yes	No	No	
	Secondary	Yes	No	Yes	No	No	
	Psychological Services	Yes	No	Yes	No	No	
	Instrumental Music Tuition	Yes	No	Yes	Yes	No	<i>For various choral groups and The Singing games and Rhymes programme</i>
	Additional Support for Learning	Yes	No	Yes	No	No	
	School Crossing Patrols	No	No	No	Yes	No	
	School Transport	Yes	No	Yes	No	No	
	School Transport – Privilege Places	Yes	No	Yes	Yes	No	
	School Meals	Yes	No	Yes	No	No	

Although there are external providers in the sphere of Education none of the above services could realistically be described as trading

	Cleaning & Janitorial Services	Yes	No	<i>No (mainly)</i>	No	No	
	Catering	Yes	No	<i>No (mainly)</i>	No	No	

## TRADING OPERATIONS CRITERIA TEST

NOTES	ACTIVITY	COMPETITIVE ENVIRONMENT YES/NO	RECHARGE AT MORE THAN COST YES/NO	EXTERNAL	NON STATUTORY	APPLY TEST OF SIGNIFICANCE YES/NO	COMMENT
ENVIRONMENT	Roads Consultancy	Yes	Can Be Yes	Yes	Yes	Yes	
	Development Management	No	No	Yes	No	No	
	Building Standards	No	No	Yes	No	No	
	Development Planning	No	No	Yes	No	No	
	Roads Maintenance	Yes	No	No	Yes	No	
	Burials	No	No	Yes	No	No	
	Garden Waste	No	No	Yes	Yes	No	
	Commercial Waste	Yes	Yes	Yes	Yes	Yes	
	Special Uplifts	Yes	Yes	Yes	Yes	Yes	
	Refuse Collection	Yes	No	Yes	No	No	
	Sale of Recyclables	No	<i>The charge is variable</i>	Yes	Yes	No	
	Street Cleaning	Yes	No	Yes	No	No	
	Grounds Maintenance	Yes	No	No	Yes	No	<i>These charges relate to grounds around schools and beside carriageways.</i>
	Vehicle Maintenance	Yes	Yes	No	Yes	No	
	Vehicle Management	Yes	Yes	No	Yes	No	
	MOT Testing	Yes	No	Yes	Yes	No	
	TAXI Inspections	No	No	Yes	No	No	

## TRADING OPERATIONS CRITERIA TEST

ENVIRONMENT ( continued)	Pest Control	Yes	Can be Yes	Yes	Yes	Yes	
	Environmental Health	No	No	Yes	No	No	
	Refuse Disposal	Yes	Minimal (Small Traders)	Yes	No	No	
	Technical Services	Yes	No	No	No	No	
	Health and Safety	No	No	No	No	No	
	Industrial Units	Yes	Yes	Yes	Yes	Yes	
	Council Officers	No	No	No	No	No	

NOTES	ACTIVITY	COMPETITIVE ENVIRONMENT YES/NO	RECHARGE AT MORE THAN COST YES/NO	EXTERNAL	NON STATUTORY	APPLY TEST OF SIGNIFICANCE YES/NO	COMMENT
Business Operations & Partnership	Civil Contingencies	No	No	Yes	No	No	
	Strategy Support	No	No	No	Yes	No	
	Communications	Yes	No	No	Yes	No	
	Human Resources	Yes	No	No	Yes	No	
	ICT	Yes	No	No	Yes	No	
	Revenues	Yes	No	No	Yes	No	
	Printing	Yes	No	No	Yes	No	
	Administration	No	No	No	Yes	No	
	Registrar	Yes	No	Yes	No	No	

## TRADING OPERATIONS CRITERIA TEST

Business Operations & Partnership (continued)	Communities & Community Planning (incl. Equal opportunities)	No	No	No	Yes	No	
	Customer Services	No	No	No	Yes	No	
	Insight & Data	No	No	No	Yes	No	
	Community Safety (including Decriminalised Parking)	No	No	No	Yes	No	

NOTES	ACTIVITY	COMPETITIVE ENVIRONMENT YES/NO	RECHARGE AT MORE THAN COST YES/NO	EXTERNAL	NON STATUTORY	APPLY TEST OF SIGNIFICANCE YES/NO	COMMENT
CEO	Accountancy	Yes	No	No	Yes	No	
	Licensing	No	No	Yes	No	No	
	Legal	Yes	No	No	Yes	No	
	Internal Audit	Yes	No	No	Yes	No	

NOTES	ACTIVITY	COMPETITIVE ENVIRONMENT YES/NO	RECHARGE AT MORE THAN COST YES/NO	EXTERNAL	NON STATUTORY	APPLY TEST OF SIGNIFICANCE YES/NO	COMMENT
HSCP	Care at Home	Yes	No	Yes	Yes	No	
	Lunch Clubs	No	No	Yes	Yes	No	
	Community Alarms	No	No	Yes	Yes	No	
	Residential Care	Yes	No	Yes	Yes	No	



TRADING OPERATIONS CRITERIA TEST

HSCP(continued)	Respite Charges	Yes	No	Yes	Yes	No	
	Room Hire	Yes	No	Yes	Yes	No	

NOTES	ACTIVITY	COMPETITIVE ENVIRONMENT YES/NO	RECHARGE AT MORE THAN COST YES/NO	EXTERNAL	NON STATUTORY	APPLY TEST OF SIGNIFICANCE YES/NO	COMMENT
HOUSING	Housing Management	Yes	No	Yes	No	No	
	Commercial Properties	Yes	Yes	Yes	Yes	Yes	
	Maintenance Services	Yes	No	No	Yes	No	
	Factoring Services	No	No	Yes	Yes	No	
	Landlord Registration Fees	No	No	Yes	Yes	No	
	Temporary Accommodation Rents	Yes	Yes	Yes	No	No	
	Repairs charged to homeowners	Yes	No	Yes	Yes	No	

<b>ACTIVITY</b>	<b>FINANCIAL TURNOVER</b>	<b>RISK OF EXPOSURE TO FINANCIAL LOSS</b>	<b>RISK OF REPUTATIONAL LOSS</b>	<b>INTEREST TO KEY STAKEHOLDERS</b>	<b>IMPORTANCE OF DEMONSTRATING SERVICE IMPROVEMENT</b>	<b>OUTCOME</b>
Roads Consultancy	<i>No</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Not Significant</i>
Pest Control	<i>No</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Not Significant</i>
Commercial Waste	<i>No</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Not Significant</i>
Special Uplifts	<i>No</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Not Significant</i>
Industrial Units	<i>No</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Not Significant</i>
Commercial Properties	<i>No</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Not Significant</i>