

Business Operations and Partnerships Department

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Date: 18 March 2025

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TO: Councillor Andrew Morrison (Chair), Tony Buchanan (Vice-Chair), Provost Mary Montague and Councillors Paul Edlin, Annette Ireland, David Macdonald and Gordon Wallace.

MEETING OF AUDIT AND SCRUTINY COMMITTEE

A meeting of the Audit and Scrutiny Committee will be held in the Council Chamber, Council Headquarters, Eastwood Park, Giffnock, G46 6UG on **Thursday, 27 March 2025 at 2.00pm.**

The agenda of business is as listed below.

Yours faithfully

Louise Pringle

**LOUISE PRINGLE
DIRECTOR OF BUSINESS OPERATIONS AND PARTNERSHIPS**

AGENDA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are requested to give notice of any declarations of interest in respect of items of business on the Agenda.

3. CHAIR'S REPORT

4. INTERIM TREASURY MANAGEMENT REPORT 2024/25 – QUARTER 4

Report by Head of Finance (copy attached, pages 3 - 18).

5. REVIEW OF STRATEGIC RISK REGISTER – BIENNIAL REPORT

Report by Chief Executive (copy attached, pages 19 - 38).

6. EAST RENFREWSHIRE COUNCIL – PROVISIONAL ANNUAL EXTERNAL AUDIT PLAN FOR YEAR ENDED 31 MARCH 2025

Report by External Auditor (copy attached, pages 39 - 90).

7. INTERNAL AUDIT STRATEGIC PLAN 2025/26– 2029/30

Report by Chief Auditor (copy attached, pages 91 - 102).

A recording of the Committee meeting will be available following the meeting on the Council's YouTube Channel <https://www.youtube.com/user/eastrenfrewshire/videos>

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EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE27 March 2025Report by Head of Finance (Chief Financial Officer)INTERIM (QUARTER 4) TREASURY MANAGEMENT REPORT FOR 2024/25**PURPOSE OF REPORT**

1. To advise the Audit & Scrutiny Committee on the Treasury Management activities for the period ending 28 February 2025.

RECOMMENDATION

2. It is recommended that the Committee:
 - note the Interim Treasury Management Report for Quarter 4 2024/25;
 - recommend to Council that the proposed increases in the Prudential Indicators, as a result of the introduction of the new financial reporting standard, IFRS16, be approved; and
 - recommend to Council that the attached organisations for investment of surplus funds be approved.

BACKGROUND

3. In line with the CIPFA Code of Practice on Treasury Management, the Audit & Scrutiny Committee is responsible for ensuring effective inspection of treasury management activities and this report is submitted in accordance with this requirement.

SUMMARY

4. Overall, the report demonstrates a well-managed treasury function within the Council. The average interest rate on long-term borrowing has increased slightly from that reported in January due to the inclusion of assets in-line with the new financial reporting standard. The Council continues to adopt a prudent approach to treasury management and, in particular, highlights that 5.59% of loans held as at 28 February 2025 had variable interest rates, which is well below the Council's approved upper limit of 15%. The resulting stability in borrowing assists the Council in responding to the current national economic pressures.

RECOMMENDATION

5. It is recommended that the Committee:
 - note the Interim Treasury Management Report for Quarter 4 2024/25;
 - recommend to Council that the proposed increases in the Prudential Indicators, as a result of the introduction of the new financial reporting standard, IFRS16, be approved; and
 - recommend to Council that the attached organisations for investment of surplus funds be approved.

REPORT AUTHOR

Head of Finance (Chief Financial Officer):	Kirsty Stanners
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Report Date:	03 March 2025

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INTERIM TREASURY MANAGEMENT REPORT QUARTER 4 2024/25

Table 1

1. Actual External Debt

	Borrowing 01/12/24 £M	Average Interest %	Borrowing 28/02/25 £M	Average Interest %	Change in Qtr £M
<u>Long Term Borrowing</u>					
Public Works Loan Board	137.48	3.54	137.48	3.54	0.00
Local Authority Bonds	14.40	4.60	14.40	4.60	0.00
PFI / PPP Finance Leases	68.13	7.17	101.38	7.17	33.25
IFRS16 Asset Leases	-		4.14	5.09	4.14
Total Long Term	220.01	4.73	257.40	5.05	37.39

Net Short Term Investments/Borrowing

Temporary Investments/Borrowing (38.13)	4.78	(35.92)	4.51	2.21
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NOTES

- (i) For the purposes of this report, long-term borrowing means loans taken on a long-term basis. This differs from the Annual Accounts, which have to categorise long-term loans with less than a year until repayment as short-term loans. Loans above totalling £0.003 million come into this category.
- (ii) The Treasury Strategy approved by the Council on 28 February 2024, ratified external borrowing of £62m from the Public Works Loan Board. No further borrowing has been undertaken since Quarter 3, when £25m borrowing was agreed with the Public Works Loan Board (PWLB).
- (iii) There has been a slight increase to the average interest rate on long-term borrowing from that reported previously due to the inclusion of assets in-line with the new financial reporting standard.
- (iv) The Council's net external borrowing position has increased in total by £39.60 million during the quarter mainly due to the inclusion of the new financial reporting standard in addition to both the revenue and capital cash flows.
- (v) The Council's activity in the temporary investments market is shown along with the corresponding interest rate movements in Appendices 2 – 5. In response to difficulties in the financial markets and as part of a risk managed process designed to protect the principal of the sums invested, the maximum period of investment was restricted to 6 months.
- (vi) As at 28 February 2025, the Council had 5.59% of its total debt outstanding in variable rate loans. For the Council to gain a high level of stability in overall borrowing costs, the Council's Treasury Policy Statement requires the exposure to variable rate loans to be less than 15% of the total debt outstanding.
- (vii) Appendix 6 shows the Bank of England MPC base rate covering the period April 2022 to the date of this report.

2. PWLB

The primary source of medium/long term borrowing is from the UK Government through the Public works Loans Board (PWLB). The PWLB provides loans to local authorities at rates, which are in general more attractive than loans available from other sources.

3. DEBT MATURITY PROFILE

The Council's debt maturity profile at 28 February 2025 is shown both below and in Graph format at Appendix 7.

It is a requirement of the Council's Treasury Policy Statement that the maximum amount of long-term debt maturing in any one year should be no more than 15% of the Council's long-term debt outstanding, at the time of borrowing.

The Council's Debt Maturity Profile as at 28 February 2025 was within the agreed limits.

Long Term Debt Maturity Profile as at 28 February 2025

	PWLB	Local Authority Bond	Total	
	£M	£M	£M	%
24/25	0.00	0.00	0.00	0.00
25/26	0.00	0.00	0.00	0.00
26/27	5.01	0.00	5.01	3.30
27/28	2.01	0.00	2.01	1.32
28/29	10.00	0.00	10.00	6.58
29/30	15.00	0.00	15.00	9.88
30/31	0.00	0.00	0.00	0.00
31/32	0.00	0.00	0.00	0.00
32/33	0.00	0.00	0.00	0.00
33/34	0.00	0.00	0.00	0.00
After 2034/35	105.46	14.40	119.86	78.92
Total	137.48	14.40	151.88	100.00

4. PRUDENTIAL INDICATORS

In line with the agreed monitoring arrangements for the Prudential Indicators, listed below there is a table showing all the prudential indicators comparing the approved indicator, as reported to the Council on 28 February 2024 along with the projected outturn figures recorded at 30 June 2024, 30 September 2024, 30 November 2024 and 28 February 2025.

As explained in February 2024 when the Treasury Management Strategy was presented to this committee, a new financial reporting standard was due to be implemented during the current financial year and that all assets that are leased, rented or hired and were previously off balance sheet, now had to be included. Detailed data gathering to identify these assets has now been substantially completed and, as anticipated, this data has impacted on the levels of most of the Prudential Indicators. The Prudential Indicators that have been reviewed to incorporate the requirements of the recently adopted standard are highlighted in the table below.

Prudential Indicator	Approved indicator £'000s	Projected Outturn @ 30/06/24 £'000s	Projected Outturn @ 30/09/24 £'000s	Projected Outturn @ 30/11/24 £'000s	Projected Outturn @ 28/02/25 £'000s
Capital Expenditure: Approval is requested to the level set as at 28/02/25	75,740	77,738	77,657	74,588	104,794
Comment	<p>Movement from the projected outturn at 30 November is due to the revised planning of capital projects within both the Housing and General Fund Capital Programmes, moving capital spend (£7,156k) from the current to the following financial year.</p> <p>This indicator has also been revised to include the assets (£37,362k) that relate to the new financial reporting standard (IFRS 16) and approval is requested at this revised level.</p>				
Capital Financing Requirement (CFR): Approval is requested to the level set as at 28/02/25	312,313	296,331	294,569	288,010	318,630
Comment	<p>Movement from the projected outturn at 30 November is due to the revised planning of capital projects within both the Housing and General Fund Capital Programmes, moving capital spend from the current to the following financial year, along with changes to the repayment of loans fund principal resulting from a move in the repayment method from Equal Instalment of Principal to Annuity, as approved by Council. (£4,699k)</p> <p>This indicator has also been revised to include the assets (£35,319k) that relate to the new financial reporting standard (IFRS 16) and approval is requested at this revised level.</p>				
Operational Boundary for External Debt: Approval is requested to the level set as at 28/02/25	317,144	301,163	299,400	292,842	327,200
Comment	<p>Movement from the projected outturn as 30 November is due to a reduction in permitted borrowing from that last reported due to a reduction in capital spend in the current year, along with changes to the repayment of loans fund principal resulting from a move in the repayment method from Equal Instalment of Principal to Annuity, as approved by Council. (£3,004k)</p> <p>This indicator has also been revised to include the assets (£37,362k) that relate to the new financial reporting standard (IFRS 16) and approval is requested at this revised level.</p>				

Authorised Limit For External Debt: Approval is requested to the level set as at 28/02/25	354,496	336,116	334,090	326,548	360,455
Comment	<p>In addition to the explanation for the Operational Boundary for External Debt movement from 30 November above, the Authorised limit for External Debt also includes a further allowance to cover any unexpected temporary movements.(£3,455k)</p> <p>This indicator has also been revised to include the assets (£37,362k) that relate to the new financial reporting standard (IFRS 16) and approval is requested at this revised level.</p>				
Gross Debt: Approval is requested to the level set as at 28/02/25	262,188	237,688	237,688	237,688	271,313
Comment	<p>This indicator has been revised to include the assets (£33,625k) that relate to the new financial reporting standard (IFRS 16) and approval is requested at this revised level.</p>				
Gross Debt to CFR (Under) / Over	(50,125)	(58,643)	(56,881)	(50,322)	(47,317)
Comment	<p>Movement from the projected outturn at 30 November is as a result of a reduction in net capital expenditure in the current year along with changes to the repayment of loans fund principal resulting from a move in the repayment method from Equal Instalment of Principal to Annuity, as approved by Council.</p>				
Financing to Net Revenue Stream Non – HRA HRA: Approval is requested to the level set as at 28/02/25	6.3% 35.1%	5.9% 35.0%	5.9% 35.3%	5.9% 35.4%	7.5% 35.0%
Comment	<p>Movements from the projected outturn at 30 November relates to changes in the repayment of loans fund principal as a result of moving from an Equal Instalment of Principal to an Annuity repayment method, as approved by Council, along with increases to both revenue streams.</p> <p>This indicator has also been revised to include the assets that relate to the new financial reporting standard (IFRS 16) and approval is requested at this revised level.</p>				

HRA - Ratio of Debt to Revenue	334.8%	324.0%	326.2%	324.6%	324.7%
Comment	Movement from the projected outturn at 30 November relates to marginal movements within the Housing Capital Programme, moving capital spend from the current to the following financial year along with changes to the repayment of loans fund principal as a result of moving from an Equal Instalment of Principal to an Annuity repayment method, as approved by Council.				
HRA – Debt Per Dwelling £	16,891	16,575	16,080	16,032	16,030
Comment	Movement from the projected outturn at 30 November relates to marginal movements within the Housing Capital Programme, moving capital spend from the current to the following financial year along with changes to the repayment of loans fund principal as a result of moving from an Equal Instalment of Principal to an Annuity repayment method, as approved by Council.				
Code of Practice For Treasury Management	The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. All of the approved activities within the Council Treasury Management Policy Statement have been complied with.				

The movement between the Capital Financing Requirement and the Gross Debt indicates the amount of internal borrowing required. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded by external loan debt as the cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy remains both prudent and cost effective as borrowing costs are currently relatively high and the Head of Finance has requested that borrowing, where possible, is not undertaken until interest rates come down from their current level.

	Approved Indicator £'000s	Projected Outturn @ 30/06/24 £'000s	Projected Outturn @ 30/09/24 £'000s	Projected Outturn @ 30/11/24 £'000s	Projected Outturn @ 28/02/25 £'000s
Capital Financing Requirement	£312,313	£296,331	£294,569	£288,010	£318,630
Gross Debt	£262,188	£237,688	£237,688	£237,688	£271,313
Internal Borrowing Required	£50,125	£58,643	£56,881	£50,322	£47,317

5. DEBT PERFORMANCE INDICATOR

The Treasury Strategy sets out the following debt performance indicator:

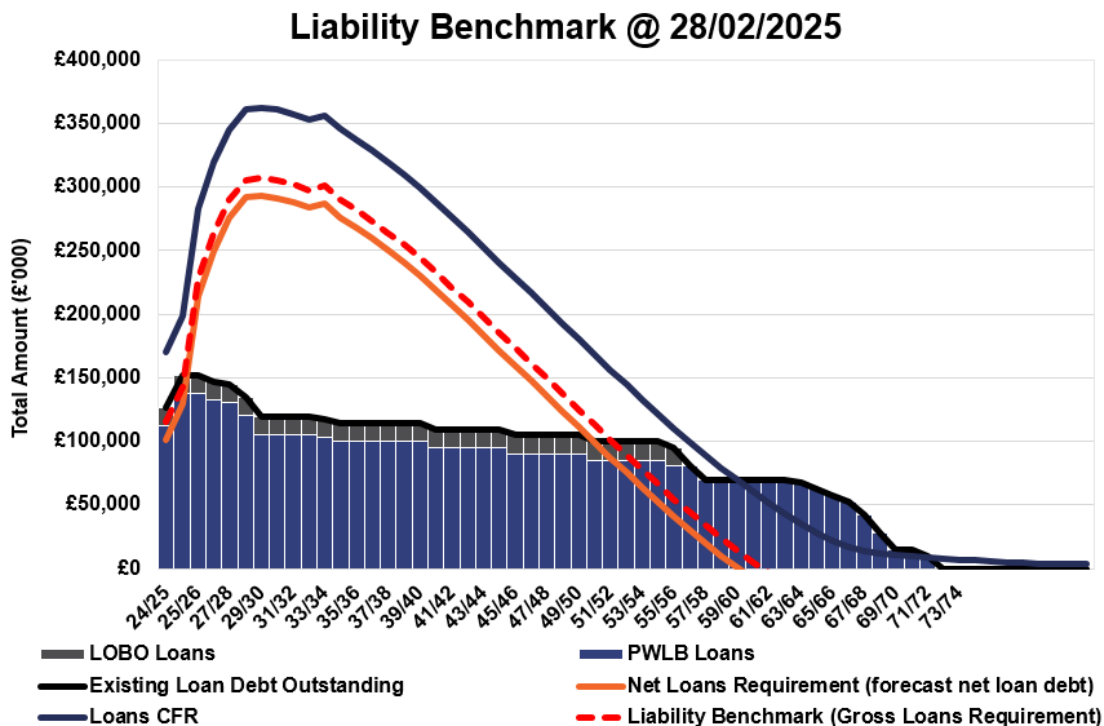
- i) Average "pool rate" compared to Scottish average:
This information is only available after the year end.

6. LIABILITY BENCHMARK

The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum. It is a projection of the amount of loan debt outstanding that the Council needs to fund its existing debt liabilities, planned prudential borrowing and other cashflows.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund principal repayments.
3. **Net loans requirement:** this shows the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.



7. APPROVED ORGANISATIONS FOR INVESTMENT

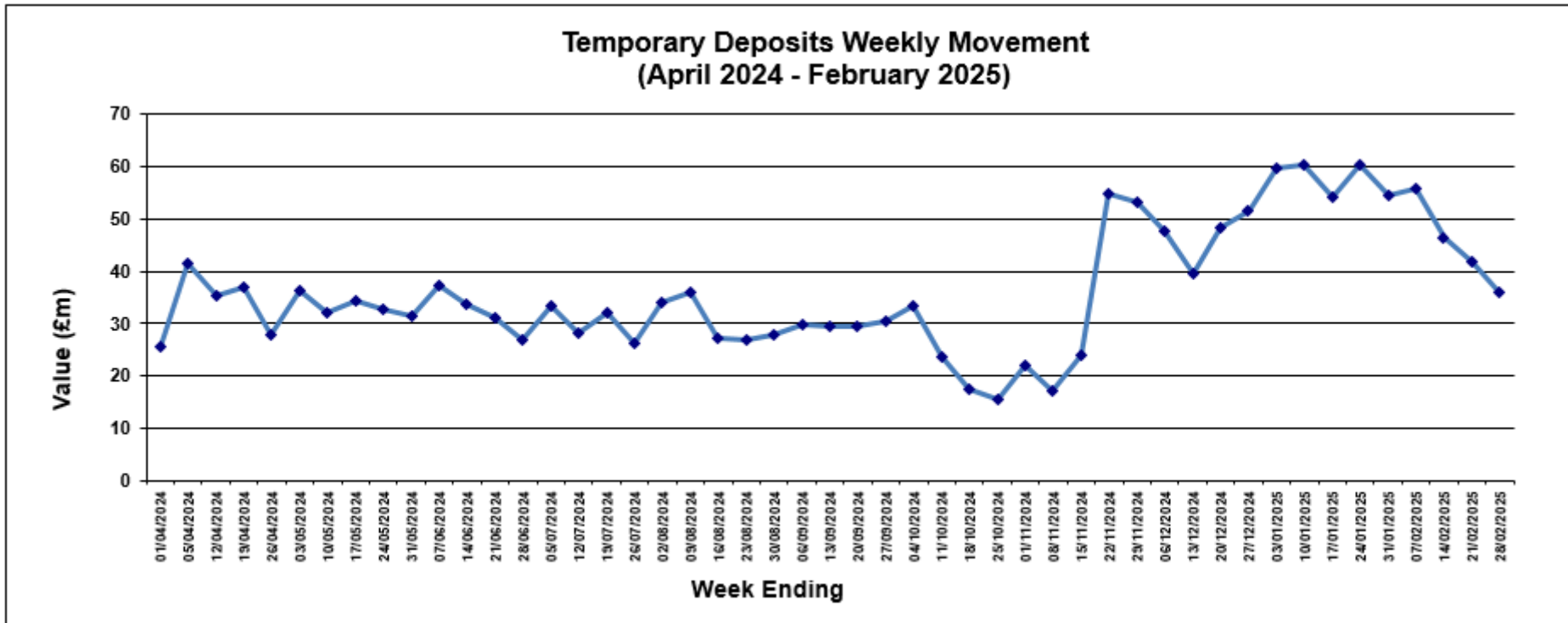
In line with normal practice, the status of all Banks and Building Societies has been reviewed in order to amend the current list of approved organisations for investment (see appendix 8). No changes have been made since that last reported on 23 January 2025. All lending is in line with the permitted methods of investment, which were approved by Council on 28 February 2024 as part of the Treasury Management Strategy report.

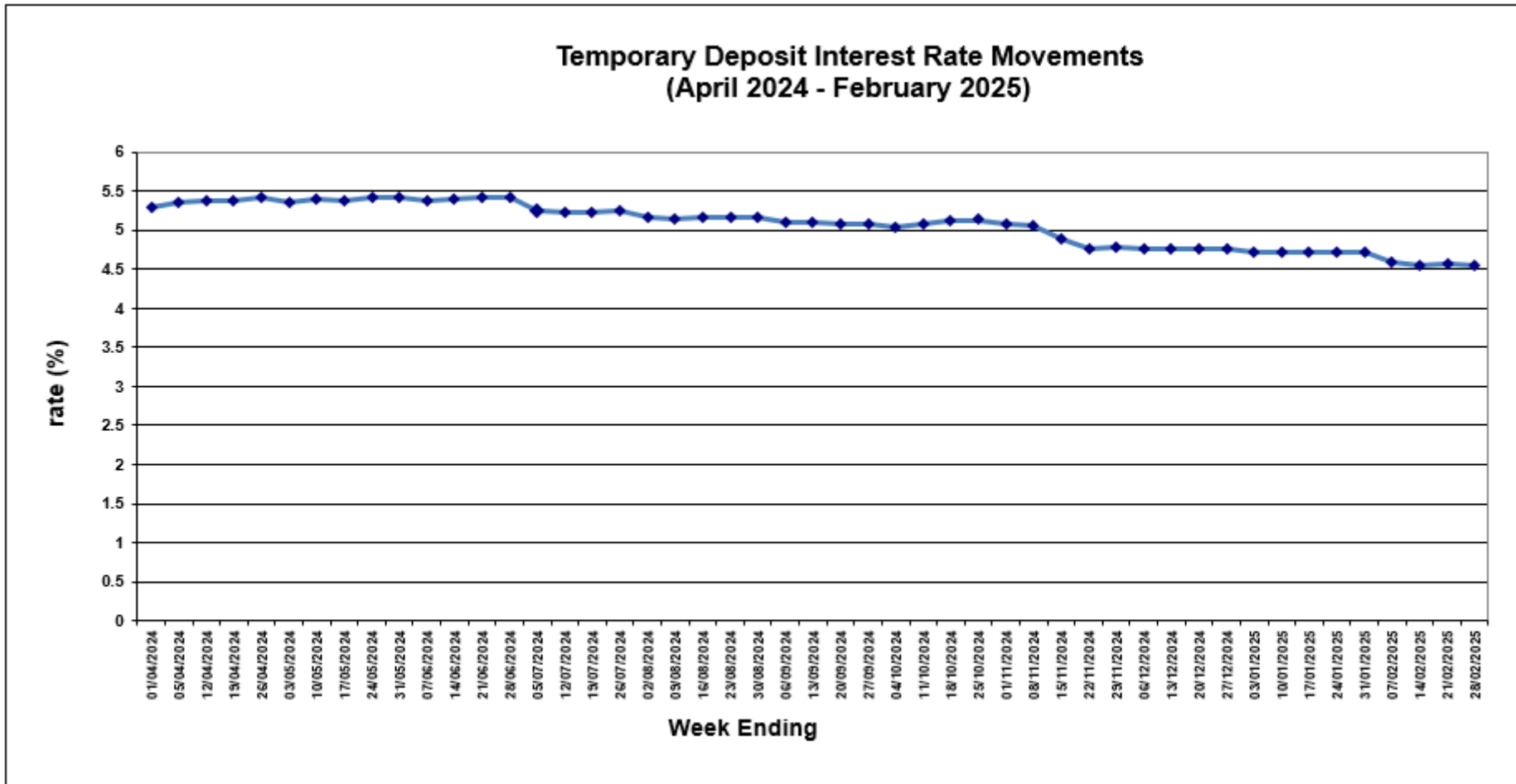
As a result of the banking crisis and in line with prudent financial management, investments have been restricted to UK organisations with high credit ratings. Also, the maximum period of investment was restricted to 6 months, in line with advice from our Treasury Advisers, MUFG Corporate Markets (previously Link Asset Services). These measures have been taken as part of a risk managed process designed to protect the principal of the sums invested.

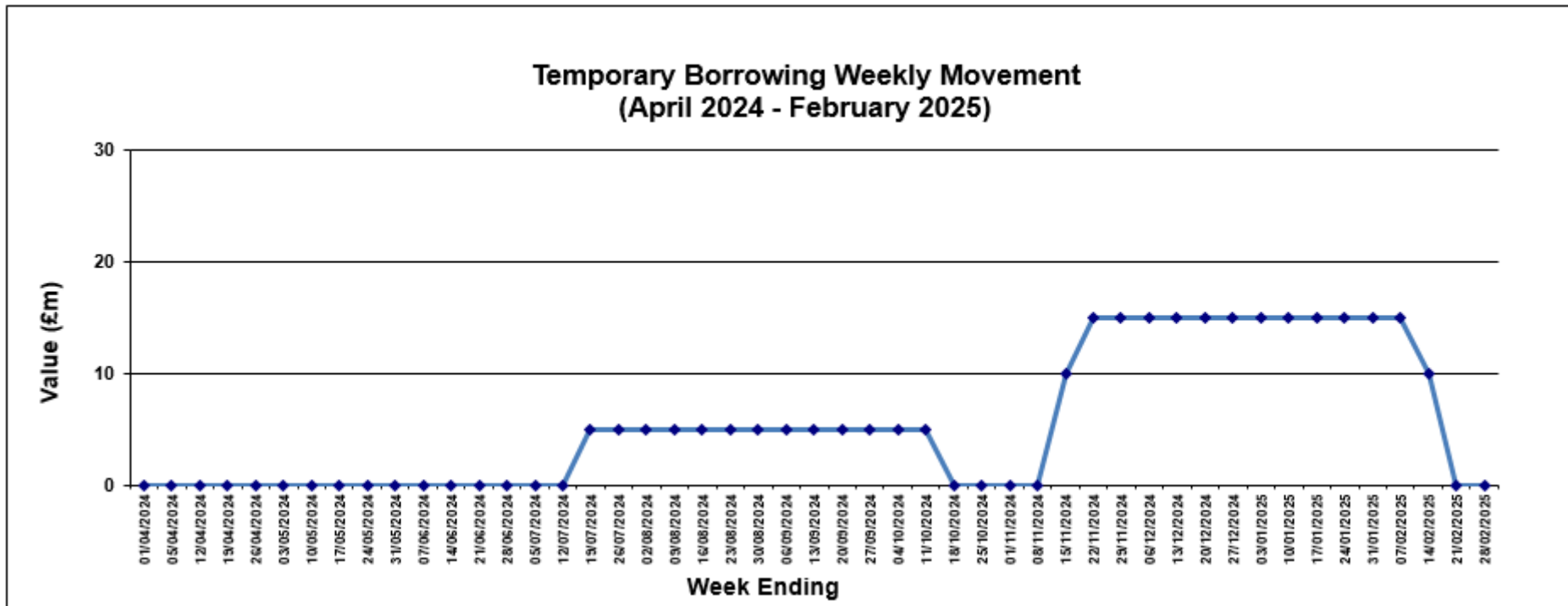
Credit ratings of organisations on the counter-party list are subject to continuous monitoring and review to ensure that subject to available professional advice, approved organisations remain sound for investment purposes.

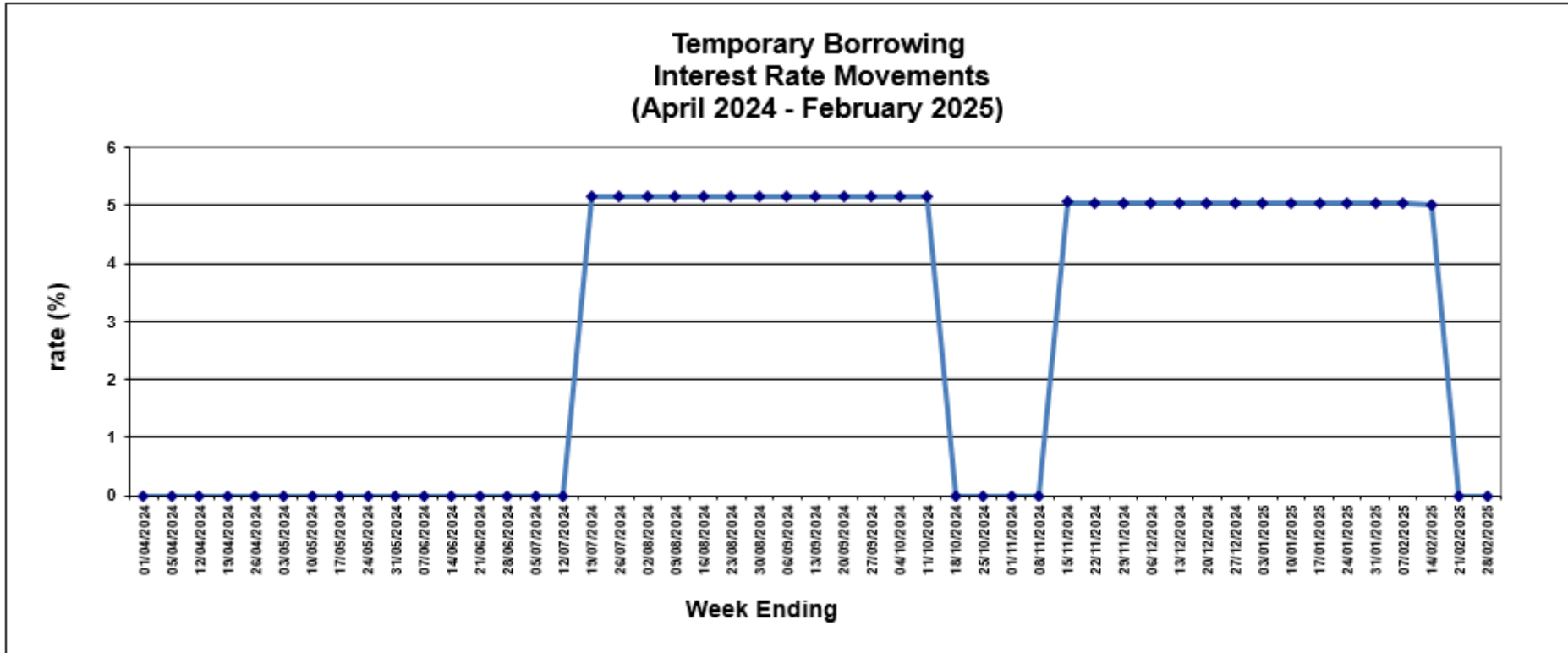
8. TREASURY MANAGEMENT RISK

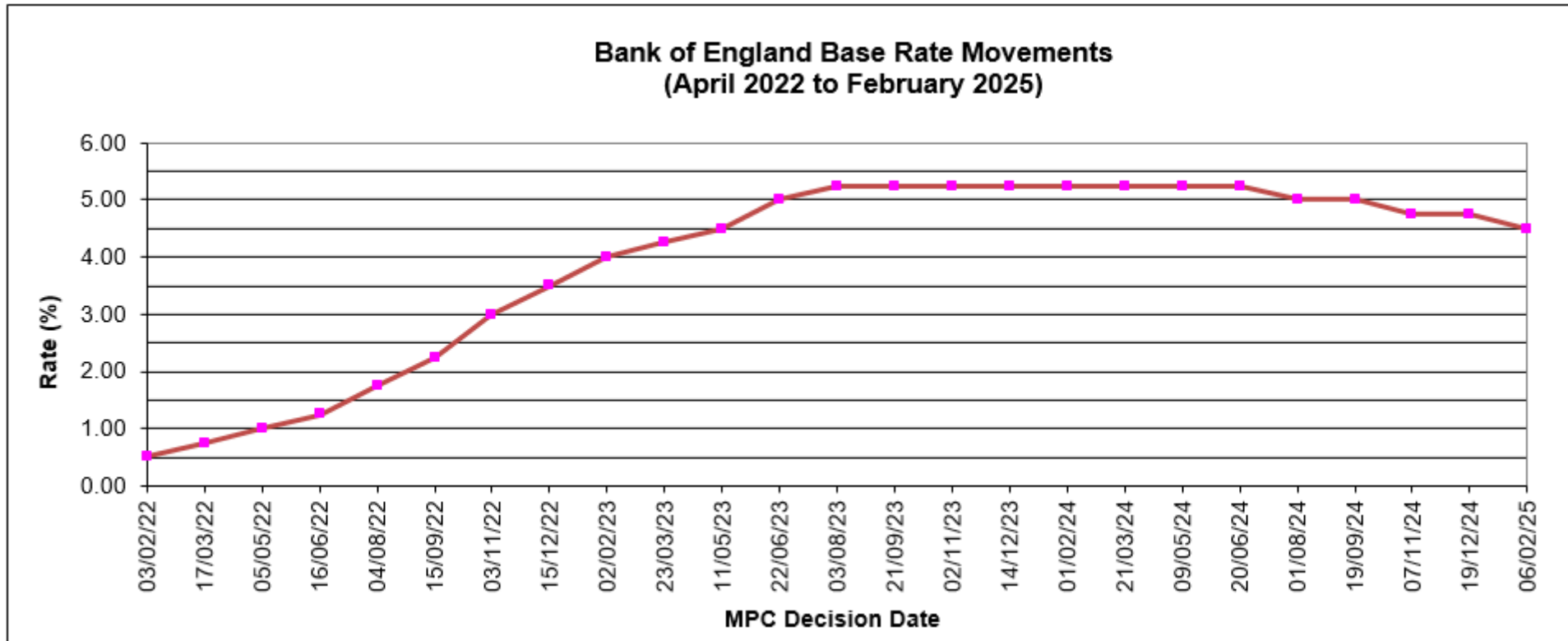
Within the Operational Risk Register for Accountancy Services there is a risk listed that highlights the difficulty in obtaining sufficient institutions, that meet the Council's criteria, to invest surplus funds with. To minimise this risk, the Council has six Money Market Funds which provide highly diversified investments.



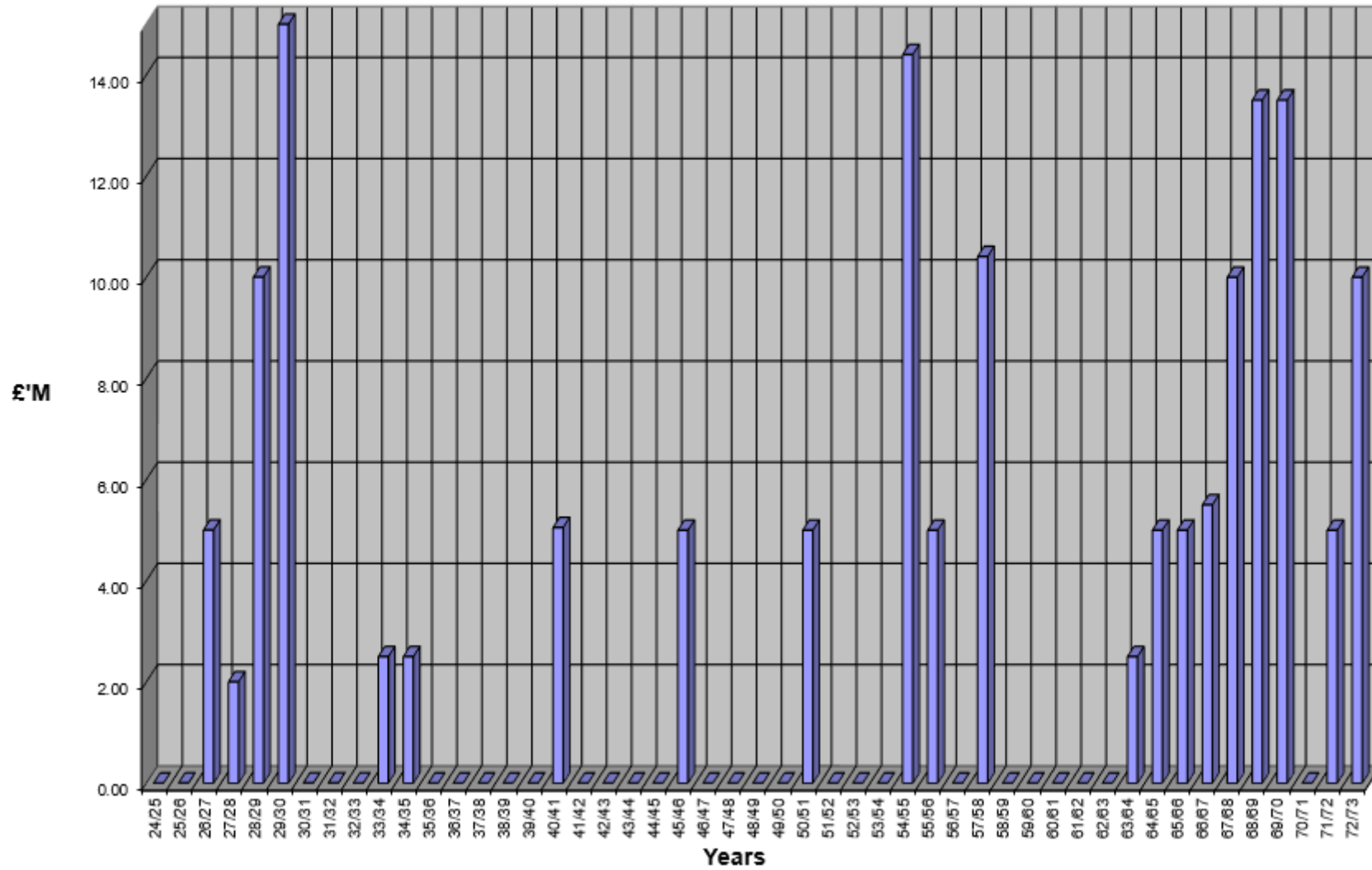








Long Term Debt Maturity Profile as at 28/02/2025



**EAST RENFREWSHIRE COUNCIL
ORGANISATIONS APPROVED FOR THE INVESTMENT OF SURPLUS FUNDS
Limits**

Banking Group	Individual Counterparty	Deposit	Transaction
Bank of England	Debt Management Office UK Treasury Bills	£30m £5m	£10m £5m
Barclays Banking Group	Barclays Bank plc	£5m	£5m
Goldman Sachs International Bank		£10m	£10m
Lloyds Banking Group:	Bank of Scotland plc Lloyds Bank Corporate Mkt (NRF)	£10m	£10m
Royal Bank of Scotland Group:	Royal Bank of Scotland plc National Westminster Bank		
Santander Group	Santander UK plc	£10m	£10m
Standard Chartered Bank		£10m	£10m
Nationwide BS Group	Nationwide BS Virgin Money plc (Clydesdale)	£10m	£10m
Local Authorities			
All Local Authorities including Police & Fire		£5m	£5m
Money Market Funds and Ultra-Short Dated Bond funds			
Maximum limit of £10m per fund		£60m	£10m

Credit Ratings

	Fitch		Moody's		S&P	
	LT	ST	LT	ST	LT	ST
Minimum Criteria (unless Government backed) (please note credit ratings are not the sole method of selecting counterparty)	A-	F1	A3	P-1/P-2	A	A-1/A-2

Limit

Investment of surplus funds is permitted in each of the above organisations, limits can only be exceeded or another organisation approved with written permission of the Chief Financial Officer.

Deposit Periods

The maximum period for any deposit is based on the Link Asset Services suggested duration matrix, with a maximum of 6 months. These limits can only be exceeded with the written permission of the Chief Financial Officer.

Hub scheme deposit periods are dependent on the lifetime of the associated scheme.

EAST RENFREWSHIRE COUNCILAudit & Scrutiny Committee27 March 2025Report by Chief ExecutiveREVIEW OF THE STRATEGIC RISK REGISTER**PURPOSE OF REPORT**

1. This report provides the bi-annual update of the Council's Strategic Risk Register, as well as outlining an intended direction for updating the Council's Risk Management Framework and Risk Management Strategy.

RECOMMENDATIONS

2. The Audit and Scrutiny Committee is asked to note the development of the Council's Strategic Risk Register. The Strategic Risk Register is considered a "live" document, periodically updated and amended by the Corporate Management Team (CMT).

BACKGROUND

3. East Renfrewshire Council's approach to risk management is set out in the Risk Management Strategy 2023-2025, supported by the Risk Management Framework. The Council maintains a corporate Strategic Risk Register (Appendix 1), which sets out the key strategic risks considered and details actions identified to manage these risks.

4. The Strategic Risk Register was considered by the Audit and Scrutiny Committee on 26 September 2024. In the period since then, the CMT have undertaken reviews of the document, considering the update / content of existing risks; if any existing risks require removal; and the potential inclusion of further risks.

5. There are currently 13 risks within the Strategic Risk Register, which is consistent with the previous report. No risks have been removed, updates have primarily been made to controls and proposed controls. The Strategic Risk Register will continue to be reviewed and updated as appropriate to reflect the current "live" situation. The Strategic Risk Register included in Appendix 1 is dated 3 March 2025.

6. The CMT undertake a bi-monthly in depth consideration of the Strategic Risk Register. This includes discussion on priority risks; which considers potential escalations from Departmental, Service and / or Project Risk Registers, as well as emerging themes / concerns, and whether these should be reflected in the Strategic Risk Register.

7. Where risk numbers are not sequential, this arises from risks being previously removed.

8. An update of the Council's Risk Management Strategy and Risk Management Framework is required during 2025. As part of the update process, opportunities for a workshop for Elected Member and Integration Joint Board representatives are being explored.

STRATEGIC RISK REGISTER OVERVIEW

High Scoring Risks

9. The following risks remain as high (Red) scoring risks, with a combined Likelihood and Impact score of 12 or higher:

9.1 Risk 2.3 - *Ensuring sufficient catchment places for East Renfrewshire children and young people across all sectors in light of inward migration including the impact of new residential developments- in particular the Local Development Plan.*

9.2 Risk 2.4 - *Closure of facilities (related to Trust) as a result of unforeseen failure or management practices resulting in loss of attendance, revenue, damage to reputation and increased management fee.*

9.3 Risk 2.13 - *Full or partial operational loss or restrictions on the use of school/nursery buildings due to fabric/operational/maintenance issues, leading to significant disruption to learning and teaching and a wider impact on children and young people. Inability to meet statutory duties around the provision of education/ELC. Inability to provide safe working/teaching environments in line with health and safety requirements.*

9.4 Risk 3.9 - *Lack of access to affordable housing for local people and to meet our statutory homeless duties.*

9.5 Risk 5.1 - *Increase in frail older people, particularly very old, due to demographic changes leads to an over demand on certain services and failure to meet legislation, overspend and negative publicity.*

9.6 Risk 6.1 - *Reduced central government funding and challenging grant conditions leading to failure to support the current level of service provision leading to public discontent and negative effect on the Council's reputation and increased pressure to draw down council reserves on future years' budgets.*

9.7 Risk 6.7 - *Interruption to service or total inability to provide ICT services, resulting in impact to Council business, due to the loss of the Barrhead Data Centre and/or other critical infrastructure components due to fire, vandalism, equipment malfunction (including environmental controls).*

9.8 Risk 6.12 - *Loss of data or interruption to service due to cyber-attack from internal or external malicious actors, or indiscriminate malicious programmes, deriving from both Council operations and those of its supply chain.*

Summary of Changes to Existing Risks

10. The following risks have had amendments within the Strategic Risk Register; while remaining part of it:

Risk	Change(s) Made
2.4 – Closure of facilities (related to Trust) as a result of unforeseen failure or management practices resulting in loss of attendance, revenue, damage to reputation and increased management fee.	Update of Risk Owner to Head of Finance from Head of Accountancy to reflect personnel changes Update of controls to include the Transitions Service & strategy being in place.
2.13 – Full or partial operational loss or restrictions on the use of school/nursery buildings due to fabric/operational/maintenance issues, leading to significant disruption to learning and teaching and a wider impact on children and young people.	Minor wording update to proposed controls wording.

<p>Inability to meet statutory duties around the provision of education/ELC.</p> <p>Inability to provide safe working/teaching environments in line with health and safety requirements.</p>	
<p>3.9 – Lack of access to affordable housing for local people and to meet our statutory homeless duties.</p>	<p>Update of risk wording to simplify the terminology and make more broadly understandable.</p> <p>Update of risk controls and proposed control to reflect the actions arising from the Council's declaration of a Housing emergency in September 2024.</p>
<p>5.1 – Increase in frail older people, particularly very old, due to demographic changes leads to an over demand on certain services and failure to meet legislation, overspend and negative publicity.</p>	<p>Update of the controls to reflect the implementation of the supporting people framework.</p>
<p>6.1 – Reduced central government funding and challenging grant conditions leading to failure to support the current level of service provision, leading to public discontent and negative effect on the Council's reputation and increased pressure to draw down council reserves on future years' budgets.</p>	<p>Update of Risk Owner to Head of Finance from Head of Accountancy to reflect personnel changes.</p> <p>Update of proposed control wording & dates, to be reflective of one year financial settlement being confirmed for 2025/26.</p>
<p>6.6 – Failure to effectively manage the Council's information assets may result in:</p> <ul style="list-style-type: none"> - loss of or misuse of data; - incorrect sharing of data; - lost opportunities to use data to inform effective decision making, or improve service delivery; and - non-compliance with regulatory and legal obligation legislation. 	<p>Review and update of proposed control wording and associated timescales for these.</p> <p>Rewording of the risk description to simplify terminology.</p>
<p>6.7 – Interruption to service or total inability to provide ICT services, resulting in impact to Council business.</p>	<p>Update of proposed controls and associated timescales for these,</p> <p>Amendment of risk scoring and target risk scoring to reflect. The risk scoring is now a combined score of 16 (likelihood of 4 and impact of 4) and the target risk scoring is now a combined score of 8 (likelihood of 2 and impact of 4). This should reflect the impact of this risk being realised will have on Council operations, as well as the significance of the proposed controls.</p>
<p>6.22 - Our major works capital programmes (including City Deal projects) face unanticipated challenges as a result of external factors, during the lifespan of projects. These challenges have a detrimental impact on the planned capital plan and Gross Value Add of any project. Challenges may be caused by external factors such as inflation.</p>	<p>Update of Risk Owner to Head of Finance from Head of Accountancy to reflect personnel changes.</p> <p>Update of proposed controls to reflect budget setting for 2025/26 having been completed in February 2025.</p>
<p>6.29 – Due to increased demand for health and social care services and associated capacity challenges, the Integration Joint Board (IJB) may require to approach the Council to seek additional funding to support service delivery.</p>	<p>Update of Risk Owner to Head of Finance from Head of Accountancy to reflect personnel changes.</p>

UPDATE OF RISK MANAGEMENT STRATEGY & FRAMEWORK

11. Currently, East Renfrewshire Council has both a Risk Management Strategy, and a Risk Management Framework; both of these documents are due for update and review in 2025. The Strategy is designed to outline the context behind the Council's approach to risk management,

while the Framework sets out how we conduct risk management in practice. As part of the 2025 update process, the intention is to unify these into a single document, which will reduce potential for confusion and instances of repetition.

12. The CMT had a risk management workshop in September 2024, which was followed by Departmental workshops in January 2025. These were delivered by the Council's insurance provider, Zurich. Focus on these was on best practice, clearly defining risk and developing / maintaining an effective risk culture. The learning from these workshops will be factored into the update of the Council's Risk Management Strategy / Framework.

13. In order to exhibit an effective risk culture, the expectation is that the Council's risk arrangements are clearly aligned to appropriate Council strategic documentation. Consequently, as part of the 2025 update, A Place To Grow will be clearly linked in both the Risk Management Strategy / Framework and the Strategic Risk Register. This will mean redesign of the Strategic Risk Register to mirror the outcomes of A Place To Grow, with an additional fourth organisational outcome. As a result, there would be four risk tabs in the new Strategic Risk Register upon completion; compared to the current six. On initial consideration, the existing risks should be successfully mapped to one of the four risk tabs in this update.

14. Learning from the workshops has suggested that the Strategic Risk Register and Departmental arrangements should be for our highest risks, recognising that across the Council staff will be discussing and dealing with risks every day. Key within the Strategy / Framework will be in outlining the types of risk that will appear on the SRR or Departmental arrangements, while offering recognition that the day-to-day that will not necessarily be documented. This is another facet of building risk culture, by demonstrating that risk management is embedded within our daily working within the Council.

15. A clear definition of risks and issues will also form part of the updated Strategy / Framework; to ensure transparency on the areas of inclusion in the Strategic Risk Register going forward. Risks will be broadly defined as uncertain events that may occur in the future, with a longer term consideration. Issues will be defined as events that are happening, or have happened, with a shorter term focus.

16. CMT and Elected Member scrutiny of the Strategic Risk Register are substantive elements of the current Strategy and Framework documents. As part of the updated Strategy / Framework, this would remain as is with no suggestion of change to the frequency of normal updates to either the Audit and Scrutiny Committee or Cabinet.

17. The current working intention is for the CMT to consider a proposed draft Strategy / Framework document in the summer of 2025, alongside an updated format Strategic Risk Register.

18. To support the update of the Strategy / Framework and new look Strategic Risk Register, an Elected Member workshop is proposed. This would be delivered in conjunction with the Council's insurance provider Zurich and look to focus on:

- Definitions of Risk vs Issue;
- Good Characteristics of Risk Management;
- Risk Culture; and
- Update to ERC Strategy / Framework & future direction.

19. Invites would be provided to all Elected Members. However, to support robust scrutiny of the Strategic Risk Register going forward, it would be of significant benefit for all Audit & Scrutiny members, Cabinet Members and Integration Joint Board voting members to attend this workshop. It is hoped that both the workshop and updated Strategy / Framework would be in place before the

next bi-annual update to the Committee. However, any delays in this timeline will be promptly communicated in the interests of strong attendance levels.

FINANCE AND EFFICIENCY

20. The regular review of the Strategic Risk Register offers significant support in ensuring the Council meets objectives detailed in Fairer East Ren, Digital Transformation Programmes and the Outcome Delivery Plan.

CONSULTATION AND PARTNERSHIP WORKING

21. The Strategic Risk Register undergoes consultation and partnership working across all Council Departments as part of its updates. Primarily this is led through the Corporate Management Team, but is supported by each Department reviewing and updating both the Strategic Risk Register and their own Departmental Risk arrangements.

CONCLUSIONS

22. As part of the regular review of the Strategic Risk Register, no risks have been removed from the document and no new risks have been added. Following the review of risks remaining in the document; there are eight Red RAG rated (high scoring) risks recognised.

23. The Strategic Risk Register is reported every six months to the Audit and Scrutiny Committee; with the intention being to next update the committee in September 2025.

24. During 2025, the Council's Risk Management Framework and Risk Management Strategy are due to be reviewed and updated. Risk Management training for Council officers has taken place in September 2024 and January 2025. The learning from these will help shape the update of a single Risk Management Framework / Strategy that seeks to align to A Place To Grow and our People vision. As part of the update process, Elected Members will be invited to attend a Risk Management workshop; with timing to be confirmed.

RECOMMENDATIONS

25. The Audit and Scrutiny Committee is asked to note the development of the Council's Strategic Risk Register. The Strategic Risk Register is considered a "live" document, periodically updated and amended by the Corporate Management Team (CMT).

Chief Executive

For further information contact: Anthony Jenkins, Resilience Coordinator,
Anthony.Jenkins@eastrenfrewshire.gov.uk

March 2025

APPENDICES

1. East Renfrewshire Strategic Risk Register V6.12 (Taken on 13 March 2025).

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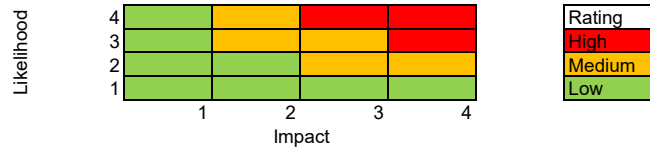
Classification	Official Sensitive
Name	East Renfrewshire Council Strategic Risk Register
Version	V6.12
Date	13/03/2025
Updated by:	Anthony Jenkins: Resilience Coordinator

The risks highlighted within this document are based upon the professional judgement of East Renfrewshire Council Corporate Management Team and officers in East Renfrewshire Council.

The Strategic Risk Register is the property of the Council's Corporate Management Team who will regularly review its contents and scoring.

All risks are currently scored on what is known and based upon information available. Risk scores and controls will be evaluated on an ongoing basis and reflective of developing knowledge.

Risk Scoring is presented based on the risk matrix below



Outcome 2: East Renfrewshire residents are healthy and active and have the skills for learning, life and work

Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
S (13/08/2024)	2.2	Increase in the number of children and adults with additional support requirements leading to a rise in demand which impacts on our ability to provide services.	<p>Transitions service and strategy in place. Transitions is also included in Recovery & Renewal Programme</p> <p>Analysis of demographic changes and increased financial forecasting.</p> <p>Education Resource Group manage specialist resources and admission to specialist provision.</p> <p>Resource Allocation Group (RAG) strengthened membership to include educational psychologist and occupational therapist.</p> <p>Supporting People Framework (eligibility criteria) developed and approved by IJB 29.03.2023. Eligibility threshold increased to Substantial/critical - Nov 2023</p>	3	3	9	<p>Ongoing review of social care eligibility thresholds under the Supporting People Framework Action Plan: reflecting available resources (currently the Supporting People Framework is updated to substantial and critical needs at this time).</p>	Ongoing Activity	3	2	6	Chief Officer HSCP
S (13/03/2023)	2.3	Ensuring sufficient catchment places for East Renfrewshire children and young people across all sectors in light of inward migration including the impact of new residential developments- in particular the Local Development Plan.	<p>Regular review of available and demand for school places.</p> <p>Application of school admission and placing request policies to ensure effective use of school estate.</p> <p>Pupil Product Ratios (PPRs) for ELC, primary, secondary and ASN (Additional Support Needs) sectors are regularly refreshed and analysed to take into consideration changing trends of inward migration. The Council will continue to review school roll projections annually and Pupil Product Ratios (PPRs) at least every 2 years.</p> <p>Adoption of LDP2, adopting strategy of consolidation and regeneration, subsequently reducing potential impact of pressure on school places from additional new developments.</p> <p>On an ongoing basis, Education and Environment Depts continue to review the release of housing via the Housing Land Audit aligned with the pupil product ratios associated with new build homes in East Renfrewshire, to determine projected educational establishment rolls and the consequential infrastructure requirements to meet demand. This will continue and be extended with work towards LDP3.</p> <p>Council's Capital Investment Strategy and the associated future 10-year Capital Plan updated to reflect education estate requirements for all school sectors taking account of operational requirements/timescales.</p> <p>Wider consideration of the condition of school estate to ensure establishments remain operational through the development and application of appropriate maintenance plans.</p>	3	4	12	<p>When required, education statutory consultation to be undertaken in advance and within required timeframes.</p> <p>Education and Environment to collaborate closely about any potential further residential development as LDP3 progresses to ensure sufficiency of places across the education estate and that any new provision is included in future Capital Investment Strategies.</p>	<p>In line with relevant timescales</p> <p>In line with relevant timescales</p>	2	4	8	Director of Education
S (10/10/2024)	2.4	Closure of facilities (related to Trust) as a result of unforeseen failure or management practices resulting in loss of attendance, revenue, damage to reputation and increased management fee.	<p>Current capital plan reflects major new replacement for Eastwood Leisure Centre and provision for repair and maintenance of Culture & Leisure facilities to improve the customer environment. In addition the capital plan includes the intent to renew sports and library facilities for the village of Neilston as part of campus approach to replace outdated local educational provision.</p> <p>Continued monitoring of programme and progress of new culture and leisure projects, reviewed regularly and updated to reflect requirements of facilities to avoid failure in immediate term.</p> <p>Informed major issues report and made case for building new leisure plans as part of LDP2/3.</p> <p>Quarterly meetings take place between the Trust and Property and Technical Services to monitor performance.</p> <p>Business Continuity Plans in place for services.</p> <p>Service Level Agreement (SLA) in place between ERC & ERCL.</p> <p>ERCL represented on ERC corporate asset management group.</p>	3	4	12	<p>Capital Plan reviewed annually and updated to reflect operational requirements of facilities operated by the Trust. This will be ongoing.</p> <p>ERCL to take advantage of any opportunities offered by development of Local Development Plan (LDP) 3 taking account of due process such as planning and consultation in partnership with East Renfrewshire Council and in line with relevant timescales.</p>	<p>Ongoing annual activity.</p> <p>In line with timescales set out in Capital Plan</p>	3	3	9	Director of Education/Head of Finance

<p>C (10/03/2025)</p>	<p>2.13</p>	<p>Full or partial operational loss or restrictions on the use of school/nursery buildings due to fabric/operational/ maintenance issues, leading to significant disruption to learning and teaching and a wider impact on children and young people. Inability to meet statutory duties around the provision of education/ELC. Inability to provide safe working/teaching environments in line with health and safety requirements.</p>	<p>Maintenance planning arrangements in place, with appropriate oversight of any essential repairs. Programme of planned maintenance to boilers and roofs outlined in Capital Plan. Emergency heating arrangements in place within school/nursery Business Continuity Plans (BCPs), including remote monitoring of temperatures to ensure ongoing Health and Safety compliance Availability of remote learning for short periods of disruption. Introduction of protocol for new fire response procedures and updated Fire Risk Assessments of buildings. Careful selection from framework of agreed contractors who will ensure appropriate preventative expectations are met on ERC sites Updated BCP template for all schools and nurseries - reflecting black start procedures. Revised playground policy, including updated checklist around 'loose parts' in and around school playgrounds due to concerns from parents regarding safety.</p>	<p>3</p>	<p>4</p>	<p>12</p>	<p>Submission of future CPAs to support continued maintenance of school and ELC estate including, replacement of flat roofs and boilers and electrical wiring. Seek to address schools with lowest rated estate through future capital bids and/or other available funding streams. Implementation of revised Business Continuity Planning arrangements and updated planning resources within the Education Department.</p>	<p>By end February each year, as part of the budget setting process 1/4/2025</p>	<p>2</p>	<p>4</p>	<p>8</p>	<p>Director of Education</p>
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Outcome 3: East Renfrewshire is a thriving, attractive and sustainable place for businesses and residents

Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
S (28/01/2021)	3.5	There is a risk of an internal structural collapse at Braidbar Quarry which could result in the ground surface opening up possibly leading to fatalities if restrictions on access are not maintained. Several residential properties are blighted by this site.	Full fencing of the site completed November 2019. Warning signs erected around the perimeter. Regular inspections are undertaken, with fencing repaired when the Council is notified of breaches. The Council documents its repair regime. Digitised record inspection records are retained and regularly updated. No mitigation factors are presently in place for an internal structural collapse other than protection of the public through restricted access.	2	4	8	Remediation of the affected land is the only measure which will completely remove this risk. Achieving this however would be a multi-million pound exercise and would require significant collaboration with land remediation specialists.	Long Term Project	2	2	4	Director of Environment
C (04/03/2025)	3.9	Lack of access to affordable housing for local people and to meet our statutory homeless duties.	Declaration of local housing emergency to ensure customers and partners are aware of the ongoing pressures. Review of housing need and demand information used to inform housing supply targets. Affordable housing policy embedded in planning process. Allocation quotas for homeless households are under regular review. Section 5 agreements with local housing associations, which are regularly reviewed. Ring fenced stock & protocol in place to meet Corporate parenting duties. Ability to purchase accommodation - allows buying of hotel rooms, etc. on an emergency basis. A review has been undertaken of the HRA Business Plan to determine the capacity for additional council homes.	4	4	16	Ongoing review of internal housing processes and procedures to support increased prevention through internal service review groups. Corporate Strategic Partnership established to review homeless pathways from presentation, to temporary to permanent accommodation to ensure they are fit for purpose. Capital project commenced to extend Overlee House. Capital project to spend £1m in 2024/25 and £1m in 2025/26 in property acquisitions to extend the supply of temporary accommodation. Additional projects under development to increase the supply of temporary accommodation. Partnership approach ensure maximising of the Resource Planning Assumptions (RPA) provided to East Renfrewshire Council via the national Affordable Supply Programme is maximised to deliver as many units as possible. Partnership working with Association of Chief Housing Officers (ALACHO) to influence national strategy and policy development.	Ongoing Activities 31/12/2025 31/03/2026 31/07/2025 Ongoing Activities	3	4	12	Director of Environment

Outcome 5: Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives												
Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current In place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
S (09/10/2024)	5.1	Increase in frail older people, particularly very old, due to demographic changes leads to an over demand on certain services and failure to meet legislation, overspend and negative publicity.	<p>Outcome Delivery Plan (ODP) and HSCP strategic plans build on foundation of wider council prevention and early intervention strategy for older people.</p> <p>Unscheduled Care Delivery Plan approved by IJB in March-22.</p> <p>Annual budget setting takes account of demographic pressures, however any increase in demand need to be funded within existing resources.</p> <p>New front door model manages level of demand launched Summer 22 making significant positive impact on waiting list for assessment</p> <p>Talking Points diverting people to community resources and building own assets.</p> <p>Supporting people framework implemented April 23. Eligibility threshold increased to Substantial/critical - Nov 2023</p> <p>Project to support Care at Home redesign now live Monitoring includes analysis of waiting lists, reviews, completed, savings achieved, admissions and incidents.</p> <p>Completed review of equipment requests – management oversight and monitoring in place</p>	4	3	12	Ongoing review of social care eligibility thresholds under the Supporting People Framework Action Plan; reflecting available resources (currently the Supporting People Framework is updated to substantial and critical needs at this time).	Ongoing Reviews	3	3	9	Chief Officer HSCP

Our Strategic Outcomes: Customer, Efficiency and People												
Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
C (13/01/2025)	6.1	Reduced central government funding and challenging grant conditions leading to failure to support the current level of service provision leading to public discontent and negative effect on the Council's reputation and increased pressure to draw down council reserves on future years' budgets.	Budget Strategy Group Corporate Ownership Treasury Management Strategy Ongoing monitoring of Council reserves 3 Year budget arrangements Change to financial planning timetable to allow earlier budget deliberations and a realignment of budget with council outcomes. Close monitoring of expenditure/income against budget throughout the year. Close monitoring of teacher numbers given specific grant conditions and bid for newly qualified teachers maximised by Education Department to contribute to the requirement to maintain teacher numbers at 2023 census level. Prioritisation of Digital Transformation Programme and continual review of projects to ensure effective progress and business cases. Budget aligns with conditions set out in Scottish Government settlement letter. Updated settlement figures received from Scottish Government. Long term budget and scenario planning. Outline Financial Plan, reserves and Council Tax level reviewed annually by Council. Education resources reviewed in context of school empowerment and carry forward limit agreed.	3	4	12	Review reserves and consider options for future years' utilisation/reclassification to assist with meeting budget pressures if required. Lobby for reintroduction of 3 year national settlements from 2026/27. Avoid all non-essential spend if required. Continue to utilise new Service Concession flexibility. Establishment of Education Assurance Board	31/10/2025 31/12/2025 31/03/2026 31/03/2026 Subject to national timescales	3	3	9	Head of Finance

<p>S (12/03/2025)</p>	<p>6.6</p>	<p>Failure to effectively manage the Council's information assets may result in: -loss of or misuse of data; -incorrect sharing of data; -lost opportunities to use data to inform effective decision making, or improve service delivery; and -non-compliance with regulatory and legal obligations.</p>	<p>Review of processes and procedures to ensure compliance with the General Data Protection Regulations and the Data Protection Act 2018 completed.</p> <p>Records Management Plan updated in line with Audit review and through ongoing revision.</p> <p>Retention schedule under ongoing review and revision.</p> <p>Review of policies and procedures is now complete and work is ongoing to ensure that policy and guidance is update to date and reflective of good practice.</p> <p>Guidance has been created and published in respect of Redaction to reduce the risk that personal data is inadvertently published.</p> <p>Data Protection Policy has been revised to reflect the role of a dedicated Data Protection Officer (DPO).</p> <p>Service Privacy Notice Template updated and exercise in place to ensure that these are regularly reviewed.</p> <p>Annual Data Protection reporting mechanism to CMT established alongside engagement with Departmental Management/Leadership Teams.</p> <p>DPIA training course has been developed and delivered to nominated employee across the Council and are scheduled on the corporate training calendar on an annual basis.</p> <p>Breach reporting procedures have been created, published and are kept under review.</p> <p>Revised guidance for Subject Access Requests (SAR) and a new process are in place and meet all Code of Practice requirements.</p> <p>Self-assessment update on the Council's Records Management Plan was submitted to The Keeper of the Records of Scotland and was fully approved.</p> <p>Document sharing defaults have been set to named people to help ensure that only appropriate individuals have access to sensitive information.</p> <p>A cross departmental group responsible for coordinating implementing information governance duties and policies has been established to embed a positive information governance culture through targeted activities, technical controls, training and communications that supports a pragmatic and risk based approach to ensuring the confidentiality, integrity and availability of information assets whilst focusing on citizen and employee safety, business transparency, and legislative compliance.</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Roll out additional technical controls, as appropriate, to enhance the security and management of sensitive data, including: sensitivity classification/encryption, sharing and data access controls, linking data access to Active Directory.</p> <p>Assessment of requirements for storage of hard-copy records to be considered.</p>	<p>Ongoing Activities</p>	<p>1</p>	<p>3</p>	<p>3</p>	<p>Director of Business Operations & Partnerships Chief Executive</p>
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<p>C (11/02/2025)</p>	<p>6.7</p>	<p>Interruption to service or total inability to provide ICT services, resulting in impact to Council business.</p>	<p>Appointed dedicated Infrastructure & Cyber Security Manager</p> <p>Robust data back-up and protection schedule for data is in place. Perform complete review of all current back-up arrangements to optimise resilience.</p> <p>Ensure that the Council reviews Business Continuity Plans at least annually, most recent "real life" was Jan 25 (Storm Eowyn)</p> <p>Equipment is regularly maintained and replaced as required.</p> <p>Ensure supplier(s) contracts support recovery activities.</p> <p>Completed independent review of core infrastructure design and architecture to gain validation and assurance of both security and operational capability</p> <p>Improve monitoring and alerting of hardware and environmental systems to provide a proactive response.</p> <p>Co-located Data Centre secured to increase resilience and provide necessary service continuity.</p> <p>Information Security training is mandatory to raise employee awareness of cyber threats and handling information securely. Policy and communications now in place.</p> <p>Critical Impact Assessments across all ICT delivered services to define priority for availability/recovery considered.</p>	<p>4</p>	<p>4</p>	<p>16</p>	<p>A comprehensive Infrastructure Review has been completed with remedial work on recommendations currently underway.</p> <p>Plan being developed to replicate our main Barrhead Data Centre (DC1) into a secondary data centre (DC2) which will be located within the refurbished HQ. This will increase resilience by replicating key servers/services across 2 data centres to reduce any "single points of failure" as much as possible.</p> <p>Cloud-based options are being explored which could provide a "passive" Disaster Recovery site to be used in the event that either DC1 or DC2 was unavailable, to ensure key services continue to be provided.</p> <p>As part of the migration to SWAN 2 (Scottish Wide Area Network), the IT network will be redesigned to build in resilience & redundancy where possible.</p>	<p>31/12/2026 31/12/2026 31/12/2026 30/04/2027</p>	<p>2</p>	<p>4</p>	<p>8</p>	<p>Director of Business Operations & Partnerships</p>
<p>C (11/02/2025)</p>	<p>6.12</p>	<p>Loss of data or interruption to service due to cyber attack from internal or external malicious actors, or indiscriminate malicious programmes, deriving from both Council operations and those of its supply chain.</p>	<p>IS027001 range of technology, policy, procedures, standards and training exists across the council which is reviewed regularly to ensure it remains consistent with changes in technology, working practices and emerging threats.</p> <p>The CMT agreed that Information Security training should be mandatory and undertaken annually to raise employee awareness of cyber threats and handling information securely. Policy and communications now in place.</p> <p>Security standards are reviewed and revised using a risk management approach.</p> <p>The Council is a member of several Information / Cyber Security groups to monitor emerging threats and risk and share security alerts.</p> <p>Ensure the security architecture follows layered approach as defined by best practice.</p> <p>Adopt and implement Scottish Government Cyber Resilience Action Plan which will result in Cyber Essentials Accreditation.</p> <p>Information Security Schedule included within all procurement exercises establishing minimum security requirements supported by operational Data Sharing and Processing Agreements.</p> <p>Programme of Phishing tests in place for all staff. Results reported to CMT and additional refresher training for those that click on the test phishing email.</p>	<p>3</p>	<p>4</p>	<p>12</p>	<p>Due to heightened tensions as a result of the ongoing conflict in Ukraine, the Information Security Officer will liaise with Scottish Local Authority Information Security Group, CISP and other national bodies to ensure the Council defences are updated timeously on receipt of specific threat intelligence.</p> <p>Communications continue among all parties. ERC responds quickly to any threat intelligence provided.</p>	<p>Ongoing Activity Ongoing Activity</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Director of Business Operations & Partnerships</p>

<p>C (25/02/2025)</p>	<p>6.22</p>	<p>Our major works capital programmes (including City Deal projects) face unanticipated challenges as a result of external factors, during the lifespan of projects. These challenges have a detrimental impact on the planned capital plan and Gross Value Add of any project. Challenges may be caused by external factors such as inflation.</p>	<p>The Capital Asset Management Group (CAMG) performs robust appraisal of all new capital bids.</p> <p>The CAMG regularly meets, allowing projects to be tracked - with concerns reported and appropriate interventions considered.</p> <p>Members approval would be sought through the budget monitoring reports of any minor changes to the approved plan and that a separate report would be submitted to Cabinet for approval should there be any substantial changes.</p> <p>Economic situation monitored via Directors of Finance network/ Liaison with Scottish Government via COSLA to keep up to date with likely developments on UK/Scottish settlements.</p> <p>There is prudent budgeting and ongoing monitoring of reserves - including monitoring the effects of economic consequences (e.g. construction inflation on costs, availability of labour, changes to safe working practices, etc).</p> <p>Regular review of Government budgets and subsequent Council budgets takes place, to consider impacts on major projects.</p> <p>The price of goods / services is reviewed by appropriate officers within Departments, with concerns raised at an early stage against significant increases. Business Continuity planning considers alternative suppliers to ensure key service continuity.</p> <p>Roads keep an adequate stock of cold lay material for urgent/emergency repairs & are placing bitumen orders at as early a juncture as possible.</p> <p>Re-profiling of 10 Year Capital Plan has taken place for 2023/24 with a view to identifying significant variations that should significant variations occur or are likely to occur in a single financial year.</p> <p>Review/reprioritisation of 10 year Capital Plan has taken place for the 2024/25 financial year.</p> <p>Oversight of critical capital projects takes place through a number of boards / groups, as well as regularly through the Corporate Management Team.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Value engineering of current and future projects to remain within budget.</p> <p>Virement from other projects.</p> <p>Rescheduling of projects into future financial years.</p> <p>Re-profiling of 10 Year Capital Plan to take place for the 2026/27 financial year, with a view to identifying any significant variations that have or may well occur.</p> <p>Review/reprioritisation of 10 year Capital Plan to reflect the above for the 2026/27 financial year.</p> <p>Progress actions under the Get To Zero Action plan that assess the potential costs and timeline for climate action.</p> <p>Pursue 3rd party funding (including Scottish Government) for climate change action to supplement investment via Council's own capital/revenue budgets.</p>	<p>Ongoing Considerations</p> <p>31/03/2026</p> <p>31/03/2026</p> <p>Ongoing Considerations</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Director of Environment & Head of Finance</p>
<p>S (10/09/2024)</p>	<p>6.29</p>	<p>Due to increased demand for health and social care services and associated capacity challenges, the Integration Joint Board (IJB) may require to approach the Council to seek additional funding to support service delivery</p>	<p>Ongoing reporting to IJB on management plans as part of the revenue monitoring reporting process.</p> <p>Savings, Recovery and Renewal Programme in place to monitor all change activity and capture savings.</p> <p>Financial Recovery & Budget Setting update provided to IJB in January 2024.</p> <p>Use of earmarked reserves.</p> <p>Projected HSCP overspend included within Council's general fund.</p> <p>Investment for the Future allocation was agreed in April 2024 & dashboard developed for reporting progress on the supporting people framework.</p>	<p>4</p>	<p>2</p>	<p>8</p>	<p>Development & regular review of management plans by HSCP Heads of Service to contain projected overspend and identify additional savings.</p>	<p>Ongoing Action</p>	<p>3</p>	<p>2</p>	<p>6</p>	<p>Head of Finance & HSCP Chief Officer</p>

Strategic Risk Register - Change Log						
Version	Date	Risk Number	Broad details of change/updates made	Explanation and justification (if required) for amendments	Responsible Person (Name & Role)	Further comments
V6.6	01/02/2024	6.26	Amendment of risk description and controls. Risk description amended to be better encompassing of resettlement work and the potential for it to be broader than Ukrainian and Afghanistani cohorts. Risk control updated to include reference to the Asylum Partnership Board and the Council's involvement with this.	Update to better reflect the risk faced and controls carried out.	Resilience Coordinator - A Jenkins	Engagement on 31 January with Change & Governance Manager and Resettlement Programme Manager
	06/02/2024	6.3	Addition of new risk: "A UK General Election is due to be called by 25 January 2025; however there is no date as yet, with only a six week notice requirement. A short notice Election would require place an intense need for significant resources across the Council."	To reflect current uncertainty on the date of the next UK General Election & the potential for only six weeks notice.	Resilience Coordinator - A Jenkins	Engagement on 6 February with Democratic Services Manager
	26/02/2024	6.1	Reference to national requirement to maintain teacher numbers as per grant conditions. Inclusion of Education Assurance Board as proposed risk control measure - this will be subject to establishment by the Scottish Government and timescales remain unknown at present.	National grant conditions.	Graeme Hay	
	26/02/2024	2.3	Proposed control measure moved to current	Capital plan approved in budget process.	Graeme Hay	
	26/02/2024	6.22	Update of Proposed Controls.	Noting that 2024/25 Capital Plan / Approaches will be considered through 28 February Council budget & proposed controls will now impact 2025/26 financing.	Resilience Coordinator - A Jenkins	
	26/02/2024	6.12	Update of Proposed Control dates	Recognition that the Russia - Ukraine conflict remains ongoing and that cyber attacks remain a risk as a result of this.	Resilience Coordinator - A Jenkins	
	26/02/2024	3.9	Update of Proposed Control dates	Recognition that proposed controls are still in progress.	Resilience Coordinator - A Jenkins	
	26/02/2024	2.4	Update of Proposed Control dates	Recognition that the Capital Plan for the Trust is annually updated / considered and recording this as an ongoing / annual control.	Resilience Coordinator - A Jenkins	
	04/03/2024	2.13	Update of proposed control measures	Reflecting agreement of works through Council capital plan - agreed through budget at end of February	Graeme Hay - Education Senior Manager	Alerted to A Jenkins - Teams 4th March
	05/03/2024	6.1	Update of proposed control measures & dates	Update to note that 24/25 budget has passed and reflect the need for 25/26 financial planning.	Resilience Coordinator - A Jenkins	Advised by B Clark on 5 March
	05/03/2024	2.3	Update of control measures and proposed control measures	Update to reflect changes to Capital plan etc	Graeme Hay - Education Senior Manager	
	07/03/2024	2.4	Update of control measures	Update to reflect capital plan	Graeme Hay - Education Senior Manager	Consulted with Anthony McCreavy
	12/03/2024	6.29	Added proposed mitigation Development of dashboard for reporting progress on the supporting people framework and invest to save proposals to support capacity to deliver this		Lesley Bairden, HSCP	
	12/03/2024	5.1	Update of Risk wording from "Increase in older people, particularly very old, due to demographic changes leads to an over demand on certain services and failure to meet legislation, overspend and negative publicity." To: "Increase in frail older people, particularly very old, due to demographic changes leads to an over demand on certain services and failure to meet legislation, overspend and negative publicity." Updated current & proposed control measures to include text in bold below: Supporting people framework implemented April 23. Eligibility threshold increased to Substantial/critical - Nov 2023 Project to support Care at Home redesign now live. Monitoring includes analysis of waiting lists, REVIEWS COMPLETED, SAVINGS ACHIEVED , admissions and incidents. Strengthen management oversight of RESOURCE ALLOCATION AND equipment requests		Lee McLaughlin, HSCP	
	12/03/2024	2.2	Added Eligibility threshold increased to substantial/critical - Nov 2023 to proposed mitigation column and changed proposed mitigation to reflect wording in 5.1 as relates to same work		Lee McLaughlin, HSCP	
V6.7	03/04/2024	6.30	Update of risk wording to include: "Additionally, there is increased risk of cyber-attack, impacting the voting process." Update of Risk Controls to reflect the cyber defence mechanisms in place for the electoral process.		Resilience Coordinator - A Jenkins	Advised by B Ashcroft on 3 April 2024.
	08/05/2024	6.7	Update of Controls and Proposed controls to reflect that the following proposed controls have since been met: i) Plan and perform regular audited disaster recovery tests and rehearsals. ii) Develop an approach to adding out-of-hours monitoring and response for critical infrastructure to the ICT Service.	Update to reflect controls having been met; but also the inclusion of a further proposed control.	Resilience Coordinator - A Jenkins	Advised by B Ashcroft on 7 May 2024.
V6.8	11/07/2024	6.22	Update of controls to reflect governance / oversight of Capital Projects that takes place across the Council, including at a CMT level. Rewording of controls to reflect the 2024/25 financial year budget having been concluded.	Update to ensure that controls are reflective of the current climate.	Resilience Coordinator - A Jenkins	
	15/07/2024	3.9	Update of controls and proposed controls to include further measures in both. Update of rescoring elements, reflecting the severity of the issue faced nationally (likelihood score upscored to 3 - to give an overall rescored control risk score of 12).	Update to ensure that controls are reflective of the current climate and that proposed risk scoring is reflective of the challenges that will remain in housing.	Resilience Coordinator - A Jenkins	Discussed at Housing Management Team meeting on 15 July 2024.
	13/08/2024	2.2	Removed reference to advanced practitioner post	no longer relevant	Governance & Compliance Officer - P Gomes	
	13/08/2024	5.1	Review of equipment request complete - moved to in place	action complete		
	13/08/2024	2.13	Update of Controls to include revised playground policy.	Reflection of Revised Playground Policy now being in place (this had previously been a proposed control)	Education Senior Manager Leading Change - G Hay	
	20/08/2024	6.12	Update of controls to include: "ERC has signed up as the first Scottish Local Authority to take direct intelligence feeds into our firewall appliances" This had previously been a proposed control.	Proposed control is now in place & acts as a control.	Resilience Coordinator - A Jenkins	Advised by L Pringle on 20 August 2024 in CMT discussion.
	29/08/2024	3.9	Update of risk wording to include: "Pressure has arisen on our housing provisions through a number of avenues, including stark increases in homeless presentations alongside elements such as Corporate Parenting duties (including for Unaccompanied Asylum-Seeking Children)."	Update of risk wording to highlight some of the areas of pressure that are contributing to the housing risk - included following discussion at CMT on 20 August 2024.	Resilience Coordinator - A Jenkins	Discussed at 20 August 2024 CMT, confirmed with the Senior Housing Manager in discussion.
	09/09/2024	6.29	Update of controls to include: "Investment for the Future allocation was agreed in April 2024 & dashboard developed for reporting progress on the supporting people framework." This had previously been a proposed control.	Proposed control is now in place.	Resilience Coordinator - A Jenkins	Advised by Head of Accountancy via email on 29/08/2024 (for investment for the Future allocation agreement). Reflected in 26 June 2024 minutes of Integration Joint Board (for the development of the dashboard)
V6.9	09/10/2024	5.1	Update of controls to include: "Supporting people framework implemented April 23"	Enhancing of controls.	Governance & Compliance Officer - P Gomes	

09/10/2024	6.7	Update of proposed controls to include: "Plan and perform regular audited disaster recovery tests and rehearsals. Plan for new DR test Dec 2024 to enable AWS backup & recovery capability to become "live", Phase 2 of the AWS project is the creation of a "passive" DR failover site to be located within the AWS cloud to further improve resilience. Annual desktop exercise was successful completed in Dec 2023 and successful switchovers have been achieved during major ICT incidents. However, planned documented tests have yet to take place due to staff availability and ongoing work priorities." and "A detailed 2 phase Infrastructure Review is underway and due to be completed Dec 2024. Several improvements have already been made and ageing infrastructure identified with a rolling replacement programme being developed." and "A feasibility study to relocate Data Centre 2 into ECHQ is underway which will improve resilience reducing the reliance on DC1 @ Barrhead for the majority of network traffic."	Enhancing of proposed controls.	Head of ICT & Resilience - B Ashcroft	
10/10/2024	2.4; 6.1; 6.22; 6.29	Update of role for Risk Owner from "Head of Accountancy" to "Head of Finance" - to reflect the retirement of the Head of Accountancy in September 2024, and appointment of the Council's Head of Finance.	Reflection of changed personnel and correct role titles.	Resilience Coordinator - A Jenkins	Discussed as part of the 8 October CMT Review
22/10/2024	3.9	Update of risk wording to: "Pressure has arisen on our housing provisions through a number of avenues, including stark increases in homeless presentations alongside elements such as Corporate Parenting duties."	Simplifies risk wording, as well as not having the appearance of attributing the cause of the risk to any particular grouping.	Resilience Coordinator - A Jenkins	Discussed with the Director of Environment and Senior Housing Manager.
22/10/2024	3.9	Update of controls to include: "Declaration of local housing emergency to ensure customers and partners are aware of the ongoing pressures." and "Ring fenced stock & protocol in place to meet Corporate parenting duties" and "A review has been undertaken of the HRA Business Plan to determine the capacity for additional council homes." Removal of the following control: "Increased supply of temporary accommodation across council, housing association and private sector properties."	Updated to better reflect the actions in place following the declaration of a Housing Emergency in September 2024.	Resilience Coordinator - A Jenkins	Liaison with the Senior Housing Manager
22/10/2024	3.9	Update of proposed controls wording and target dates. Proposed controls now are: "Ongoing review of internal housing processes and procedures to support increased prevention through internal service review groups" - Ongoing Activity "Corporate Strategic Partnership established to review homeless pathways from presentation, to temporary to permanent accommodation to ensure they are fit for purpose." - Ongoing Activity "Capital project commenced to extend Overlee House" – 31/12/2025 "Capital project to spend £1m in property acquisitions to extend the supply of temporary accommodation" – 31/03/2025 "Additional projects under development to increase the supply of temporary accommodation" – 31/07/2025 "Partnership approach ensure maximising of the Resource Planning Assumptions (RPA) provided to East Renfrewshire Council via the national Affordable Supply Programme is maximised to deliver as many units as possible." – Ongoing Activity "Partnership working with Association of Chief Housing Officers (ALACHO) to influence national strategy and policy development" – Ongoing Activity	Updated to better reflect the actions in place following the declaration of a Housing Emergency in September 2024.	Resilience Coordinator - A Jenkins	Liaison with the Senior Housing Manager
V6.10	01/11/2024	No changes made - V6.10 was discussed at Cabinet on 21 November 2024.			
V6.11	22/01/2025	6.1 Update of proposed control wording and dates .	Updated to reflect that the budget process for 2025/26 is underway at both a Scottish Government & Council Level	Resilience Coordinator - A Jenkins	
V6.12	22/01/2025	2.13 Minor update to proposed control measures	Looks to reflect work being developed to improve business continuity and resilience planning within the Education Department. New approach to be implemented once finalised.	Graeme Hay, Education Senior Manager	
11/02/2025	6.7	Review and update of proposed controls wording. Update of target dates for proposed controls. Review of proposed control scoring.		Head of ICT & Resilience - B Ashcroft	
11/02/2025	6.8	Review and update of proposed controls wording. Update of target dates for proposed controls.		Head of ICT & Resilience - B Ashcroft	
17/02/2025	6.6	Review and update of proposed control target dates and update of risk description to: "Failure to effectively manage the Council's information assets may result in: -loss of or misuse of data; -incorrect sharing of data; -lost opportunities to use data to inform effective decision making, or improve service delivery; and -non-compliance with regulatory and legal obligations."	Simplification of the risk description.	Resilience Coordinator - A Jenkins	Confirmation of risk wording in engagement with the Council's Information Governance Officer
25/02/2025	3.9	Update of proposed controls and subsequently of target dates to reflect inclusion of £1m funding agreement for 2025/26 to purchase housing from the open market to provide temporary accommodation.	Updated to reflect the February 2025 agreement for an additional £1m funding in 2025/26 to facilitate the purchase of properties.	Resilience Coordinator - A Jenkins	
25/02/2025	6.22	Update of proposed controls and subsequently of their target dates - to reflect the conclusion of the 2025/26 budgetary process & recognise that reprofiling for 26/27 will be the next required proposed control.		Resilience Coordinator - A Jenkins	
04/03/2025	3.9	Update of risk wording to: "Lack of access to affordable housing for local people and to meet our statutory homeless duties."	Simplification of the risk wording.	Resilience Coordinator - A Jenkins	Raised by Director of Environment at 4 March CMT.
10/03/2025	2.13	Update of proposed control dates - reflecting that the capital programme is an annual process.	Reflection of the capital programme being an ongoing proposed mitigation, that is currently updated annually.	Resilience Coordinator - A Jenkins	Agreed with G Hay via email.

Strategic Risk Register - Removed Risk Log							
Version	Date	Risk Number	Risk Description	Explanation & justification for removal of risk	Authorisation to remove risk (details/name etc)	Responsible Person (Name & Role)	Further comments
V6.8	15/05/2024	6.26	Resettlement of displaced persons from any area (for example Ukraine and Afghanistan) and unaccompanied asylum seeking children overwhelm the availability of resources in East Renfrewshire, impacting upon already stretched availability for housing, facilities (eg school provision, GP access, etc.), Young Persons Services, Council Services and the Third Sector.	While the risk remains; the volume of resettled persons has significantly lessened compared to 2022 & 2023. There has been a significant drop off in materials requiring strategic oversight & involvement - as such the risk should be incorporated to Departmental arrangements.	CMT - May 2024 Meeting	Anthony Jenkins - Resilience Coordinator	
	20/08/2024	6.30	A UK General Election is due to be called by 25 January 2025; however there is no date as yet, with only a six week notice requirement. A short notice Election would require an intense need for significant resources across the Council. Additionally, there is increased risk of cyber-attack; impacting the voting process.	Risk removed following the UK Parliament General Election being held on 4 July 2024.	CMT - 20 August 2024 Meeting	Anthony Jenkins - Resilience Coordinator	

East Renfrewshire Council

[Provisional] Annual Audit Plan
Year Ended 31 March 2025

27 March 2025



Building a better
working world

This plan

This plan has been prepared in accordance with Terms of Appointment Letter, through which Audit Scotland and the Accounts Commission have appointed us as external auditor to East Renfrewshire Council for financial years 2022/23 to 2026/27.

This report is for the benefit of the Council and is made available to Audit Scotland and the Accounts Commission (together "the Recipients"). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Accessibility

Our report will be available on Audit Scotland's website and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018.



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4. Best Value and Wider Scope Audit	<p>Our risk assessment and audit approach for reviewing the Council's compliance with the wider public audit scope areas:</p> <ul style="list-style-type: none"> ▶ Arrangements to secure sound financial management; ▶ The regard shown to financial sustainability; ▶ Clarity of plans to implement the vision, strategy and priorities of the Council, and the effectiveness of governance arrangements for delivery; and ▶ The use of resources to improve outcomes. <p>Annual Best Value audit work is integrated with wider scope annual audit work.</p>	25
Appendices	<p>Undertake statutory duties, and comply with professional engagement and ethical standards:</p> <p>Appendix A: Code of Audit Practice: responsibilities</p> <p>Appendix B: Auditor Independence</p> <p>Appendix C: Required communications with the Audit and Scrutiny Committee</p> <p>Appendix D: Timing of communications and deliverables</p> <p>Appendix E: Audit fees</p> <p>Appendix F: Prior year recommendations</p> <p>Appendix G: Additional audit information</p>	32

1. Executive summary

Purpose of our plan

The Accounts Commission for Scotland appointed EY as the external auditor of East Renfrewshire Council (“the Council”) for the five year period to 2026/27.

This [provisional] Annual Audit Plan, prepared for the benefit of senior management and the Audit and Scrutiny Committee, sets out our proposed audit approach for the audit of the financial year ended 31 March 2025. In preparing this plan, we have continued to develop our understanding of the Council through:

- ▶ Regular discussions with management,
- ▶ Review of key documentation, including Council and committee reports; and
- ▶ Our understanding of the environment in which the Council is currently operating.

Our audit quality ambition is to consistently deliver high-quality audits that serve the public interest. A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, including observations around where the Council employs best practice and where processes can be improved. As we note in Appendix F, we will follow up each recommendation throughout our appointment to ensure implementation, including any Best Value findings.

We use data insights where possible to form our audit recommendations to support the Council in improving its practices around

financial management and control, and in aspects of the wider scope dimensions of audit. These are highlighted throughout our reporting together with our judgements and conclusions regarding arrangements.

After consideration by the Council’s Audit and Scrutiny Committee, the finalised plan will be provided to Audit Scotland and published on their website.

Scope and Responsibilities

We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in June 2021; International Standards on Auditing (UK); relevant legislation; and other guidance issued by Audit Scotland. The Code sets out the responsibilities of both the Council and the auditor, more details of which are provided in Appendix A.

Independence

We confirm that we have undertaken client and engagement acceptance procedures, including our assessment of our continuing independence to act as your external auditor. Further information is available in Appendix B.

Our key contacts:

Rob Jones, Engagement Partner
rjones9@uk.ey.com

Grace Scanlin, Senior Manager
grace.scanlin@uk.ey.com

Laura Prior, Assistant Manager
laura.prior@uk.ey.com

Financial Statements audit

We are responsible for conducting an audit of the Council’s financial statements. We provide an opinion as to:

- ▶ whether they give a true and fair view, in accordance with applicable law and the 2024/25 Code of Accounting Practice, of the income and expenditure of the Council for the year ended 31 March 2025 and;
- ▶ have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2024/25 Code; and
- ▶ whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of other information prepared

and published along with the financial statements.

We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement. Our key considerations and materiality values are set out in Exhibit 1.

In 2024/25 we will respond to an updated International Auditing Standard, ISA (UK) 600 (Revised). We have therefore tailored our audit scope to respond to identified risks that impact group conclusions, and this will influence the extent of procedures undertaken. We note on page 22 that IFRS 16 Leases has been adopted in the 2024/25 CIPFA Code of Practice on Local Authority Accounting and the Council will implement from 1 April 2024.

Exhibit 1: Materiality Assessment in 2024/25

<p>Planning Materiality Overall materiality for the financial statements based on the Council’s gross expenditure less IJB contributions</p>	<p>Performance Materiality We have provisionally assessed performance materiality at 75% of overall materiality for the financial statements.</p>	<p>Reporting Threshold Level of error that we will report to the Audit and Scrutiny Committee. This is set at 5% of planning materiality.</p>
<p>£7.6 million</p>	<p>£5.7 million</p>	<p>£0.38 million</p>

We note that the above materiality is based on the Council’s single entity gross expenditure. Given that the Council makes up 99% of the Group’s gross expenditure we deem it appropriate to apply this level to both Council and Group statements.

| Wider Scope and Best Value

As public sector auditors, our responsibilities extend beyond the audit of the financial statements. The Code of Audit Practice (2021) requires auditors to consider the arrangements put in place by the Council to meet their Best Value obligations as part of our proportionate and risk-based wider-scope audit work. This requires consideration of:

- ▶ The Council's arrangements to secure sound financial management;
- ▶ The regard shown to financial sustainability;
- ▶ clarity of plans to implement the vision, strategy and priorities of the Council, and the effectiveness of governance arrangements for delivery; and
- ▶ The use of resources to improve outcomes.

Best Value considerations are integrated within our wider scope annual audit work. The Accounts Commission considered the Council's arrangements within a Controller of Audit report, which was published in February 2024. The [report](#) endorsed the Council's approach to transformation and managing its finances, and there were no separate recommendations as a result of the findings.

We will continue to report on how the Council demonstrates that it has Best Value arrangements in place to secure continuous improvement throughout our remaining appointment. We note on page 25 that in 2024/25 we will consider the Council's arrangements for fairness and equality, alongside the thematic work that has been prescribed by the Accounts Commission on transformation.

Exhibit 2: Summary of significant risks identified for the audit in 2024/25

Three significant risks impacting the audit of the financial statements have been identified in Section 3:

<p>1. Risk of fraud in revenue and expenditure (fraud risk)</p>	<p>Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have rebutted the risk of improper recognition of income in respect of core grant funding from the Scottish Government, as well as in respect of council tax income, non-domestic rate income and interest income. With regards to expenditure, we have rebutted the risk of improper recognition of payroll, depreciation, and financing and investment expenditure.</p>
<p>2. Misstatement due to fraud or error (fraud risk)</p>	<p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.</p>
<p>3. Valuation of property, plant and equipment</p>	<p>The fair value of property, plant and equipment (PPE) represent significant balances in the Council's financial statements. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>In 2023/24, we identified one adjustments with an impact of £24.3 million relating to property, plant and equipment.</p>

Exhibit 3: Summary of inherent risks identified for the audit in 2024/25

Three inherent risks impacting the audit of the financial statements have been identified in Section 3:

<p>1. Valuation of Pension Assets and Liabilities</p>	<p>The Council's net pension asset, measured as the sum of the long term payments due to members as they retire against the Council's share of the Strathclyde Pension Fund investments, is a material balance in the Council's financial statements, albeit netted off to nil between assets and liabilities.</p> <p>Accounting for this scheme involves significant estimation and judgement, including financial and demographic assumptions. The Council engages an actuary to undertake the calculations on their behalf.</p> <p>ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>Following the publication of the triennial valuation of Strathclyde Pension Fund in 2024, we anticipate that the scheme will remain in a surplus position for 24/25. CIPFA provided guidance in 23/24 (Bulletin 15) on recognising a net defined benefit asset in accordance with IFRS 14 when the pension fund reports a surplus.</p>
<p>2. Valuation of PFI/PPP Liabilities</p>	<p>The value of PFI/PPP liabilities represent significant balances in the Council's financial statements with the Council holding 5 contracts, with a value of £68.1 million in 2023/24. Accounting for these contracts includes a number of complexities, including ensuring the financial models reflect any contract amendments and inflationary uplifts. It is noted that one scheme is due to come to an end in July 2026 and therefore consideration must be given to any potential accounting implications of this.</p>
<p>3. Implementation of IFRS 16</p>	<p>CIPFA have confirmed that there will be no further delay of the introduction of the leases standard IFRS 16 and therefore IFRS 16 Leases is applicable in Local Government for period beginning 1 April 2024. The Council will therefore transition to IFRS 16 from 1 April 2024. As a result, assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.</p> <p>Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments.</p> <p>We anticipate this to be material to our responsibilities, and we will review the completeness of this assessment for both the Council and the Group as part of our 2024/25 work.</p>

Exhibit 4: Summary of areas of audit focus in relation to the Best Value and Wider Scope audit

Two areas of audit focus have been identified that impact Best Value and wider scope audit in Section 4:

<p>Financial Sustainability: Development of sustainable and achievable medium term financial plans</p>	<p>In 2023/24, we identified financial sustainability as an area of significant risk, and made a recommendation that the Council should develop a Medium Term Financial Strategy to support the delivery of strategic objectives.</p> <p>In February 2025, the Council approved its first full Medium Term Financial Strategy, covering the period to 2030. The Council's updated assumptions identify a cumulative budget gap of £12.8 million by 2029/30, after assumptions for Council Tax and recurring savings proposals.</p>
<p>Best Value Thematic Review: Transformation</p>	<p>The Accounts Commission has asked us to consider how the Council is responding to the current transformation challenges:</p> <ol style="list-style-type: none"> 1. To what extent does the council have clear plans for transformation that link to its priorities and support long-term financial sustainability? 2. To what extent do the council's programme management arrangements facilitate effective oversight of its transformation plans? 3. To what extent are communities and partners involved in the development and delivery of the council's plans for transformation? 4. To what extent has the council considered the impact of its transformation activity, including on vulnerable or protected groups?

| 2. Sector developments

Introduction

In accordance with the principles of the Code, our audit work considers key developments in the sector. We obtain an understanding of the strategic environment in which the Council operates to inform our audit approach.

| Local Government Finances 2024/25

In January 2025, the Accounts Commission published its annual report on Local Government finances in Scotland ([Financial Bulletin 2023/24](#)). The report notes that despite councils receiving more funding and income in cash terms, due to high inflation, total revenue funding from all sources fell by 3.3% in real terms compared to 2022/23.

Councils are reliant on Scottish Government funding, which makes up over 60% of income. However, a large proportion of this funding is typically either formally ringfenced or provided on the expectation that it will be spent on specific services and national policy objectives. While ring fenced funding supports the delivery of key Scottish Government policies, it removes local discretion and flexibility over how these funds can be used by councils to meet their own objectives.

Audit Scotland calculated ringfenced money to represent 21% of total revenue funding in

2023/24. This represents a reduction as compared to 22/23 following a commitment in the Verity House Agreement to reduce the level of ring-fenced funding (unless there is a clear and mutual rationale for the funding being established in such a way), with several previously ring-fenced or directed items being baselined into the general revenue grant.

Scottish Government core revenue funding increased by 4.2% in cash terms but noted a 1.8% reduction in real terms between 2022/2023 and 2023/24.

Income from customer and client receipts reduced significantly during the Covid-19 pandemic and has not returned to previous levels, with a 12% decrease noted in comparison to 2019/20. This income covers a broad range of services, including waste and parking, however income generation and the Councils' limited ability to increase income is often cited as a risk to financial sustainability.

Looking ahead, the Accounts Commission notes that Councils are increasingly reliant on identifying savings, which becomes progressively difficult year-on-year, resulting in an increase in unplanned use of reserves to manage budget pressures (12 out of 29 councils in 2023/24).

Scottish budget

Local government is the second largest area of Scottish Government spending. In December 2024, the Scottish Government published the Scottish Budget. The budget addressed plans only for 2025 to 2026, in contrast to the commitment in the Verity House Agreement, to provide multi-year spending plans.

The budget included announcements that the Scottish government will:

- ▶ Increase Local Government funding by over £1 billion from 2024/25 to 2025/26, including a £289 million increase on the General Revenue Grant;
- ▶ Not implement a council tax freeze or cap for 2025/26, having provided funding of £147 million in the prior year to fund the announced Council Tax freeze, which was described as equivalent to a 5% increase. As a result, Councils across Scotland are in the process of implementing council tax increases, ranging from 6% to 15.6%.

Integration Joint Boards' Finances

In March 2025, Audit Scotland published the Integration Joint Board [Financial Bulletin 2023/24](#), which described the sector's finances as precarious. The majority of IJBs reported a deficit on the cost of providing services requiring unplanned use of reserves and additional contributions from partner bodies.

Total reserves held by IJBs reduced by 40% in 2023/24. Nine IJBs, including East Renfrewshire IJB, now do not hold any contingency reserves, reducing their financial flexibility and increasing the risk to

their financial sustainability.

The report highlights that NHS boards and councils face significant financial challenges themselves and IJBs cannot therefore continue to rely on their partners being able to find additional money to support them during the year.

Controller of Audit Report on Best Value

The Accounts Commission requires the Controller of Audit to report on each council at least once over the five-year audit appointment on the council's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.

In February 2025, the Controller of Audit reported on the East Renfrewshire Council's progress against Best Value, noting that the Council excels in many areas whilst also providing findings to enable further improvement. The report noted that the Council demonstrates a commitment to continuous improvement and consistently makes good progress in putting the recommendations identified through Best Value reports into action. The Controller of Audit also identified a number of findings, including the requirement for the council to continue to develop a realistic and costed medium-term financial plan that supports the delivery of strategic objectives while recognising the significant future uncertainty.

We note in Section 4 that progress will continue to be monitored through the programme of annual external audit work, including Best Value thematic work.

3. Financial statements: Our approach and assessment of significant risks

Introduction

The publication of the annual financial statements allow the Council to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice, which is represented by the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

Our responsibilities

We are responsible for conducting an audit of the Council's financial statements. We provide an opinion as to:

- ▶ whether they give a true and fair view in accordance with applicable law and the 2024/25 Code of the risks and of the Council as risks and 31 March 2025 and of its income and expenditure for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2024/25 Code; and
- ▶ whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published by the Council along with its financial statements.

Other Statutory Information

The management commentary and narrative reporting within the financial statements continues to be an area of increased scrutiny as a result of rising stakeholder expectations. This includes climate related and emissions reporting, where we expect additional guidance from Audit Scotland for 2024/25 onwards.

Audit approach

We will continue to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

During our planning procedures, we determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, error or design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

Audit Approach continued

- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence to express an opinion on the financial statements.
- ▶ Reading other information contained in the financial statements to form assessment, including that the annual report is fair, balanced and understandable.
- ▶ Ensuring that reporting to the Audit and Scrutiny Committee appropriately addresses matters communicated by us and whether it is materially consistent with our understanding and the financial statements.
- ▶ We rigorously maintain auditor independence (refer to Appendix B).

Materiality

For planning purposes, materiality for 2024/25 has been set at £7.6 million (2023/24: £7.7 million). This represents 2% of the Council's gross expenditure on provision of services less IJB grant income

and expenditure (Exhibit 3). Materiality will be reassessed throughout the audit process and will be communicated to the Audit and Scrutiny Committee within our annual audit results report.

Our 2024/25 assessment concluded that gross operating expenditure remains the most appropriate basis for determining planning materiality for the Council.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations.

Specific materialities

We consider all accounts and disclosures within the financial statements individually to ensure an appropriate materiality is used. In determining their materiality, we consider both the qualitative and quantitative factors that could drive materiality for the users of the financial statements. Accordingly, we determine it is appropriate to use lower levels of materiality for some areas of the financial statements, including:

- ▶ **Remuneration report** - given the sensitivity around the disclosure of senior staff remuneration we apply a lower materiality threshold to our audit consideration around the remuneration report and related disclosures.
- ▶ **Related party transactions** - which are considered material when they are material to either party in the transaction. We do not apply a specific materiality but consider each transaction individually.

We have provided supplemental information about audit materiality in Appendix F.

Exhibit 3: Our assessment of materiality in 2024/25

Element	Explanation	Value
Planning materiality	<p>The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.</p> <p>This represents 2% of the Council's Gross Expenditure less IJB contributions. In 2023/24 this was set at £7.7 million.</p>	£7.6 million
Performance materiality	<p>Materiality at an individual account balance, which is set to reduce the risk that the aggregate of uncorrected and undetected misstatements exceeds Planning Materiality to an acceptably low level.</p> <p>We have provisionally set this at 75% of planning materiality, in line with the materiality presented in our 2023/24 audit results report (£5.8 million) but we will continue to update our assessment throughout the audit.</p>	£5.7 million
Reporting level	<p>The amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements.</p> <p>This is set at 5% of planning materiality.</p>	£0.38 million

| Group Audit

The Council prepares its annual report and financial statements on a group basis.

ISA (UK) 600 (revised September 2022) special considerations - Audits of group financial statements (including the work of component auditors) becomes effective for the first time in 2024/25. The revised auditing standard introduces a number of changes to the approach for auditing groups.

The Group consists of the following organisations

- ▶ Common Good and Charitable Trusts
- ▶ Strathclyde Partnership for Transport
- ▶ Strathclyde Concessionary Travel Scheme
- ▶ Renfrewshire Valuation Joint Board
- ▶ East Renfrewshire Culture & Leisure Trust
- ▶ East Renfrewshire Integration Board

We have considered the arrangements in respect of each of the Council's group undertakings at the planning stage and will review throughout the audit.

The only significant component by size is the Council, which accounts for 99% of consolidated gross expenditure.

The East Renfrewshire Integration Joint Board (IJB) is identified as a joint venture and consolidated in accordance with the requirements of the Code. We have been appointed as auditor to East Renfrewshire Integration Joint Board and will report separately on our audit of that entity.

There have been no specific risks identified that may indicate a component in full is significant by risk, as the IJB does not affect the transactions as such, only the nominal funding agreement in and out of the IJB.

As part our risk assessment required under the newly introduced auditing standard, ISA600, we have also considered whether there are any indicators that a component is significant due to size or risk on an account level. As a result, we will perform extended procedures over specific material asset balances identified through our risk assessment.

| East Renfrewshire Council Charitable Trusts

In February 2024, Audit Scotland published a briefing in relation to Charitable Trusts across local government. Within this briefing, they advised that steps are taken to wind up and merge charitable trusts or appoint an external trustee to remove the audit requirement. In the prior year, management actioned this recommendation and appointed South Ayrshire Council as an independent examiner. As a result, the charitable trusts are outside the scope of our audit, and we do not provide an opinion on these bodies.

Our response to significant risks

Introduction

Auditing standards require us to make communications to those charged with governance throughout the audit. At East Renfrewshire Council, we have agreed that these communications will be to the Audit and Scrutiny Committee. The financial statements and our annual audit report will also be reported to the Council.

One of the key purposes of our annual audit plan is to communicate our assessment of the risk of material misstatement in the financial statements.

We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

We set out in the following sections the significant risks (including fraud risks denoted by *) that we have identified for the current year audit, along with the rationale and expected audit approach. In 2024/25 we have identified three significant risks:

- ▶ Risk of fraud in revenue and expenditure recognition, including through

management override of control*

- ▶ Misstatement due to fraud or error*
- ▶ Valuation of property, plant and equipment.

The risks identified may change to reflect any significant findings or subsequent issues we identify during the audit. We will provide an update to the Audit and Scrutiny Committee if our assessment changes significantly during the audit process.

Under the Code of Audit Practice, we are required to report on key audit matters as part of our annual reporting. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

These matters will include those which had the greatest effect on:

- ▶ the overall audit strategy;
- ▶ the allocation of resources in the audit; and
- ▶ directing the efforts of the engagement team.

1. Risk of fraud in revenue and expenditure recognition*

Financial statement impact

The relevant 2023/24 account balance in the audited financial statements was:

- ▶ Other expenditure: £164.7 million
- ▶ Other income: £62.0 million
- ▶ Other grants and capital grants: £49.4 million
- ▶ Related creditor balances: £49.9 million
- ▶ Related debtor balances: £4.5 million
- ▶ Capital grant receipts in advance: £10.5 million

What is the risk?

Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of income. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which means we also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We consider there to be a specific risk around income and expenditure recognition through:

- ▶ Incorrect income and expenditure cut-off recognition to alter the Council's financial position around the financial year end.
- ▶ Incorrect recognition applied to grants income with performance conditions.

- ▶ Incorrect allocation of expenditure between capital and revenue.

In line with auditing standards, we rebut the risk around income and expenditure where appropriate depending on the nature of the account.

Accordingly, we have rebutted the risk of improper recognition of income in respect of core grant funding from the Scottish Government, as well as in the respect of council tax income, non-domestic rate income and interest income. With regards to expenditure, we have rebutted the risk of improper recognition of payroll, depreciation and financing and investment expenditure.

What work will we perform?

We will take a fully substantive approach to the testing the related accounts. We will:

- ▶ Inquire of management and those charged with governance about risks of fraud and the controls to address those risks.
- ▶ Review and challenge management on any accounting estimates for evidence of bias.
- ▶ Review and test additional income and expenditure cut-off at the period end date.
- ▶ Test an extended sample of grant income to ensure it satisfies recognition criteria tests.
- ▶ Conduct additional substantive testing of related income and expenditure transactions where we have identified a significant risk.
- ▶ Assess and challenge manual adjustments/ journal entries by management around the year end for evidence of management bias and evaluation of business rationale and supporting evidence.
- ▶ Develop a testing strategy to test material revenue and expenditure streams, including testing revenue and capital expenditure to ensure it has been correctly classified.

2. Misstatement due to fraud or error*

| What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

| What work will we perform?

We will:

- ▶ Inquire of management about risks of fraud and the controls to address those risks;
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consider the effectiveness of management's controls designed to address the risk of fraud; and
- ▶ Consider the basis of any transfers between reserves.

We will perform mandatory procedures regardless of specifically identified fraud risks, including:

- ▶ Substantively testing income and expenditure transactions as appropriate and material;
- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. This includes setting criteria for journals that we test including those that can be subject to management manipulation or impact council performance;
- ▶ Assess accounting estimates for evidence of management bias; and
- ▶ Evaluate the business rationale for significant unusual transactions.

We will use our data analytics capabilities to assist with our work.

3. Valuation of Property, Plant and Equipment

Financial statement impact

The relevant 2023/24 account balance in the audited financial statements was:

- ▶ Property, Plant and Equipment: £956.8 million.
- ▶ Relating to land and buildings, including council dwellings: £847.6 million
- ▶ Relating to infrastructure assets: £81 million
- ▶ Additions totalled: £46.4 million

What is the risk?

The fair value of property, plant and equipment (PPE) represent significant balances in the Council's financial statements. Management is required to make material judgemental inputs and apply estimation techniques to calculate year-end balances recorded in the balance sheet.

Previously the Council's internal valuers revalued all assets on an annual basis. Following the 2023/24, we held a full debrief with the accountancy and valuation teams and they shared their assessment on plans for a rolling programme of valuations, focused on risk and materiality. This is in line with the approach taken by other Scottish Councils. Despite not revaluing all assets in the year, the Council will continue to give consideration to all asset classes in the year, allowing them to evaluate the impact of any significant movements in the year on the remainder of the asset base. In 2023/24, we identified one adjustment with an impact of £24.3 million in the valuation.

Infrastructure assets

The statutory override in place for infrastructure assets was scheduled to end at 31 March 2024 however the Scottish Government has now consulted on extending the override to 31 March 2025. The extension continues to carry an expectation that Councils will continue to address information deficits to ensure however, timely adoption of future Code requirements once a more permanent solution is delivered.

Nil net book value assets

As part of our existence testing in the prior year, we selected a sample of assets that had been depreciated to a nil net book value (total value in 2023/24: £25.9 million). We identified that the majority of the sample could not be verified to confirm the existence of the asset. Testing highlighted that the asset life allocated to key components such as kitchens within the depreciation policy appeared to be lower than the actual lives. Management committed to review the record keeping underpinning the Fixed Asset Register to ensure it is sufficient to identify the status and location of individual assets. In addition to this, a review was to be performed to ensure that asset lives are appropriate for each class of asset.

3. Valuation of Property, Plant and Equipment continued

| What work will we perform?

We will:

- ▶ Review and appraise the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
 - ▶ Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support price per square metre);
 - ▶ Involve EY internal specialists to challenge the work performed by the Council's valuers, focusing on more material assets which have been subject to audit differences in the past;
 - ▶ Assess any changes to useful economic lives against the most recent valuer assessments;
 - ▶ Test accounting entries have been correctly processed in the financial statements;
 - ▶ Sample test transfers from assets under construction and confirm for a sample that remain within assets under construction that development is still in progress;
 - ▶ Consider assets that have not been subject to valuation, including assessing whether there are any indicators of impairment;
- ▶ Gain an understanding of the level and nature of capital spend in year and perform testing on fixed asset additions ensuring an appropriate split between revenue and capital expenditure; and
 - ▶ Review operating expenditure for evidence of capital additions omissions.
- For infrastructure assets we will:
- ▶ test a sample of infrastructure assets to determine their existence as at 31 March 2025;
 - ▶ review the depreciation policy for infrastructure assets and ensure it remains appropriate and in line with CIPFA guidance; and
 - ▶ Assess whether infrastructure additions for 2024/25 have been recorded in sufficient detail to enable verification of the underlying physical asset.
- For nil net book value assets we will:
- ▶ Consider the appropriateness of the depreciation policy applied to assets

Inherent risks

We have identified other areas of the audit that have not been classified as significant risks but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters that we will include in our annual audit report:

Valuation of Pension Assets and Liabilities

The Council's net pension asset, measured as the sum of the long term payments due to members as they retire against the Council's share of the Strathclyde Pension Fund investments, is a material balance in the Council financial statements. At 31 March 2024 the net asset totalled £178.6 million which was limited to nil in line with the accounting requirements of IFRIC 14. An unfunded liability of £16.9 million was also recorded on the Council's balance sheet and a material Group pension asset is considered in full.

Accounting for this scheme involves significant estimation and judgement, including financial and demographic assumptions. The Council engages an actuary to undertake the calculations on their behalf.

ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Following the publication of the most recent triennial valuation of the Strathclyde Pension Fund, we anticipate that the scheme will remain in a surplus position. CIPFA has recently provided guidance (Bulletin 15) on recognising a net defined benefit asset in accordance with IFRIC 14 when the pension fund reports a surplus. Where an asset ceiling is applied, the bulletin highlights relevant requirements in the accounting code which require disclosure of:

- ▶ an explanation as to why the pension surplus reported under IAS 19 is not fully realisable and what 'realisable' means in this context; and
- ▶ the basis used to determine the amount of the economic benefit available.

Work we will perform:

- ▶ Liaise with the auditor of Strathclyde Pension Fund to obtain assurances over the information supplied to the actuary and confirm joint assurances in respect of employer and employee contributions.
- ▶ Engage our actuarial specialists to assess the work of the actuary (Hymans Robertson).
- ▶ Assessing the work of PWC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies.
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ Require an updated IAS19 report in July to ensure that there have been no material movement in the value of pension fund assets between the initial IAS19 report, and the signing of the financial statements.
- ▶ Consider the valuation and disclosure of unfunded liabilities, for which there are no plan assets to meet the pension liabilities.
- ▶ As part of our audit procedures, we will request that the Council obtain an asset ceiling report from its actuaries. Our actuarial specialists will review the asset ceiling report to satisfy themselves that it is materially correct.

Inherent risks continued

Valuation of PFI/PPP Liabilities

The value of PFI/PPP liabilities represents significant balances in the Council's financial statements with the Council holding 5 different contracts. Accounting for these contracts includes a number of complexities ensuring the financial models reflect any contract amendments and inflationary uplifts. At 31 March 2024 the PFI/PPP liability balance per the financial statements was £68.1 million. (2023: £73.5 million).

Due to the complexity of accounting for PFI/PPP contracts and the high value of the transactions, there is a risk that the Council's financial statements do not show the correct accounting entries, reflect the correct accounting model and that related commitments are not correctly disclosed. One of the Council's PFI contracts, in relation to the Mearns Primary School and an extension to St Ninians Secondary School, will terminate in August 2026.

Work we will perform:

We will:

- ▶ Review the contractual agreements for each PFI/PPP asset and confirm any contract amendments have been appropriately reflected within the liability valuation;
- ▶ Ensure that accounting models have been appropriately and accurately updated to reflect inflationary uplifts and actual unitary charge payments;
- ▶ Test accounting entries have been correctly processed in the financial statements;
- ▶ Review financial statement disclosures to ensure commitments are appropriately disclosed.

Implementation of IFRS 16

IFRS 16 Leases has been adopted in the 2024/25 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts. IFRS 16 eliminates the operating / finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short term leases. These will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

The Council intends to adopt IFRS 16 from 1 April 2024, and have engaged with specialists to support the recognition.

We have discussed audit requirements with management. There are no significant changes to the accounting requirements where the entity is acting as a lessor but disclosure requirements around risk exposure are required.

As part of our work we will consider the Council and Group's approach to capturing additional information about leases, both new and existing, especially regarding future minimum lease payments and cost information. We will also consider the implications of implementation from a group perspective and challenge the completeness of evidence that the Council obtain.

| Use of specialists

When auditing key judgements, such as the valuation of property, plant and equipment or defined benefit pension scheme assets and liabilities, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable.
- ▶ Assess the reasonableness of the assumptions and methods used.
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work.
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

Going Concern

| Audit requirements

In accordance with the CIPFA Code of Practice on Local Government Accounting, the Council prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity.

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

Under ISA (UK) 570, we are required to undertake challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of substantial financial pressures facing the Council, including the cost of living crisis, inflationary pressures, and other demand pressures, we place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the Council and its financial sustainability.

Our work on going concern requires us to:

- ▶ challenge management's identification of events or conditions impacting going

concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;

- ▶ challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtain and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Council obtained throughout our audit;
- ▶ Consider and challenge management expectations in relation to the ability to respond to future budget gaps, and/or the maintenance of general reserves;
- ▶ conduct a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

4. Best Value and Wider Scope Audit

Introduction

In June 2021, Audit Scotland and the Accounts Commission published a revised Code of Audit Practice. This establishes the expectations for public sector auditors in Scotland for the term of the current appointment.

Risk assessment and approach

The Code sets out the four dimensions that comprise the wider scope audit for public sector in Scotland:

- ▶ Financial management;
- ▶ Financial sustainability;
- ▶ Vision, Leadership and Governance; and
- ▶ The use of resources to improve outcomes.

The Code of Audit Practice requires that, in addition to financial statement significant risks, auditors are required to identify significant risks within the wider scope dimensions as part of our planning risk assessment. We consider these risks, identified as “areas of wider scope audit focus”, to be areas where we expect to direct most of our audit effort, based on:

- ▶ our risk assessment at the planning stage, including consideration of Audit Scotland’s Code of Audit Practice Supplementary Guidance (February 2022);
- ▶ Our knowledge of the Council from prior year audits, including Best Value work; and

- ▶ the identification of any national areas of risk within Audit Scotland’s annual planning guidance.

Any changes in this assessment will be communicated to the Audit and Scrutiny Committee. Our wider scope audit work, including follow up of prior year findings, and the judgements and conclusions reached in these areas, contribute to the overall assessment of and assurance over the achievement of Best Value.

Best Value

Under the Code, the Accounts Commission require auditors to assess and report on the Council’s performance in meeting its Best Value and community planning duties.

While our risk assessment will be used to determine the requirement for any additional audit work covering the seven Best Value characteristics, there is an expectation that equalities will be advanced through the audit process, and that we will therefore carry out work on the Fairness and Equality characteristic at least once during the audit appointment. We will conduct this work as part of our 2024/25 audit.

In addition, on an annual basis, we are required to prepare a separate report on thematic topics prescribed by the Accounts Commission. For 2024/25, the Accounts Commission has directed auditors to report on transformation.

Financial Sustainability



Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

At 31 March 2024, the Council's total General Fund reserves were £42 million, including the unearmarked General Reserve of £7.3 million. This represents around 2.3% of annual budgeted net revenue expenditure.

The Council considered the updated Medium Term Financial Plan in February 2025. The Plan notes the demographic pressures facing East Renfrewshire Council as a result of the population growth particularly of older people aged 65+ (where this age group is expected to represent a quarter of the Council's total population by 2043), alongside funding pressures impacting the whole sector.

The Council identified a funding gap of £7.066 million, in 2025/26 but was able to set a balanced budget by drawing upon:

- ▶ The use of usable reserve balances, including the financial flexibilities reserve (£0.39 million);
- ▶ Recurring savings (including charges for services) of £1.24 million; and
- ▶ An 8% increase in council tax for 2025/26.

As a result of achieving a balanced budget in this financial year, the Medium Term Financial Plan identifies a remaining cumulative budget gap of £12.8 million over the five year period of the plan.

The Plan recognises that the Council has made significant recurring savings, totalling £34.2 million over the last six years. As a result, there are limited remaining opportunities to close future budget gaps through efficiencies alone.

The Council considered its updated Reserves Policy as part of the medium-term financial plan, which made no change to the target level of unearmarked reserves (4%) but recognised that this level cannot always be met. Unless there are exceptional circumstances, the Council would not expect the reserve to fall below a level of around 2%. In our 2023/24 annual audit report, we noted the Council's continued application the one-off financial flexibilities reserve of (£7.3 million at 31 March 2024) which was created to help the council transition and manage future budget reductions.

As we have noted in previous years, the Council continued to set a one-year budget in February 2025, reflecting that the Scottish Government is not yet in a position to set longer term outline settlements.

Indicative three-year financial plans have been set as part of the annual operational planning in the Outcome Delivery Plan, which includes commentary on expectations about capital spend.

The Council recognises that there remain areas of risk within the financial forecasting, particularly changes to Scottish Government core funding. The adverse scenario that the Council has modelled assumes flat cash for the remaining term of the plan.

The Council has reflected the significant and ongoing financial challenges that the East Renfrewshire Integration Joint Board face, including prescribing costs and the direct and indirect costs of the increase in employers national insurance contributions.

| Our response

We have identified a wider scope area of audit focus in Exhibit 4 in respect of financial sustainability. Our assessment of the Council’s financial sustainability arrangements, will focus on:

- ▶ A review of the Council’s updated assumptions within the Medium Term Financial Plan, with a focus on the implications for reserves balances (Appendix F);
- ▶ The delivery of savings in line with plans within the budget.

 Exhibit 4: Financial sustainability area of focus	
Development of sustainable and achievable medium term financial plans	<p>In 2023/24, we identified financial sustainability as an area of significant risk, and made a recommendation that the Council should develop a Medium Term Financial Strategy to support the delivery of strategic objectives.</p> <p>In February 2025, the Council approved its first full Medium Term Financial Strategy, covering the period to 2030. The Council’s updated assumptions identify a cumulative budget gap of £12.8 million by 2029/30, after assumptions for Council Tax and recurring savings proposals.</p>

Financial Management



Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively. Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability and arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption.

Our 2023/24 Annual Audit Report did not identify any significant internal control weaknesses which could affect the Council's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements. However, the Council drew attention to two areas of non-compliance with the ongoing investigation into the IJB funds account with the help of internal audit and breaches of the employee code of conduct.

We concluded that budget monitoring arrangements were effective throughout the financial year but that, as in previous years, the annual outturn was significantly better than the forecast throughout the year (refer to our recommendation in Appendix F). The most recent estimated outturn (January 2025) highlights a further operational underspend in 2024/25, estimated at £2.1 million which represents 0.63% of the overall revenue budget.

The Council's Head of Accountancy (Section 95 officer) retired in September 2024. We noted within our Annual Audit Report that the council had placed itself in a strong position by ensuring that there was a replacement in place and that a period of transition could occur.

The process followed by the council allowed for the newly appointed Chief Financial Officer to develop budget planning and engage engage directly with the cross-party budget strategy group.

Our response

We have not identified any significant risks in relation to financial management. Our assessment of the Council's arrangements, will focus on:

- ▶ The assessment of arrangements to ensure systems of internal control are operating effectively, including follow up of previous internal audit findings;
- ▶ Budget monitoring arrangements, including plans to improve the accuracy of forecasting; and
- ▶ Consideration of the disclosures made within the management commentary in the financial statements.

Vision, Leadership and Governance



The effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

In December 2024, the Council launched "A Place to Grow", the refreshed long term strategic vision for East Renfrewshire. It has drawn upon significant stakeholder engagement and work with partners to refine and refresh the vision for the next 10 to 15 years and has replaced the 5 previous strategic outcomes to three clear priority themes:

- ▶ Children and Young People flourish
- ▶ Communities and Places thrive; and
- ▶ We all live well.

Following its approval, the Council has undertaken an exercise to review each underpinning strategy with the aim of aligning these with the priority themes.

We concluded that governance arrangements worked well throughout 2023/24 and that the Annual Governance Statement was in line with our understanding of the Council. However, two exceptions were raised within the Certificates of Assurances, including breaches of the employee codes within the Environment Directorate.

In previous years, the Audit and Scrutiny Committee has noted concerns about the capacity of the Council's Internal Audit Team. The Chief Internal Auditor's most recent progress update highlighted that, following the successful recruitment of staff in 2023/24, the full audit plan will be completed in 2024/25.

CIPFA updated its guidance on good practice for local authority audit committees in 2021/22. While our own review concluded that the Audit and Scrutiny Committee generally meets the requirements within the guidance, we noted that there has been no formal self-assessment arrangements against the CIPFA guidance which may identify improvements. This assessment is due to be performed by the Council's Audit & Scrutiny Committee in 2024/25. The Committee has also undertaken work to identify training opportunities for members, including treasury management training, to support scrutiny arrangements.

Our response

Our assessment of the Council's arrangements in 2024/25 will focus on:

- ▶ Consideration of the disclosures within the Governance Statement, including any findings from the annual review of the effectiveness of the system of internal control;
- ▶ Review of the coverage of internal audit arrangements during 2024/25, including any significant findings identified and the work done to address issues identified; and
- ▶ Consideration of the Audit and Scrutiny Committee's self-assessment arrangements.

Use of Resources



The Council's approach to demonstrating economy, efficiency, and effectiveness through the use of resources and reporting outcomes.

A comprehensive Performance Framework is in place to report on performance against the Council's Strategic Outcomes. The annually-refreshed Outcome Delivery Plan provides a direct link to the priorities within the Community Plan.

The Council considers a strategic performance report on the Community Planning Partnership's Strategic Outcomes and the Council's Outcome Delivery Plan. This includes an assessment of performance against targets, along with trend information and a description from the service including, where necessary, reasons for slippage against targets. The Council's performance in 2023/24 was in line or exceeded national averages for 64% of outcomes.

We note that the Council has set aside specific earmarked reserves to support the delivery of key strategic priorities, including the Digital Transformation Strategy and Get to Zero Strategy. These priorities will continue to be significantly impacted by funding pressures.

In 2024/25 we will conduct additional work to respond to our responsibility to embed consideration of equalities throughout the audit process. Under the Best Value Guidance, the Council should demonstrate:

- ▶ That equality and equity considerations lie at the heart of strategic planning and service delivery.

- ▶ A commitment to tackling discrimination, advancing equality of opportunity and promoting good relations both within its organisation and the wider community.
- ▶ That equality, diversity and human rights are embedded in its vision and strategic direction and throughout all of its work, including partnership arrangements; and
- ▶ A culture that encourages equal opportunities and is working towards the elimination of discrimination.

Our response

No significant risks have been identified at this stage in relation to the Use of Resource. Our assessment of the Council's arrangements in 2024/25 will focus on:

- ▶ Performance outcomes reported in the 2024/25 Annual Performance Report;
- ▶ Arrangements for equality and fairness;
- ▶ Progress towards the Council's Get to Zero ambitions; and
- ▶ The effectiveness of performance scrutiny arrangements.

We will also review the Council's arrangements for considering national reports, including evaluating the findings and implementing recommendations, such as Local Government overview reports from the Accounts Commission.

Best Value

The Accounts Commission requires the Controller of Audit (COA) to report to the Accounts Commission on each council at least once over the five-year audit appointment on the council's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate. The Controller of Audit reported on the Council's progress against Best Value in February 2025, noting that the Council excels in many areas whilst also providing findings to enable further improvement.

Under the revised Code of Audit Practice, Best Value assurance reporting is fully integrated with local audit arrangements.

Over the course of our five-year appointment, we will consider each of the Best Value themes (including leadership, partnerships, working with communities, sustainability and fairness and equality) as part of our annual work. In addition, on an annual basis, the Accounts Commission will identify areas of risk where it requires thematic audit work to be carried out in councils. As we outline in Exhibit 5, below, in 2024/25, the thematic work will consider transformation.

Our response

Our assessment of the Council's arrangements in 2024/25 will focus on:

- ▶ Follow up of the Controller of Audit's findings with regards to Best Value.
- ▶ Reporting our findings against the Accounts Commission's thematic audit requirements.
- ▶ Follow up of prior year recommendations; and
- ▶ Use of our wider scope audit findings to continue to inform our Best Value risk assessment.

Exhibit 5: Best Value Area of Audit Focus	
Transformation	<p>The Accounts Commission has asked us to consider how the Council is responding to the current transformation challenges:</p> <ol style="list-style-type: none"> 1. To what extent does the council have clear plans for transformation that link to its priorities and support long-term financial sustainability? 2. To what extent do the council's programme management arrangements facilitate effective oversight of its transformation plans? 3. To what extent are communities and partners involved in the development and delivery of the council's plans for transformation? 4. To what extent has the council considered the impact of its transformation activity, including on vulnerable or protected groups?

Appendices

A

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A Code of audit practice: Responsibilities

Audited Body Responsibilities

Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives. The features of proper financial stewardship include the following:

Corporate governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial statements and related reports

Audited bodies must prepare annual accounts comprising financial statements and other related reports. They have responsibility for:

- ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;
- ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their accounts and related reports disclosures;
- ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in

accordance with the appropriate authority

- ▶ preparing and publishing, along with their financial statements, related reports such as an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements
- ▶ ensuring that the management commentary (or equivalent) is fair, balanced and understandable.

It is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct for prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

A Code of audit practice: Responsibilities continued

| Maintaining a sound financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- ▶ such financial monitoring and reporting arrangements as may be specified;
- ▶ compliance with any statutory financial requirements and achievement of financial targets;
- ▶ balances and reserves, including strategies about levels and their future use;
- ▶ how they plan to deal with uncertainty in the medium and longer term; and
- ▶ the impact of planned future policies and foreseeable developments on their financial position.

| Responsibilities for Best Value, community planning and performance

Local government bodies have a duty to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, the local government body is required to maintain an appropriate balance among:

- ▶ the quality of its performance of its functions
- ▶ the cost to the body of that performance
- ▶ the cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the local government body shall have regard to:

- ▶ efficiency
- ▶ effectiveness

- ▶ economy
- ▶ the need to meet the equal opportunity requirements.

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on Best Value (2020) requires bodies to demonstrate that they are delivering Best Value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality.

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.

| Internal audit

Public sector bodies are required to establish an internal audit function as a support to management in maintaining effective systems of control and performance. With the exception of less complex public bodies the internal audit programme of work is expected to comply with the Public Sector Internal Audit Standards and, other than local government, requirements set out in the Scottish Public Finance Manual.

Internal audit and external audit have differing roles and responsibilities. External auditors may seek to rely on the work of internal audit as appropriate.

Appointed Auditors' Responsibilities

Appointed auditors' statutory duties for local government bodies are contained within Part VII of the Local Government (Scotland) Act 1973, as amended.

These are to:

- ▶ audit the accounts and place a certificate (i.e. an independent auditor's report) on the accounts stating that the audit has been conducted in accordance with Part VII of the Act
- ▶ satisfy themselves, by examination of the accounts and otherwise, that:
 - ▶ the accounts have been prepared in accordance with all applicable statutory requirements
 - ▶ proper accounting practices have been observed in the preparation of the accounts
- ▶ the body has made proper arrangements for securing Best Value and is complying with its community planning duties
- ▶ hear any objection to the financial statements lodged by an interested person.

Appointed auditors should also be familiar with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973, including those relating to the audit of the accounts of a local government body.

B Independence Report

Introduction

The FRC Ethical Standard and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, (as revised for periods beginning after December 2024) requires that we communicate both at the planning stage and at the conclusion of the audit. The aim is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

During the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY charged to you for the provision of services during the period, analysed in appropriate categories, are disclosed.

Required Communications

| Planning Stage

- ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

| Final Stage

To allow you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide:

- ▶ a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided, and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence;
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and
- ▶ An opportunity to discuss auditor independence issues.

We confirm that we have undertaken client and engagement continuance procedures, including our assessment of our continuing independence to act as your external auditor.

C Required communications

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter - audit to be undertaken in accordance with the Code of Audit Practice
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	This audit planning report
Planning and audit approach	<p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	This audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits 	Audit results report - September 2025

C Required communications

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty; ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and, ▶ The adequacy of related disclosures in the financial statements. 	Audit results report - September 2025
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation; ▶ The effect of uncorrected misstatements related to prior periods; ▶ A request that any uncorrected misstatement be corrected; ▶ Corrected misstatements that are significant; and, ▶ Material misstatements corrected by management. 	Audit results report - September 2025
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity; ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist; and, ▶ A discussion of any other matters related to fraud. 	Audit results report - September 2025
Internal controls	Significant deficiencies in internal controls identified during the audit.	Audit results report - September 2025

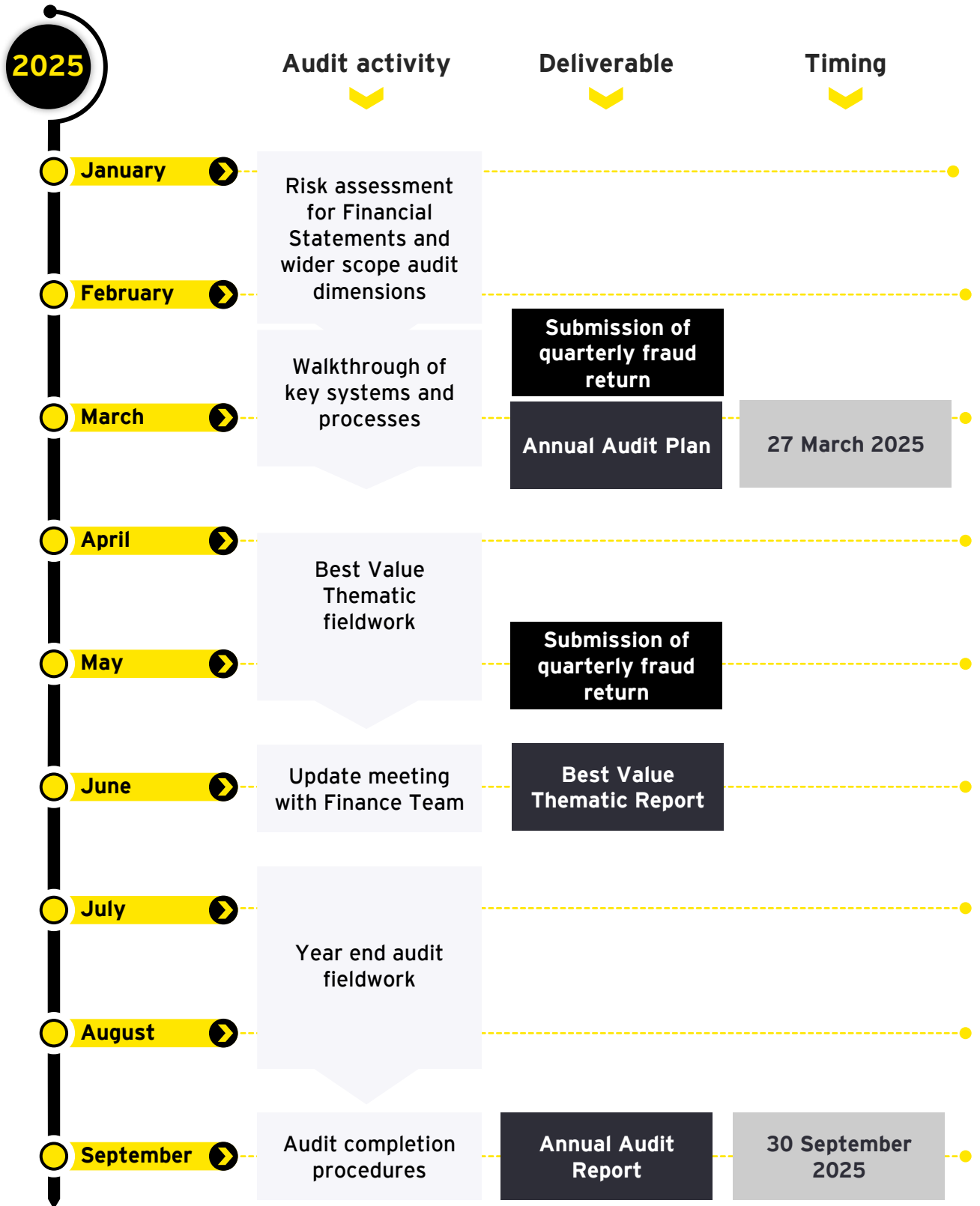
Required communications

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management; ▶ Inappropriate authorisation and approval of transactions; ▶ Disagreement over disclosures; ▶ Non-compliance with laws and regulations; and, ▶ Difficulty in identifying the party that ultimately controls the entity. 	Audit results report - September 2025
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards; and, ▶ Information about the general policies and process within the firm to maintain objectivity and independence. 	This audit planning report and audit results report (September 2025)
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations. ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit results report - September 2025
Representations	Written representations we are requesting from management and/or those charged with governance.	Audit results report - September 2025

C Required communications

		Our Reporting to you
Required communications	What is reported?	When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off. ▶ Enquiry of the Audit and Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Scrutiny Committee may be aware of. 	Audit results report - September 2025
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Audit results report - September 2025
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	Audit results report - September 2025
Best Value and Wider Scope judgements and conclusions	Our reporting will include a clear narrative that explains what we found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider-scope audit.	Audit results report - September 2025
Key audit matters	The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.	Audit results report - September 2025

D Timeline of communication and deliverables



E Audit Fees

2024/25 Fees

The Council's audit fee is determined in line with Audit Scotland's fee setting arrangements. Audit Scotland will notify auditors about the expected fees each year following submission of Audit Scotland's budget to the Scottish Commission for Public Audit, normally in December. The remuneration rate used to calculate fees is increased annually based on Audit Scotland's scale uplift.

	2024/25	2023/24
Component of fee:		
Auditor remuneration - expected fee	£241,700	£231,960
Additional audit procedures (note 1)	TBD	£43,528
Audit Scotland fixed charges:		
Performance audit and best value	£58,310	£60,900
Pooled costs	£6,070	£8,450
Sectoral price cap	(£12,590)	(£13,320)
Total fee	£TBD	£331,518

The expected fee, set by Audit Scotland, is based on a risk assessment of publicly available information from the 2021 tender exercise. It assumes that the Council has well-functioning controls, an effective internal audit service, and an average risk profile for its sector across a range of areas for consideration, including financial, operational and governance risks.

Throughout the course of their work, auditors may identify new, developing or otherwise enhanced areas of risk that are required to be addressed to deliver an audit to the quality standards expected, and in line with the requirements of the Code of Practice.

We will agree a timetable and expectations for the audit with management. Should additional audit requirements arise, we will raise these with management through the course of the audit and agree variations as appropriate and report the final position to the Audit and Scrutiny Committee within our Annual Audit Report.

Note 1

During the year-end audit for 2023/24, areas of additional work were required to complete the audit, including additional work on pension asset ceiling calculations and asset valuation work. These were communicated as part of our annual audit report in September 2024.

We have shared an initial assessment with management of areas of additional work in 2024/25 and will share an estimate in advance of our yearend audit work. The areas of anticipated work at this stage include recurring work on material matters reported last year, and work required to support the implementation of IFRS 16 and ISA 600. We will agree a final fee with management and report this as part of our annual audit reporting.

F Prior year audit recommendations

As part of our annual audit procedures we will follow up the specific recommendations made within our 2023/24 Annual Audit Report. The six recommendations from prior year are outlined below, along with the response from management.

2023/24 Recommendations

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
1.	<p>Valuation Programme</p> <p>As part of our initial procedures we noted that the value of one secondary schools had fallen significantly since 2022/23 with no rationale provided within the supporting working papers. This was subsequently identified as a material adjustment and was subsequently amended within the financial statements.</p>	<p>Management should ensure there is a sufficient level of internal review and challenge on the valuation documentation provided.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Response: Senior Management will strengthen existing arrangements.</p> <p>Responsible officer: Director of Environment and Head of Finance</p> <p>Implementation date: April 2025</p>
2.	<p>Evidence of consideration of all condition surveys</p> <p>During testing, we noted that in some cases the rationale for obsolescence rates was unclear, leading to increased queries with internal valuers.</p>	<p>Management should give sufficient consideration to condition reports for fixed assets to ensure that alongside the age and obsolescence adjustment, any additional adjustments for the current condition of the asset is considered and appropriately applied.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Response: Management will consider and record the impact of all available intelligence relating to Fixed Assets before finalising valuations.</p> <p>Responsible officer: Director of Environment</p> <p>Implementation date: April 2025</p>

F Prior year audit recommendations continued

2023/24 Recommendations

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
3.	<p>Nil book value assets</p> <p>As part of our existence testing on assets, we selected a sample of assets that have been depreciated to a nil net book value. We identified that the majority of the sample could not be verified to confirm the existence of the asset.</p> <p>Testing highlighted that the asset life allocated to key components such as kitchens within the depreciation policy appears to be lower than actual lives.</p>	<p>Management should review the record keeping underpinning the Fixed Asset Register to ensure it is sufficient to identify the status and location of individual assets. In addition, a review should be undertaken of the depreciation policy to ensure that asset lives are appropriate for each class of asset.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Response: Work on the Fixed Asset Register is already underway and a review of asset lives was already planned.</p> <p>Responsible officer: Director of Environment and Head of Finance</p> <p>Implementation date: March 2025</p>
4.	<p>Infrastructure Assets</p> <p>The extension of the Statutory Override continues to carry an expectation that Councils will continue to address information deficits to ensure timely adoption of future Code requirements once a more permanent solution is delivered.</p>	<p>Management should ensure that they are sufficiently prepared for the expiry of infrastructure asset statutory override, with the expectation that information deficits are addressed to ensure adequate accounting records for the measurement of infrastructure assets and time adoption of the Code requirements.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Response: Records maintained since the introduction of the legislation. Council has no information on historic movements.</p> <p>Responsible officer: Director of Environment and Head of Finance</p> <p>Implementation date: March 2025</p>

F Prior year audit recommendations continued

2023/24 Recommendations

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
5.	<p>Implementation of IFRS 16</p> <p>Management must implement robust systems to ensure all relevant data points, which could prompt a remeasurement or modification of the accounting entries, are captured in a timely manner. An accounting paper should be prepared to set out the extent of any changes.</p>	<p>As this is required to be implemented by financial year 2024/25, the Council should ensure that each class of lease is assessed to comply with the standard.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Response: Work is already underway.</p> <p>Responsible officer: Head of Finance</p> <p>Implementation date: March 2025</p>
6.	<p>Annual Governance Statement</p> <p>Under the Delivering Good Governance Framework, there is an expectation that the annual governance statement should be approved at a meeting of the committee with a remit including audit or governance.</p>	<p>The Annual Governance Statements should be considered as a separate item by the Audit and Scrutiny Committee at its June meeting.</p> <p style="text-align: right;"><i>Grade 3</i></p>	<p>Response: The Annual Governance Statement is routinely considered at the June meeting as part of the Draft Annual Accounts but will also be presented as a separate item in future.</p> <p>Responsible officer: Chief Executive</p> <p>Implementation date: June 2025</p>

F Prior year audit recommendations continued

Outstanding 2022/23 Recommendations

No.	Recommendation / grading	Management response / Implementation timeframe	Management update (September 2024)
1	Management should review its valuation arrangements to ensure that clear instructions are issued to valuation experts, including the detailed audit information requirements.	Accountancy management will issue revised instructions to valuation staff, more clearly setting out audit requirements, so that appropriate information is available at the start of future audit.	Partially complete: Management issued instructions to valuation experts outlining the information required as part of our audit and highlighting the importance of adhering to the principles of the CIPFA Code of Accounting Practice. However, significant delays were still noted in obtaining this information. We note that there continues to be insufficient challenge of these valuations by management.
4	The Council needs to develop a realistic and costed medium term financial plan that supports the delivery of strategic objectives.	The Council's current medium term financial plan will be updated to ensure that it reflects appropriate costs and delivery timescales for strategic objectives for 2024/25 and beyond.	Ongoing: The Council has committed to preparing three year budgets as soon as reliable information on key funding assumptions is available
6	The Council should review budget monitoring processes to increase the accuracy of forecasts throughout the year.	Recent outturn variance trends will be reviewed with a view to improving forecasting accuracy.	Ongoing: The Council's outturn continued to reflect a significant operational underspend which exceeded the level reported to elected members throughout the year.

F Prior year audit recommendations continued

Outstanding 2022/23 Recommendations

No.	Recommendation / grading	Management response / Implementation timeframe	Management update (September 2024)
7	The Council should have a workforce plan for the Finance Team which includes any training requirements and succession planning arrangements.	The Accountancy Workforce Plan is contained within its Service Plan is updated annually. The most recent restructure of the service, in December 2022, sought to broaden key staff's experience and knowledge and thereby reduce risk of single points of failure. Staff development comprises both on-the-job experience, shadowing and training.	Partially complete: Management have evidence that they are able to fill vacancies within the finance team as they arise. However, it is noted that there remains significant key person dependency within the team.
9	The Audit and Scrutiny Committee should review its arrangements against updated good practice guidance.	The Audit and Scrutiny Committee is scheduled to carry out its next self assessment during 2024/25 and will ensure that this takes cognisance of the latest good practice guidance.	Not yet due: The Audit & Scrutiny Committee are scheduled to carry out its self-assessment during 2024/25 and therefore no progress has yet been made.

F Prior year audit recommendations continued

Outstanding 2022/23 Best Value Recommendations

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
1	The Council should work to quantify the cost gap in relation to delivering net zero targets for 2045.	Response: The Council will continue to work towards the full costing of its recently agreed GTZ action plan in order to influence national funding discussions.	Ongoing: While the Council has set aside £0.2million to prepare assessments, this will remain an area of risk.
2	The Council needs to further develop a realistic and costed medium term financial plan that supports the delivery of strategic objectives.	Response: The Council will use the detailed 3-year financial planning options and budget engagement feedback completed in 2023 to develop future years' planning on the basis of Scottish Government funding announcements to come.	Ongoing: Refer to recommendation 4.

G Additional audit information

Introduction

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

| Our responsibilities under auditing standards

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
 - ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
 - ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - ▶ Conclude on the appropriateness of the going concern basis of accounting.
 - ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - ▶ Read other information contained in the financial statements, the Audit and Scrutiny Committee reporting
- appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

| Purpose and evaluation of materiality

- ▶ For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.
- ▶ Materiality determines the locations at which we conduct audit procedures and the level of work performed on individual account balances and financial statement disclosures.
- ▶ The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

G Additional audit information continued

Audit Quality Framework / Annual Audit Quality Report

- ▶ Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.
- ▶ We support reporting on audit quality by providing additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: <https://audit.scot/publications/quality-of-public-audit-in-scotland-annual-report-202324>
- ▶ EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: https://www.ey.com/en_uk/about-us/transparency-report

This report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland through which the Auditor General has appointed us as external auditor of East Renfrewshire Council for financial years 2022/23 to 2026/27.

This report is for the benefit of the Council and is made available to the Accounts Commission and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except

the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Anna Anthony, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you.

Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

EY | Building a better working world

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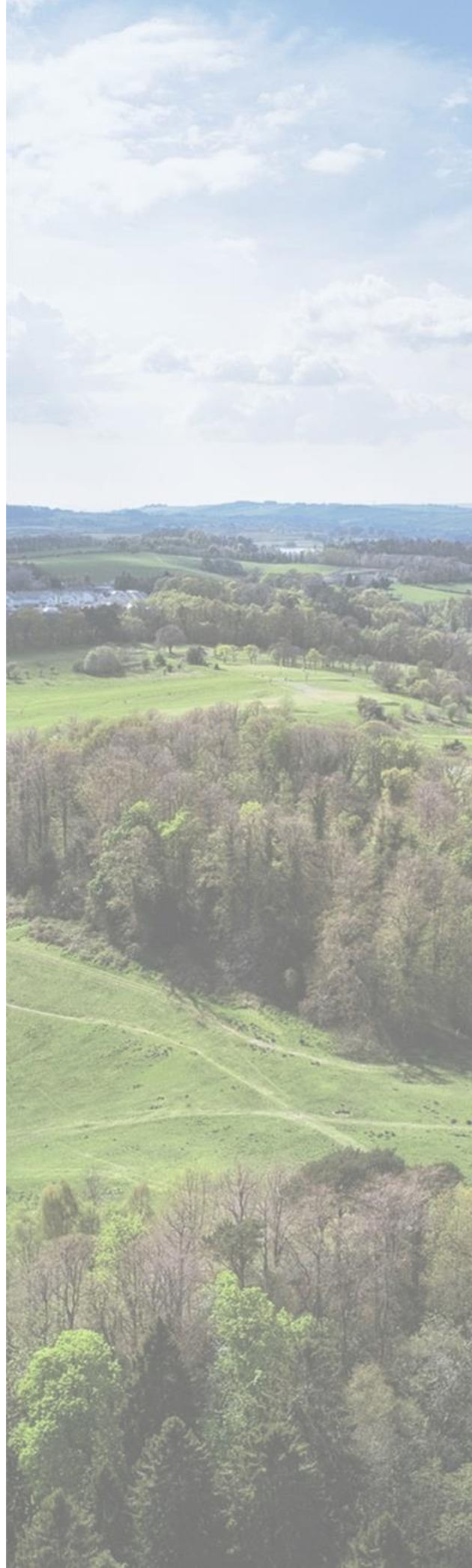
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EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE27 March 2025Report by Chief AuditorINTERNAL AUDIT STRATEGIC PLAN 2025/26 TO 2029/30**PURPOSE OF REPORT**

1 The Public Sector Internal Audit Standards 2017 require the Audit Service to establish risk based plans to determine the priorities of the Internal Audit Team. This report presents Internal Audit's 5 year strategic plan for 2025/26 to 2029/30 to members for approval. The strategic plan includes the detailed annual plan for 2025/26 plus the indicative number of days to be spent in the following four years based on the risk assessed audit universe which lists all potential audits.

BACKGROUND

2. As outlined in the Internal Audit Charter, the mission of internal audit is "*To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight*". The Internal Audit service is an independent assurance and appraisal unit within the Chief Executive's Office. It performs independent examinations of accounting, financial and other operations of the Council to provide an annual assessment on the controls in place to the Audit and Scrutiny Committee. This is achieved by undertaking an annual programme of audits based on the annual plan approved by the Audit and Scrutiny Committee. Independence is achieved through the organisational status of Internal Audit and the objectivity of internal auditors. The Chief Auditor reports directly to the Chief Executive and the Audit & Scrutiny Committee.

3. Through independently reviewing the Council's key systems and controls, Internal Audit helps to ensure that the corporate aim of providing outcomes for residents and communities is achieved. Internal Audit contributes to the realisation of the Council's vision - 'A Place to Grow' to be a place where everyone can flourish, thrive and grow by monitoring the systems that underpin the delivery of these commitments. Employees who work for Internal Audit adhere to the corporate values.

4. Internal Audit is required to give an annual assurance statement on the adequacy of internal controls. The evaluation of the control environment is informed by a number of sources:

- The results of the work carried out by the Internal Audit service
- The results of the work carried out by the Council's external auditor
- The assessment of risk completed during the preparation of the annual plan
- Reports issued by other agencies such as Education Scotland, Care Inspectorate etc
- Knowledge of the Council's governance, risk management and performance monitoring arrangements.

5. In reviewing these different sources of evidence, consideration will be given as to whether any key controls are absent or ineffective and when taken together with other findings, would lead to the conclusion that the overall system of control has been significantly impaired as a result.

6. The Internal Audit service currently operates in accordance with the revised Public Sector Internal Audit Standards (PSIAS) and within the context of the Internal Audit Charter. Internal Audit work is governed by the policies, procedures, rules and regulations established by the Council such as

the Contract Standing Orders, Financial Regulations and the Anti-Fraud and Bribery Strategy. It should be noted that PSIAS will be replaced from 1 April 2025 and Internal Audit sections will be expected to work to new standards, a combination of Global Internal Audit Standards (GIAS) and the Application Note for GIAS in the UK Public Sector.

STRATEGIC AUDIT PLAN 2025/26 TO 2029/30

7. The work performed by Internal Audit is based on a rolling 5 year strategic plan (see attached appendix 1) which is revised annually to take into account changes in circumstances.

8. In preparing the plan, members of the corporate management team and elected members were consulted to ensure that current and developing risks were appropriately considered and included in the strategic audit plan. The corporate strategic risk register was also reviewed to ensure that key identified areas of risk such as contract management, IT environmental controls and budgetary control were included in the audit universe as appropriate.

9. In accordance with auditing standards which require a risk based approach to be taken when preparing the plan, audits have been prioritised based on risk assessments, the service's collective experience of the risks involved, resources available and knowledge gained over the past 5 years. It is also important that annual audit coverage is sufficient to allow Internal Audit to conclude on the adequacy of internal controls. Contingency time is available to allow any further risk related work to be carried out should this be required for new or changing risks identified during the year. It should be noted that the risk ratings noted on the audit universe are supported by a more detailed assessment of risk in supporting working papers used to prepare the plan and this considers control risk, materiality risk and sensitivity risk for each area.

10. A number of key financial systems have been identified, including payroll, financial ledger and budgetary control, cash income and banking, accounts receivable (debtors), council tax, accounts payable (creditors), rent accounting, and housing and council tax benefit/universal credit. The aim is that all identified systems in the audit universe will be audited at least once in the 5 year cycle however the key financial systems will usually be audited more frequently than this depending on the perceived risks. The timing of systems audits will also be adjusted to avoid duplication of effort with external audit where possible.

11. The consultation process and risk assessment used to prepare the plan sometimes results in new audits being added to the audit universe or being rescheduled for review in a different year (for example agency costs and homelessness) or audits being re-named (for example maximising attendance to sickness absence capability).

12. A total of 20 audit days have been included in the annual plan for providing an internal audit service to East Renfrewshire Culture and Leisure Trust (ERCLT). The scope of audits to be carried out using these days will be agreed with the management of ERCLT and members of its Finance, Audit and Risk Committee. Resulting audit reports will be issued directly to the Chief Executive of ERCLT.

AUDIT RESOURCES ASSESSMENT

13. The Internal Audit section has an establishment of five members of staff (4.7 FTE) including the Chief Auditor. The number of days available in 2025/26 has been estimated and compared to the number of days required and is based on 4.7 full time equivalent (FTE) staff. Assumptions are made to calculate total working days available and this is then split between direct and indirect audit days as shown in appendix 2.

14. On the basis of the audit universe which lists all potential audits, an estimated 3,613 days are required to complete all planned audits at the required frequency within the 5 year period. An estimated 3,590 staff days are available for direct audit work over this same period, leaving an estimated shortfall of only 23 days over the 5 year period which is considered manageable. Audit resources are assessed as being sufficient to provide an evidence based opinion.

15. In line with good practice, the internal audit plan will be reviewed on a regular basis throughout the year and may be adjusted in response to changes in audit resources or the Council's business, risks, systems and controls. Any such required changes to the plan will be drawn to the Committee's attention as part of the quarterly reporting mechanism already in place.

RECOMMENDATION

16. The committee is asked to approve Internal Audit's Strategic Plan for 2025/26 to 2029/30.

Further information is available from Michelle Blair, Chief Auditor
3 March 2025

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STRATEGIC AUDIT PLAN

2025/26 to 2029/2030

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Annual Audit Plan 2025/26
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Audit Days Available
Audit Universe

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ANNUAL AUDIT PLAN 2025/26

Department	Title	Audit Number	No. of Days
Chief Executives Office	Licensing Income	1	20
	Corporate Procurement Cards	2	20
Business Operations and Partnerships	Accounts Payable	3	12
	Accounts Receivable	4	25
	Payroll	5	51
	Council Tax – Recovery and Enforcement	6	20
	Housing Benefit/UC – admin/post opening	7	20
	Insurance Arrangements	8	10
Education	Early Learning Childcare Add on	9	25
	Schools Cluster	10	40
Environment	City Deal	11	15
	PPP Projects	12	20
	Burial Income	13	10
	Trade refuse, special uplifts and garden waste	14	20
	Vehicle Services	15	18
	Climate Change Report	16	5
Housing	Housing Repairs	17	25
	Homelessness and Temporary Accommodation	18	25
HSCP	Home Care Services	19	25
	Client Monies	20	30
Computer Audit	Application Controls – Icon	21	20
	Cyber Security Checklist	22	20
Other Bodies	IJB	23	15
	ERCLT	24	20
Various	Contract TBC	25	25
	General and Fraud Contingency	26	80
	Risk Management and Corporate Governance	27	20
	Follow Up	28	50
	Previous Year Audits	29	20
			706

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SUMMARY OF STRATEGIC PLAN

<u>Type of Audit</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>Total</u>
Systems/Regularity Audit	456	658	435	256	468	2,273
Contract Audit	45	45	45	45	45	225
Computer Audit	40	75	59	36	40	250
Fraud and General Contingency	80	90	90	90	90	440
Previous Year Follow Up	50	50	50	50	50	250
IJB	15	15	15	15	15	75
ERCLT	20	20	20	20	20	100
Total	706	953	714	512	728	3,613

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AUDIT DAYS AVAILABLE

ESTIMATED ANNUAL DAYS AVAILABLE		2025	2026	2027	2028	2029	TOTAL
		Days					
Number of days in full year	Note 1	1,227	1,227	1,232	1,222	1,222	6,130
Less:	Public Holidays	47	47	47	47	47	235
	Annual Leave	155	155	155	155	155	775
	Purchase of Annual Leave	6	6	6	6	6	30
	Sickness Absence	15	15	15	15	15	75
	Authorised Absence	10	10	10	5	10	45
Working days available		994	994	999	994	989	4,970
Indirect Audit Work :-							
	Administration	50	50	50	50	50	250
	Planning	15	15	15	15	15	75
	Courses/training	30	30	30	30	30	150
	Seminars & Audit Meetings	36	36	36	36	36	180
	Audit Committee/team meets	44	44	44	44	44	220
	GIAS (previously PSIAS)	25	5	5	15	15	65
	HGIOS/AGS	3	3	3	3	3	15
	PRD	15	15	15	15	15	75
	Consultancy	20	20	20	20	20	100
Total for Indirect Audit Work		238	218	218	228	228	1,130
Estimated time available for direct audit work		756	776	781	766	761	3,840
	Reporting	50	50	50	50	50	250
	Audit Work	706	726	731	716	711	3,590
		756	776	781	766	761	3,840
Total direct as % of available days		76%	78%	78%	77%	77%	77%

Note 1 Internal audit has 4.7FTE established posts including Chief Auditor.

Note 2 Additional days in years where external assessments are involved and in 2025/26 when new standards are effective from.

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Internal Audit Section

AUDIT UNIVERSE

Title	Dept	2025	2026	2027	2028	2029	Total	Freq (yrs) 1=annual	Gen Risk
Accounts Payable (creditor)	BOP	12	12		12	12	48	1	M
Accounts Payable (Creditors) (to include invoicing and interfaces)	BOP			25			25	3	M
Accounts Receivable (debtors)	BOP		12	12		12	36	1	M
Accounts Receivable (Debtors)	BOP	25			25		50	3	M
Barrhead Payment Centre	BOP			15			15	5	L
Cash Income and Banking	BOP			22			22	3	M
Clothing Grants / Free Meals	BOP		12				12	5	L
Community Safety Unit	BOP		20				20	5	L
Complaints Monitoring	BOP		15			15	30	3	M
Council Tax - Reductions/liability	BOP			24			24	3	M
Council Tax - Billing & Coll.	BOP		24			24	48	3	M
Council Tax - Recovery and Enforcement	BOP	20			20		40	3	M
GDPR	BOP		15				15	5	L
Housing Benefits/UC - admin post opening payments	BOP	20			20		40	3	M
Housing Benefits/UC - assessment	BOP			30			30	3	H
Housing Benefits/UC - overpayments and fraud	BOP		20			20	40	3	M
Income Maximisation, money advice, welfare rights	BOP		30				30	5	L
Insurance Arrangements	BOP	10					10	5	L
IT asset management	BOP				20		20	5	L
Sickness Absence Capability (Maximising Attendance)	BOP		20				20	5	L
Overtime	BOP		25				25	5	L
Payroll - All payruns (extra testing 2025)	BOP	51		30		30	111	2	H
Scottish Welfare Fund	BOP			15			15	5	L
Travelling & Subsistence	BOP		15				15	5	L
Corporate Procurement Cards	Ch Exec	20					20	5	L
Financial Ledger and budgetary control	Ch Exec		25			25	50	3	M
Licensing Income	Ch Exec	20					20	5	L
Ordering & Certification	Ch Exec		25			25	50	3	M
Record Management Plan	Ch Exec		15				15	5	L
Treasury Management	Ch Exec			20			20	5	L
VAT (including vat free)	Ch Exec			12			12	5	L
Building Cleaning	Educ		15				15	5	L
Cashless catering and Parentpay	Educ					30	30	5	L
Early Learning and Childcare payments	Educ					25	25	5	L

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Internal Audit Section

Title	Dept	2025	2026	2027	2028	2029	Total	Freq (yrs) 1=annual	Gen Risk
ELC Add On (previously wraparound)	Educ	25					25	5	L
Schools - Educational Payments	Educ		10				10	5	L
Schools - Transport (incl SEN)	Educ		25				25	5	L
Schools cluster 1	Educ			40			40	7	X
Schools cluster 2	Educ		40				40	7	X
Schools cluster 3	Educ					40	40	7	X
Schools cluster 4	Educ				40		40	7	X
Schools cluster 5	Educ						0	7	X
Schools cluster 6	Educ						0	7	X
Schools cluster 7	Educ	40					40	7	X
Asset Management	Env		20				20	5	L
Burial Income	Env	10					10	5	L
City Deal	Env	15	15	15	15	15	75	1	X
Climate Change Report	Env	5		5		5	15	2	X
Commercial rents (ind units/shops)	Env			25			25	3	M
Energy and Fuel (incl utility payments)	Env					25	25	5	L
Grounds Maintenance	Env		15				15	5	L
Health & Safety	Env		15				15	5	L
Highways Maintenance	Env			20			20	3	M
PPP projects	Env	20	0	0	0	0	20	5	L
Project management of capital projects	Env	0	0	25	0	0	25	3	M
Stores	Env			20			20	3	M
Subsidy Control (previously State Aid)	Env		12				12	5	L
Sustainability (incl procurement)	Env		20				20	5	L
Trade Refuse Income and special uplifts, Garden Waste Scheme	Env	20					20	5	L
Vehicle Services	Env	18					18	5	L
Gas Servicing	Housing		15				15	5	L
Housing - Rent Accounting	Housing		20			20	40	3	M
Housing voids	Housing		20				20	5	L
Housing Allocations	Housing					28	28	5	L
Homelessness and temporary accommodation	Housing	25					25	5	L
Agency Costs	Other		12				12	5	L
Housing Repairs	Housing	25			25		50	3	M
New Council Houses	Housing		30			30	60	3	M
Barrhead Resource Centre	HSCP			10			10	5	L
Bonnyton House	HSCP			10			10	3	M
Care First Finance System application audit	HSCP		30			30	60	3	M

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Internal Audit Section

Title	Dept	2025	2026	2027	2028	2029	Total	Freq (yrs) 1=annual	Gen Risk
Carers Legislation	HSCP		16				16	5	L
Client Monies	HSCP	30		30		30	90	2	H
Home Care Services	HSCP	25			25		50	3	M
HSCP Direct Payments	HSCP		15			15	30	3	M
HSCP emergency payments (Sect 22 & 12)	HSCP				12		12	5	L
HSCP Health Care Centres and area offices (St Andrews House)	HSCP					12	12	5	L
IJB	HSCP	15	15	15	15	15	75	1	X
Kinship, Fostering and Adoption	HSCP		16				16	5	L
Payments to Care providers	HSCP			25			25	3	M
Thornliebank Resource Centre	HSCP				12		12	5	L
ERCLT	Trust	20	20	20	20	20	100	1	X
Computer	Various	40	45	59	36	10	190	1	X
Contract and supply management	Various	0	0	0	0	25	25	5	L
Contract TBC	Various	25	45	20	45	20	155	1	X
Follow up	Various	50	50	50	50	50	250	1	X
Fraud Contingency	Various	40	50	50	50	50	240	1	X
General Contingency	Various	40	40	40	40	40	200	1	X
Petty Cash	Various		12				12	5	L
Previous year audits	Various	20	30	30	30	30	140	1	X
Risk Management & Corporate Governance	Various	20					20	5	L
Total days needed per universe		706	953	714	512	728	3613		
Available days (automated from audit needs)		706	726	731	716	711	3590		
Audit Needs Assessment	Shortfall/	0	227	-17	-204	17	23		

Risk

H – High – audited on 2 year cycle

M – Medium – audited on 3 year cycle

L – Low – audited on 5 year cycle

X – Frequency determined by factors other than risk eg external requirement

Main financial systems shown in bold

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